

**INTELLBRIDGE TECHNOLOGY CORP.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(Expressed in US Dollars)

# INTELLABRIDGE TECHNOLOGY CORP.

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## **INTELLABRIDGE TECHNOLOGY CORP.**

### **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

May, 31 2021

**INTELLABRIDGE TECHNOLOGY CORP.**Condensed Consolidated Interim Statements of Financial Position  
(Expressed in US Dollars)

	Notes	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>ASSETS</b>			
Cash		\$ 178,660	\$ 7,026
Receivables	4	10,202	9,045
Prepays and deposits		-	10,049
Digital currencies	6	3,229	1,146
Assets held-for-sale	7	305,209	305,209
		<b>497,300</b>	<b>332,475</b>
Property and equipment	7	263	719
		<b>\$ 497,563</b>	<b>\$ 333,194</b>
<b>LIABILITIES</b>			
Trade payables and accrued liabilities	8 and 10	\$ 78,245	\$ 168,840
Due to related parties	10	70,975	355,029
		<b>149,220</b>	<b>523,869</b>
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>			
Share capital	9	7,913,470	7,262,188
Reserve	9	858,052	857,572
Accumulated other comprehensive loss		(62,593)	(55,300)
Deficit		(8,360,586)	(8,255,135)
		<b>348,343</b>	<b>(190,675)</b>
		<b>\$ 497,563</b>	<b>\$ 333,194</b>

Nature of Operations (Note 1)

Subsequent events (Note 15)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**INTELLABRIDGE TECHNOLOGY CORP.**

Condensed Consolidated Interim Statement of Changes in Equity

For the three months ended March, 31, 2021 and 2020

(Expressed in US Dollars – Unaudited)

	Note	Share Capital			Accumulated other comprehensive loss	Deficit	Total shareholders' equity (deficiency)
		Number of shares	Amount	Reserve			
<b>Balance at December 31, 2018</b>		<b>56,471,844</b>	<b>\$ 7,262,188</b>	<b>\$ 839,172</b>	<b>\$ (81,084)</b>	<b>\$ (7,231,203)</b>	<b>\$ 789,073</b>
Share-based compensation	9	-	-	9,735	-	-	9,735
Net loss for the year		-	-	-	-	(667,994)	(667,994)
Other comprehensive income		-	-	-	24,639	-	24,639
<b>Balance at December 31, 2019</b>		<b>56,471,844</b>	<b>7,262,188</b>	<b>848,907</b>	<b>(56,445)</b>	<b>(7,899,197)</b>	<b>155,453</b>
Share-based compensation		-	-	4,470	-	-	4,470
Benefit of below-market interest rate loan		-	-	4,195	-	-	4,195
Net loss for the year		-	-	-	-	(355,938)	(355,938)
Other comprehensive income		-	-	-	1,145	-	1,145
<b>Balance at December 31, 2020</b>		<b>56,471,844</b>	<b>\$ 7,262,188</b>	<b>\$ 857,572</b>	<b>\$ (55,300)</b>	<b>\$ (8,255,135)</b>	<b>\$ (190,675)</b>
Share-based compensation		-	-	480	-	-	480
Shares issued for cash		2,500,000	295,043	-	-	-	295,043
Shares issued for convertible debt		4,518,513	356,239	-	-	-	356,239
Net loss for the year		-	-	-	-	(105,451)	(105,451)
Other comprehensive income		-	-	-	(7,293)	-	(7,293)
<b>Balance at March 31, 2021</b>		<b>63,490,357</b>	<b>\$ 7,913,470</b>	<b>\$ 858,052</b>	<b>\$ (62,593)</b>	<b>\$ (8,360,586)</b>	<b>\$ 348,343</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**INTELLABRIDGE TECHNOLOGY CORP.**

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss

For the three months ended March,31, 2021 and 2020

(Expressed in US Dollars – Unaudited)

	Note	For the three months ended 31 March 2021	For the three months ended 31 March 2020
Sales		\$ -	47,500
Cost of Services		18,993	21,500
<b>GROSS PROFIT</b>		<b>(18,993)</b>	<b>26,000</b>
Operating expenses			
Advertising and marketing		-	1,810
Amortization	7	456	6,107
Bank charges and fees		1,135	2,016
Consulting fees		-	120
Depreciation on right-of-use asset		-	2,799
Management fees and salaries	10	45,499	55,841
Office and administration		9,414	23,313
Professional fees		21,696	5,452
Regulatory and transfer agent fees		7,580	5,552
Rent and utilities		-	3,315
Share-based compensation	9	480	1,535
Travel		-	2,287
		<b>86,260</b>	<b>110,147</b>
<b>NET LOSS BEFORE OTHER ITEMS</b>		<b>(105,253)</b>	<b>(84,147)</b>
Other items			
Interest and other income		-	1,395
Recovery of bad debt	5	-	9,650
Impairment charge on assets held-for-sale		-	-
Gain (loss) on revaluation of digital currencies	6	(198)	4
		<b>(198)</b>	<b>11,049</b>
<b>Net loss from continued operations</b>		<b>(105,451)</b>	<b>(73,098)</b>
Gain (Loss) on discontinued operations, net		-	-
<b>NET LOSS FOR THE YEAR</b>		<b>(105,451)</b>	<b>(73,098)</b>
Unrealized foreign exchange gain		(7,293)	8,545
<b>COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>\$ (112,744)</b>	<b>(64,553)</b>
Loss per common share			
-basic and diluted		\$ (0.00)	(0.00)
-basic and diluted		<b>63,490,357</b>	<b>56,471,844</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## INTELLABRIDGE TECHNOLOGY CORP.

Condensed Consolidated Interim Statement of Changes in Cash Flows  
 For the three months ended March 31, 2021 and 2020  
 (Expressed in US Dollars – Unaudited)

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
<b>Cash provided by (used in):</b>		
<b>Operating:</b>		
Net loss for the period	\$ (105,451)	\$ (73,098)
Items not involving cash:		
Amortization	456	6,107
Depreciation of right-of-use asset	-	2,799
Interest on lease liability	-	37
(Gain) Loss on revaluation of digital currencies	198	(4)
Accrued interest on convertible loan receivable	-	(1,321)
Share-based compensation	480	1,535
	<u>(104,317)</u>	<u>(63,945)</u>
Changes in non-cash operating working capital items:		
Receivables	(1,155)	(26,804)
Prepaid expenses and deposits	10,049	(773)
Accounts payable and accrued liabilities	(90,595)	27,261
Due to related party	72,185	40,787
Deferred revenue	-	-
	<u>(113,833)</u>	<u>(23,474)</u>
<b>Investing</b>		
Inventory of cryptocurrencies	(2,281)	20
	<u>(2,281)</u>	<u>20</u>
<b>Financing</b>		
Lease payments, cash	-	(2,977)
Proceeds from issuance of shares, net	295,043	-
	<u>295,043</u>	<u>(2,977)</u>
Effect of foreign exchange on cash flows	(7,293)	14,840
Change in cash during the year	171,636	(11,591)
Cash, beginning of year	7,026	20,988
<b>Cash, end of period</b>	<b>\$ 178,660</b>	<b>\$ 9,397</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## **INTELLBRIDGE TECHNOLOGY CORP.**

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in US Dollars - Unaudited)

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### **1. NATURE OF OPERATIONS**

Intellabridge Technology Corp. (the “Company” or “Intellabridge”) was incorporated on June 24, 1986 under the laws of British Columbia. The Company’s shares trade on the Canadian Securities Exchange (“CSE”) under the symbol INTL.

The Company’s head office, principal address and records office is 2060 Broadway Suite B1, Boulder, Colorado, 80302. The registered office is Suite 1500-1055 West Georgia Street, PO Box 11117, Vancouver, BC V6E 4N7.

Intellabridge is a technology-based company developing block-chain solutions for a variety of sectors including financial technology, marketplaces and virtual reality social networks. The Company is also exploring the application of blockchain technologies to other sectors such as a real estate, healthcare and telecommunication.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue its projected growth and to be able to implement its business plans and strategies. Given the volatile nature of the industry in which it operates, the Company is subject to risks and uncertainties that may adversely impact future operating results and cash flows.

As at March 31, 2021, the Company has an accumulated deficit of \$8,360,586 including a loss for the three months ended March, 31 2021 of \$105,451 (2019 - \$73,098). These uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities which might be necessary should the Company be unable to continue in existence.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic’s impact on its business, results of operations, financial position and cash flows in the future.

The interim condensed consolidated interim financial statements were authorized for issue on May, 31, 2021 by the directors of the Company.



## INTELLBRIDGE TECHNOLOGY CORP.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in US Dollars - Unaudited)

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### 2. BASIS OF PRESENTATION

#### Statement of compliance to International Financial Reporting Standards (“IFRS”)

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

#### *Basis of presentation and consolidation*

The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis, except for cash flow information, and are based on historical costs, modified where applicable and related to the valuation of certain financial assets and financial liabilities to fair value.

The condensed consolidated interim financial statements are presented in US dollars.

#### *Subsidiaries*

In addition to the Company, the condensed consolidated interim financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able directly or indirectly, to control financial and operational policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. They are de-consolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

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	Country of incorporation	Percentage owned		Functional currency
		March 31, 2021	December 31, 2020	
ChargaCard Inc.	United States	100%	100%	USD
Cryptanite Ltd.	Malta	100%	100%	EURO
Intellabridge LLC.	Ukraine	100%	100%	UAH

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#### *Consolidation*

Assets, liabilities, revenues and expenses of the subsidiaries are recognized in accordance with the Company’s accounting policies. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

## **INTELLBRIDGE TECHNOLOGY CORP.**

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in US Dollars - Unaudited)

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### **2. BASIS OF PRESENTATION (cont'd)**

#### ***Significant accounting judgements, estimates and assumptions***

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

The preparation of these condensed consolidated interim financial statements requires management to make judgments regarding going concern of the Company as discussed in Note 1.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

#### *Share-based payments*

The Company uses the Black-Scholes Option Pricing Model to determine the fair value of options and warrants in order to calculate share-based payments expense and the fair value of agent warrants. The Black-Scholes Option Pricing Model involves key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense.

#### *Recognition and Valuation of Deferred Tax Assets*

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can be utilized. Recognition therefore involves a degree of estimation and judgement regarding the future financial performance or the timing of the reversed deferred tax liabilities where deferred tax assets have been recognized.

#### *Research and development costs*

Evaluating whether or not costs incurred by the Company in developing its technology meet the criteria for capitalizing as intangible assets. Management determined if products are able, with sufficient certainty, to demonstrate that they will generate future economic benefits, development costs related to these products are capitalized at cost. Research and development costs are recognized as period expense.

#### *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable, net of estimated discounts. The Company considers the terms of the sales contracts as well as industry practices, taking into consideration the type of customer, the nature of the transaction and the specific circumstances of each arrangement.

## INTELLBRIDGE TECHNOLOGY CORP.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in US Dollars - Unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES

#### *Foreign currency translation*

The condensed consolidated interim financial statements of the Company are presented in US dollars. The individual financial statements of each subsidiary are presented in its functional currency, the currency of the primary economic environment in which the entity operates. The functional currency of Intellabridge is the Canadian dollar, and the functional currencies of the subsidiaries are listed in Subsidiaries section of Note 2.

In preparing the financial statements of each subsidiary, transactions in currencies other than the entity's functional currency are translated at exchange rates in effect on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rate of the exchange in effect as at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the time when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Revenue and expenses are translated at average exchange rates prevailing during the reporting period. Foreign currency differences arising on translation are recognized in the consolidated statement of comprehensive loss. All resulting exchange gains or losses are recognized as a foreign currency translation adjustment and included as a separate component of equity, within Accumulated Other Comprehensive Income ("AOCI").

#### *Digital currencies*

The Company has determined that digital currencies are intangible assets. The Company has classified digital currencies as current assets, if based on management's assessment its digital currencies held are considered to be commodities, there is a liquid market in which the Company may sell a portion of its holdings and if the Company is able to sell a portion of its digital currencies in the near future to generate a profit from price fluctuations. Digital currencies not classified as current assets are classified as long-term assets.

Digital currencies are initially recorded on the statements of financial position at their cost on the date acquired and are only re-measured at each reporting date if those assets are traded in an active market. Digital currencies that are not traded in an active market will be recorded at historical cost. Revaluation losses, as well as realised gains or losses on the sale of digital currencies are included in the statement of loss and comprehensive loss. Unrealized revaluation gains for those digital currencies that are traded in an active market above their initial fair value are included in other comprehensive income.

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the mining and strategic selling of digital currencies and management has exercised significant judgement in determining the appropriate accounting treatment for the recognition of income from digital currencies.

#### *Property and equipment*

Items of equipment are recorded at cost less accumulated depreciation and impairment charges. Such cost consists of the purchase price, any costs directly attributable to bringing the equipment to the location and condition necessary for its intended use.

Depreciation of property and equipment is calculated over the estimated useful lives as follows:

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Computer equipment	24 months straight-line method
Furniture and equipment	36 months straight-line method
Other assets	100% amortization on purchase
ROU asset	Term of lease

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## **INTELLBRIDGE TECHNOLOGY CORP.**

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in US Dollars - Unaudited)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### ***Property and equipment (cont'd)***

##### ***Impairment***

The Company reviews the carrying amounts of its non-financial assets, including equipment, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Assets carried at fair value, such as digital currencies, are excluded from impairment analysis.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of asset or cash generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Fair value less costs of disposal is estimated using recent market prices for similar items that would be received in an orderly transaction between market participants at the measurement date. If the recoverable amount of an asset or cash generating unit is reduced to its recoverable amount, an impairment loss is recognized immediately in the consolidated statement of loss. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

##### ***Income taxes***

Income tax expense is comprised of current and deferred tax components.

The Company follows the liability method of accounting for taxes. Under this method, deferred tax assets and liabilities are recognized based on the estimated tax effects of temporary differences in the carrying amount of assets and liabilities in the condensed consolidated interim financial statements and their respective tax bases. Deferred tax assets and liabilities are calculated using the enacted or substantively enacted income tax rates that are expected to apply when the asset is recovered or the liability is settled. Deferred tax assets or liabilities are not recognized when they arise on the initial recognition of an asset or liability in a transaction (other than in a business combination) that, at the time of the transaction, affects neither accounting nor taxable profit.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences or tax loss carry forwards can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date, and is reduced if it is no longer probable that sufficient future taxable profits will be available against which the temporary differences or tax loss carry forwards can be utilized.

Current tax is calculated based on net earnings for the year, adjusted for items that are non-taxable or taxed in different periods, using income tax rates that are enacted or substantively enacted at each reporting date. Income taxes are recognized in equity or other comprehensive income, consistent with the items to which they relate.

## **INTELLBRIDGE TECHNOLOGY CORP.**

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in US Dollars - Unaudited)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### ***Share capital***

Financial instruments issued by the Company are classified as equity only to the extent they do not meet the definition of a financial liability or financial asset. The Company's common shares, options and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

#### ***Share issue costs***

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to profit or loss.

#### ***Warrants***

Equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

#### ***Share-based compensation***

The Company has a share option plan. The fair value of share-based compensation to employees is measured at grant date using the Black-Scholes Option Pricing Model, and is recognized over the vesting period using the graded vesting method. The fair value of share-based compensation to non-employees is measured at the date the goods or services are received, at either the fair value of the goods or services received or the fair value of the equity instruments issued using the Black-Scholes Option Pricing Model, if the fair value of the goods or services received cannot be readily measured.

For both employees and non-employees, the fair value is recognized as an expense with a corresponding increase in reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. For share options granted with vesting terms conditional upon the achievement of a performance condition, and the performance condition is not a market condition, the Company revises its estimates of the length of the vesting period, if necessary, when information arises that indicates that the length of the vesting period differs from previous estimates. When this occurs, the change in estimate is accounted for prospectively.

Compensation expense is recorded in the consolidated statement of loss as share-based compensation expense with a corresponding credit to equity reserves. When stock options are exercised, the proceeds, together with the amount recorded in equity reserves, are recorded in share capital.

## INTELLABRIDGE TECHNOLOGY CORP.

Notes to Condensed Consolidated Interim Financial Statements  
For the three months ended March 31, 2021 and 2020  
(Expressed in US Dollars - Unaudited)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### *Financial instruments*

The following table shows the classification of the Company's financial instruments under IFRS 9:

<b>Financial assets</b>	
Cash	FVTPL
Receivables	Amortized cost
Loan receivable	Amortized cost
Investments	FVTPL
<b>Financial liabilities</b>	
Trade payables	Amortized cost
Due to related parties	Amortized cost

The Company classifies its financial assets in one of the following categories: (1) financial assets at fair value through profit or loss ("FVTPL"), (2) amortized cost or (3) financial assets at fair value through other comprehensive income ("FVTOCI"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### *Financial assets at FVTPL*

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss in the period in which they arise.

#### *Amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

#### *Financial assets at FVTOCI*

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on de-recognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

The Company's financial instrument at FVTPL at March, 2021 is as follows:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<b>Financial asset</b>			
Cash	\$ 178,660	\$ –	\$ –

## **INTELLBRIDGE TECHNOLOGY CORP.**

Notes to Condensed Consolidated Interim Financial Statements  
For the three months ended March 31, 2021 and 2020  
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### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### ***Financial instruments (cont'd)***

##### *Fair value hierarchy*

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Cash deposits have been measured at fair value using Level 1 inputs. The carrying value of receivables, trade payables and due to related parties approximate their fair value because of the short-term nature of these instruments or their ability of prompt liquidation.

##### *Impairment of financial assets*

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, an impairment loss is recognized in the statement of loss. Impairment losses on financial assets carried at amortized cost, including loans and receivables, are calculated as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

#### ***Earnings/loss per share amounts***

Basic per share amounts are calculated by dividing the net earnings or loss by the weighted average number of shares outstanding during the reporting period.

Diluted per share amounts are calculated by using the treasury stock method, by adjusting the weighted average number of shares outstanding for the potential number of issued instruments which may have a dilutive effect on net earnings or loss. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price for the period.

#### ***Revenue***

The Company generates revenue by providing transaction processing services for digital currencies, contracting development and IT services and telecommunication data services. Revenues from crypto mining activities is recognized at the fair value of the digital currencies received as consideration on the date of actual receipt. Revenues from telecommunication and IT and other development services are recognized when services are provided and billed.

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### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### ***Government grants and loans***

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grant will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

A forgivable loan from the government is treated as a government grant as long as there is reasonable assurance that the Company will meet the terms for forgiveness of the loan.

#### ***Leases***

The Company assess whether a contract is, or contains, a lease at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company evaluates whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement, and if the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use ("ROU") asset, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate of the Company. Lease payments included in the measurement of the lease liability include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the exercise price of purchase options if the Company is reasonably certain to exercise that option.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is re-measured when there is a modification, change in the lease term, change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

#### ***Accounting standard issued but not yet effective***

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.



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### 4. RECEIVABLES

March 31,		2021		2020
Goods and services input tax credits	\$	10,012	\$	7,511
Other receivables		190		25,774
	\$	10,202	\$	33,285

### 5. RECOVERY OF DEPOSIT

Pursuant to an agreement dated August 9, 2018, the Company paid a security deposit of \$365,018. The agreement was subsequently terminated and the Company recorded an impairment allowance of \$365,018 in 2018. During the three months ended March 31, 2021, the Company collected Nil (2020 - \$10,650) of the deposit and recognized the recovered amount in the consolidated statement of loss and comprehensive loss.

### 6. DIGITAL CURRENCIES

As at March 31, 2021, the Company held various digital currencies with a fair value of \$3,229 (December 31, 2020 - \$1,146).

During the three months ended March 31, 2021, the Company recorded a revaluation loss of \$198 (March 31, 2020 - gain - \$4) on digital currencies.

### 7. PROPERTY AND EQUIPMENT

(a) During the year ended December 31, 2018, the Company acquired title to a facility located in Nederland, Colorado. This facility was to be used as a data center for its previous cryptocurrency mining operations. As at December 31, 2020, the facility remained vacant and was not used in operations. As at March 31, 2021 and December 31, 2020, the carrying value of the facility of \$305,209 has been presented as asset held-for-sale, following management's decision to offer the facility for sale. Management continues an active program to dispose of the facility.

(b) On July 15, 2019, the Company entered into a sublease agreement for office rental space premises located in Kyiv, Ukraine, expiring on September 30, 2019 in exchange for a monthly rent of US \$5,000 exclusive of sales taxes. Effective October 1, 2019, the Company reduced its office rental space in Kyiv and renewed its sublease for an additional five-month period. Under the terms of the new sublease agreement, the Company paid a monthly office rent of US \$2,500 plus applicable sales taxes. The lease agreement expired on February 28, 2020.

On January 1, 2019, the Company adopted IFRS 16 and recognized a lease liability and right-of-use ("ROU") asset of \$20,268 in relation to its office sublease, which had previously been classified as an operating lease. Under the principles of the new standard, this sublease was measured as the lease liability at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate estimated at 10% per annum.

The associated right-of-use asset was measured at the amount equal to the lease liability on January 1, 2019. The right-of-use asset has been subsequently depreciated from the commencement date to the earlier of the end of the lease term on a straight-line basis.

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**7. PROPERTY AND EQUIPMENT (cont'd)**

		Furniture and Equipment		Computer Equipment		Other Assets		ROU Asset		Total
<b>Cost:</b>										
At December 31, 2018	\$	7,784	\$	55,842	\$	4,362	\$	-	\$	67,988
Additions		2,524		8,390		2,431		20,268		33,613
Sales and disposal		(4,138)		(9,215)		(4,362)		-		(17,715)
At December 31, 2019		6,170		55,017		2,431		20,268		83,886
Sales and disposal		-		(3,074)		-		-		(3,074)
At December 31, 2020	\$	6,170	\$	51,943	\$	2,431	\$	20,268	\$	80,812
<b>At March 31, 2021</b>	<b>\$</b>	<b>6,170</b>	<b>\$</b>	<b>51,943</b>	<b>\$</b>	<b>2,431</b>	<b>\$</b>	<b>20,268</b>	<b>\$</b>	<b>80,812</b>
<b>Depreciation and impairment:</b>										
At December 31, 2018	\$	1,530	\$	17,485	\$	4,362	\$	-	\$	23,377
Amortization		3,263		32,510		2,431		17,095		55,299
Sales and disposal		(1,168)		(5,889)		(4,362)		-		(11,419)
Foreign exchange		-		-		-		277		277
At December 31, 2019		3,625		44,105		2,431		17,372		67,534
Amortization		1,825		10,912		-		2,799		15,536
Sales and disposal		-		(3,074)		-		-		(3,074)
Foreign exchange		-		-		-		97		97
At December 31, 2020	\$	5,451	\$	51,943	\$	2,431	\$	20,268	\$	80,093
Amortization		456		-		-		-		456
<b>At March 31, 2021</b>	<b>\$</b>	<b>5,907</b>	<b>\$</b>	<b>51,943</b>	<b>\$</b>	<b>2,431</b>	<b>\$</b>	<b>20,268</b>	<b>\$</b>	<b>80,549</b>
<b>Net book value:</b>										
At December 31, 2019	\$	2,545	\$	10,910	\$	-	\$	2,896	\$	16,351
At December 31, 2020	\$	719	\$	-	\$	-	\$	-	\$	719
<b>At March 31, 2021</b>	<b>\$</b>	<b>263</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>263</b>

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### 8. TRADE PAYABLES AND ACCRUED LIABILITIES

		March 31, 2021		December 31, 2021
Trade payables	\$	38,190	\$	151,8055
Accrued liabilities		40,055		17,305
	\$	78,245	\$	168,840

### 9. SHARE CAPITAL

#### (a) Authorized

Unlimited number of common shares without par value.

#### (b) Issued

During three months ended March 31, 2021 Company completed a non-brokered private placement of 2,500,000 units at a price of CAD \$0.15 per share for total gross proceeds of CAD \$375,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share of the Company at a price of CAD \$0.45 per share over a period of two years from date of issue. The warrants are subject to an acceleration clause that if after the first six months following the closing date, the volume-weighted average trading price of the common shares on the CSE is equal to or greater than CAD \$0.52 for any consecutive-trading-day period, the Company may, upon providing written notice to the holder of warrants, accelerate the expiry date of the warrants to the date that is 30 days following the date of such written notice.

During three months ended March 31, 2021, a total of 4,499,990 common shares have been issued upon agreement to settle \$356,774 (CAD \$450,035) in debt to related parties, of which \$341,774 was recorded in due to related parties at December 31, 2020, through the issuance of 4,518,513 common shares at a price of CAD \$0.10 per common share.

#### (c) Escrow shares

17,648,600 common shares issued to the principals of the Company are subject to escrow conditions required by applicable securities laws and the CSE requirements. Pursuant to the terms of the escrow agreements, 10% of the escrowed shares were released from escrow on March 7, 2018 and 15% will be released from escrow every six months over a period of 36 months until March 7, 2021. As at March 31, 2021, 2,647,290 (December 31, 2019 – 7,941,870) common shares remained in escrow.

In addition, 2,750,000 common shares have a restrictive resale legend and are subject to a an 18-month voluntary hold period with 10% of shares being released four, eight and twelve months from the CSE listing date, and 35% released every three months thereafter.

#### (d) Stock options and warrants

The Company maintains a 10% rolling share option plan (the "Plan") that enables management to grant options to directors, officers, employees and other service providers. The Company follows the CSE policies where the number of common shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares of the Company from time to time at the date of granting of options and have a maximum of 10 years. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price and the vesting conditions of the options as determined by the Board of Directors.

Stock option and share purchase warrant transactions are summarized as follows:

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	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2018	2,184,299	CAD\$ 0.13	920,000	CAD\$ 0.60
Expired	(2,184,299)	CAD\$ 0.13	(100,000)	CAD\$ 0.60
Outstanding, December 31, 2019	-	CAD\$ -	820,000	CAD\$ 0.50
Expired	-	-	(100,000)	CAD\$ 0.60
Outstanding, December 31, 2020 and March 31, 2021	-	CAD\$ -	720,000	CAD\$ 0.49
Number currently exercisable	-	CAD\$ -	620,000	CAD\$ 0.47

As at March 31, 2021, the following were outstanding:

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted Average Period
Stock options	September 12, 2021	100,000	CAD\$ 0.60	0.70 years
	March 12, 2023	620,000	CAD \$ 0.47	2.19 years
Total options:		720,000	CAD\$ 0.49	1.99 years

There were no warrants or stock options granted during three months ended March 31, 2021.

During the three months ended March 31, 2021, the Company recorded share-based compensation expense of \$480 (2020 - \$1,535) to recognize the fair value of the vested portion of previously granted stock options.

### (e) Reserve

The reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

	Stock options	Finders' warrants	Other	Total
Balance, December 31, 2018	\$ 211,022	\$ 628,150	\$ -	\$ 839,172
Share-based compensation (Note 13)	9,735	-	-	9,735
Balance, December 31, 2019	220,757	628,150	-	848,907
Share-based compensation (Note 13)	4,470	-	-	4,470
Benefit of below-market interest rate loan (Note 14)	-	-	4,195	4,195
Balance, December 31, 2020	\$225,227	\$ 628,150	\$ 4,195	\$ 857,572
Share-based compensation (Note 13)	480	-	-	480
Balance, December 31, 2020	\$225,707	\$ 628,150	\$ 4,195	\$ 858,052

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### 10. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers. During the three months ended March 31, 2021 and 2020, the remuneration of management fees to key personnel were as follows:

March 31,		2021		2020
Chief Executive Officer <sup>(a)</sup> (CEO)	\$	22,999	\$	22,500
Chief Operating Officer <sup>(b)</sup> (COO)		22,500		22,610
Chief Technology Officer <sup>(c)</sup> (CTO)		-		-
President <sup>(d)</sup>		-		-
Total	\$	45,499	\$	45,110

- (a) During the three months ended March 31, 2021, the Company paid or accrued salary of \$22,999 (2019 \$22,500) to the CEO and director of the Company.

During the three months ended March 31, 2021, the Company entered into a short-term loan arrangement with the CEO for a total of \$51,222. The loan is non-interest bearing and have one-year repayment terms. The Company determined that the rate implicit in the loan is at a market rate of 12% per annum. To March 31, 2021 interest of Nil (2020 - \$1,448) was accrued and a benefit of Nil (2020 - \$1,293) was recognized in the statement of loss and comprehensive loss.

On February 23, 2021 a total of \$221,524 was converted to 2,812,469 common shares issued at a price \$0.10 per common share.

As at March 31, 2021, a total of \$2,843 (December 31, 2020 - \$207,411) was due to the CEO. This amount is recorded in due to related parties.

- (b) On December 4, 2017, the Company entered into an Operations Management and Product Development Services contract with the COO and director of the Company for provision of management services in exchange for a monthly fee of \$7,500. The contract was for a one-year term with an extension for renewal for an additional year at the end of each year of the contract.

During the three months ended March 31, 2021, the Company paid or accrued aggregate fees of \$22,500 (2019 - \$22,610) for management services pursuant to the above to the COO.

On February 23, 2021 a total of \$135,250 was converted to 1,706,044 common shares issued at a price \$0.10 per common share.

As at March 31, 2021, a total of \$11,914 (December 31, 2020 - \$123,918) was due to the COO. This amount is recorded in due to related parties.

- (c) As at March 31, 2021, a total of \$20,000 (December 31, 2020 - \$20,000) was due to the former CTO. This amount is recorded in due to related parties.
- (d) As at March 31, 2021, a total of \$3,700 (December 31, 2020 - \$3,700) was due Katmando Holdings Inc. ("Katmando"), a company owned by Keith Turner, President of the Company. This amount is recorded in trade payables.

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### 10. RELATED PARTY TRANSACTIONS (cont'd)

#### Other related party transactions and balances (cont'd)

- (a) On March 1, 2018, the Company entered into an administrative agreement with Varshney Capital Corp. ("VCC"), a company controlled by a former common director to provide administrative services to the Company for a period of three years in exchange for a monthly fee of CAD\$10,000 plus applicable taxes. At the end of the service term, the terms of the agreement are automatically renewed on an annual basis until either party provides notice of termination. This agreement was terminated effective March 1, 2020.

As at March 31, 2021, \$36,217 (December 31, 2020 - \$35,771) in administrative fees were due to VCC. This amount is included in due to related parties.

- (b) During the three months ended March 31, 2021, the Company recognized \$480 (2020 - \$1,535) in share-based compensation for the vested portion of the stock options previously granted to the President of the Company.

### 11. SEGMENTED INFORMATION

The Company operates in two industry segments, being development and IT services, utilizing its blockchain technologies, and telecommunication data services.

March 31,	2021	2020
Sales for the year		
Transaction processing	\$ -	\$ -
Development and IT services	-	83,041
	-	\$ 83,041

The Company operates in the following geographic areas and a summary of non-current assets is as follows:

March 31,	March, 31, 2021	December 31, 2020
Property and equipment		
Canada	-	-
USA	-	-
Ukraine	263	719
	\$ 263	\$ 719

### 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company can be exposed, in varying degrees, to a variety of financial related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in

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### 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

bank accounts, which is mainly held with reputable US and Canadian banks. Therefore, credit risk on the Company's cash deposits is assessed as relatively low.

The Company's secondary exposure to credit risk is on its receivables, which consists mainly of trade receivables and refundable government sales taxes. Credit risk related to these receivables is assessed as low.

The Company was exposed to credit risk on its digital currencies that were held on different crypto exchange platforms. Management chooses reliable and legitimate platforms for its crypto transaction to minimize that risk. As at March 31, 2021 and December 31, 2020, the Company retained a minimum balance of digital currencies for testing and development purposes.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring cash requirements to ensure that it is able to meet its short term and long-term obligations and operational plans.

As at March 31, 2021, the Company has a working capital of \$348,080 (2020 - working capital deficiency - \$191,394). Liquidity risk is assessed as low.

#### Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

##### *(a) Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will change due to a change in the level of interest rates. The Company is exposed to interest rate risk as its bank account earns interest income at variable rates and is subject to the movement in interest rates. Management considers the interest rate to be minimal.

##### *(b) Foreign currency risk*

The Company and its subsidiaries operate internationally, and during the year were exposed to foreign exchange risk arising from currency fluctuations, primarily with respect to the USD/CAD/EURO and UAH dollar rates.

Management regularly monitors exposure to foreign exchange risks, but does not have a current hedging policy in place.

##### *(c) Price risk*

The Company is exposed to digital currencies price risk due to the volatility of the industry.

### 14. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns and benefits to shareholders. The capital structure of the Company consists of equity comprised of issued share capital and any debt that it may issue.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through

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### **14. CAPITAL MANAGEMENT (cont'd)**

new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

There were no changes in the Company's approach to capital management during the year.

### **15. SUBSEQUENT EVENTS**

Subsequent to March 31, 2021, the Company:

- (a) Entered into consulting agreement (the "Consulting Agreement") for a term commencing April 1, 2021 to October 1, 2021. As consideration, the Company will pay CAD \$100,000, which may be settled by the issuance of common shares. The Company may terminate the Consulting Agreement on or before April 30, 2021, in which case a one-time payment of CAD \$15,000 will be required. If the Consulting Agreement is not terminated by such date, the entirety of the consideration will be required by May 15, 2021. To the date of these financial statements, the Company has not terminated the Consulting Agreement.