

**INTELLBRIDGE TECHNOLOGY CORP.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(Unaudited)

(Expressed in US Dollars)

# INTELLABRIDGE TECHNOLOGY CORP.

## Index

## Page

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### **Condensed Consolidated Interim Financial Statements**

Condensed Consolidated Interim Statements of Financial Position	3
Condensed Consolidated Interim Statement of Changes in Equity (Deficit)	4
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss	5
Condensed Consolidated Interim Statements of Cash Flows	6
Notes to Condensed Consolidated Interim Financial Statements	7-16

**INTELLBRIDGE 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	3	10,202	9,045
Prepays and deposits		10,049	10,049
Digital currencies	4	3,229	1,146
Assets held-for-sale	5	305,209	305,209
		<u>507,349</u>	<u>332,475</u>
Property and equipment	5	263	719
		<u>\$ 507,612</u>	<u>\$ 333,194</u>
<b>LIABILITIES</b>			
Trade payables and accrued liabilities	6 and 8	\$ 114,462	\$ 168,840
Due to related parties	8	33,804	355,029
		<u>148,266</u>	<u>523,869</u>
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>			
Share capital	7	9,628,262	7,262,188
Reserve	7	858,052	857,572
Accumulated other comprehensive loss		(54,826)	(55,300)
Deficit		(10,072,142)	(8,255,135)
		<u>359,346</u>	<u>(190,675)</u>
		<u>\$ 507,612</u>	<u>\$ 333,194</u>

Nature of operations (Note 1)  
Subsequent event (Note 12)

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

## INTELLBRIDGE TECHNOLOGY CORP.

Condensed Consolidated Interim Statement of Changes in Equity (Deficit)

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, 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	7	-	-	1,535	-	-	1,535
Net loss for the period		-	-	-	-	(73,098)	(73,098)
Other comprehensive income		-	-	-	8,545	-	8,545
<b>Balance at March 31, 2020</b>		<b>56,471,844</b>	<b>7,262,188</b>	<b>850,442</b>	<b>(47,900)</b>	<b>(7,972,295)</b>	<b>92,435</b>
Share-based compensation		-	-	2,935	-	-	2,935
Benefit of below-market interest rate loan		-	-	4,195	-	-	4,195
Net loss for the year		-	-	-	-	(282,840)	(282,840)
Other comprehensive loss		-	-	-	(7,400)	-	(7,400)
<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	7	-	-	480	-	-	480
Shares issued for cash	7	2,500,000	295,044	-	-	-	295,044
Shares issued for settlement of debt	7 and 8	4,499,990	2,071,030	-	-	(246,562)	1,824,468
Net loss for the period		-	-	-	-	(1,570,445)	(1,570,445)
Other comprehensive income		-	-	-	474	-	474
<b>Balance at March 31, 2021</b>		<b>63,471,834</b>	<b>\$ 9,628,262</b>	<b>\$ 858,052</b>	<b>\$ (54,826)</b>	<b>\$ (10,072,142)</b>	<b>\$ 359,346</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 March 31, 2021	For the three months ended March 31, 2020
Sales	9	\$ -	\$ 47,500
Cost of services		-	21,500
<b>GROSS PROFIT</b>		-	26,000
Operating expenses			
Advertising and marketing		-	1,810
Amortization	5	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	8	45,499	55,841
Office and administration		8,460	23,313
Professional fees		21,696	5,452
Regulatory and transfer agent fees		7,580	5,552
Rent and utilities		-	3,315
Research and development		18,993	-
Share-based compensation	7	480	1,535
Travel		-	2,287
		<b>104,299</b>	<b>110,147</b>
<b>NET LOSS BEFORE OTHER ITEMS</b>		<b>(104,299)</b>	<b>(84,147)</b>
Other items			
Interest and other income		-	1,395
Recovery of bad debt		-	9,650
Loss on settlement of debt	7, 8	(1,468,229)	-
Gain on revaluation of digital currencies	4	2,083	4
		<b>(1,466,146)</b>	<b>11,049</b>
<b>NET LOSS FOR THE PERIOD</b>		<b>(1,570,445)</b>	<b>(73,098)</b>
<b>Other comprehensive loss that may be reclassified to profit and loss:</b>			
Unrealized foreign exchange gain		474	8,545
<b>COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>\$ (1,569,971)</b>	<b>\$ (64,553)</b>
Loss per common share -basic and diluted		<b>\$ (0.03)</b>	<b>\$ (0.00)</b>
Weighted average number of shares outstanding -basic and diluted		<b>59,438,507</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 Statements of 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	\$ (1,570,445)	\$ (73,098)
Items not involving cash:		
Amortization	456	6,107
Depreciation of right-of-use asset	-	2,799
Interest on lease liability	-	37
Gain on revaluation of digital currencies	(2,083)	(4)
Loss on settlement of debt	1,468,229	-
Accrued interest on convertible loan receivable	-	(1,321)
Share-based compensation	480	1,535
	<u>(103,363)</u>	<u>(63,945)</u>
Changes in non-cash operating working capital items:		
Receivables	(1,157)	(26,804)
Prepaid expenses and deposits	-	(773)
Accounts payable and accrued liabilities	(54,378)	27,261
Due to related parties	32,864	40,787
	<u>(126,034)</u>	<u>(23,474)</u>
<b>Investing</b>		
Inventory of cryptocurrencies	-	20
	<u>-</u>	<u>20</u>
<b>Financing</b>		
Advances from related parties	2,150	-
Lease payments, cash	-	(2,977)
Proceeds from issuance of shares, net	295,044	-
	<u>297,194</u>	<u>(2,977)</u>
Effect of foreign exchange on cash flows	<u>474</u>	<u>14,840</u>
Change in cash during the period	171,634	(11,591)
Cash, beginning of period	7,026	20,988
<b>Cash, end of period</b>	<b>\$ 178,660</b>	<b>\$ 9,397</b>

**Supplemental cash flow information**

During the three month period ended March 31, 2021, the Company recognized a charge to deficit of \$246,562 for the loss on settlement of amounts due to related parties (Note 7).

There were no non-cash transactions during the three month period ended March 31, 2020.

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 \$10,072,142 including a loss for the three months ended March, 31 2021 of \$1,570,445 (2020 - \$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.

## 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”). Therefore, these financial statements comply with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020.

The financial statements were authorized for issue on June •, 2021 by the directors of the Company.

## 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)

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

#### ***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:

	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

#### ***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.

### 3. RECEIVABLES

	March 31, 2021	December 31, 2020
Goods and services input tax credits	\$ 9,138	\$ 7,774
Other receivables	1,064	1,271
	\$ 10,202	\$ 9,045

### 4. 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 gain of \$2,083 (March 31, 2020 - \$4) on digital currencies.



## **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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### **5. 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 assets 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.

**INTELLBRIDGE TECHNOLOGY CORP.**

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Expressed in US Dollars)

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

	Furniture and Equipment	Computer Equipment	Other Assets	ROU Asset	Total
<b>Cost:</b>					
At December 31, 2019	\$ 6,170	\$ 55,017	\$ 2,431	\$ 20,268	\$ 83,886
Sales and disposal	-	(3,074)	-	-	(3,074)
<b>At December 31, 2020 and March 31, 2021</b>	<b>\$ 6,170</b>	<b>\$ 51,943</b>	<b>\$ 2,431</b>	<b>\$ 20,268</b>	<b>\$ 80,812</b>
<b>Depreciation and impairment:</b>					
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>\$ 5,907</b>	<b>\$ 51,943</b>	<b>\$ 2,431</b>	<b>\$ 20,268</b>	<b>\$ 80,549</b>
<b>Net book value:</b>					
At December 31, 2020	\$ 719	\$ -	\$ -	\$ -	\$ 719
<b>At March 31, 2021</b>	<b>\$ 263</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 263</b>

## 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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### 6. TRADE PAYABLES AND ACCRUED LIABILITIES

		March 31, 2021		December 31, 2020
Trade payables (Note 8)	\$	74,407	\$	151,805
Accrued liabilities		40,055		17,305
	\$	114,462	\$	168,840

### 7. SHARE CAPITAL

#### (a) Authorized

Unlimited number of common shares without par value.

#### (b) Issued

Three months ended March 31, 2021:

- a) The 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 \$295,044 (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.
- b) A total of 4,499,990 common shares have been issued upon agreement to settle \$356,239 (CAD \$450,035) in debt to related parties (Note 8), of which \$341,774 was recorded in due to related parties at December 31, 2020, through the issuance of 4,499,990 common shares at a fair value of \$2,071,030. The Company recognized a loss on settlement of debt of \$1,468,229 to the statements of loss and comprehensive loss and a charge to deficit of \$246,562.

There were no transactions affecting share capital during the year ended December 31, 2020.

#### (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, Nil (December 31, 2020 – 2,647,290) common shares remained in escrow.

In addition, 2,750,000 common shares have a restrictive resale legend and are subject to 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.

## 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)

### 7. SHARE CAPITAL (cont'd)

#### (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:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, December 31, 2019	-	CAD\$ -	820,000	CAD\$ 0.50
Expired	-	-	(100,000)	CAD\$ 0.60
Outstanding, December 31, 2020	-	CAD\$ -	720,000	CAD\$ 0.49
Issued	2,500,000	CAD\$ 0.45	-	CAD\$ -
Outstanding, March 31, 2021	2,500,000	CAD\$ 0.45	720,000	CAD\$ 0.49
Number currently exercisable	2,500,000	CAD\$ 0.45	720,000	CAD\$ 0.49

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

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted Average Period
Warrants	February 17, 2023	2,500,000	CAD\$ 0.45	1.88 years
Stock options	September 12, 2021	100,000	CAD\$ 0.60	0.45 years
	March 12, 2023	620,000	CAD \$ 0.47	1.95 years
Total stock options:		720,000	CAD\$ 0.49	1.74 years

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.

## INTELLBRIDGE TECHNOLOGY CORP.

Notes to Condensed Consolidated Interim Financial Statements  
For the three months ended March 31, 2021 and 2020  
(Expressed in US Dollars)  
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### 7. SHARE CAPITAL (cont'd)

#### (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, 2019	\$ 220,757	\$ 628,150	\$ –	\$ 848,907
Share-based compensation	4,470	–	–	4,470
Benefit of below-market interest rate loan (Note 8)	–	–	4,195	4,195
Balance, December 31, 2020	225,227	628,150	4,195	857,572
Share-based compensation	480	–	–	480
Balance, March 31, 2021	\$ 225,707	\$ 628,150	\$ 4,195	\$ 858,052

### 8. 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 (2020 - \$22,500) to the CEO and director of the Company.

During the year ended December 31, 2020, 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 (December 31, 2020 - \$1,448) was accrued and a benefit was not recognized in the statement of loss and comprehensive loss, as both such amounts were determined to be nominal.

During the three month period ended March 31, 2021, the Company received an advance of \$2,150 from the CEO. The advance is non-interest bearing and due on demand.

As at December 31, 2020, a total of \$207,411 was due to the CEO. During the three month period ended March 31, 2021, a total of \$221,735 was converted to 2,800,940 common shares (Note 7). As at March 31, 2021, a total of \$11,036 is due to the CEO. Of this amount, \$8,400 is recorded in trade payables and \$2,636 is recorded in due to related parties.

## INTELLBRIDGE TECHNOLOGY CORP.

Notes to Condensed Consolidated Interim Financial Statements  
For the three months ended March 31, 2021 and 2020  
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### 8. RELATED PARTY TRANSACTIONS (cont'd)

- (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 (2020 - \$22,610) for management services pursuant to the above to the COO.

As at December 31, 2020, \$123,918 was due to the COO. During the three month period ended March 31, 2021, a total of \$134,504 was converted to 1,699,050 common shares (Note 7). As at March 31, 2021, a total of \$11,168 is 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.

#### Other related party transactions and balances

- (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 trade payables.

- (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.

### 9. SEGMENTED INFORMATION

The Company operates in one industry segment, being development and IT services, utilizing its blockchain technologies, and telecommunication data services. For the three month period ended March 31, 2021, sales of \$Nil (March 31, 2020 - \$47,500) were incurred in this segment.

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
	<u>\$ 263</u>	<u>\$ 719</u>

## INTELLABRIDGE TECHNOLOGY CORP.

Notes to Condensed Consolidated Interim Financial Statements  
For the three months ended March 31, 2021 and 2020  
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### 10. 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 bank accounts, which is mainly held with reputable US and Canadian banks. Therefore, credit risk of 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 \$359,083 (December 31, 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 interest rate risk to be minimal.

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

The Company and its subsidiaries operate internationally, and during the period 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.

## **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)

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### **11. 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 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 period.

### **12. SUBSEQUENT EVENT**

Subsequent to March 31, 2021, the Company entered into a 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 made any of the aforementioned payments, nor terminated the Consulting Agreement and the parties remain in negotiation of the terms and settlement thereof.