

**INTELLBRIDGE TECHNOLOGY CORP.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Unaudited)

(Expressed in US Dollars)

# INTELLBRIDGE TECHNOLOGY CORP.

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

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

|  | Notes   | March 31, 2023<br>(Unaudited) | December 31, 2022<br>(Audited) |
|--|---------|-------------------------------|--------------------------------|
| <b>ASSETS</b>                          |         |                               |                                |
| Cash                                   |         | \$ 2,942,916                  | \$ 3,323,888                   |
| Receivables                            | 3       | 3,722                         | 3,216                          |
| Prepays and deposits                   |         | 53,019                        | 56,518                         |
| Digital currencies                     | 4       | 2,998                         | 11,348                         |
|  |         | <u>3,002,655</u>              | <u>3,394,970</u>               |
| Property and equipment                 | 6       | 3,306                         | 4,037                          |
| Intangible assets                      | 5       | 390,880                       | 306,213                        |
|  |         | <u>\$ 3,396,841</u>           | <u>\$ 3,705,220</u>            |
| <b>LIABILITIES</b>                     |         |                               |                                |
| Trade payables and accrued liabilities | 7 and 8 | \$ 108,260                    | \$ 159,547                     |
| Due to related parties                 | 8       | 109,569                       | 119,091                        |
|  |         | <u>217,829</u>                | <u>278,638</u>                 |
| <b>SHAREHOLDERS' EQUITY (DEFICIT)</b>  |         |                               |                                |
| Share capital                          | 9       | 17,154,377                    | 17,154,377                     |
| Reserve                                | 9       | 1,024,095                     | 1,024,095                      |
| Accumulated other comprehensive loss   |         | (231,673)                     | (218,093)                      |
| Deficit                                |         | <u>(14,767,787)</u>           | <u>(14,533,797)</u>            |
|  |         | <u>3,179,012</u>              | <u>3,426,582</u>               |
|  |         | <u>\$ 3,396,841</u>           | <u>\$ 3,705,220</u>            |

Nature of operations (Note 1)

Subsequent event (Note 13)

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 (Deficit)

For the three months ended March,31, 2023 and 2022

(Expressed in US Dollars)

(Unaudited)

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

|                                      |         | Share Capital       |                      |                     | Accumulated<br>other<br>comprehensive<br>loss | Deficit                | Total<br>shareholders'<br>equity<br>(deficiency) |
|--------------------------------------|---------|---------------------|----------------------|---------------------|---|------------------------|--|
|                                      | Notes   | Number of<br>shares | Amount               | Reserve             |   |                        |  |
| <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             | 9       | -                   | -                    | 480                 | -   | -                      | 480  |
| Shares issued for cash               | 9       | 10,564,517          | 8,150,504            | -                   | -   | -                      | 8,150,504  |
| Shares issued for settlement of debt | 8 and 9 | 4,751,115           | 2,275,533            | -                   | -   | -                      | 2,275,533  |
| Share issuance costs                 | 9       | -                   | (1,044,538)          | 332,612             | -   | -                      | (711,926)  |
| Exercise of options                  | 9       | 720,000             | 482,642              | (203,468)           | -   | -                      | 279,174  |
| Net loss for the year                |         | -                   | -                    | -                   | -   | (2,812,110)            | (2,812,110)                                      |
| Other comprehensive income           |         | -                   | -                    | -                   | 1,425,073                                     | -                      | 1,425,073  |
| <b>Balance at December 31, 2021</b>  |         | <b>72,507,476</b>   | <b>17,126,329</b>    | <b>\$ 987,196</b>   | <b>1,369,773</b>                              | <b>(11,067,245)</b>    | <b>8,416,053</b>                                 |
| Net loss for the year                |         | -                   | -                    | -                   | -   | (797,791)              | (797,791)  |
| Other comprehensive income           |         | -                   | -                    | -                   | 96,253  | -                      | 96,253   |
| <b>Balance at March 31, 2022</b>     |         | <b>72,507,476</b>   | <b>\$ 17,126,329</b> | <b>\$ 987,196</b>   | <b>\$ 1,466,026</b>                           | <b>\$ (11,865,036)</b> | <b>\$ 7,714,515</b>                              |
| Shares issued for management fees    | 8       | 60,000              | 28,048               | -                   | -   | -                      | 28,048   |
| Share-based compensation             | 9       | -                   | -                    | 36,899              | -   | -                      | 36,899   |
| Net loss for the year                |         | -                   | -                    | -                   | -   | (2,668,761)            | (2,668,761)                                      |
| Other comprehensive income           |         | -                   | -                    | -                   | (1,684,119)                                   | -                      | (1,684,119)                                      |
| <b>Balance at December 31, 2022</b>  |         | <b>72,567,476</b>   | <b>\$ 17,154,377</b> | <b>\$ 1,024,095</b> | <b>\$ (218,093)</b>                           | <b>\$ (14,533,797)</b> | <b>\$ 3,426,582</b>                              |
| Net loss for the year                |         | -                   | -                    | -                   | -   | (233,990)              | (233,990)  |
| Other comprehensive income           |         | -                   | -                    | -                   | (13,580)                                      | -                      | (13,580)   |
| <b>Balance at March 31, 2023</b>     |         | <b>72,567,476</b>   | <b>\$ 17,154,377</b> | <b>\$ 1,024,095</b> | <b>\$ (231,673)</b>                           | <b>\$ (14,767,787)</b> | <b>\$ 3,179,012</b>                              |

**INTELLABRIDGE TECHNOLOGY CORP.**

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss

For the three months ended March 31, 2023 and 2022

(Expressed in US Dollars)

(Unaudited)

|  | Note | For the three<br>months ended<br>March 31, 2023 | For the three<br>months ended<br>March 31, 2022 |
|--|------|---|---|
| Sales  | 10   | \$ -  | \$ -  |
| Cost of services   |      | -   | -   |
| <b>GROSS PROFIT</b>  |      | <b>-</b>  | <b>-</b>  |
| Operating expenses   |      |   |   |
| Advertising and marketing  |      | <b>30,166</b>                                   | 116,951   |
| Amortization   | 6    | <b>731</b>                                      | 108   |
| Bank charges and fees  |      | <b>2,303</b>                                    | 2,295   |
| Exchange fees  |      | -   | 1,018   |
| Brokerage fees   |      | -   | 11,847  |
| Management fees and salaries   | 8    | <b>66,138</b>                                   | 150,473   |
| Office and administration  |      | <b>58,561</b>                                   | 51,218  |
| Professional fees  |      | <b>54,762</b>                                   | 50,376  |
| Regulatory and transfer agent fees   |      | <b>1,026</b>                                    | -   |
| Rent and utilities   |      | <b>4,872</b>                                    | 4,550   |
| Research and development   |      | -   | 233,613   |
| Travel   |      | <b>7,068</b>                                    | 17,704  |
|  |      | <b>225,627</b>                                  | <b>640,153</b>                                  |
| <b>NET LOSS BEFORE OTHER ITEMS</b>   |      | <b>(225,627)</b>                                | (640,153)                                       |
| Other items  |      |   |   |
| Gain on revaluation of digital currencies                                    | 4    | <b>(8,363)</b>                                  | (157,638)                                       |
|  |      | <b>(233,990)</b>                                | <b>(797,791)</b>                                |
| <b>NET LOSS FOR THE PERIOD</b>   |      | <b>(233,990)</b>                                | <b>(797,791)</b>                                |
| <b>Other comprehensive loss that may be reclassified to profit and loss:</b> |      |   |   |
| Unrealized foreign exchange gain   |      | <b>(13,580)</b>                                 | 77,691  |
| <b>COMPREHENSIVE LOSS FOR THE PERIOD</b>                                     |      | <b>\$ (247,570)</b>                             | <b>\$ (720,100)</b>                             |
| Loss per common share -basic and diluted                                     |      | <b>\$ (0.01)</b>                                | \$ (0.01)                                       |
| Weighted average number of shares outstanding - basic and diluted            |      | <b>72 567 476</b>                               | 72 507 476                                      |

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, 2023 and 2022  
(Expressed in US Dollars)  
(Unaudited)

|  | For the three<br>months ended<br>March 31, 2023 | For the three<br>months ended<br>March 31, 2022 |
|--|---|---|
| <b>Cash provided by (used in):</b>                   |   |   |
| <b>Operating:</b>                                    |   |   |
| Net loss for the period                              | \$ (233,990)                                    | \$ (797,791)                                    |
| Items not involving cash:                            |   |   |
| Amortization   | 731   | 108   |
| Gain on revaluation of digital currencies            | 8,363   | 157,638   |
|  | <b>(224,896)</b>                                | <b>(640,045)</b>                                |
| Changes in non-cash operating working capital items: |   |   |
| Receivables  | (507)   | (411)   |
| Prepaid expenses and deposits                        | 3,500   | 137,707   |
| Accounts payable and accrued liabilities             | (51,285)  | 112,618   |
| Due to related parties                               | (9,523)   | 5,524   |
|  | <b>(282,711)</b>                                | <b>(384,607)</b>                                |
| <b>Investing</b>                                     |   |   |
| Inventory of cryptocurrencies                        | (14)  | -   |
| Acquisition of intangibles                           | (84,667)  | -   |
| Acquisition of property and equipment                | -   | (6,472)   |
|  | <b>(84,681)</b>                                 | <b>(6,472)</b>                                  |
| <b>Financing</b>                                     |   |   |
| Lease payments, cash                                 | -   | -   |
| Proceeds from issuance of shares, net                | -   | -   |
|  | -   | -   |
| Effect of foreign exchange on cash flows             | <b>(13,580)</b>                                 | <b>77,691</b>                                   |
| Change in cash during the period                     | <b>(380,972)</b>                                | <b>(313,388)</b>                                |
| Cash, beginning of period                            | <b>3,323,888</b>                                | <b>5,080,163</b>                                |
| <b>Cash, end of period</b>                           | <b>\$ 2,942,916</b>                             | <b>\$ 4,766,775</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, 2023 and 2022

(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, 1988 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 financial solutions that give customers access to decentralized financial markets with additional layers of cybersecurity, consumer protection, and customer service. Intellabridge offers users self-custody services to empower them with complete transparency and control over their accounts and data through its Web3 platform. The Kash product features decentralized stablecoins, yield products, and investments, with plans to offer debit and virtual cards with Apple Pay and Google Pay.

In 2020, the Company provided IT services in block-chain and green tech. Since 2021, the Company has been working on a financial application “Kash”. In May 2022, the Company started working on a traditional fiat-based debit card “Karma”.

The Company has other proprietary technologies including the ChargaCard, Cryptanite, and BitDropGo application, components of which may be integrated into the “Kash” platform.

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 grow 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, 2023, the Company has an accumulated deficit of \$14,767,787 including loss for the three-month period ended March 31, 2023 of \$233,990 (2022 – \$797,791). These uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. These consolidated 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.

## **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

## INTELLBRIDGE TECHNOLOGY CORP.

Notes to Condensed Consolidated Interim Financial Statements  
For the three months ended March 31, 2023 and 2022  
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(Unaudited)

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### BASIS OF PRESENTATION (cont'd)

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, 2022.

The financial statements were authorized for issue on May 22, 2023 by the directors of the Company.

### *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, 2023   | December 31, 2022 |                     |
| ChargaCard Inc.    | United States            | 100%             | 100%              | USD                 |
| Intellabridge LLC. | Ukraine                  | 100%             | 100%              | UAH                 |
| Cryptanite Ltd.    | Malta                    | -                | -                 | EURO                |

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Cryptanite Ltd, which had the jurisdiction of Malta, was "Struck Off as Defunct" effective December 28, 2021. It means the Maltese Business Registry considers the Maltese Company closed or liquidated.

### 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.

### Significant accounting judgements, estimates and assumptions

The preparation of these consolidated 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.



# INTELLBRIDGE TECHNOLOGY CORP.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

(Expressed in US Dollars)

(Unaudited)

## BASIS OF PRESENTATION (cont'd)

The preparation of these consolidated 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.

## 3. RECEIVABLES

|                                      |    | March 31,<br>2023 |    | December 31,<br>2022 |
|--------------------------------------|----|-------------------|----|----------------------|
| Goods and services input tax credits | \$ | 2,971             | \$ | 2,819                |
| Other receivables                    |    | 751               |    | 397                  |
|                                      | \$ | <b>3,722</b>      | \$ | <b>3,216</b>         |

## INTELLABRIDGE TECHNOLOGY CORP.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

(Expressed in US Dollars)

(Unaudited)

### 4. DIGITAL CURRENCIES

As at March 31, 2023, the Company held various digital currencies with a fair value of \$2,998 (December 31, 2022 - \$11,348).

During the three months ended March 31, 2023, the Company recorded a revaluation loss of \$(8,363) (March 31, 2022 - loss of \$(157,638)) on digital currencies.

### 5. INTANGIBLE ASSETS

|                                 | Intangible assets under development |                | Total             |
|---------------------------------|-------------------------------------|----------------|-------------------|
| <b>Cost:</b>                    |                                     |                |                   |
| <b>December 31, 2020</b>        | \$                                  | -              | \$ -              |
| <b>December 31, 2021</b>        | \$                                  | -              | \$ -              |
| Increase – internally developed | \$                                  | 306,213        | \$ 306,213        |
| <b>December 31, 2022</b>        | \$                                  | <b>306,213</b> | <b>\$ 306,213</b> |
| <b>March 31, 2023</b>           | \$                                  | <b>390,880</b> | <b>\$ 390,880</b> |

During the period, the Company capitalized \$84,667 of development costs related to the development of Karma Card and Kash as part of intangible assets under development. As the intangible assets are still under development, no amortization has been recognized.

### 6. 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, 2021, the facility remained vacant and was not used in operations. As at December 31, 2021, 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.
- b. In August 2022, the Company sold the facility located in Nederland, Colorado. The net proceeds from sale equal \$465,250 and the Company realized a gain from asset disposal in the amount of \$160,041.

## INTELLBRIDGE TECHNOLOGY CORP.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

(Expressed in US Dollars)

(Unaudited)

### 6. PROPERTY AND EQUIPMENT (cont'd)

|                                     | Furniture and<br>Equipment | Computer<br>Equipment | Other<br>Assets | Total     |
|-------------------------------------|----------------------------|-----------------------|-----------------|-----------|
| <b>Cost:</b>                        |                            |                       |                 |           |
| <b>December 31, 2020</b>            | \$ 6,170                   | \$ 51,943             | \$ 2,431        | \$ 60,544 |
| <b>December 31, 2021</b>            | \$ 6,170                   | \$ 51,943             | \$ 2,431        | \$ 60,544 |
| Increase                            | \$ 1,881                   | \$ 4,591              | \$ -            | \$ 6,472  |
| <b>December 31, 2022</b>            | \$ 8,051                   | \$ 56,534             | \$ 2,431        | \$ 67,016 |
| <b>March 31, 2023</b>               | \$ 8,051                   | \$ 56,534             | \$ 2,431        | \$ 67,016 |
| <b>Depreciation and impairment:</b> |                            |                       |                 |           |
| December 31, 2020                   | \$ 5,451                   | 51,943                | 2,431           | 59,825    |
| Amortization                        | \$ 719                     | -                     | -               | 719       |
| <b>December 31, 2021</b>            | \$ 6,170                   | \$ 51,943             | \$ 2,431        | \$ 60,544 |
| Amortization                        | \$ 522                     | 1,913                 | -               | 2,435     |
| <b>December 31, 2022</b>            | \$ 6,692                   | \$ 53,856             | \$ 2,431        | \$ 62,979 |
| Amortization                        | \$ 157                     | 574                   | -               | 731       |
| <b>March 31, 2023</b>               | \$ 6,849                   | \$ 54,430             | \$ 2,431        | \$ 63,710 |
| <b>Net book value:</b>              |                            |                       |                 |           |
| <b>December 31, 2021</b>            | \$ -                       | \$ -                  | \$ -            | \$ -      |
| <b>December 31, 2022</b>            | \$ 1,359                   | \$ 2,678              | \$ -            | \$ 4,037  |
| <b>March 31, 2023</b>               | \$ 1,202                   | \$ 2,104              | \$ -            | \$ 3,306  |

### 7. TRADE PAYABLES AND ACCRUED LIABILITIES

|                     | March 31, 2023 | December 31, 2022 |
|---------------------|----------------|-------------------|
| Trade payables      | \$ 106,593     | \$ 157,998        |
| Accrued liabilities | 1,667          | 1,549             |
|                     | \$ 108,260     | \$ 159,547        |

### 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, 2023 and 2022, the remuneration of management fees to key personnel were as follows:

## INTELLBRIDGE TECHNOLOGY CORP.

Notes to Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

(Expressed in US Dollars)

(Unaudited)

### RELATED PARTY TRANSACTIONS (cont'd)

| March 31,                                    |    | 2023   |    | 2022   |
|--|----|--------|----|--------|
| Chief Executive Officer <sup>(a)</sup> (CEO) | \$ | 36,138 | \$ | 29,166 |
| Chief Operating Officer <sup>(b)</sup> (COO) |    | 30,000 |    | 22,500 |
| Total  | \$ | 66,138 | \$ | 51,666 |

- (a) During the three months ended March 31, 2023, the Company paid or accrued compensation of \$36,138 (2022 - \$29,166) to the CEO and director of the Company.

As at March 31, 2023, a total of \$177 is due from the CEO (March 31, 2022 - due to the CEO was \$3,560). This amount is recorded as a part of the related parties' liabilities. In April 2022, the provision of management services in exchange for a monthly fee for the contract was increased to \$12,000.

- (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. In April 2022, the provision of management services in exchange for a monthly fee for the contract was increased to \$10,000.

During the three months ended March 31, 2023, the Company paid or accrued aggregate fees of \$30,000 (2022 - \$22,500) for management services pursuant to the above to the COO.

As at March 31, 2023, a total of \$109,569 (March 31, 2022 - \$41,107) is due to the COO. This amount is recorded as a part of the related parties' liabilities. In addition, during the year ended December 31, 2021, a total of \$134,504 was converted to 1,699,050 common shares (Note 7).

- (c) As at December 31, 2021, a total of \$20,000 was due to the former CTO. This amount was derecognized during the 2022 year.
- (d) As at December 31, 2022, a total of \$15,000 (December 31, 2021 - \$Nil) is due to Clouse Consultants as a Board of Directors Member. This fee was paid to Clouse Consultants in Q1 2023.
- (e) As at December 31, 2022, a total of \$15,000 (December 31, 2021 - \$Nil) is due to Lee Fan as a Board of Directors Member. This fee was paid to Lee Fan in Q1 2023.

### Other related party transactions and balances

- (a) During the year ended December 31, 2022, the Company repaid \$98,725 to the former Director for the 3 years of service as a member of the Board of Directors of the Company (December 30, 2021 - \$Nil).
- (b) During the year ended December 31, 2022, the Company issued 60,000 common shares to a Director for services rendered, at CAD \$0.59 per share for a total consideration of \$28,049 (CAD \$35,400) (December 31, 2021 - \$Nil).

## INTELLBRIDGE TECHNOLOGY CORP.

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(Unaudited)

### 9. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

There were no transactions affecting share capital during the three months ended March 31, 2023 and the three months ended March 31, 2022

(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, 2023, Nil (March 31, 2022 – Nil) 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.

(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, 2020 | -           | CAD\$ -                         | 720,000       | CAD\$ 0.49                      |
| Issued                         | 11,169,355  | CAD\$ 1.30                      | -             | CAD\$ -                         |
| Exercised                      | -           | CAD\$ -                         | 720,000       | CAD\$ 0.60                      |
| Outstanding, December 31, 2021 | 11,169,355  | CAD\$ 1.30                      | -             | -                               |
| Outstanding, December 31, 2022 | 11,169,355  | CAD\$ 1.30                      | -             | -                               |
| Expired                        | (2,500,000) | CAD\$ 0.45                      | -             | -                               |
| Outstanding, March 31, 2023    | 8,669,355   | CAD\$ 1.55                      | -             | -                               |
| Number currently exercisable   | 8,669,355   | CAD\$ 1.55                      | -             | -                               |

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### SHARE CAPITAL (cont'd)

As at March 31, 2023, the following were outstanding:

During the three months ended March 31, 2023, the Company recorded share-based compensation expense of Nil (three months ended March 31, 2022 - \$ Nil).

|                | Expiry Date   | Number of Shares | Weighted Average Exercise Price | Weighted Average Period |
|----------------|---------------|------------------|---------------------------------|-------------------------|
| Warrants       | July 15, 2024 | 8,064,517        | CAD\$ 1.55                      | 1.29 years              |
|                | July 20, 2024 | 604,838          | CAD\$ 1.55                      | 1.29 years              |
| Total warrants |               | 8,669,355        | CAD\$ 1.55                      | 1.22 years              |

#### (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 | Broker warrants | Other     | Total        |
|----------------------------|---------------|-------------------|-----------------|-----------|--------------|
| Balance, December 31, 2020 | \$ 225,227    | \$ 628,150        | \$ -            | \$ 4,195  | \$ 857,572   |
| Share-based compensation   | 480           | -                 | -               | -         | 480          |
| Broker warrants issued     | -             | -                 | 332,612         | -         | 332,612      |
| Stock options exercised    | (203,468)     | -                 | -               | -         | (203,468)    |
| Balance, December 31, 2021 | \$ 22,239     | \$ 628,150        | \$ 332,612      | \$ 4,195  | \$ 987,196   |
| Share-based compensation   | -             | -                 | -               | 36,899    | 36,899       |
| Balance, December 31, 2022 | \$ 22,239     | \$ 628,150        | \$ 332,612      | \$ 41,094 | \$ 1,024,095 |
| Balance, March 31, 2023    | \$ 22,239     | \$ 628,150        | \$ 332,612      | \$ 41,094 | \$ 1,024,095 |

## 10. 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, 2023, sales of \$Nil (March 31, 2022 - \$Nil) 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, 2023 | December 31, 2022 |
|------------------------|-----------------|-------------------|
| Property and equipment |                 |                   |
| Canada                 | \$ -            | \$ -              |
| USA                    | 3,306           | 4,037             |
| Ukraine                | -               | -                 |
|                        | <b>\$ 3,306</b> | <b>\$ 4,037</b>   |

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### 11. 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, 2023 and December 31, 2022, 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, 2023, the Company has a working capital of \$2,784,829 (December 31, 2022 - working capital deficiency - \$3,116,334). 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.**

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### **12. 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.

### **13. SUBSEQUENT EVENT**

Subsequent to March 31, 2023:

- a) The Company launched Karma Card as of the 22nd of April 2023 which will be one of the principal sources of the Company's revenue.
- b) The Company also decided to put on hold its previously announced USDC DeFi Stablecoin project. The financial impact is not known at this time.
- c) A custodial service company (Prime Trust) whom Intellabridge had partnered with during the year, failed to perform obligations to exchange UST to USD for some users during the year. In order to minimize the consequences of Prime Trust's action Intellabridge provided financial aid in the form of reimbursement of lost funds to those users. Subsequent to year-end, the Company entered into two agreements to provide financial aid in the amount of \$35,083.