

GLENBRIAR TECHNOLOGIES INC.
FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019



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INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of Glenbriar Technologies Inc.:

Opinion

We have audited the financial statements of Glenbriar Technologies Inc. (the "Company"), which comprise the statements of financial position as at September 30, 2020 and 2019, and the statements of net and comprehensive loss, statements of cash flows and statements of changes in shareholders' equity (deficiency) for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which describes events and conditions indicating that a material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement on this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Graeme L. Cocke.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
January 26, 2021

GLENBRIAR TECHNOLOGIES INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	September 30, 2020	September 30, 2019
ASSETS		
Current assets		
Cash	\$ 13,295	\$ 7,461
Long-term assets		
Investments (Note 4)	\$ 679,743	\$ -
Loan receivable (Note 4)	-	525,000
Total assets	\$ 693,038	\$ 532,461
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 116,050	\$ 132,653
GST liability (Note 5)	14,076	51,766
Total liabilities	130,126	184,419
Shareholders' equity (deficiency)		
Share capital (Note 6)	6,405,755	5,865,755
Deficit	(5,842,843)	(5,517,713)
Total shareholders' equity (deficiency)	562,912	348,042
Total liabilities and shareholders' equity (deficiency)	\$ 693,038	\$ 532,461

Nature of operations (Note 1)

Going concern (Note 2)

Subsequent event (Note 10)

Approved and authorized on behalf of the Board of Directors on January 26, 2021.

<u>“Douglas Taylor”</u> Douglas Taylor	Director	<u>“Mark Tommasi”</u> Mark Tommasi	Director
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The accompanying notes are an integral part of these financial statements.

GLENBRIAR TECHNOLOGIES INC.
STATEMENTS OF NET AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Year Ended September 30, 2020	Year Ended September 30, 2019
EXPENSES		
Consulting (Note 9)	\$ -	\$ 17,000
General and administration	8,273	28,512
Professional fees (Note 9)	85,470	161,469
Management and directors' fees (Note 9)	15,524	92,500
Transfer agent and filing fees	19,035	30,403
Loss for the year	<u>(128,302)</u>	<u>(329,884)</u>
Other income (loss)		
Interest from loan (Note 4)	2,803	-
Unrealized loss on investments (Note 4)	(199,631)	-
Change in estimate of GST liability (Note 5)	-	208,467
	<u>(196,828)</u>	<u>208,467</u>
Net and comprehensive loss for the year	<u>\$ (325,130)</u>	<u>\$ (121,407)</u>
Weighted average number of common shares outstanding –		
basic and diluted	181,286,208	136,793,307
Loss per common share – basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>

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

GLENBRIAR TECHNOLOGIES INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended September 30, 2020	Year Ended September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net and comprehensive loss for the year	\$ (325,130)	\$ (121,407)
Items not involving cash:		
Unrealized loss on investments	199,631	-
Accrued interest	(2,803)	-
Changes in non-cash working capital:		
GST receivable	-	(8,978)
Accounts payable and accrued liabilities	(16,603)	27,089
GST liability	(37,690)	(208,477)
Net cash used in operating activities	<u>(182,595)</u>	<u>(311,773)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Advance of loans receivable	<u>(351,571)</u>	<u>(525,000)</u>
Net cash used in investing activities	<u>(351,571)</u>	<u>(525,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement, net of share issue costs	540,000	856,200
Loan proceeds (repayment)	<u>-</u>	<u>(15,012)</u>
Net cash (used in) provided by financing activities	<u>540,000</u>	<u>841,188</u>
Change in cash for the year	5,834	4,415
Cash, beginning of the year	<u>7,461</u>	<u>3,046</u>
Cash, end of the year	<u>\$ 13,295</u>	<u>\$ 7,461</u>
Supplemental cash flow information		
Interest paid (received)	\$ -	\$ -
Income taxes paid (received)	\$ -	\$ -
Significant non-cash investing and financing transactions		
Loans converted to investments	<u>\$ 876,571</u>	<u>\$ -</u>

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

GLENBRIAR TECHNOLOGIES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Capital Stock		Deficit	Total equity (deficiency)
	Number	Amount		
Balance as at September 30, 2018	130,421,510	\$ 5,009,555	\$ (5,396,306)	\$ (386,751)
Private placement	17,308,000	865,400	-	865,400
Finder's fees	-	(9,200)	-	(9,200)
Net and comprehensive loss for the year	-	-	(121,407)	(121,407)
Balance as at September 30, 2019	147,729,510	\$ 5,865,755	\$ (5,517,713)	\$ 348,042
Private placement	63,308,000	550,000	-	550,000
Finder's fees	-	(10,000)	-	(10,000)
Share adjustment	(2)	-	-	-
Net and comprehensive loss for the year	-	-	(325,130)	(325,130)
Balance as at September 30, 2020	211,037,508	\$ 6,405,755	\$ (5,842,843)	\$ 562,912

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

GLENBRIAR TECHNOLOGIES INC.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019

1. NATURE OF OPERATIONS

Glenbriar Technologies Inc. (“Glenbriar” or the “Corporation”) was incorporated under the Alberta Business Corporations Act on July 15, 1994. The Corporation’s common shares are listed on the Canadian Securities Exchange (trading symbol; GTI.X). The Corporation’s head office is located at 1780-355 Burrard Street, Vancouver, British Columbia, Canada, V6C 2G8.

The Corporation has entered into an agreement to acquire all of the shares of Kick Pharmaceuticals Inc. (“Kick”). The transaction is subject to exchange approval, further due diligence and shareholder approval. Kick was founded in 2020 and is a specialized health and wellness company with exclusive rights/licenses to produce, market, package, sell and distribute 6 pharmaceutical and therapeutic products throughout Europe, North America and the United Kingdom. Kick also holds the rights to a patent application for an alternate delivery system for the FDA approved drug Naboline used for treating nausea.

In 2019 the Corporation announced it had entered into an arm’s length agreement to acquire Eleos Robotics Inc. (“Eleos”), a private company based in British Columbia. The Corporation announced a private placement of up to \$1,500,000 to fund the technology development. On January 27, 2020, the parties decided to terminate the proposed reverse take-over of the Corporation by the Eleos shareholders. In its stead, the Corporation has acquired 18% of Eleos, represented by 744,691 common non-voting shares of Eleos, in return for the cumulative \$655,000 in advances made to the date of termination. See note 4.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and interpretations of the IFRS Interpretations Committee (“IFRIC”).

A summary of the Corporation’s significant accounting policies under IFRS is presented in note 3. These policies have been consistently applied.

2. BASIS OF PRESENTATION (continued)

Basis of measurement and going concern

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. The financial statements have been prepared on an accrual basis except for cash flow information.

These financial statements have been prepared on the basis that the Corporation will continue as a going concern, which assumes that the Corporation will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future.

As at September 30, 2020, the Corporation has a working capital deficiency of \$116,831 (2019 - \$176,958) and has an accumulated deficit of \$5,842,843(2019 - \$5,517,713). The Corporation incurred a net loss during the year ended September 30, 2020 of \$325,130(2019 – \$121,407). In order to continue as a going concern, the Corporation will need to generate positive cash flows from operations or obtain additional debt or equity financing. Whether and when the Corporation can generate sufficient operating and/or financing cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to September 30, 2020 is uncertain.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant effects on the world's equity markets and the movement of people and goods has become restricted. Due to market uncertainty, the Company may be restricted in its ability to raise additional funding. The impact of these factors on the Company is not yet determinable; however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

Management is aware, in making its going concern assessment, of the material uncertainty created by the aforementioned events and conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern. These financial statements do not give effect to any adjustments which may be necessary should the Corporation be unable to continue as a going concern and therefore realize its assets and discharge its liabilities in other than the normal course of business at amounts different from those reflected in the accompanying financial statements. Such adjustments could be material.

Functional and presentation currency

These financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional currency.

Use of estimates and judgements

The preparation of the Corporation's financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses and other income (loss) during the periods presented. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from the estimates.

The following discussion sets forth management's most critical estimates and assumptions in determining the carrying amounts of assets, liabilities and equity (deficiency):

Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgment. Factors considered by management are disclosed above.

2. BASIS OF PRESENTATION (continued)

Income taxes

The measurement of income taxes requires management to make judgements in the interpretation and application of relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements. The availability of tax pools is subject to audit and interpretation by taxation authorities. There are no current or deferred income taxes recognized in the financial statements as disclosed in note 8 and management estimates that these items have been fairly valued.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on deposit with banks and short-term deposits with initial maturities of three months or less. The Corporation did not have any cash equivalents as at September 30, 2020 or September 30, 2019.

Income taxes

Income taxes are comprised of current and deferred taxes. Income tax expense (recovery) is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss). Current taxes are the expected taxes payable on the taxable income for the period plus any adjustment to taxes payable in respect of previous periods. Deferred taxes are recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences including carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred taxes are not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Net income (loss) per common share

The Corporation follows the treasury stock method to determine the dilutive effect of stock options or other potentially dilutive instruments. Under this method, basic net income (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted income per share is calculated on the basis of the weighted average number of common shares outstanding during the period plus the additional incremental common shares that would have been outstanding for any potentially dilutive stock options or other dilutive instruments using the treasury stock method. Diluted loss per share is equal to basic loss per share, as the effect of potentially dilutive stock options or other instruments would be anti-dilutive to the calculation.

Share capital

When units are issued, which include shares and warrants, the warrants are valued using the residual value method where proceeds are allocated to the common shares up to their fair value as determined by the current quoted trading price on the announcement date, and the balance, if any, to contributed surplus.

(i) Share issue costs

Share issue costs that are directly attributable to issuing new shares are deducted from equity.

Costs that are not incremental and directly attributable to issuing new shares, are recorded as an expense in profit or loss.

(ii) Equity instruments issued as consideration

Other equity instruments issued in non-cash transactions as purchase consideration are recorded at fair value determined by management using the Black-Scholes option pricing model. The fair value of the shares issued as purchase consideration is based upon the quoted trading price of those shares on the date of grant to issue shares as determined by the Board of Directors.

Provisions and contingencies

A provision is recognized on the statement of financial position when the Corporation has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the rate of exchange in effect at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are recorded at rates of exchange in effect at the statement of financial position date and any resulting gains or losses are recorded in profit or loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis.

Financial assets

The Corporation classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the Corporation's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

At initial recognition, the Corporation measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Corporation classifies its financial assets:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest method. The effective interest method is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period. Cash and loan receivable are classified in this category.

Fair value through OCI (FVOCI): Debt instruments that are held for collection of contractual cash flows and for selling the debt instruments, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the debt instrument is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these debt instruments is included as finance income using the effective interest method. The Corporation has no assets classified in this category.

FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss in the period in which it arises. Investments are classified in this category.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred.

The fair value changes to financial liabilities at FVTPL are presented as follows: where the Corporation optionally designates financial liabilities at FVTPL the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Corporation does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

At present, the Corporation classifies accounts payable and accrued liabilities as held at amortized cost. These financial liabilities are classified as current liabilities as the payment is due within 12 months.

Changes in accounting policies

The Corporation adopted IFRS 16, “Leases” which specifies how to recognize, measure, present and disclose leases. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, and lessor accounting is substantially unchanged from IAS 17. Upon adoption, a lessee shall either apply IFRS 16 with full retrospective effect, or alternatively, not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity.

The Corporation has considered the impact of this change and has determined that, since it currently has no leases, the new standard has not had any material impact on the Corporation’s financial statements.

4. INVESTMENTS AND LOAN RECEIVABLE

During the year ended September 30, 2019, the Corporation advanced \$525,000 to Eleos, pursuant to the terms of the arm’s length agreement (note 1). During the year ended September 30, 2020, the Corporation advanced a further \$130,000. The loan bears interest at 10% per annum, waived for the first 18 months, calculated and compounded semi-annually on unpaid principal and interest balance from the date of the advance until the loan is repaid in full. The loan is secured by a general security agreement, including technology patents, and was repayable on February 26, 2020. A termination agreement was reached January 27, 2020.

On January 27, 2020, the parties decided to terminate the proposed reverse take-over of the Corporation by the Eleos shareholders. In its stead, the Corporation has acquired 18% of Eleos, represented by 744,691 common non-voting shares of Eleos, in return for the cumulative \$655,000 in advances made to the date of termination. As at September 30, 2020, in accordance with the guidance in IFRS 9 regarding when cost may be the best estimate of fair value, the investment in Eleos was recorded at cost.

On March 24, 2020, the Corporation entered an agreement to lend up to \$225,000 to World High Life PLC (“WHL”) as a short-term convertible loan, repayable on November 1, 2020 with a 5% annual interest rate. During the year ended September 30, 2020, the Corporation advanced \$221,571. On June 25, 2020, the Corporation signed a Debt Settlement Agreement and accepted 1,483,967 shares of WHL for a total value of \$224,374 (principal \$221,571 and interest \$2,803). As at September 30, 2020, the shares of WHL were valued at \$24,743 and the Corporation recognized an unrealized loss of \$199,631.

GLENBRIAR TECHNOLOGIES INC.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019

5. GST LIABILITY

During the year ended September 30, 2018, the Corporation received notice from the Canada Revenue Agency (“CRA”) that the Corporation’s GST claims from October 2014 to August 2017 were denied. As a result of CRA’s assessment, they are requesting the Corporation repay all refunds received. As a result of the CRA’s notice, at September 30, 2018 the Corporation recognized a liability of \$272,366, which represented the full amount of GST refunds to be repaid including interest. The Corporation appealed the CRA notice during fiscal 2019 and was successful in having the liability reduced to \$51,766, offset by current GST receivable of \$12,123. During the year ended September 30, 2020, this amount has been reduced further to \$14,076 by a \$32,000 payment and the first, second, third and fourth quarters GST tax credits of \$1,838, \$1,713, \$1,605 and \$535, respectively.

6. SHARE CAPITAL

a) Authorized

Unlimited number of common shares
Unlimited number of preferred shares of one or more series

b) Common shares issued and outstanding

	Number of shares	Amount
Balance, September 30, 2018	130,421,510	\$ 5,009,555
Private placement	17,308,000	865,400
Issuance costs	-	(9,200)
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Balance, September 30, 2019	147,729,510	5,865,755
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Private placement	23,308,000	150,000
Private placement	40,000,000	400,000
Share adjustment	(2)	-
Issuance costs	-	(10,000)
	<hr/>	
Balance, September 30, 2020	211,037,508	\$ 6,405,755

During the year ended September 30, 2019 the Corporation announced a private placement financing of up to \$1,500,000 by issuance of units at \$0.05. Each unit to be comprised of one common share and one warrant to purchase a common share with an exercise price of \$0.10 in the first year and \$0.15 in the second year. The terms of the financing provide that the units will not be adjusted for the 2 for 1 consolidation that has been proposed but not yet completed.

The first tranche raised \$429,700 through the issuance of 8,594,000 units. Units were priced at \$0.05 each, with each unit consisting of one share and one warrant exercisable for 2 years from closing at an exercise price of \$0.10 in the first year and \$0.15 in the second year. No finder fees were paid on this tranche.

The second tranche raised \$435,700 through the issuance of 8,714,000 units. Units were priced at \$0.05 each, with each unit consisting of one share and one warrant exercisable for 2 years from closing at an exercise price of \$0.10 in the first year and \$0.15 in the second year. Cash finder’s fees of \$9,200 were paid and 184,000 finder’s warrants, valued at \$Nil, were issued on this tranche.

GLENBRIAR TECHNOLOGIES INC.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED SEPTEMBER 30, 2020 and 2019

6. SHARE CAPITAL (continued)

b) Common shares issued and outstanding (continued)

On March 20, 2020 the Corporation issued 23,308,000 units in favor of the holders to an early private placement at a subscription price of \$0.05 per share on a 2 for 1 consolidation basis. As the consolidation was not completed, the shares were issued at a deemed price of \$0.025. Each unit consists of one common share and one common shares purchase warrant. Each purchase warrant entitles the holder to acquire one additional common share up until March 20, 2022, at an exercise price of \$0.05 per common share in year one and \$0.075 in year two. The Company issued 184,000 finder's warrants, valued at \$Nil, in connection with this private placement.

On March 20, 2020 the Corporation issued 40,000,000 units at a subscription price of \$0.01 per unit for total consideration of \$400,000. Each unit consists of one common share and one common share purchases warrant. Each purchase warrant entitles the holder to acquire one additional common share up until March 20, 2022, at an exercise price of \$0.05 per common share. Cash finder's fees of \$10,000 were paid and 1,000,000 finder's warrants, valued at \$Nil, were issued in connection with this private placement.

c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of warrants	Weighted average exercise price
Outstanding September 30, 2018	-	\$ -
Granted	17,492,000	0.10
Outstanding September 30, 2019	17,492,000	0.10
Granted	64,492,000	0.05
Outstanding September 30, 2020	81,984,000	\$ 0.07

Finder's warrants granted during the year ended September 30, 2019 were valued at \$Nil calculated using the Black-Scholes Option Pricing Model using the following assumptions: share price: \$0.01, expected volatility: 100%, expected life: 2 years, dividend yield rate: 0%, and risk-free interest rate: 1.38%.

Finder's warrants granted during the year ended September 30, 2020 were valued at \$Nil calculated using the Black-Scholes Option Pricing Model using the following assumptions: share price: \$0.01, expected volatility: 100%, expected life: 2 years, dividend yield rate: 0%, and risk-free interest rate: 0.56%.

Warrants outstanding as at September 30, 2020 are as follows:

Number of warrants	Exercise price	Grant date	Expiry date
8,594,000	\$0.15 ¹	April 30, 2019	April 30, 2021
8,898,000	\$0.15 ¹	June 6, 2019	June 6, 2021
41,000,000	\$0.05 ¹	March 20, 2020	March 20, 2022
23,492,000	\$0.05 ²	March 20, 2020	March 20, 2022
81,984,000	\$0.07		

¹\$0.10 in year 1 and \$0.15 in year 2

²\$0.05 in year 1 and \$0.075 in year 2

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation’s activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. This note presents information about the Corporation’s exposure to each of the above risks, the Corporation’s objectives, policies and processes for measuring and managing risk, and the Corporation’s management of capital. Further quantitative disclosures are included throughout these financial statements. The Corporation employs risk management strategies and polices to ensure that any exposure to risk complies with the Corporation’s business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Corporation’s risk management framework, the Corporation’s management has the responsibility to administer and monitor these risks.

Fair value of financial instruments

The Corporation’s financial instruments are comprised of cash, investments, loan receivable, and accounts payable and accrued liabilities. The carrying values of the Corporation’s cash, loan receivable, and accounts payable and accrued liabilities approximate their respective fair values due to their short term to maturity.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 reflects valuation based on quoted prices observed in active markets for identical assets or liabilities.
- Level 2 reflects valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 reflects valuation techniques with significant unobservable market inputs.

The Corporations investment in Eleos is classified as Level 3 and its investment in WHL is classified as Level 1.

Credit risk

Credit risk is the risk of potential loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations. The Corporation’s credit risk is limited to the carrying value of its financial instruments shown on the statements of financial position and arises from the Corporation’s cash. As cash is held in a reputable financial institution, credit risk is considered minimal.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting its obligations as they become due. For the year ended September 30, 2020, the Corporation had a net loss of \$325,130, cash used in operating activities of \$182,595, and at September 30, 2020 had a working capital deficiency of \$116,831.

Management believes that the Corporation will require funding from shareholder advances or equity financings in order to satisfy its current and future obligations. The Corporation is assessing various options to raise funding.

A contractual maturity analysis of the Corporation’s financial liabilities is as follows:

Financial liabilities	2020	2021	Total
Accounts payable and accrued liabilities	\$ 116,050	-	\$ 116,050
GST liability	14,076	-	14,076
	<u>\$ 130,126</u>	<u>-</u>	<u>\$ 130,126</u>

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange risk, interest rate risk and other price risk. Glenbriar's investment in WHL is subject to market risks.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. There is exchange risk associated with the Corporation's investment in WHL which is traded in the United Kingdom and traded in British Pound Sterling ("GBP"). A 10% change in the CAD/GBP exchange rate would have a \$2,475 impact on net loss for the year.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. It is management's opinion that the Corporation is not subject to significant interest risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. There is other price risk associated with the Corporation's investment in WHL. A 10% change in the market price of WHL shares would have a \$2,475 impact on net loss for the year.

Capital management

The Corporation's goal is to develop a strong capital base to meet its growth objectives, while maintaining the ability to fulfill its financial obligations, finance internal growth and fund potential acquisitions. The Corporation may be required to seek additional equity or debt financing, reduce its operations or to limit its growth to maintain liquidity. The Corporation does not have adequate surplus capital on hand to make strategic acquisitions. Accordingly, the Corporation may reasonably be expected to issue additional equity or obtain more debt to achieve the additional resources which it believes are necessary to enable it to seek new business opportunities which are sought by investors and shareholders. If additional equity is issued, existing shareholders may experience dilution of their shareholdings. If additional debt is taken on, the business could be put at greater risk of not being able to survive downturns in business cycles or other negative future events.

The Corporation's capital consists of the Corporation's shareholders' equity and debt that it may issue. The Corporation's capital management objectives, evaluation measures and targets have remained unchanged over the periods presented. The Corporation is not subject to any external restriction.

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8. INCOME TAXES

Income tax expense (recovery) differs from the amounts which would be obtained by applying the combined federal and provincial statutory income tax rate to the respective years' loss before income taxes. The following schedule explains the differences between the expected and actual tax expense (recovery):

	2020	2019
Loss before income taxes	\$ 325,130	\$ 121,407
Expected income tax recovery – statutory rate of 27.00%	88,000	32,780
Share issue costs	3,000	-
Change in estimate and other	(8,000)	1,220
Change in unrecognized deductible temporary differences	(83,000)	(34,000)
Total income tax recovery	<u>\$ -</u>	<u>\$ -</u>

The components of the deferred income tax asset amounts as at September 30, 2020 and 2019 are as follows:

	2020	2019
Non-capital losses carried forward	\$ 1,156,000	\$ 1,124,000
Investments	54,000	-
Share issue costs	8,000	11,000
	<u>1,218,000</u>	<u>1,135,000</u>
Unrecognized net deferred tax assets	<u>(1,218,000)</u>	<u>(1,135,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

Management has assessed the net deferred tax asset using the criteria of whether it is probable that the deferred tax assets can be realized. Based on the uncertainty of future taxable income, management has not recognized a deferred tax asset as at September 30, 2020 and 2019.

As at September 30, 2020, the Corporation had non-capital losses of approximately \$4,282,000 available to be carried forward to reduce future taxable income. The benefit of these credits and losses has not been recognized in the financial statements. These credits and losses expire as follows:

	Non-capital losses
	\$
2026	\$ 192,000
2027	267,000
2028	751,000
2029	697,000
2030	1,119,000
2033	134,000
2035	561,000
2036	99,000
2037	184,000
2039	134,000
2040	144,000
	<u>\$ 4,282,000</u>

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9. RELATED PARTY TRANSACTIONS

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or have significant influence over the other party by making financial or operation decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. Key management personnel includes officers and directors.

For the year ended September 30, 2020, total compensation for key management personnel was \$15,524 (September 30, 2019 - \$ 100,250) and consisted of the following amounts:

For the year ended September 30,	2020	2019
Consulting fees	\$ -	\$ 4,000
Professional fees	-	3,750
Management and director's fees	15,524	92,500
	<u>\$ 15,524</u>	<u>\$ 100,250</u>

Subsequent to entering into the loan agreement and share purchase agreement dated March 11, 2019 with Eleos (note 4), a director and officer of Eleos joined the Board of Directors of the Corporation and subsequently resigned effective December 2019.

As at September 30, 2020, accounts payable and accrued liabilities included \$9,444 (September 30, 2019 - \$13,942) due to key management personnel.

10. SUBSEQUENT EVENT

On November 4, 2020, the Corporation entered into an agreement to acquire all of the shares of Kick. The agreement contemplates that the Corporation will issue one common share for each outstanding share of Kick.

The transaction is subject to exchange approval, further due diligence and shareholder approval. The transaction will be considered a Fundamental Change pursuant to the policies of the Canadian Securities Exchange, subject to shareholder and CSE review. Trading in the shares of the Company has been halted pending review and approval of the transaction.