

**GRAVITAS FINANCIAL INC.**  
**Unaudited Condensed Interim Consolidated Financial Statements**

**For the three-month periods ended March 31, 2021 and 2020**

## **Notice of Disclosure of Non-Auditor Review of Condensed Interim Consolidated Financial Statements**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the financial statements, they must be accompanied by a notice indicating that these financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Gravitas Financial Inc. (the “Company”) and its subsidiaries have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Company’s management.

The Company’s independent auditors have not performed a review of the condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants Canada for a review of interim condensed consolidated financial statements by an entity’s auditor.

# Gravitas Financial Inc.

## Unaudited Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2021 and December 31, 2020

(Expressed in Canadian dollars)

	Notes	2021	2020
		\$	\$
<b>Assets</b>			
Current assets			
Cash and cash equivalents		64,245	99,056
Trade and other receivables		12,165	14,497
Total current assets		76,410	113,553
Equity investment and other investments		425	425
Total assets		76,835	113,978
<b>Liabilities</b>			
Current liabilities			
Trade and other payables		145,743	145,377
Total current liabilities		145,743	145,377
Loan payable	6	29,264	20,833
Total liabilities		175,007	166,210
<b>Equity</b>			
Share capital	7	2,000,600	2,000,600
Contributed surplus		4,373,695	4,373,695
Accumulated other comprehensive loss		(184,272)	(184,272)
Deficit		(6,288,195)	(6,242,255)
Total equity		(98,172)	(52,232)
Total liabilities and equity		76,835	113,978

Going concern (Note 2)

Related party transactions (Note 9)

Contingencies (Note 15)

Signed "Vikas Ranjan", Director

Signed "Winfield Ding", Director

See accompanying notes to the unaudited condensed interim consolidated financial statements.

# Gravitas Financial Inc.

## Unaudited Condensed Interim Consolidated Statement of Loss and Comprehensive Loss For the periods ended March 31, 2021 and 2020

(Expressed in Canadian dollars, except for per share amount)

	Notes	2021	2020
		\$	\$
<b>Revenues</b>			
Listing and research fees		7,079	27,927
Interest earned		-	8,902
Government grants	6	12,903	-
<b>Total revenues</b>		<b>19,982</b>	<b>36,829</b>
<b>Expenses</b>			
Professional fees and transaction costs	9	6,000	520,415
Compensation and management fees	9	47,520	201,607
General and administrative expenses	9	10,884	83,057
Interest expense		1,633	-
Foreign exchange (gain) loss		(115)	-
<b>Total expenses</b>		<b>65,922</b>	<b>805,079</b>
<b>Net loss and comprehensive loss</b>		<b>(45,940)</b>	<b>(768,250)</b>
<b>Net loss per share, basic and diluted</b>		<b>(0.00)</b>	<b>(0.01)</b>
Weighted average number of shares outstanding			
Basic and diluted	8	72,601,305	72,601,305

See accompanying notes to the unaudited condensed interim consolidated financial statements.

# Gravitas Financial Inc.

## Unaudited Condensed interim Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars, except shares)

	Notes	Shares	Common shares Amount	Contributed surplus	Accumulated other comprehensive Income (loss)	Deficit	Total Shareholders' deficiency
			\$	\$	\$	\$	\$
<b>Balance at December 31, 2019</b>	21	<b>72,601,305</b>	<b>2,000,600</b>	<b>4,373,695</b>	<b>(184,272)</b>	<b>(90,387,248)</b>	<b>(84,197,225)</b>
Net income (loss) for the year		-	-		-	(768,250)	(768,250)
<b>Balance at March 31, 2020</b>		<b>72,601,305</b>	<b>2,000,600</b>	<b>4,373,695</b>	<b>(184,272)</b>	<b>(91,155,498)</b>	<b>(84,965,475)</b>
Net income (loss) for the period		-	-		-	84,913,243	84,913,243
<b>Balance at December 31, 2020</b>	21	<b>72,601,305</b>	<b>2,000,600</b>	<b>4,373,695</b>	<b>(184,272)</b>	<b>(6,242,255)</b>	<b>(52,232)</b>
Net income for the year		-	-		-	(45,940)	(45,940)
<b>Balance at March 31, 2021</b>	21	<b>72,601,305</b>	<b>2,000,600</b>	<b>4,373,695</b>	<b>(184,272)</b>	<b>(6,288,195)</b>	<b>(98,172)</b>

See accompanying notes to the unaudited condensed interim consolidated financial statements.

# Gravitas Financial Inc.

## Consolidated Statements of Cash Flows For the periods ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

	Notes	2021	2020
		\$	\$
<b>Operating activities</b>			
Net income		(45,940)	(768,250)
		(45,940)	(768,250)
Changes in non-cash working capital		(8,871)	(165,797)
Net cash used in operating activities		(54,811)	(934,047)
<b>Investing activities</b>			
Net cash provided by investing activities		-	-
<b>Financing activities</b>			
Proceeds from loan payable	6	20,000	-
Net cash used in financing activities		20,000	-
(Decrease) in cash		(34,811)	(934,047)
Cash and cash equivalents, beginning of period		99,056	2,010,390
<b>Cash and cash equivalent, end of period</b>		<b>64,245</b>	<b>1,076,343</b>

See accompanying notes to the unaudited condensed interim consolidated financial statements.

# Gravitas Financial Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the periods ended March 31, 2021 and 2020

(Presented in Canadian dollars unless otherwise noted)

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### 1. NATURE OF OPERATIONS

Gravitas Financial Inc. (the “Company” or “Gravitas”) is an investment holding firm. On May 28, 2019, the Company announced that it has entered into an accommodation agreement (the “Accommodation Agreement”) with the majority holder of its debentures to implement a sale and investment solicitation process (“SISP”) for all or a portion of the business and property of the Company. As part of the Accommodation Agreement, on April 21, 2020 the Company closed the Debt Repurchase Agreement and retired all the debentures and accrued interest payable as of March 31, 2020 (note 5).

Gravitas is a publicly listed company on the Canada Securities Exchange (“CSE”) and trades under the symbol, GFI. The Company was incorporated under the Canada Business Corporation Act with its registered office and principal place of business at 100 Wellington Street West, Suite 1240, Toronto, Ontario, M5K 1B7.

These Unaudited Condensed Interim Consolidated Financial Statements (“Financial Statements”) were approved by the Board of Directors on May 28, 2021.

### 2. STATEMENT OF COMPLIANCE, BASIS OF PRESENTATION AND GOING CONCERN

These Unaudited Condensed Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and with interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CAP Canada Handbook – Accounting, as applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. These Financial Statements should be read in conjunction with the Company’s audited financial statements as at and for the year ended December 31, 2020, which were prepared in accordance with IFRS as applicable for the annual financial statements. These Financial Statements have been prepared on a going concern basis, under the historical cost convention, modified to include the fair valuation of certain financial instruments to the extent required or permitted under accounting standards as set out in the relevant accounting policies.

#### Going Concern

These Financial Statements have been prepared on a going concern basis, which assumes the Company will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations. As of March 31, 2021, the Company’s current liabilities exceed current assets by \$69,333. The Company has incurred several years of losses and as of March 31, 2021, has a cumulative deficit of \$6,288,195 (December 31, 2020: \$6,242,255); negative cash flows from operations for the period ended March 31, 2021 total \$54,811 ; and had a shareholder deficiency of \$98,172 as at March 31, 2021 (December 31, 2020: \$52,232). These conditions raise a material uncertainty that causes significant doubt about the Company’s ability to continue as a going concern. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. The Unaudited Condensed Interim Consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities or reported expenses and balance sheet classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

# Gravitas Financial Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the periods ended March 31, 2021 and 2020

(Presented in Canadian dollars unless otherwise noted)

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### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company are the same as those applied as at and for the year ended December 31, 2020 as described in Note 3 of the Company's December 31, 2020 audited consolidated financial statements and are consistently applied to all the periods presented unless otherwise noted below. They do not include all of the information and disclosures required for annual financial statements. For further information, see the Company's audited consolidated financial statements for the year ended December 31, 2020.

#### **Use of Estimates, Judgements and Assumptions**

The preparation of these financial statements requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. Judgments, estimates and assumptions affect the Company's reported amounts of assets, liabilities, and items in net income or loss, and related disclosure. Estimates are based on various assumptions that the Company believes are reasonable under the circumstances. These estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amounts of items in net income or loss that are not apparent from other sources. The Company evaluates its estimates on an ongoing basis. Actual results may differ from the Company's estimates.

The following are significant management judgments and estimates in applying the accounting policies of the Company that have the most significant effect on these financial statements.

*Fair value of financial assets and financial liabilities* - Fair value of financial assets and financial liabilities on the statement of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to established fair values. The judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

*Income taxes* - The estimate of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions, the Company assesses whether it is probable that some or all of the deferred income tax assets will not be realized the ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to the Company's assessment regarding its ability to use future tax deductions, the Company may be required to recognize more or fewer deferred tax assets and future income tax provisions or recoveries could be affected.

*Expected credit losses* - Management must exercise judgment to estimate the expected credit losses related to various financial assets. The evaluation of the expected credit losses is established considering the specific credit risk to its counterparties, historical trends and economic conditions.

*Provisions* - The Company and its subsidiaries from time to time are subject to legal proceedings. Contingent loss provisions are recorded by the Company when it is probable that loss will occur and it can be estimated.

*Contingencies* - See Note 15.

#### **Basis of consolidation**

These Financial Statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities which the Company has power over decisions about relevant activities. The existence and effect of potential voting rights that are currently exercisable, or convertible are considered when assessing whether control exists. Subsidiaries are fully Unaudited Condensed Interim Consolidated from the date on which control is transferred to the Company. Entities are de-consolidated from the date on which control ceases. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the Company's policies. The acquisition method of accounting is used to account for the acquisition of subsidiaries. Purchase consideration is measured as the fair value of the assets given, equity



# Gravitas Financial Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the periods ended March 31, 2021 and 2020

(Presented in Canadian dollars unless otherwise noted)

instruments issued, and liabilities assumed at the date of exchange. The transaction costs directly attributable to the acquisition are expensed.

Consolidated subsidiaries	Jurisdiction of incorporation	Direct or Indirect Percentage Ownership (a)
Gravitas Financial Services Holdings Inc. ("GFSHI")	Canada	100%
Capital Ideas Media Inc.	Canada	100%
Revenue.com US Corporation	USA	55%
Gravitas Siraj Holdco Inc.	Canada	100%
Gravitas Global GP Inc.	Canada	100%
Siraj Ontario Corporation	Canada	100%
Gravitas Select Flow-Through GP Inc. ("GSFT")	Canada	100%
SearchGold Guinee SARL	Guinee, Africa	100%
Global Compliance Network Inc.	Canada	100%

(a) Unless otherwise noted, the percentage noted in the table are as of March 31, 2021 and December 31, 2020.

#### 4. STANDARDS, AMENDMENTS, AND INTERPRETATIONS ISSUED AND ADOPTED

The Company has adopted no new standards and policies in 2021.

##### Standards, amendments, and interpretations Issued but not yet adopted

New and amendments to IFRSs in issue but not yet effective except for the above, the Company has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined

The management is currently assessing its impact of adopting these amendments and don't expect material impact on the Consolidated financial statements in the foreseeable future.

#### 5. DEBENTURES

Summary of the debentures are as follows:

	Gravitas Series #1 (a)	Gravitas Series #2 (b)	Total
	\$	\$	\$
Balance, December 31, 2019	30,023,000	53,546,333	83,569,333
Liabilities disposed	(30,023,000)	(53,546,333)	(83,569,333)
Balance, December 31, 2020	-	-	-

On April 21, 2020, the Company repurchased the Debentures Series#1 and Series#2 with interest accrued to that date for cash consideration of \$1,189,394. A gain of \$85,064,496 was reported for the transaction.

#### 6. LOAN PAYABLE

On June 2, 2020, the Company obtained \$40,000 in revolving credit from the Government of Canada under the Canada Emergency Business Account (CEBA) COVID-19 Economic Response Plan. The funding is granted in the form of an interest free revolving credit line of which up to \$40,000 may be drawn. On January 1, 2021, any balance remaining on

# Gravitas Financial Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

### For the periods ended March 31, 2021 and 2020

(Presented in Canadian dollars unless otherwise noted)

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the revolving credit line will automatically convert into a non-revolving term loan. Effective January 1, 2023, any outstanding balance on the term loan shall bear interest at a rate of 5% per annum. The term loan matures on December 31, 2025. If 75% of the outstanding balance of the term loan is repaid on or before December 31, 2022, the remaining 25% of the balance shall be forgiven. The Company used the assumption of 20% discount rate to determine the fair value of the interest-free period, and assumes the Company will repay the 75% outstanding balance on December 31, 2022. The difference between the amount received in cash and the related fair value was considered a government grant and was recognized as income in the statement of income.

The Company drew the full \$40,000 and intends to repay \$30,000 on or before December 31, 2022. The initial recognition of the \$40,000 was at its fair value at a discount of 20%. \$18,665 was recognized as debt and \$21,335 was recognized as government grant income. \$2,168 interest was accrued for the period ended December 31, 2020. During the three months in 2021, \$1,037 interest was accrued.

In 2021 the Canadian Government increased the CEBA loan available to small businesses to \$60,000. The Company made another draw of \$20,000 on January 11, 2021. If the Company would repay the outstanding balance of the loan (other than the forgiven amount) on or before December 31, 2022, the forgiven amount would be \$20,000 in total (25% of the first \$40,000 and 50% of the second \$20,000). The Company recorded the \$12,903 of the \$20,000 as government grant income, and \$7,097 as new loan portion. \$307 interest was accrued for the new loan principle in the period in 2021.

## 7. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares. As at March 31, 2021, outstanding shares were 72,601,305 (December 31, 2020: 72,601,305). Share capital totals \$2,000,600 (December 31, 2020: \$2,000,600).

## 8. INCOME (LOSS) PER SHARE

Income (loss) per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted income (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants. The weighted average number of shares outstanding for the period ended March 31, 2021 are 72,601,305 (2020: 72,601,305). No stock options (December 31, 2020: 3,750,000) stock options are outstanding as of March 31, 2021. No warrants were outstanding as of March 31, 2021 and December 31, 2020. The diluted outstanding number of shares of the Company was 72,601,305 for the period ended March 31, 2021 (2020: 72,601,305) as the 2020 outstanding options were antidilutive.

Basic and diluted net loss per share for the period ended March 31, 2021 totaled \$0.00 (2020 - \$0.01).

## 9. RELATED PARTY TRANSACTIONS

Parties are considered related if the party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Company's and their subsidiaries' senior management. Parties are also related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. The following are the related party transactions during the periods ended March 31, 2021 and 2020. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Usually outstanding balances are settled in cash.

# Gravitas Financial Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

### For the periods ended March 31, 2021 and 2020

(Presented in Canadian dollars unless otherwise noted)

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During the period ended March 31, 2021, the Company:

- Incurred \$30,000 (2020: \$177,000) to directors and senior officers of the Company and its subsidiaries, including the Chief Executive Officer, its Chief Financial Officer, its former Chief Financial Officer, and Executive Vice Presidents or Vice Presidents of the Company and/or its subsidiary companies. This amount has been included in compensation and management fees, professional fees and general and administrative fees. \$67,690 (December 2020 - \$50,605) was outstanding at March 31, 2021.
- Incurred rent expense of \$7,500 (2020 - \$nil) plus HST for office shared with tenant controlled by directors of the Company, of which \$31,05 was payable as of March 31, 2021.

#### 10. STOCK OPTION PLAN AND STOCK BASED COMPENSATION

The Company has adopted a stock-based option plan under which the Board of Directors may award options for common shares to directors, officers, employees and consultants. The maximum number of common shares issuable pursuant to the share option plan must not exceed 10% of the total number of the Company's outstanding. The exercise price of each option is determined by the Board of Directors and cannot be less than the discounted market value of the common shares on the eve of the award. The term of the options cannot exceed five years. On February 28, 2018, the Company issued a total of 6,250,000 stock options to directors and officers. Each option expires on February 28, 2021 and has an exercise price of \$0.10, subject to certain vesting provisions over two years. The Company valued these options at \$366,875 using the Black-Scholes option valuation model. Due to the vesting provisions, this amount will be expensed to stock-based compensation over a two-year period. During the year ended December 31, 2020, nil options were cancelled due to resignation of one of the Directors. During the year ended December 31, 2020, a total of \$nil has been expensed. As of December 31, 2020, there were 3,750,000 stock options outstanding with an exercise price of \$0.10 that expired February 28, 2021.

#### 11. FINANCIAL INSTRUMENTS

##### Fair value

The carrying value of cash and cash equivalents, trade and other receivables and trade and other payables are considered to be a reasonable approximation of the fair value due to the short-term maturity of these instruments. Equity interests in private entities are measured at fair value using subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the company prospects, financial ratios and other discounted cash flow techniques.

The assets and liabilities that are included at their fair values in the Company's statement of financial position have been categorized into hierarchical levels, according to the significance and reliability of the inputs used in determining fair value measurements.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liabilities are not based on observable market data (unobservable inputs).

The Company's investment funds held are classified within Level 2 of the fair value hierarchy since the fair value is determined using a model that includes the volatility and price of the companies in which the Company invested. The method and valuation techniques used for purpose of measuring fair value, are unchanged compared to the previous reporting periods.

For investments classified in Level 3, the fair value was determined through several methods, including recent private placements made by third parties and financial models.

# Gravitas Financial Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the periods ended March 31, 2021 and 2020

(Presented in Canadian dollars unless otherwise noted)

### 12. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts related to changes in the economic environment and the underlying risks of its assets. In its definition of capital, the Company includes long term debentures and equity (deficiency). The following table shows the items included in the definition of capital. There has been no change with respect to the overall capital management strategy during the period ended March 31, 2021.

	March 31, 2021	December 31, 2020
	\$	\$
Loan payable	29,264	20,833
Deficiency	(98,172)	(52,232)
	(68,908)	(31,399)

### 13. FINANCIAL RISKS

The Company is exposed to the following risks through its financial instruments.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has two types of financial assets that are subject to the expected credit loss model:

1. Trade and other receivables from wealth management, recruitment, listing and research fees
2. Loans and receivables carried at amortized costs

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified credit risk and impairment loss is not significant.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade and other receivables and receivables from brokers and clients, while ECL calculation based on stage assessment has been performed for loan receivables.

The loss allowance at December 31, 2020 determined under IFRS 9 was as follows.

	Current or less than 30 days past due	31-90 days past due	Greater than 90 days past due	Total
<b>As of December 31, 2020</b>				
<u>Trade and other receivables</u>				
Projected loss rate	1.00%	1.30%	1.50%	
Gross carrying amount	\$ -	10,510	3,987	14,497
Loss allowance	\$ -	105	60	165

# Gravitas Financial Inc.

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the periods ended March 31, 2021 and 2020

(Presented in Canadian dollars unless otherwise noted)

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations with financial liabilities that would be settled either by delivering cash or another financial asset. See Note 2 for Going Concern uncertainty. The Company has current assets of \$76,835 which will be used to cover its operating and investing activities. The expected timing of consolidated cash flows relating to financial liabilities as at March 31, 2021, are as follows:

	Less than 1 year	1-5 years	6-10 years	Total
	\$	\$	\$	\$
Current liabilities	145,743	-	-	145,743
Loan payable	-	40,000	-	40,000
	<b>145,743</b>	<b>40,000</b>	-	<b>185,743</b>

### 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. The Company is exposed to the following three types of market risk: interest rate risk, currency risk and other price risk.

*Interest rate risk* - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as the loan payable is interest free.

*Other price risk* - The Company is exposed to fluctuations in the market prices of its investments in quoted companies. The fair value of the investments in quoted and private companies represents the maximum exposure to price risk. As at March 31, 2021, a 10% change in the closing price of common shares held by the Company on the stock market would have changed the net income by \$43.

## 15. CONTINGENCIES

A service provider has charged the Company \$47,811 for service not demanded by and not provided to the Company. The Company disputes the charges and made no payments. The service provider suspended the account in December 2020. The Company believes this to be an error of the provider and has not provided additional provision for the account.