

Contact World Technologies Corp.

CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
FOR THE NINE MONTHS ENDED MAY 31, 2021

(Expressed in United States Dollars)

**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements of the Company for the nine months ended May 31, 2021 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

Contact World Technologies Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

	May 31, 2021	August 31, 2020
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS		
Cash	\$ 30,604	\$ 2,752
Accounts Receivable	50,000	-
Prepaid Expenses and Other Current Assets (Notes 6 and 7)	334,857	19,838
Total Current Assets	415,461	22,590
Right-of-use assets (Note 4)	35,122	-
Deposit	3,500	3,500
TOTAL ASSETS	\$ 454,083	\$ 26,090
LIABILITIES AND SHAREHOLDERS' DEFECIT		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 1,223,559	\$ 25,249
Due to Related Parties (Note 6)	26,250	13,214
Notes Payable (Note 5)	847,951	69,192
Current Lease Liabilities (Note 4)	29,554	-
Total Current Liabilities	2,127,314	107,655
Lease Liabilities - Non-Current (Note 4)	8,369	-
Share Purchase Warrants (Note 7)	1,079,767	-
TOTAL LIABILITIES	3,215,450	107,655
SHAREHOLDERS' DEFICIT		
Members' Units	-	9,000
Share Capital (Note 7)	1,451,606	-
Reserves (Note 7)	51,200	-
Deficit	(4,264,173)	(90,565)
TOTAL SHAREHOLDERS' DEFICIT	(2,761,367)	(81,565)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$ 454,083	\$ 26,090

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Zayn Kalyan"
Director

"Christopher Cherry"
Director

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

Contact World Technologies Corp.
CONDENSED CONSOLIDATED INTERIM
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

	<u>Nine months ended May 31, 2021</u>	<u>Three months ended May 31, 2021</u>	<u>From inception on March 30, 2020 to August 31, 2020</u>
	(Unaudited)	(Unaudited)	(Audited)
Revenues	\$ 100,000	\$ 100,000	\$ -
Expenses:			
Office Administration	\$ 659,692	\$ 240,428	\$ 3,531
Marketing	507,064	98,389	9,326
Professional Fees	2,152,528	577,193	77,708
Research and Development	1,053,899	324,007	-
Total Expenses	<u>4,373,183</u>	<u>1,240,017</u>	<u>90,565</u>
Net Loss before Other Items	(4,273,183)	(1,140,017)	(90,565)
Other Items			
Gain on remeasurement of derivative liability	170,984	117,116	-
Foreign exchange loss	<u>(71,409)</u>	<u>(46,324)</u>	<u>-</u>
Net and Comprehensive Loss	<u>\$ (4,173,608)</u>	<u>\$ (1,069,225)</u>	<u>\$ (90,565)</u>
Loss Per Share - Basic and Diluted	\$ (0.19)	\$ (0.04)	N/A
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	21,427,103	27,210,023	N/A

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

Contact World Technologies Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

	<u>Number of Shares</u>	<u>Share Capital</u>	<u>Member's Units</u>	<u>Reserves</u>	<u>Deficit</u>	<u>Shareholders' Deficit</u>
MEMBERS' EQUITY - MARCH 30, 2020 (INCEPTION)						
Net and Comprehensive Loss	-	\$ -	\$ -	\$ -	\$ (90,565)	\$ (90,565)
Members Contributions	-	-	9,000	-	-	9,000
ENDING BALANCE AT AUGUST 31, 2020	-	-	9,000	-	(90,565)	(81,565)
Net and Comprehensive Loss	-	-	-	-	(4,173,608)	(4,173,608)
Members Contributions	-	-	11,000	-	-	11,000
Shares issued	100	1	-	-	-	1
Units Issued for Cash	6,410,734	2,478,084	-	-	-	2,478,084
Fair value of warrants	-	(1,146,047)	-	-	-	(1,146,047)
Share Issuance Costs	-	(159,264)	-	51,200	-	(108,064)
Units Issued for Debt Settlement	299,189	117,133	-	-	-	117,133
Fair value of warrants	-	(54,472)	-	-	-	(54,472)
Shares Issued for Services	500,000	196,171	-	-	-	196,171
Share Exchange	20,000,000	20,000	(20,000)	-	-	-
ENDING BALANCE AT MAY 31, 2021	27,210,023	\$ 1,451,606	\$ -	\$ 51,200	\$ (4,264,173)	\$ (2,761,367)

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

Contact World Technologies Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

	Nine months ended May 31, 2021	From inception on March 30, 2020 to August 31, 2020
	(Unaudited)	(Audited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (4,173,608)	\$ (90,565)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Accretion of lease liability	3,845	-
Consulting fees paid in shares	196,171	-
Depreciation of right-of-use asset	21,072	-
Foreign exchange loss	50,233	-
Gain on remeasurement of derivative liability	(170,984)	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(50,000)	-
Prepaid Expenses and Other Current Assets, and Deposits	(315,019)	(23,338)
Accounts Payable and Accrued Liabilities	1,302,269	25,249
Due to Related Parties	26,210	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(3,109,811)	(88,654)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Related Party	-	13,214
Contribution from Members	11,000	9,000
Proceeds from Shares Issued, net of share issuance costs	2,370,020	-
Notes Payable	778,759	69,192
Lease Payments	(22,116)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	3,137,663	91,406
NET INCREASE IN CASH	27,852	2,752
CASH, BEGINNING OF PERIOD	2,752	-
CASH, END OF PERIOD	\$ 30,604	\$ 2,752
Interest Received (Paid)	\$ (2,164)	\$ -
Taxes Paid	\$ -	\$ -
Non-Cash Investing and Financing Activities		
Fair value of warrants in units issued for cash	\$ 1,146,047	\$ -
Fair value of finders' warrants	\$ 51,200	\$ -
Fair value of shares issued for debt settlement	\$ 117,133	\$ -
Fair value of warrants issued for debt settlement	\$ 54,472	\$ -
Right-of-use assets acquired via lease liabilities	\$ 56,194	\$ -

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

Contact World Technologies Corp.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

NOTE 1. NATURE OF OPERATIONS

Contact World Technologies Corp. (“Contact” or the “Company”, or the “Parent”), is a private company incorporated pursuant to the Business Corporations Act (British Columbia) on October 8, 2020. The Company is engaged in the development, marketing, and commercialization of contact tracing solutions.

The head office of the Company is located at 2110 South Coast Highway, Suite N, Oceanside, CA 92054. The registered and records office and principal address for the Company is located at 800 – 885 West Georgia Street, Vancouver, BC, V6C 3H1, Canada.

The Company has a wholly owned operating subsidiary, Contact, LLC (the “Subsidiary” or “Contact LLC”) which was formed as a limited liability company in the State of California and the Company’s Articles of Organization were filed with the Secretary of State of the State of California on March 30, 2020. The Subsidiary controls the daily operations of the consolidated company’s operations and has four patent applications pending with the United States Patent and Trademark Office. Contact LLC became a wholly owned subsidiary of the Company through a share exchange (the “Share Exchange”) contemplated under a share exchange agreement made on October 9, 2020 between the Company, Contact LLC and the membership interest holders of Contact LLC (the “Share Exchange Agreement”). The Share Exchange was treated as a common control business combination accounted for under the pooling of interest method. Accordingly, the assets and liabilities of the combining entities are reflected at their carrying amounts as if the transaction had occurred on the earliest comparative period presented.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At May 31, 2021, the Company has not achieved profitable operations, has accumulated losses of \$(4,264,173) since inception and expects to incur further losses in the development of its business. The above material uncertainties cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent upon successful results from its operations, its ability to attain profitable operations to generate funds, and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

Throughout 2020, the actual and threatened spread of the COVID-19 virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including future trading prices of the Company’s shares and its ability to raise new capital. Although the Company’s business model is designed to slow the spread of COVID-19 and other viruses, these factors, amongst others, could still have a significant impact on the Company’s operations.

Contact World Technologies Corp.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation and Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 – Interim Financial Reporting of the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. As such these condensed consolidated interim financial statements do not include full information that might be necessary for an annual financial statements and should be read in conjunction with the consolidated financial statements for the period ended August 31, 2020. The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in this note. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed consolidated interim financial statements were reviewed by the Management of the Company and approved and authorized for issue by the Sole Director on July 29, 2021.

(b) Basis of Measurement

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. See Note 3 for use of estimates and judgements made by management in the application of IFRS.

(c) Functional and Presentation Currency

These financial statements are presented in United States dollars, which is also the Company’s functional currency.

(d) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. Subsidiaries over which the Company has control are fully consolidated from the date control commences until the date control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable are considered. Non-controlling interests in the equity of consolidated subsidiaries are shown separately in the consolidated statement of operations and in the consolidated statement of changes in shareholders’ deficit. All intercompany balances and transactions are eliminated on consolidation. The information below lists the Company’s subsidiaries that are included in these consolidated financial statements and the ownership interest held as of May 31, 2021 and August 31, 2020.

	Percentage of Ownership May 31, 2021	Percentage of Ownership August 31, 2020
Contact LLC	100%	0%

Contact World Technologies Corp.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
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(e) Cash

Cash include cash deposits in a financial institution.

(f) Financial Instruments

Financial Assets

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the 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 the entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. These are the measurement categories under which the Company 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 in finance income using the effective interest rate method.

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as 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: the amount of change in 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. Share purchase warrants are classified as financial liabilities at FVTPL.

The Company classifies its accounts payable and accrued liabilities, lease liabilities, notes payable, and due to related party as financial liabilities held at amortized cost.

Contact World Technologies Corp.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

(g) Income Taxes

Income tax expense consisting of current and deferred tax expense is recognized in the Consolidated Statement of Operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

(h) Right-of-use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company's right-of-use asset is depreciated over the lease term of 2 years. Right-of-use assets are also subject to impairment.

(i) Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees, if applicable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as occupancy expense in the period on which the event or condition that triggers the payment occurs.

Contact World Technologies Corp.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(j) Earnings per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings/loss per common share is computed using the treasury-stock method by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. The net effect of applying the treasury-stock method to the weighted average number of shares outstanding had an anti-dilutive effect for the period ended May 31, 2021. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

(k) Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency of each entity at a rate of exchange approximating the prevailing rate at the date of the transaction.

At each reporting period end, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate in effect at that date. Nonmonetary assets and liabilities that are measured in terms of historical cost in a foreign currency remain at the exchange rate at the date of the transaction or, for nonmonetary assets and liabilities measured at fair value, the exchange rate in effect at the measurement date. The exchange differences resulting from the translation of foreign currency transactions are recognized in net loss and accumulated in shareholders' deficit.

(l) Business combinations under common control

Business combination under common control is accounted for by applying the pooling of interests method.

- All Assets and Liabilities of the combining parties are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities at the date of the combination that would otherwise be done under the acquisition method.
- No goodwill is recognized as a result of the combination.
- The statement of operations and comprehensive loss reflects the results of the combining parties.
- Comparative periods are restated as if the combination had taken place at the beginning of the earliest comparative period presented or, if later, the date from which the combining parties were subject to common control.

Contact World Technologies Corp.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

(m) Share capital and units

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Proceeds from the exercise of warrants are recorded as share capital in the amount for which the warrant enabled the holder to purchase a share in the Company. Capital stock issued for non-monetary consideration is valued by reference to the fair value of recent share issuances when the fair value of the non-monetary assets cannot be reasonably estimated.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. When these warrants are exercisable in a different currency than the functional currency, warrants are classified as a derivative liability and are valued using the Black-Scholes Option Pricing model. The proceeds are allocated first to the derivative liability based on the fair value of the warrants at the time the units are issued and any residual value is allocated to the shares.

NOTE 3. USE OF ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies:

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

(a) Going Concern

See Note 1 for assessment of going concern.

(b) Common Control Transaction

During the Share Exchange between the Company and Contact LLC, judgement was applied to determine if the transaction represented a business combination or an asset purchase. Management also used judgement to determine that since the Company and Contact LLC were owned and controlled by the same parties, in substantially the same ownership percentages, both before and after the transaction, the business combination is considered a common ownership transaction accounted for as a common control business combination. Thus, the net assets were recorded at their predecessor carrying values rather than at fair value.

Contact World Technologies Corp.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

Significant estimates in applying accounting policies:

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed.

(c) Right of use and lease liabilities

Leases requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company uses the incremental borrowing rate when initially recording real estate leases as the implicit rates are not readily available as information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Leases require lessees to estimate the lease term. In determining the period which the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

(d) Valuation of warrants

The Company uses the Black-Scholes Option Pricing Model for valuation of stock-based compensation and other equity-based payments. This model requires the input of a number of assumptions including expected dividend yields, expected stock volatility, expected time until exercise, expected forfeitures, and risk-free interest rates. Although the assumptions used reflect management's best estimates, they involve inherent uncertainties based upon market conditions generally outside the control of the Company.

NOTE 4. LEASES

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities under IFRS 16 with respect to its office space, and the movements during the period:

Lease liabilities recognized as of September 1, 2020 (Period Beginning)	\$ -
Additions	56,194
Accretion	3,845
Lease payments	(22,116)
Lease liabilities at February 28, 2021	<u>37,923</u>
Less: current portion	(29,554)
Long-term portion	<u>\$ 8,369</u>
Right-of-Use Assets:	
Right-of-use assets recognized as of September 1, 2020 (Period Beginning)	\$ -
Additions	56,194
Depreciation expense	(21,072)
Right-of-Use Assets, Net	<u>\$ 35,122</u>

Contact World Technologies Corp.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

For the period from September 1, 2020 to May 31, 2021, the Company paid a total cash outflow of \$22,116 for leases, and total interest expense incurred was \$3,845. The weighted average incremental borrowing rate on lease liabilities as at May 31, 2021 is 19%. There is an option to extend the term of the lease for 2 additional 24 month periods. In the measurement of the lease term, it is assumed the option will not be exercised.

Future minimum lease payments under non-cancellable finance leases as of May 31, 2021 are as follows:

Fiscal 2021 (Year 1)	\$	8,384
Fiscal 2022 (Year 2)		34,542
Total	\$	<u>42,926</u>

NOTE 5. NOTES PAYABLE

Notes payable is comprised of the following:

\$Nil line of credit from Michael Townsend (“Lender”) outstanding at May 31, 2021 (August 31, 2020 - \$18,386), which is secured by a non-interest bearing Promissory Note. The Note is repayable within 15 days of (the “Lender”) providing the Company with written notice of demand or December 31, 2020 whichever comes first. The amount has been paid off in full during the period ended May 31, 2021.

In connection with the Acquisition (note 10), on October 29, 2020, Tracker entered into a non-interest bearing loan agreement with Contact LLC whereby Tracker agreed to provide to Contact LLC a credit facility (the “Facility”) in the amount of up to \$1,000,000 CAD, maturing October 29, 2021 (the "Maturity Date"). If the Acquisition is terminated or abandoned before the Maturity Date, amounts due under the Facility will mature and become payable within 90 days of such termination or abandonment, as the case maybe; and if the Acquisition is completed before the Maturity Date, amounts due under the Facility will become payable on the Maturity Date. As of May 31, 2021, \$847,951 (August 31, 2020 - \$50,806) had been provided to Contact LLC by Tracker under the Facility.

NOTE 6. RELATED PARTIES

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and include the Company’s executive officers.

The following summarizes the balances with the related parties as at May 31, 2021 and August 31, 2020:

	May 31, 2021	August 31, 2020
Balances		
Due to Directors and/or Officers	\$ (26,250)	\$ (13,214)
Total	<u>\$ (26,250)</u>	<u>\$ (13,214)</u>

The amounts due to related parties are unsecured, non-interest bearing. During the period ended May 31, 2021, the Company has agreed to settle \$13,174 by the issuance of 34,218 units (note 7).

During the period ended May 31, 2021, the Company paid and/or accrued \$26,250 in professional fees to directors and/or officers.

Contact World Technologies Corp.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

On September 1, 2020 and amended March 16, 2021, Contact LLC entered into an employment agreement with Justin Beck (the "CVO Employment Agreement") setting forth the terms and conditions of his employment, which provides for his base salary and includes, among other things, provisions regarding non-disclosure, non-competition, and termination. Pursuant to the CVO Employment Agreement, Mr. Beck is paid an annual base salary of \$325,000 (the "Base Salary") for a term of two years (the "Employment Term"). During the period ended May 31, 2021, short-term employment benefits, which is included in Office Administration in the consolidated statements of operations, totaled \$243,750 (August 31, 2020 – Nil).

In addition to a base salary, Contact LLC may offer Mr. Beck additional incentive compensation for as long as he is employed by Contact LLC and if employment terminates prior to a vesting date, all non-vested shares and option awards shall terminate immediately.

The incentive compensation includes performance warrants to be issued upon Contact LLC completing a go public transaction ("Transaction"). Pursuant to the CVO Employment Agreement, Mr. Beck has earned certain performance warrants, which were conditions of the Transaction, as set out below:

- (1) 1,000,000 five-year warrants to buy common stock with a 5-year exercise right in the public company at a strike price of \$0.10 CAD, which warrants shall become vested upon the Company achieving \$1,000,000 CAD in cumulative revenue from operations ("Tier 1 Performance Warrants");
- (2) 1,000,000 five-year warrants to buy common stock with a 5-year exercise right in the public company at a strike price of \$0.10 CAD, which warrants shall become vested upon the Company achieving \$2,000,000 CAD in cumulative revenue from operations ("Tier 2 Performance Warrants");
- (3) 1,000,000 five-year warrants to buy common stock in the public company at a strike price of \$0.10 CAD, which warrants shall become vested upon the Company achieving \$5,000,000 CAD in cumulative revenue from operations ("Tier 3 Performance Warrants").

The Base Salary payments shall be waived in any given month when the Company's cash balance is below \$750,000 CAD after closing of the Transaction. For any month in which the Base Salary is waived, Mr. Beck shall have no binding time commitments to the Company.

Pursuant to the CVO Employment Agreement, if Contact LLC (indirectly through Resulting Issuer) achieves a listing on the Nasdaq Capital Markets, the New York Stock Exchange, or the Members Exchange (the "Cross-listing Transaction" resulting in an "Cross-listed Company"), and such listing achieves a combined value of at least \$500,000,000 CAD (the "Target Valuation") upon the Cross-listing Transaction or any time thereafter, Mr. Beck shall have earned and shall be granted with immediate vesting, the following incentives below:

- (1) 5% warrant coverage of the then-outstanding share capital of the Cross-listed Company with an exercise period of five-years upon the time of its achieving the Target Valuation ("Tier 4 Performance Warrants") at a strike price equal to the lower of:
 - a. \$4.00 CAD, or
 - b. a strike price equal to 50% of the share price in the last round of capital financing to the Cross-listed Company exceeding \$50,000,000 CAD.

The Tier 1 Performance Warrants, Tier 2 Performance Warrants and Tier 3 Performance Warrants were all conditions to the Transaction, and the Tier 4 Performance Warrants shall be a condition to the Cross-listing Transaction.

Contact World Technologies Corp.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

In the event the employment is terminated by the Company without cause, the Company shall buy out and pay his base salary and benefits for the remainder of the Employment Term, and Mr. Beck continues to earn the incentive compensation attached to the performance warrants set out above for the remainder of the Employment Term.

NOTE 7. SHARE CAPITAL

(a) Share capital

An unlimited number of common shares are authorized without par value, and without special rights or restriction attached.

Upon formation, Contact LLC issued 9,000,000 membership units to the founder on April 1, 2020 for \$9,000. As of August 31, 2020, 9,000,000 membership units were outstanding.

Pursuant to the September 29, 2020 Contact LLC share subscription agreements, additional 11,000,000 membership units were issued to various individuals for \$11,000. The membership shares represent 100% ownership of Contact LLC.

Upon creation of Contact World Technologies Corp. on October 8, 2020, there were 100 common shares at the price of \$0.01 CAD issued per an initial subscription agreement.

Pursuant to the Share Exchange Agreement described in Note 10, the 20,000,000 membership units of Contact LLC were exchanged for common shares of the Company on a one for one basis. As a result of the Share Exchange, the Company holds 100% of the Contact LLC membership interests. The \$20,000 valuation of the shares is based on the historical carrying value of the Contact LLC membership shares exchanged.

Between November 20 and November 30, 2020, the Company issued 4,645,000 units at a price of \$0.50 CAD per unit for total proceeds of \$2,322,500 CAD, or \$1,785,313. Each unit consists of one common share and one share purchase warrant, with each warrant exercisable into one common share at a price of \$1.00 CAD per share expiring 24 months from the date of issuance. The fair value of the warrants issued, recorded as an allocation of the proceeds received, was estimated at \$823,480 using the Black-Scholes Option Pricing model. The Company paid a cash finder's fee of \$108,064 (\$139,050 CAD), and issued 289,100 finders' warrants with similar terms to the above warrants. The fair value of the finders' warrants was estimated at \$51,200 using the Black-Scholes Option Pricing model.

On November 27, 2020, Contact LLC closed a settlement of debt with Justin Beck, under which the Company issued 34,218 units to Justin Beck to settle \$17,109 CAD. Each unit consists of one common share and one share purchase warrant, with each warrant exercisable into one common share at a price of \$1.00 CAD per share expiring 24 months from the date of issuance. The units were valued at \$0.50 CAD per unit, for a total of \$13,174. The fair value of the warrants issued, recorded as an allocation of the fair value of the units, was estimated at \$6,066 using the Black-Scholes Option Pricing model.

On December 1, 2020, the Company issued 500,000 common shares valued at \$250,000 CAD, or \$196,171, to a vendor for consulting services rendered during the period.

Contact World Technologies Corp.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

Between December 21, 2020 and February 25, 2021, the Company issued 1,765,734 units at a price of \$0.50 CAD per unit for total proceeds of \$882,867 CAD, or \$692,771. Each unit consists of one common share and one share purchase warrant, with each warrant exercisable into one common share at a price of \$1.00 CAD per share expiring 24 months from the date of issuance. The fair value of the warrants issued, recorded as an allocation of the proceeds received, was estimated at \$322,567 using the Black-Scholes Option Pricing model.

On January 22, 2021, the Company issued 75,983 units valued at \$0.50 CAD per unit to settle accounts payable of \$28,959. Each unit consists of one common share and one share purchase warrant, with each warrant exercisable into one common share at a price of \$1.00 CAD per share expiring 24 months from the date of issuance. The fair value of the warrants issued, recorded as an allocation of the fair value of the units, was estimated at \$13,881 using the Black-Scholes Option Pricing model.

On February 25, 2021, the Company issued 188,988 units valued at \$0.50 CAD per unit to settle accounts payable of \$75,000. Each unit consists of one common share and one share purchase warrant, with each warrant exercisable into one common share at a price of \$1.00 CAD per share expiring 24 months from the date of issuance. The fair value of the warrants issued, recorded as an allocation of the fair value of the units, was estimated at \$34,525 using the Black-Scholes Option Pricing model.

As of May 31, 2021, 27,210,023 common shares of the Company were issued and outstanding.

(b) Warrants

Information regarding the Company's outstanding share purchase warrants is summarized below:

	Number	Weighted average exercise price \$ CAD
Balance, August 31, 2020	-	-
Issued	6,709,923	1.00
Balance, May 31, 2021	6,709,923	1.00

The warrants are exercisable in a different currency than the functional currency, accordingly they have been classified as a derivative liability. The warrants were fair valued at \$1,200,519 on the date of issuance using the Black-Scholes option valuation model with the following weighted average assumptions: Share price at the time of issuance \$0.50 CAD; Risk-free interest rate of 0.31%; Expected life of two years; Dividend rate – 0%; Forfeiture rate – 0% and Annualized volatility of 120%. Since the Company is not publicly trading and have no history of trades, the Company utilized annualized volatility of comparable startup companies.

The warrants are re-valued at each reporting date, with a gain or loss reported in profit or loss. The fair value of the warrants at May 31, 2021 was determined using the Black-Scholes option valuation model with the following weighted average assumptions: Share price at the time of re-measurement \$0.50 CAD; Risk-free interest rate of 0.28%; Expected life of 1.57 years; dividend rate – 0%; Forfeiture rate – 0% and Annualized volatility of 120%. Since the Company is not publicly trading and have no history of trades, the Company utilized annualized volatility of comparable startup companies. The Company recorded a gain on the revaluation of \$170,984 for the period ended May 31, 2021.

Contact World Technologies Corp.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

The following table summarizes the share purchase warrants outstanding and exercisable as at May 31, 2021:

Expiry date	Exercise price \$ CAD	Remaining contractual life (years)	Warrants Outstanding
November 20, 2022	\$1.00	1.47	470,000
November 26, 2022	\$1.00	1.49	1,285,000
November 27, 2022	\$1.00	1.49	99,218
November 30, 2022	\$1.00	1.50	2,825,000
December 21, 2022	\$1.00	1.56	50,000
January 22, 2023	\$1.00	1.65	605,983
February 25, 2023	\$1.00	1.74	1,374,722
		1.56	6,709,923

(c) Finders' Warrants

Information regarding the Company's outstanding finders' warrants is summarized below:

	Number	Weighted average exercise price \$ CAD
Balance, August 31, 2020	-	-
Issued	289,100	1.00
Balance, May 31, 2021	289,100	1.00

The finders' warrants were fair valued at \$51,200 using the Black-Scholes option valuation model with the following weighted average assumptions: Share price at the time of issuance \$0.50 CAD; Risk-free interest rate of 0.27%; Expected life of two years; Dividend rate – 0%; Forfeiture rate – 0% and Annualized volatility of 120%. Since the Company is not publicly trading and have no history of trades, the Company utilized annualized volatility of comparable startup companies.

The following table summarizes the finders' warrants outstanding and exercisable as at May 31, 2021:

Expiry date	Exercise price \$ CAD	Remaining contractual life (years)	Warrants Outstanding
November 20, 2022	\$1.00	1.47	22,400
November 26, 2022	\$1.00	1.49	89,950
November 30, 2022	\$1.00	1.50	176,750
		1.49	289,100

Contact World Technologies Corp.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

NOTE 8. FINANCIAL INSTRUMENTS AND RISKS

Fair values

The Company's financial instruments include cash, due to related party, accounts payable and accrued liabilities, notes payable, lease liabilities, and share purchase warrants. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices 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 that are not based on observable market data.

As at May 31, 2021, the Company did not measure any financial assets or liabilities using Level 1 or Level 2 inputs of the fair value hierarchy. Share purchase warrants for an amount of \$1,079,767 are measured at Level 3 inputs of the fair value hierarchy as it uses a combination of observable and unobservable inputs in calculating fair value (Note 7). As at August 31, 2020, the Company did not recognize any financial assets or liabilities at their fair value. There were no transfers between levels during either periods.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. To minimize the credit risk, the Company places cash with financial institutions. The carrying value of accounts receivable is the Company's maximum exposure to credit risk as at May 31, 2021.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As at May 31, 2021 the Company had a working capital deficiency of \$1,711,853. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company's short term and long-term cash requirement.

NOTE 9. CAPITAL MANAGEMENT

The Company manages its capital structure in order to ensure sufficient resources are available to meet operational requirements and safeguard its ability to continue as a going concern. There are no externally imposed capital requirements on the Company. Management considers the items included in shareholders' equity (deficit) as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. There were no changes to the Company's approach to capital management during the period ended May 31, 2021.

Contact World Technologies Corp.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

NOTE 10. SHARE EXCHANGE

Contact Share Exchange

On October 9, 2020 the Company executed a share exchange agreement with Contact LLC and the membership interest holders of Contact LLC. On October 9, 2020, the membership interest holders exchanged their membership interests in Contact LLC for common shares in the Company on a 1:1 basis and in proportion to the members' holdings in the Contact LLC. In this exchange, 100% of Contact LLC's membership interests, or 20,000,000, were exchanged for 20,000,000 common shares of the Company. The transaction was treated as a common ownership exchange and was accounted for on a historical cost basis as a common control transaction as if the transaction occurred on the first day of the earliest comparative period presented. At the conclusion of the Share Exchange, the former holders of Contact LLC membership interests held 100% of the Company's common shares, except for the de minimis 100 common shares already outstanding in the Company that was issued at formation.

Tracker Amalgamation Agreement

On December 3, 2020, the Company entered into an amalgamation agreement (the "Tracker Amalgamation Agreement") with Contact LLC, 1276313 B.C. Ltd., a newly incorporated wholly-owned subsidiary of Tracker ("Tracker Subco"), and the shareholders of the Company on this date (the "Founding Contact Shareholders").

The Amalgamation Agreement provided for the amalgamation of Tracker Sub Co. and Contact, to form Amalco and, among other things:

- (i) the Founding Contact Shareholders exchanging their common shares in Contact for an aggregate of 10,049,659 Class A Subordinate Voting Shares of Tracker and 100,497 Class B Super Voting Shares of Tracker;
- (ii) the Non-Founding Contact Shareholders exchanging their common shares in Contact for Subordinate Voting Shares of Tracker on a 1:1 basis;
- (iii) common share purchase warrants of Contact being exchanged for warrants of Tracker having equivalent terms on a 1:1 basis;
- (iv) Tracker issuing 5,500,000 restricted share units ("**RSUs**") on closing to consultants, such RSUs to vest on a quarterly basis over the 21 months following the Transaction;
- (v) Tracker issuing the Tier 1 Performance Warrants, Tier 2 Performance Warrants and Tier 3 Performance Warrants to Justin Beck pursuant to the CVO Employment Agreement.
- (vi) Tracker agreeing to issue the Tier 4 Performance Warrants to Justin Beck on achievement of an Cross-listing Transaction.

The transaction is anticipated to be accounted for as a reverse takeover with Contact being the accounting acquirer.

Contact World Technologies Corp.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MAY 31, 2021 AND AUGUST 31, 2020
(Expressed in United States Dollars)

Completion of the transactions contemplated under the Tracker Amalgamation Agreement was subject to the satisfaction of various conditions as are standard for a transaction of this nature, including but not limited to (i) the approval by the shareholders of the Company, (ii) execution of a pooling agreement by the Founding Contact Shareholders respecting the quarterly release of 87.5% of the consideration shares over the 21 months following the closing, (iii) the absence of any material adverse change, material litigation, claims, investigations or other matters, including any subsidiaries or related companies of the Company and Tracker; and (iv) receipt of all requisite regulatory, stock exchange, court or governmental authorizations and consents, including the Canadian Securities Exchange.

On July 12, 2021, the Company completed the transaction.

Loan Agreement

Refer to Note 5 for details on the loan agreement.

Increase in Paid-up Capital

In July 2021, the Founding Contact Shareholders contributed an aggregate of CAD \$164,853 (\$131,683) to increase the paid-up capital of an aggregate of 8,676,496 common shares of the Company from \$0.001 to \$0.02.