

LOOPShare Ltd.

Condensed Consolidated Interim Financial Statements

Unaudited

For the Three and Nine Months Ended September 30, 2019 and 2018

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim consolidated financial statements of LOOPShare Ltd. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these condensed interim consolidated financial statements.

LOOPShare Ltd.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
UNAUDITED

As at September 30, 2019 and December 31, 2018
(Expressed in Canadian Dollars)

		September 30, 2019	December 31, 2018
Assets	Note		
Current assets:			
Cash		\$ 104,615	\$ 888,629
Accounts receivable	5	68,815	60,473
Prepaid expenses and deposits	6	858,783	645,292
Due from Related Party	12	-	17,481
Inventory	7	478,259	89,421
Total current assets		1,510,472	1,701,296
Long term assets:			
Property and equipment	8	299,899	36,309
Intangible Asset	9	2,301,470	-
Goodwill	11	522,621	-
Total Assets		\$ 4,634,462	\$ 1,737,605
Liabilities and Shareholders' Deficiency			
Current liabilities:			
Accounts payable and accrued liabilities	10, 12	\$ 1,226,988	\$ 757,413
Accrued compensation	10, 12	206,503	149,417
Deferred revenue	13	441,504	572,024
Due to related parties		3,537	3,537
Loan payable to related party	12	95,000	-
Loan payable	14	500,658	-
Total current Liabilities		2,474,190	1,482,391
Long term liabilities:			
Convertible debentures and related interest	15	2,712,000	2,574,336
Total Liabilities		\$ 5,186,190	\$ 4,056,727
Shareholders' Deficiency			
Class A common share capital	16	12,377,494	8,384,560
Obligation to issue class A common shares	16	181,474	75,000
Reserves		2,062,598	1,811,834
Deficit		(15,154,322)	(12,582,374)
Accumulated other comprehensive income (loss)		(18,972)	(8,142)
Total Shareholders' Equity (Deficiency)		(551,728)	(2,319,122)
Total Liabilities and Shareholders' Deficiency		\$ 4,634,462	\$ 1,737,605

Going concern – note 2

Commitments – note 10,12,20

Subsequent events – note 22

Approved by the directors:

“MATTHEW CLAYTON”

”BROOKE HURFORD”

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

LOOPShare Ltd.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
UNAUDITED

For the Three and Nine Months Ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Revenue , note 17	\$ 38,195	\$ -	\$ 38,195	\$ -
Cost of Sales	395	-	395	-
Gross Margin	37,800	-	37,800	-
Expenses				
Operating expenses:				
Amortization of property and equipment	2,252	4,337	6,756	16,762
Amortization of Intangible Asset, note 9	129,275	-	284,050	-
Debt issue expense, note 14	-	-	-	1,053
General and administrative, note 18	338,558	136,913	1,189,319	504,903
Finance costs, notes 14,15	139,955	-	449,416	-
Research and development, note 18	92,853	181,539	299,092	509,192
Sales and marketing, note 18	33,709	-	46,845	101,691
Share-based compensation, note 16	142,559	7,751	328,351	31,714
Total expenses	879,161	330,540	2,603,829	1,165,315
Net loss before other items	(841,361)	(330,540)	(2,566,029)	(1,165,315)
Other items				
Currency exchange gain (loss)	(22,688)	(13,078)	(5,919)	(66,969)
Other income	-	-	-	-
Gain on sale of land	-	-	-	35,000
Government grant income	-	-	-	371,602
Net Loss	(864,049)	(343,618)	(2,571,948)	(825,682)
Other comprehensive income (loss)				
Foreign currency translation adjustment	800	25,948	(10,830)	(25,472)
Total Comprehensive Loss	(863,249)	(317,670)	(2,582,778)	(851,154)
Loss per share – basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.02)
Weighted average number of common shares	113,075,628	42,541,256	101,232,441	42,386,844

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

LOOPShare Ltd.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
UNAUDITED
For the Nine Months Ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

			Reserves				Shares to be Issued (\$)	Deficit (\$)	Accumulated Other Comprehensive Loss (\$)	Total (\$)
	Class A Common Shares	Amount (\$)	Stock Options (\$)	Warrants (\$)	Contributed Surplus (\$)	Total Reserve (\$)				
Balance, December 31, 2017	41,791,256	6,577,085	530,397	112,910	-	643,307	75,000	(9,848,341)	3,563	(2,549,386)
Share-based compensation	-	-	251,350	-	-	251,350	-	-	-	251,350
Shares issued for cash, net (Note 16)	750,000	167,842	-	19,657	-	19,657	-	-	-	187,499
Issuance of convertible debentures (Note 15)	-	-	-	680,030	-	680,030	-	-	-	680,030
Shares issued for debt (Notes 10, 16)	12,792,651	639,633	10,430	-	-	10,430	-	-	-	650,063
Share exchange (Note 12)	19,999,998	1,000,000	-	-	-	-	-	-	-	1,000,000
Settlement of debt with CEO (note 10)	-	-	-	-	207,060	207,060	-	-	-	207,060
Comprehensive loss for the year	-	-	-	-	-	-	-	(2,734,033)	(11,705)	(2,745,738)
Balance, December 31, 2018	75,333,905	8,384,560	792,177	812,597	207,060	1,811,834	75,000	(12,582,374)	(8,142)	(2,319,122)
Share-based compensation	-	-	328,351	-	-	328,351	-	-	-	328,351
Shares issued for cash (Note 16)	2,753,333	187,750	-	-	-	-	-	-	-	187,750
Exercise of convertible debentures (Note 15)	7,411,447	377,170	-	(77,587)	-	(77,587)	-	-	-	299,583
Shares issued for intangible asset (Note 9)	19,152,000	2,585,520	-	-	-	-	-	-	-	2,585,520
Shares issued for acquisition (Note 11)	8,424,943	842,494	-	-	-	-	-	-	-	842,494
Obligation to issue shares (Note 16)	-	-	-	-	-	-	106,474	-	-	106,474
Comprehensive loss for the period	-	-	-	-	-	-	-	(2,571,948)	(10,830)	(2,582,778)
Balance, September 30, 2019	113,075,628	12,377,494	1,120,528	735,010	207,060	2,062,598	181,474	(15,154,322)	(18,972)	(551,728)

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

LOOPShare Ltd.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
UNAUDITED

For the Three and Nine Months Ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
<i>Operating activities:</i>				
Net income (loss) for the period	(864,049)	(343,618)	(2,571,948)	(825,682)
Items not involving cash:				
Amortization of property and equipment	2,252	4,337	6,756	16,762
Gain on debt settlement	-	-	-	-
Realized gain on sale of land	-	-	-	(35,000)
Amortization of intangible asset	129,275	-	284,050	-
Share-based payments	142,559	7,751	328,351	31,714
Accretion expenses and interest accrued	139,690	-	448,106	-
Unrealized foreign exchange gains (loss)	800	25,948	(10,830)	(25,472)
Changes in non-cash working capital items related to operations:				
Accounts receivable	(14,020)	(216)	(7,612)	79,144
Prepaid expenses and deposits	(139,128)	1,230	(325,357)	(20,774)
Due from related party	-	-	(32,742)	-
Accounts payable and accruals	273,293	218,697	309,477	681,082
Inventory	(6,083)	-	(6,083)	-
Cash from (used in) operating activities	(335,411)	(85,871)	(1,577,832)	(98,226)
<i>Investing activities:</i>				
Purchase of license and equipment	-	(13,178)	-	(12,678)
Purchase of inventory	-	-	(27,545)	-
Proceeds from gain on sale of land	-	-	-	35,000
Cash received on acquisition	-	-	22,637	-
Purchase of investment	-	-	-	(2,000)
Cash from (used in) investing activities	-	(13,178)	(4,908)	20,322
<i>Financing activities:</i>				
Proceeds from loans	292,871	86,145	489,799	-
Repayment of loans	-	-	-	(119,854)
Issuance of class A common shares, net	-	-	187,750	187,500
Obligation to issue class A common shares	106,474	-	106,474	-
Proceeds from related party	-	-	95,000	7,728
Loan to related party	-	-	(80,297)	-
Repayment of loans payable, related party loans, and bridge loans	-	-	-	-
Cash from (used in) financing activities	399,345	86,145	798,726	75,374
Net increase (decrease) in cash	63,934	(12,904)	(784,014)	(2,530)
Cash, beginning of the period	40,681	13,612	888,629	3,238
Cash, end of the period	104,615	708	104,615	708

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

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

LOOPShare Ltd. (the “Company” or “LOOPShare”) was incorporated under the provisions of The Business Corporations Act (Saskatchewan) on September 25, 2009. On September 4, 2014, the Company completed its continuance to British Columbia under the Business Corporations Act (British Columbia). The Company’s head office, principal address and the registered and records office are located at 106 – 131 Water Street, Vancouver, BC V6B 4M3.

The Company is classified as a technology company. The Company is listed on the TSX-V, trading under the symbol is LOOP, and in the United States on the OTCQB, trading under the symbol LPPPF.

2. STATEMENT OF COMPLIANCE

Basis of Preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting on a basis consistent with the accounting policies disclosed in the audited financial statements for the year ended December 31, 2018, except for newly adopted accounting policies as noted below (Note 3).

These unaudited condensed interim consolidated financial statements should be read in conjunction with the most recently issued annual financial statements of the Company, which include information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies were presented as Note 3 to the financial statements for the year ended December 31, 2018, and have been consistently applied in the preparation of these unaudited condensed interim consolidated financial statements.

These unaudited condensed consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. The Company is dependent upon raising debt and equity financing to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to develop and deploy its technology, and settle liabilities. The Company has incurred losses since inception and expects to incur further losses in the development of its business. As at September 30, 2019, the Company had a net working capital deficiency of \$963,718 (December 31, 2018 - \$218,905 net working capital) and a cumulative deficit of \$15,154,322 (December 31, 2018 - \$12,582,374). The Company generated \$38,195 in revenues for the three and nine month periods ended September 30, 2019 (2018 - \$Nil).

These factors indicate a material uncertainty which may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

2. STATEMENT OF COMPLIANCE (continued)

Basis of Consolidation

These unaudited condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company's returns.

These unaudited condensed consolidated financial statements include the financial statements of the Company and its significant subsidiaries listed below:

<u>Name</u>	<u>Country of Incorporation</u>	<u>Functional Currency</u>	<u>% equity interest As at September 30, 2019</u>
Saturna Green Systems Inc.	Canada	Canadian \$	100%
Loop Japan KK	Japan	Japanese Yen	100%
1022313 B.C. Ltd.	Canada	Canadian \$	100%
Loop s.a.l.	Lebanon	Lebanese pound	99.995%
LOOPShare USA Corp.	Nevada, U.S.A.	US \$	100%

Basis of Measurement

These unaudited condensed consolidated financial statements have been prepared on a historical cost basis since inception, except for those assets and liabilities that are measured at fair value at the end of each reporting period. Additionally, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently adopted accounting standards

The following standard has been adopted by the Company, effective January 1, 2019:

IFRS 16 – Leases

IFRS 16 is a new standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. Adoption of this standard did not have a significant measurement or disclosure impact on the Company's unaudited condensed interim consolidated financial statements.

Goodwill

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is measured at historical cost and is evaluated for impairment annually or more often if events or circumstances indicate there may be an impairment. Cash Generating Units ("CGUs") have been grouped for purposes of impairment testing. Impairment is determined for goodwill by assessing if the carrying value of CGUs which comprise the CGU segment, including goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of the CGUs are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGUs. Any goodwill impairment is recorded in income in the reporting period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (“IFRS 3”)

In October 2018, the IASB issued an amendment to IFRS 3, effective for annual periods beginning on or after January 1, 2020 with early adoption permitted. The amendment clarifies that a business must include, at minimum, an input and a substantive process that together contribute to the ability to create outputs, and assists companies in determining whether an acquisition is a business combination or an acquisition of a group of assets by providing supplemental guidance for assessing whether an acquired process is substantive. For acquisitions that are determined to be acquisitions of assets as opposed to business combinations, the Company allocates the transaction price to the individual identifiable assets acquired and liabilities assumed on the basis of their relative fair values, and no goodwill is recognized. Acquisitions that continue to meet the definition of a business combination are accounted for under the acquisition method, without any changes to the Company’s accounting policy. The Company is currently assessing the impact of this standard.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

(a) Allowances for Doubtful Accounts

The Company must make an assessment of whether trade receivables are collectible from customers. Accordingly, management establishes an allowance for estimated losses arising from non-payment, taking into consideration customer credit, current economic trends and past experience. If future collections differ from estimates, future earnings would be affected.

(b) Inventory Valuation

The Company adjusts inventory values so that the carrying values do not exceed the net realizable value. The valuation of inventory at the lower of cost or net realizable value requires the use of estimates with regards to the amount of current inventory that will be sold, the prices at which it will be sold, and an estimate of expected orders from customers. Additionally, the estimates reflect changes in products or changes in demand because of various factors, including the market for products, obsolescence, change in product offerings, technology changes and competition.

(c) Determination of Functional Currency

The functional currency of each of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determine the primary economic environment.

(d) Going Concern

Judgment is required in the determination that the Company will continue as a going concern for the next year (note 2).

LOOPShare Ltd.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)**(e) Determination of the Fair Value of Share-based Compensation**

The company measures the cost of equity settled transactions with employees and non-employees by reference to the fair value of the related instrument at the date in which they are granted and fair value of services, respectively. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant, which is dependent on the terms and conditions of the grant. In addition, the option pricing models used require management to make various estimates and assumptions in relation to the expected life of the awards, volatility and forfeiture rates. Significant judgement is required in estimating the number of performance shares that are expected to vest. This estimate is subsequently trued up for differences between the number of instruments expected to vest and the actual number of instruments vested.

(f) Derivative Liability

Significant judgment and estimation is required in measuring the fair value of the derivative liability associated with the warrants that have an offsetting right to acquire an affiliate. These key estimates and judgements have been described further in note 11.

(g) Recoverability of intangible asset

The Company assesses at each reporting date if the intangible asset has indicators of impairment. In determining whether the intangible asset is impaired, the Company assesses certain criteria including observable decreases in value, significant changes with adverse effect on the entity, a change in market interest rates, evidence of technological obsolescence, and future plans.

The application of the Company's accounting policy for intangible asset expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized in excess over the recoverable value is written off to profit or loss in the period the new information becomes available.

5. ACCOUNTS RECEIVABLE

	September 30, 2019	December 31, 2018
Accounts receivable	\$ 21,050	\$ 18,376
Sales Tax receivable	47,765	42,097
	\$ 68,815	\$ 60,473

6. PREPAID EXPENSES AND DEPOSITS

	September 30, 2019	December 31, 2018
Deposit for inventory	\$ 846,723	\$ 630,831
General expenses	12,060	14,461
	\$ 858,783	\$ 645,292

LOOPShare Ltd.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

7. INVENTORY

	September 30, 2019	December 31, 2018
Inventory parts	\$ 473,717	\$ 84,879
Finished goods	4,542	4,542
	\$ 478,259	\$ 89,421

8. PROPERTY AND EQUIPMENT

Property and equipment comprise the following:

	Scooters	Computer Equipment	Office Furniture	Computer Software	Production Tooling	Total
Cost -						
As at December 31, 2017	\$ 15,671	\$ 3,854	\$ 3,955	\$ 90,424	\$ 49,200	\$ 163,104
Additions (disposal)	-	-	(3,955)	-	-	(3,955)
As at December 31, 2018	15,671	3,854	-	90,424	49,200	159,149
Additions (disposal)	117,468	-	-	-	-	117,468
Loop s.a.l. acquisition	163,087	5,516	5,178	-	-	173,781
As at September 30, 2019	296,226	9,370	5,178	90,424	49,200	450,398
Accumulated depreciation -						
As at December 31, 2017	(4,288)	(3,854)	(3,023)	(50,574)	(14,760)	(76,499)
Additions	(4,594)	-	3,023	(39,850)	(4,920)	(46,341)
As at December 31, 2018	(8,882)	(3,854)	-	(90,424)	(19,680)	(122,840)
Additions	(3,066)	-	-	-	(3,690)	(6,756)
Loop s.a.l. acquisition	(19,830)	(2,056)	(754)	-	-	(22,640)
As at September 30, 2019	(31,778)	(5,910)	(754)	(90,424)	(23,370)	(152,238)
Net carrying amounts -						
As at December 31, 2018	\$ 6,789	\$ -	\$ -	\$ -	\$ 29,520	\$ 36,309
Foreign Exchange	2,242	-	-	-	-	2,242
As at September 30, 2019	\$ 266,690	\$ 3,460	\$ 4,424	\$ -	\$ 25,325	\$ 299,899

9. INTANGIBLE ASSET

On March 13, 2019, the Company completed an Asset Purchase Agreement with a third party, Raytroniks, to acquire the Scoot-E brand. The total consideration paid to Raytroniks was 19,152,000 class A common shares with a fair value of \$2,585,520 (note 16). The shares are subject to vesting and escrow provisions and other conditions.

The Company measured the intangible asset at fair value on the date of acquisition. Following the initial recognition, the intangible asset is carried at the initial fair value less accumulated amortization and impairment losses, if any. Amortization of intangible asset with finite lives is based on the estimated useful life of this asset and is recognized on a straight-line basis. The Company has determined that the estimated useful life of the intangible asset is 5 years. The Company assesses the intangible asset for impairment whenever there is an indication that the intangible asset may be impaired.

LOOPShare Ltd.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

9. INTANGIBLE ASSET (continued)

Cost		
Balance, December 31, 2018	\$	-
Acquisition of intangible asset – Scoot-E brand		2,585,520
Balance, September 30, 2019	\$	2,585,520
Accumulated Amortization		
Balance, December 31, 2018	\$	-
Amortization		284,050
Balance, September 30, 2019	\$	284,050
Carrying Amounts		
December 31, 2018	\$	-
September 30, 2019	\$	2,301,470

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2019		December 31, 2018	
Accounts payable	\$	1,226,988	\$	757,413
Accrued compensation		206,503		149,417
	\$	1,433,491	\$	906,830

On November 23, 2018, the Company entered into a debt settlement agreement with vendors and employees for past services performed, loans and management fees payable. The Company issued 12,792,651 shares with a fair market value of \$639,633. The Company recognized a gain on settlement of debt of \$123,579 in the December 31, 2018 statement of loss and comprehensive loss related to the debt settled with employees and vendors. The Company recognized a gain on settlement of debt of \$207,060 related to the debt with a director, who is a significant shareholder and recorded the gain in contributed surplus.

11. ACQUISITION

On February 3, 2016, the Company entered into a business arrangement with a Lebanese corporation (the “Affiliate”) for joint product development and software licensing.

The Affiliate was owned 59.995% by a director/officer of the Company, 0.005% by an unrelated third party and 40% by Berytech Fund II (Holding) s.a.l., a Lebanese venture capital fund (the “Investor”). Investor provided an aggregate of USD \$1,300,000 of funding to the Affiliate. Upon agreement by the Investor, the Affiliate and the Company, among others, the Investor could have advanced additional funds for a total of USD \$2.5 million on similar terms.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

11. ACQUISITION (continued)

The Company issued to the Investor a three-year warrant to acquire 8,424,943 class A common shares that could be exercised by the Investor at any time for consideration comprised of the Investor's equity interest and the Investor's debt in the Affiliate. As described below, the Investor exercised this warrant.

The Company was required to increase the number of warrants to reflect each additional investment made by the Investor at the prevailing market price at the time the funds are advanced to the Affiliate. The consideration upon exercise of the warrants is comprised of USD \$1,280,000 in loans payable by Loop s.a.l. to the Investor along with the Investor's equity interest in Loop s.a.l., which represents 40% of the issued capital of Loop s.a.l. The additional investment closed on November 14, 2016.

The derivative instrument's fair value is calculated using Level 3 inputs. The gain or loss on initial recognition of the derivative liability with Level 3 inputs is not recognized but deferred. Any loss arising from the subsequent re-measurement is recognized in the consolidated statement of loss. Any gain from the re-measurement of the derivative instrument is only recognized to the extent of a recorded loss as the Investor would never exercise its right under these circumstances.

The key unobservable inputs that were used in the estimation of the derivative liability are as follows:

- 1) The expected geographic expansion of operations, based on cities identified by Management as having an opportunity for successful implementation of scooter sharing.
- 2) Determination of whether each geographic expansion would be LOOPShare-operated or franchise-operated.
- 3) Probability factor assessed for each city, to adjust the expected opportunity for the probability of successful implementation within each city.
- 4) The number of scooters required to earn the projected revenues, calculated based on the expected members and usage in each city.
- 5) The appropriate discount rate for Loop s.a.l.

The resulting value of the derivative instrument could differ significantly based on changes in the underlying assumptions used, potentially having a material future impact on the Company's consolidated financial statements.

This loss position of \$719,000 is not recognized on initial recognition in accordance with applicable guidance therefore the Company has deferred this difference. Subsequent gains from re-measurement of the derivative instrument are not recognized in the consolidated financial statements as it results in recognition of a derivative asset. A derivative asset should not be recognized as the Berytech warrants would never be exercised if the derivative instrument is in a gain position. This is predicated on the assumption that a Market participant would sell the underlying business to a third party instead of exercising the warrants in LOOPShare Ltd. to avoid the loss of this value differential. The change in derivative instrument value is primarily due to the change in the market price of LOOPShare Ltd.'s common shares.

On April 18, 2019, the Company issued 8,424,943 common shares at a deemed value of \$0.10 for an effective 100% ownership and control of the Loop s.a.l. as a result of the cashless exercise of pre-existing warrants by a 40% ownership shareholder and investor in the Loop s.a.l.. The shares are subject to an escrow agreement, with incremental releases over a 36-month period. The Company's CEO also transferred his 59.995% ownership interest in Loop s.a.l. to the Company for a nominal amount (US\$1.00) as previously stipulated in the warrant terms. The remaining 0.005% of the Affiliate Company continues to be owned by an independent director of the Affiliate company, as required by Lebanese law for companies domiciled in the country. The accounting for the acquisition consummated has been provisionally determined as at June 30, 2019. As such, the assets and liabilities acquired along with total consideration has been determined provisionally and subject to adjustment.

LOOPShare Ltd.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

11. ACQUISITION (continued)

At the date of acquisition, the Company acquired necessary information to determine the fair value of net identifiable assets acquired as at the acquisition date. Based on the acquisition date, the initial purchase price was allocated on a provisional basis to the fair value of the net identifiable assets based on the Company's best estimate of fair value. The calculation of goodwill represents management's assessment of future potential synergies and growth that does not meet the definition for separate recognition.

Common shares issued	\$	842,494
Total consideration	\$	842,494
Net identifiable assets (liabilities) acquired		
Cash	\$	22,637
Accounts receivable		730
Prepaid expenses and deposits		7,339
Inventory		355,210
Property and equipment		151,141
Accounts payable and accruals		(217,184)
Net Identifiable assets	\$	319,873
Purchase price allocation		
Net identifiable assets acquired	\$	319,873
Goodwill		522,621
	\$	842,494

12. RELATED PARTY TRANSACTIONS**Key Management Compensation**

The Company incurred the following transactions with directors, officers and companies that are controlled by directors of the Company, during the three and nine months ended:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Salary & management fees	\$ 19,500	\$ 26,000	\$ 58,500	\$ 65,000
Consulting	112,740	-	183,300	-
Share-based compensation accrued/paid	81,870	10,481	224,426	30,727
	\$ 214,110	\$ 36,481	\$ 466,226	\$ 95,727

The following amounts are payable to related parties as at September 30, 2019 and December 31, 2018:

	September 30, 2019	December 31, 2018
Companies controlled by directors	\$ -	\$ 323,096
Accrued compensation (note 10)	52,000	16,172
Due to directors and officers	116,920	4,200
	\$ 168,920	\$ 343,468

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS (continued)

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

As at September 30, 2019, the Company has an obligation to issue class A common shares to a director and officer of the Company in the amount of \$75,000 (December 31, 2018 - \$75,000).

As at September 30, 2019, the Company has an obligation to issue performance shares to an Officer and Director see note 16.

On May 29, 2016 the Company revised the terms of a royalty agreement that was previously entered into in 2014 with a corporation, 1022313 B.C. LTD, (the "Royalty Company") owned by employees of the Company with respect to the forgiveness of past salary. Under the revised agreement a royalty of up to \$1,150,000 (the "Royalty Max") was to be calculated quarterly and payable in common shares of the Company and the market value on the issue date. Directors and officers held a beneficial interest of 70% of the royalty company and collectively had a 33% voting interest.

The royalty agreement was treated as a contingent liability based on a future outcome and for which the payment is not probable, nor could it be measured reliably. At such time that the amount of the royalty can be calculated and it is probable that it were to be due, the liability and expense would be recorded.

During the year ended December 31, 2018 the Company entered into a share exchange agreement with the Royalty Company whereby the Company acquired all of the issued and outstanding capital of the Royalty Company in exchange for the issuance of 19,999,998 class A common shares of the Company with a fair value of \$1,000,000.

Since, the Royalty Company had no inputs, processes and outputs, the acquisition of the shares does not represent a business combination in accordance with IFRS 3. Due to this fact, the acquisition was accounted as asset acquisition. Since the royalty agreement acquired from the Royalty Company is based on the Company's own revenues it was determined that this contingent asset had no value and therefore it was recognized as a loss on settlement of debt with the exchange agreement for \$1,000,000 during the year ended December 31, 2018.

13. DEFERRED REVENUE

The Company received deposits during the year ended December 31, 2017 for the partial payment of the purchase of scooters. The remaining payment and manufacture of these scooters remains outstanding as at September 30, 2019.

14. LOANS, SHORT TERM

- (a) On April 29, 2019, a Director and Officer of the Company provided a total of \$95,000.00 as a 0% interest loan to the Company payable by or on six months from the loan issue date.
- (b) On June 12, 2019, the Company issued an interest-bearing promissory note ("Original Loan") in the amount of USD \$150,000. The loan bears interest at a rate of 1% per 30-day period, is unsecured and was originally due on July 12, 2019.

On July 24, 2019, the Company entered into a bridge loan facility ("Second Loan") that superseded the Original Loan for proceeds of USD \$271,850.00, comprising of USD \$151,850.00 of principal sum and accrued interest of the Original Loan and an advancement of USD \$120,000.00. The loan bears interest at a rate of 1% per 30-day period, is unsecured and was due on October 24, 2019.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

14. LOANS, SHORT TERM (continued)

In connection with the Second Loan, the Company issued bonus warrants (Note 16) to acquire 1,424,820 common shares of the Company at a price of \$0.05 per share. The bonus warrants are exercisable for a period of 12 months from the issuance of the Loan.

On September 23, 2019, the Company entered into a further bridge loan facility ("Third Loan") that superseded the Second Loan for proceeds of USD \$377,377.62, comprising of USD \$277,377.62 of principal sum and accrued interest of the Second Loan and an advancement of USD \$100,000.00. The loan bears interest at a rate of 1% per 30-day period, is unsecured and due on December 23, 2019.

In connection with the Second Loan, the Company issued bonus warrants (Note 16) to acquire 531,000 common shares of the Company at a price of \$0.05 per share. The bonus warrants are exercisable for a period of 12 months from the issuance of the Second Loan.

The Company recorded USD \$8,203.33 in accrued interest for the period ended September 30, 2019.

- (c) During the year ended December 31, 2018, the Company issued an interest-bearing promissory note in the amount of \$75,000. The loan bears interest of 12%, is unsecured and due on demand. In the event of non-payment of the principal amount, and all accrued interest thereon, when demanded by the lender, an event of default shall have occurred. On the occurrence of an event of default, interest shall be increased to the rate of 18.0% per annum (1.5% per month) and shall be payable bi-weekly commencing on the date of the event of default.

During the year ended December 31, 2018, the total principal of the loan due to Oceanside of \$225,000 was settled with convertible debentures and the related interest of \$18,608 was paid in cash.

- (e) During the year ended December 31, 2018, the Company issued an interest-bearing promissory note in the amount of \$75,000. The loan bears interest of 12%, is unsecured and due on demand. In the event of non-payment of the principal amount, and all accrued interest thereon, when demanded by the lender, an event of default shall have occurred. On the occurrence of an event of default, interest shall be increased to the rate of 18.0% per annum (1.5% per month) and shall be payable bi-weekly commencing on the date of the event of default. During the year ended December 31, 2018, the loan of \$75,000 was settled with convertible debenture and the related interest of \$3,501 was paid in cash.
- (f) During the year ended December 31, 2018, the Company issued an interest-bearing promissory note in the amount of \$10,000. The loan bears interest of 12%, is unsecured and due on demand. In the event of non-payment of the principal amount, and all accrued interest thereon, when demanded by the lender, an event of default shall have occurred. On the occurrence of an event of default, interest shall be increased to the rate of 18.0% per annum (1.5% per month) and shall be payable bi-weekly commencing on the date of the event of default. During the year ended December 31, 2018, the Company repaid \$10,000 plus accrued interest of \$161 in cash.

15. CONVERTIBLE DEBENTURES

On November 23, 2018, the Company issued secured three-year convertible debentures with a face value of \$3,197,500 and interest payable of 10% per annum. The debentures are exercisable into Class A common shares at a conversion price of \$0.05 per share during the first year and \$0.10 per share in the second and third year. Any accrued and unpaid interest may be converted into Class A common shares at a conversion price equal to the market price at the time of conversion. In addition, the holders received 20,000 non-transferable share purchase warrants for every \$1,000 of principal of the debentures. Each warrant is exercisable into one additional Class A common share at an exercise price of \$0.075 per warrant share for a period of three years.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

15. CONVERTIBLE DEBENTURES

For accounting purposes, the debentures contain both a liability component and an equity component, being the lender's conversion option to shares, which have been separately presented on the unaudited condensed consolidated statement of financial position. The Company allocated the original \$3,197,500 principal of the Debentures to the individual liability component and equity components by establishing the fair value of the liability component at the date of issue at \$2,517,469 and then allocated the remaining balance of the net proceeds of \$680,031 to the equity component and share purchase warrants. The fair value of the liability component was determined by discounting the stream of future payments of interest and principal amounts at the estimated prevailing market rate at the date of issuance of 20.3% for a debt instrument of similar maturity and credit quality but without any share conversion option for the lenders.

The carrying value of the convertible debentures, including interest was \$2,712,000 as at September 30, 2019 (December 31, 2018 - \$2,574,336). The accretion expense was \$195,349 (September 30, 2018 - \$Nil) and the interest expense was \$241,898 (September 30, 2018 - \$Nil) for the period ended September 30, 2019 and are included in the finance costs in the unaudited condensed consolidated statement of loss and comprehensive loss.

During the nine month period ended September 30, 2019, convertible debentures with a face value of \$365,000 were exercised (Note 16).

16. SHARE CAPITAL AND RESERVES

(a) Authorized

An unlimited number of class A common shares without par value, class B common shares without par value, class C common shares without par value, and preferred shares without par value.

(b) Issued Share Capital

As at September 30, 2019, there were 113,075,628 (December 31, 2018 – 75,333,905) issued and fully paid class A common shares, Nil class B common shares, Nil class C common shares and Nil (December 31, 2018 - Nil) issued and fully paid preferred shares outstanding.

(c) Share Issuances

The following class A common shares were issued during the nine months ended September 30, 2019:

- On February 15, 2019, \$100,000 of debentures and \$2,247 in accrued interest were converted at a conversion price of \$0.05 and \$0.11 respectively resulting in the issuance of 2,020,423 class A common shares.
- On March 5, 2019, \$15,000 of debentures and \$403 in accrued interest were converted at a conversion price of \$0.05 and \$0.09 respectively resulting in the issuance of 304,474 class A common shares.
- On March 5, 2019, 750,000 warrants were exercised at an exercise price of \$0.05 resulting in the issuance of 750,000 class A common shares.
- On March 13, 2019, the Company issued 19,152,000 class A common shares with a fair value of \$2,585,520 as consideration to Raytroniks for the Scoot-E brand (note 9). The shares were valued using the trading price (\$0.135) on the date before the shares were issued.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

16. SHARE CAPITAL AND RESERVES (continued)

(c) Share issuances (continued)

- On April 1, 2019, a director and officer of the Company exercised 1,000,000 warrants at an exercise price of \$0.075 resulting in the issuance of 1,000,000 class A common shares.
- On April 18, 2019, the Company issued 8,424,943 class A common shares for an effective 100% ownership and control of the Affiliate company (Note 11) as a result of the cashless exercise of pre-existing warrants by a 40% independent shareholder and investor in the Affiliate company. The shares are subject to an escrow agreement, with incremental releases over a 36-month period. The Company's CEO also transferred his 59.995% ownership interest in the Affiliate company to the Company for a nominal amount (US\$1.00) as previously stipulated in the warrant terms. The remaining 0.005% of the Affiliate Company continues to be owned by an independent director of the Affiliate company, as required by Lebanese law for companies domiciled in the country.
- On April 18, 2019, \$250,000 of debentures and \$9,521 in accrued interest were converted at a conversion price of \$0.05 and \$0.11 respectively resulting in the issuance of 5,086,550 class A common shares.
- On May 17, 2019, 1,003,333 warrants were exercised at an exercise price of \$0.075 resulting in the issuance of 1,003,333 class A common shares.

During the nine month period ended September 30, 2019, the Company received \$106,474 (2018 - \$Nil) in subscriptions in connection with the private placement that was announced prior to period end and had its terms amended subsequent to period end (Note 22).

The following class A common shares were issued during the year ended December 31, 2018:

On February 26, 2018, the Company completed a non-brokered private placement of 750,000 units (the "Units") at a price of \$0.25 per Unit. Each Unit is comprised of one Common A Share and one common share purchase warrant (a "Warrant"), each Warrant being exercisable to acquire one Common Share at a price of \$0.05 per Common A Share for a period of one year.

On November 23, 2018, the Company issued 12,792,651 class A Common Shares to settle an aggregate amount of debt totaling \$639,633 for past services performed, loans, and management fees. All of the shares issued have been placed in escrow for a period of three years from the date of issuance. The shares were valued using the trading price (\$0.05) on the date before the shares were issued.

On November 23, 2018 the Company issued 19,999,998 Shares as a part of a share exchange. The shares were valued using the trading price (\$0.05) on the date before the shares were issued. As part of this transaction a total loss of \$1,000,000 was recorded on the consolidated statement of loss for the year ended December 31, 2018.

(d) Escrow shares

As at December 31, 2018, 18,736,562 class A common shares were being held in escrow. During the nine month period ended September 30, 2019, 19,152,000 class A common shares were deposited into escrow as part of the acquisition of Scoot-E brand (Note 9) and 8,424,943 class A common shares were deposited into escrow as part of the acquisition of Loop s.a.l. (Note 11) and 15,602,562 class A common shares were released from escrow. The resulting balance of shares held in escrow as at September 30, 2019 is 30,710,943.

LOOPShare Ltd.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

16. SHARE CAPITAL AND RESERVES (continued)

(d) Escrow shares (continued)

Pursuant to a Reverse Acquisition Transaction on June 28, 2016, 25 shareholders agreed to voluntary resale restrictions for their shares, over and above those imposed by applicable securities laws. These voluntary resale restrictions place an absolute restriction on the ability of applicable shareholders to resell their class A common shares. The resale restrictions will be released in four equal tranches four, eight, twelve and sixteen months from June 28, 2016 being the date the Reverse Acquisition transaction closed. A total of 9,359,952 Common Shares were subject to these voluntary resale restrictions immediately after the Reverse Acquisition transaction closed.

(e) Stock Options

Options to purchase class A common shares may be granted to directors, consultants, officers and employees of the Company for terms up to five years at a price at least equal to the market price prevailing on the date of the grant.

The continuity of the stock options for the nine months ended September 30, 2019 and year ended December 31, 2018 is as follows:

	Options	Weighted Average Exercise Price
Balance, December 31, 2017	2,584,000	\$ 0.200
Granted	5,580,000	0.050
Forfeited	(1,364,000)	0.200
Balance, December 31, 2018	6,800,000	\$ 0.077
Granted	4,350,000	0.064
Balance, September 30, 2019	11,150,000	\$ 0.072

During the nine months ended September 30, 2019, the fair value of the options has been estimated using the Black-Scholes Option Pricing Model assuming a risk free rate of 1.40% to 1.96% an expected life of 5 years, an expected volatility of 90%, and no expected dividends. The expected volatility was determined using the average historical volatility of similar listed entities on the basis that the Company has limited historical information.

In January 2019, the Company issued 500,000 incentive stock options, with a life of approximately five years, exercisable at a price of \$0.05 per Share, to a director of the Company, 40% vesting in 12 months from the grant date; 30% vesting in 24 months from the grant date; and 30% vesting in 36 months from the grant date.

In March 2019, the Company issued 450,000 incentive stock options, with a life of approximately five years, exercisable at a price of \$0.11 per Share, to a employees of the Company, 40% vesting in 12 months from the grant date; 30% vesting in 24 months from the grant date; and 30% vesting in 36 months from the grant date.

In July 2019, the Company issued 3,400,000 incentive stock options, with a life of approximately five years, exercisable at a price of \$0.06 per Share, to directions and consultants of the Company, 40% vesting in 12 months from the grant date; 30% vesting in 24 months from the grant date; and 30% vesting in 36 months from the grant date. Of these options issued, 2,000,000 options were granted to directors.

LOOPShare Ltd.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

16. SHARE CAPITAL AND RESERVES (continued)

(e) Stock Options (continued)

During the year ended December 31, 2018, the fair value of the options has been estimated using the Black-Scholes Option Pricing Model assuming a risk free rate of 2.29% an expected life of 5 years, an expected volatility of 88%, and no expected dividends. The expected volatility was determined using the average historical volatility of similar listed entities on the basis that the Company has limited historical information.

In November 2018, the Company issued 4,780,000 incentive stock options, with a life of five years, exercisable at a price of \$0.05 per Share, to directors, officers, employees and consultants of the Company, 40% vesting in 12 months from the grant date; 30% vesting in 24 months from the grant date; and 30% vesting in 36 months from the grant date. Of these options issued, 3,000,000 options were granted to directors and officers.

An additional 300,000 incentive stock options, exercisable within five years at a price of \$0.05 per share, have been granted pursuant to a one-year contract with a consultant to provide business development services for the Corporation. These options vest 12 months from the grant date.

An additional 500,000 incentive stock options, exercisable within five years at a price of \$0.05 per share, have been granted pursuant to a contract with a consultant to provide investor relations services to the Company. 25% of the options vest in 3 months from the grant date, with a further 25% vesting at the end of each three-month period thereafter.

Details of options outstanding and exercisable at September 30, 2019 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
1,220,000	1,220,000	\$0.200	July 6, 2021	\$0.200	1.77
6,080,000	375,000	\$0.050	November 23, 2023	\$0.050	4.15
450,000	-	\$0.110	March 15, 2024	\$0.110	4.46
3,400,000	-	\$0.060	July 18, 2024	\$0.060	4.80
11,150,000	1,595,000			\$0.072	4.10

For the nine months ended September 30, 2019, the Company recorded expense in the amount of \$136,394 in respect of incentive stock options (2018 - \$31,714).

LOOPShare Ltd.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

16. SHARE CAPITAL AND RESERVES (continued)

(f) Warrants

The continuity of the warrants for the periods ended September 30, 2019 and December 31, 2018 is as follows:

	Warrants	Weighted Average Exercise Price
Balance, December 31, 2017	3,254,800	\$ 0.178
Granted ⁽¹⁾	750,000	0.050
Granted	63,950,000	0.075
Expired	(3,254,800)	0.075
Balance, December 31, 2018	64,700,000	\$ 0.075
Granted ⁽²⁾	1,955,820	0.050
Exercised	(2,753,333)	0.068
Balance, September 30, 2019	63,902,487	\$ 0.074

- (1) On February 26, 2018, in connection with the Company's private placement, 750,000 broker warrants valued using Black-Scholes Option Pricing Model at \$26,696 were issued, each warrant entitling the holder to acquire one class A Common Share at a price of \$0.37 for two years.
- (2) On July 24, 2019 and September 23, 2019, in connection with a loan payable (Note 14) to the Company, 1,424,820 and 531,000 bonus warrants valued using Black-Scholes Option Pricing Model at \$25,089 and \$7,607 were issued respectively, each warrant entitling the holder to acquire one class A Common Share at a price of \$0.05 for one year.

(g) Obligation to Issue Common Shares

Pursuant to Mr. Sukkarie's employment agreement a portion of his remuneration was agreed to be paid by the issuance of 749,999 class A common shares ("Compensation Shares"), 375,000 payable on or after June 30, 2016 and the remainder payable on or after December 31, 2016. During the year ended December 31, 2016 the Company issued 375,000 class A common shares valued \$75,000 to Mr. Sukkarie and the balance of \$75,000 or 374,999 class A common shares remains issuable.

(h) Performance Shares

Effective January 1, 2016 the Company amended its employment agreement with Mr. Sukkarie, an officer and director of the Company. Under the revised agreement Mr. Sukkarie's 2016 salary of \$222,000 shall be payable \$72,000 in cash and the balance by the issuance of a total of 749,999 common shares in two equal instalments. Further, Mr. Sukkarie shall be entitled to up to 3,499,999 common shares ("Performance Shares") subject to meeting the following performance criteria.

Aggregate number of cities to which 55 or more scooters of the Resulting Issuer are shipped	Number of Performance Shares to be issued
Three (3)	1,499,999
Six (6)	2,000,000
Total	3,499,999

LOOPShare Ltd.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

16. SHARE CAPITAL AND RESERVES (continued)

(h) Performance Shares (continued)

The company has issued performance shares to a director. As of September 30, 2019 the number of shares expected to vest was 3,499,999. The performance shares have no set expiry date. The fair value of the performance shares was based on an estimated vesting period of 1.5 years for the first performance condition and 2.5 years for the second performance condition, and the market price of the common shares of \$0.20 for total fair values of \$300,000 and \$400,000, respectively. Share-based compensation of \$159,261 for the nine months ended September 30, 2019 (2018 - \$Nil) was recorded in the unaudited condensed consolidated statement of loss. In the event the Company terminates Mr. Sukkarie's employment with or without cause, the Performance Shares shall vest automatically on such termination whether or not the performance criteria has been met.

17. REVENUE

Revenue for the nine months ended September 30, 2019 was derived \$38,195 (2018 - \$Nil) from services.

Revenue for the three months ended September 30, 2019 was derived \$38,195 (2018 - \$Nil) from services.

Revenue for the nine months ended September 30, 2019 was derived 78% from Japan and 22% from the Middle East. There was no revenue for the nine months ended September 30, 2018.

18. EXPENSES BY NATURE

For the Nine Months Ended September 30, 2019

	General and Administration	Research and Development	Sales and Marketing
Office expense	\$ 620,260	\$ 2,681	\$ 1,859
Accounting and legal	139,024	-	-
Consulting	257,907	123,122	24,387
Personnel	139,450	170,198	18,143
Travel	32,678	3,091	2,456
Totals	\$ 1,189,319	\$ 299,092	\$ 46,845

For the Nine Months Ended September 30, 2018

	General and Administration	Research and Development	Sales and Marketing
Office expense	\$ 292,691	\$ 331,350	\$ -
Accounting and legal	53,892	-	-
Consulting	-	-	99,420
Personnel	154,339	176,114	-
Travel	3,981	1,728	2,271
Totals	\$ 504,903	\$ 509,192	\$ 101,691

LOOPShare Ltd.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit loss is the book value of its financial instruments. The Company's cash and cash equivalents is deposited with a major Canadian chartered bank and is held in highly-liquid investments. The Company's receivables consist of taxes receivable and other receivables which represents the maximum credit risk for receivables.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at September 30, 2019 the Company had a cash balance of \$104,615 (December 31, 2018 - \$888,629) to settle current liabilities of \$2,474,190 (December 31, 2018 - \$1,482,391).

Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's sales are in US Dollars and the Company's manufacturing costs are largely denominated in US Dollars, providing a natural hedge against the risk of foreign exchange fluctuations. However due to long lead times for parts used in manufacturing the Company's products, the Company is exposed to the risk of foreign currency fluctuations over time. The Company is also exposed to fluctuations in foreign currencies through its operations in Japan and Lebanon. The Company monitors this exposure but has entered into no formal hedge agreements.

As at September 30, 2019 and December 31, 2018, the Company was exposed to foreign currency risk through the following financial assets and liabilities denominated in foreign source currencies.

	September 30, 2019			December 31, 2018	
	US Dollars	Japanese Yen	Lebanese Pound	US Dollars	Japanese Yen
Cash	70,730	26,952	2,710,359	38,497	115,001
Accounts receivable	15,000	83,834	799,274	15,000	1,219,121
Accounts payable	183,207	14,791,240	284,539,925	463,795	17,878,807
Total	268,937	14,902,026	288,049,558	517,292	19,212,929

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash and cash equivalent investments are not subject to interest rate risk. The convertible debentures are not subject to interest rate risk as they are a fixed rate. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities and amounts owing being non-interest bearing or bearing fixed rates of interest.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Capital Management

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its investment growth strategy, fund research and development, engage in sales and marketing activities, and undertake selective acquisitions, while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is composed entirely of equity and short term loans. The Company uses capital to finance operating losses, capital expenditures, and increases in non-cash working capital. The Company currently funds these requirements from cash raised through share issuances and short-term debt as required. The Company's objectives when managing capital are to ensure that the Company will continue to have enough liquidity help build its portfolio of successful ridesharing businesses from which it will obtain returns on investment.

The Company monitors its capital on the basis of the adequacy of its cash resources to fund its business plan. In order to maximize flexibility to finance growth, the Company does not currently pay a dividend to holders of its common shares. The Company did not institute any changes to its capital management strategy during the period.

Fair Value of Financial Instruments

Fair value measurement disclosure includes classification of financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair values of the Company's cash and cash equivalents constitutes a Level 1 fair value measurement. The fair value of the Company's receivables, due to related parties, and accounts payable and accrued liabilities approximate the carrying value due to their short-term nature. The promissory notes outstanding are recorded at amortized cost.

The fair value of the derivative liabilities associated with the warrants with an offsetting right to acquire the affiliate are included in Level 3 as the valuation parameters on these instruments are not based on observable market data.

20. COMMITMENTS

At September 30, 2019 the Company had the following outstanding commitments:

Commitment	Year ending December 31, 2019	Year ending December 31, 2020	Year ending December 31, 2021
Office lease	\$ 11,168	\$ 45,992	\$ 47,307
Inventory, scooters	126,156	-	-
Total commitments	\$ 137,324	\$ 45,992	\$ 47,307

In order to ensure the Company is able to meet demand for its scooters, it enters into purchase commitments. The commitments are primarily made for parts with long lead times or high minimum order quantities. Purchase commitments for scooters not yet received are reported net of deposits made.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2019

(Unaudited) (Expressed in Canadian Dollars)

21. SEGMENT REPORTING

The Company operates in one operating segment. Its primary operations include the development and commercialization of hardware and software that is installed on two wheel electric vehicles. During the nine months ended September 30, 2019, the Company had not commenced earning revenues from its scooter sharing operations. The Company's management evaluates the business of the Company in the aggregate, including capital requirements and expenditures.

The Company has operations in Vancouver, British Columbia, Tokyo, Japan and Beirut, Lebanon. The Company's Japanese business unit comprised 0% of the total assets of the Company and the Company's Lebanese business unit comprised 8% of the total assets of the Company. The remaining assets are held in Canada.

22. SUBSEQUENT EVENTS

On October 1, 2019, the Company announced the consolidation of its issued and outstanding class A common shares on the basis of one (1) post-consolidation share for every ten (10) pre-consolidation shares.

On October 15, 2019, Mr. Sukkarie resigned as President & Chief Executive Officer of the Company. In connection with his resignation, the Company settled \$460,000 in amounts owing to Mr. Sukkarie through the transfer of its 99.995% interest in Loop s.a.l. to Mr. Sukkarie which occurred effective October 15, 2019. As of October 15, 2019, the Company no longer has any ownership interest in Loop s.a.l.; however, Loop s.a.l. remains a Master Zone Operator of the Company for the territory that includes the Middle East, Africa and Cyprus. The Company is entitled to a share of the revenue of the operations of Loop s.a.l.

On November 25, 2019, \$2,832,500 of debentures and \$282,593 in accrued interest were converted at a conversion price of \$0.50 and \$0.53 respectively resulting in the issuance of 6,961,020 class A common shares.

On November 28, 2019, the Company announced it closed the first tranche of a non-brokered private placement (the "Private Placement"). The Company raised gross proceeds of \$772,972 through the issuance of 3,864,860 class A common shares (each a "Share") at a price of \$0.20 per share.

On November 28, 2019, subject to the approval of the TSX-V, the Company announced the amendment to the exercise price of a total of 6,194,667 outstanding share purchase warrants (the "Warrants") from \$0.75 per Share to \$0.50 per Share. The Warrants were issued in connection to a private placement that closed November 23, 2018.