

LOOPShare Ltd.

Condensed Consolidated Interim Financial Statements

Unaudited

For the Three Months Ended March 31, 2020 and 2019

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 March 31, 2020 and December 31, 2019
(Expressed in Canadian Dollars)

	Note	March 31, 2020	December 31, 2019
Assets			
Current assets:			
Cash	\$	352,290	\$ 661,121
Accounts receivable	5	97,472	63,599
Prepaid expenses and deposits	6	658,463	368,661
Due from related party	12	-	55,000
Inventory	7	141,689	498,097
Total current assets		1,249,914	1,646,478
Long term assets:			
Property and equipment	3,8	495,816	177,383
Intangible asset	9	136,813	200,000
Total Assets	\$	1,882,543	\$ 2,023,861
Liabilities and Shareholders' Equity (Deficiency)			
Current liabilities:			
Accounts payable and accrued liabilities	10, 12	\$ 826,120	\$ 647,497
Accrued compensation	10, 12	222,824	226,786
Deferred revenue	13	339,165	339,165
Due to related parties	12	-	59,955
Loans payable	12, 14	80,895	365,956
Lease liability	3	16,121	21,611
Total current liabilities		1,485,125	1,660,970
Long term liabilities:			
Lease liability	3	25,137	25,137
Convertible debentures and related interest	15	454,868	-
Total Liabilities	\$	1,965,130	\$ 1,686,107
Shareholders' Equity (Deficiency)			
Class A common share capital	16	17,223,661	17,208,661
Obligation to issue class A common shares	16	75,000	75,000
Reserves	16	1,795,915	1,176,531
Deficit		(19,108,616)	(18,113,015)
Accumulated other comprehensive loss		(78,547)	(9,423)
Total Shareholders' Equity (Deficiency)		(82,587)	337,754
Total Liabilities and Shareholders' Equity (Deficiency)	\$	1,882,543	\$ 2,023,861

Going concern – Note 2

Commitments – Notes 11, 20

Subsequent events – Note 22

Approved by the directors:

“MATTHEW CLAYTON”

ROOP MUNDI”

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 Months Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

		For the three months ended March 31,	
		2020	2019
	Note		
Revenue	21	\$ 39,200	\$ -
Cost of Sales		27,293	-
Gross Margin		11,907	-
Expenses			
Operating expenses:			
Depreciation expenses	3,8	36,689	2,252
Amortization of intangible asset	9	63,187	25,500
General and administrative	18	332,363	626,708
Finance costs	3,14,15	192,079	137,362
Research and development	18	42,043	102,644
Sales and marketing	18	54,569	6,806
Share-based compensation	16	324,578	92,163
Total expenses		1,045,508	993,435
Net loss before other items		(1,033,601)	(993,435)
Other items			
Currency exchange gain (loss)		38,000	(11,540)
Net loss from continuing operations		\$ (995,601)	\$ (1,004,975)
Loss on discontinued operations	11	-	-
Net Loss		\$ (995,601)	\$ (1,004,975)
Other comprehensive loss			
Foreign currency translation adjustment		(69,124)	(7,152)
Total Comprehensive Loss		\$ (1,064,725)	\$ (1,012,127)
Loss per share – basic and diluted from continuing operations		\$ (0.03)	\$ (0.13)
Loss per share – basic and diluted from discontinued operations		\$ -	\$ -
Weighted average number of common shares		29,828,863	8,043,326

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)
For The Three Months Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

	Class A Common Shares	Amount (\$)	Reserves				Shares to be Issued (\$)	Deficit (\$)	Accumulated Other Comprehensive Loss (\$)	Total (\$)
			Stock Options (\$)	Warrants (\$)	Contributed Surplus (\$)	Total Reserve (\$)				
Balance, December 31, 2018	7,533,391	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 (Note 16)	-	-	494,427	-	-	494,427	-	-	-	494,427
Shares issued for cash (Note 16) – Exercise of warrants	275,333	217,029	-	(29,279)	-	(29,279)	-	-	-	187,750
Shares issued for cash, net (Note 16)	11,917,360	2,294,060	-	35,811	-	35,811	-	-	-	2,329,871
Exercise of convertible debentures (Notes 15 and 16)	6,961,020	3,689,262	-	(680,030)	-	(680,030)	-	-	-	3,009,232
Shares issued for intangible asset (Note 9)	1,915,200	1,263,747	-	-	-	-	-	-	-	1,263,747
Shares issued for acquisition (Notes 11 and 16)	842,494	842,494	-	-	-	-	-	-	-	842,494
Warrants issued for loan payable (Note 14, 16)	-	-	-	61,277	-	61,277	-	-	-	61,277
Performance Shares (Note 16)	349,999	517,509	(517,509)	-	-	(517,509)	-	-	-	-
Comprehensive loss for the year	-	-	-	-	-	-	-	(5,530,641)	(1,281)	(5,531,922)
Balance, December 31, 2019	29,794,797	17,208,661	769,095	200,376	207,060	1,176,531	75,000	(18,113,015)	(9,423)	337,754
Share-based compensation (Note 16)	-	-	324,578	-	-	324,578	-	-	-	324,578
Shares issued for cash (Note 16) – Exercise of warrants	50,000	25,000	-	-	-	-	-	-	-	25,000
Issuance of convertible debentures (Note 15)	-	-	-	118,587	-	118,587	-	-	-	118,587
Warrants issued for loan payable (Note 14, 16)	-	-	-	176,219	-	176,219	-	-	-	176,219
Comprehensive loss for the period	-	-	-	-	-	-	-	(995,601)	(69,124)	(1,064,725)
Balance, March 31, 2020	29,844,797	17,233,661	1,093,673	495,182	207,060	1,795,915	75,000	(19,108,616)	(78,547)	(82,587)

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 Months Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

	For the three months ended March 31,	
	2020	2019
	\$	\$
<i>Operating activities:</i>		
Net loss for the year	(995,601)	(1,004,975)
Items not involving cash:		
Amortization	36,689	2,275
Amortization of Intangible Asset	63,187	25,500
Share-based payments	324,578	92,163
Accretion expenses and interest accrued	15,860	137,362
Unrealized foreign exchange gains	-	(7,152)
Finance costs	176,220	-
Changes in non-cash working capital items related to operations:		
Accounts receivable and due from related party	(38,828)	15,286
Prepaid expenses and deposits	(258,307)	(86,526)
Accounts payable and accruals	174,660	(31,547)
Inventory	(35,699)	-
Cash used for operating activities	(537,241)	(857,637)
<i>Financing activities:</i>		
Issuance of class A common shares, net	25,000	37,500
Repayment of loans payable, related party loans, and bridge loans	(27,466)	(52,771)
Proceeds from convertible debentures	300,000	-
Cash from financing activities	297,534	(15,271)
Effect of Foreign Exchange	(69,124)	-
Net increase (decrease) in cash	(308,831)	(872,908)
Cash, beginning of the year	661,121	888,629
Cash, end of the year	352,290	15,721

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 Months Ended March 31, 2020

(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 develops and deploys connected end-to-end Telematics-based solutions for inner-city transportation vehicles, specifically geared toward Transportation as a Service (“TaaS”). The Company specializes in the connected vehicle industry with a focus on two wheel electric vehicles. 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. On October 8, 2019, the Company completed a 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. All share and per share data have been updated in these consolidated financial statements to reflect the share consolidation for all periods presented.

2. STATEMENT OF COMPLIANCE

Basis of Preparation

These unaudited condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), effective for the Company’s reporting for the year ended December 31, 2019. These unaudited condensed consolidated financial statements were approved by the Board of Directors on July 15, 2020.

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 March 31, 2020 the Company had a net working capital deficiency of \$235,211 and a deficit of \$19,108,616. The Company generated \$39,200 (2019: \$nil) in revenues for the three month period ended March 31, 2020.

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.

During the three month period ended March 31, 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant wide-spread stock market declines and the movement of people and goods has become restricted, affecting the supply, demand and pricing for many products and services. The electric transportation industry is expected to be impacted significantly as many local and regional governments have issued public health orders and travel restrictions in response to COVID-19. As the Company has no material operating income or cash flows, it is reliant on additional financing to fund ongoing operations. An extended disruption may affect the Company’s ability to obtain additional financing. The impact of these factors on the Company is not yet determinable; however, the Company’s financial position, results of operations and cash flows in future periods may be materially affected.

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

For The Three Months Ended March 31, 2020

(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 consolidated financial statements include the financial statements of the Company and its significant subsidiaries listed below:

Name	Country of Incorporation	Functional Currency	% equity interest As at March 31, 2020
Saturna Green Systems Inc.	Canada	Canadian \$	100%
Loop Japan KK	Japan	Japanese Yen	100%
1022313 B.C. Ltd.	Canada	Canadian \$	100%
LOOPShare USA Corp.	Nevada, U.S.A.	US \$	100%
Scoot-E- Bike Inc.	Canada	Canadian \$	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.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are as follows:

(a) Revenue Recognition

The Company adopted all of the requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") as of January 1, 2018. IFRS 15 utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

The Company derives revenue from the sale of electric scooters, telematics hardware and software, as well as professional services associated with customizing its products. Software revenue includes licenses derived from software and software services. The Company recognizes revenue when the amount of revenue is fixed and determinable and it is probable that future economic benefits will flow to the Company.

Revenue from telematics hardware sales and software license sales is recognized when the hardware is shipped or the software is delivered and when all significant contractual obligations have been satisfied. Revenue from software license sales is recognized upon delivery where there is evidence of an arrangement, the selling price is fixed or determinable and there are no significant remaining performance obligations.

Revenue from professional services is recognized as earned, based on performance according to specific terms of the contract or on the basis of the percentage of completion method where the revenue is reconcilable to services performed as a proportion of total services to be completed. Foreseeable losses, if any, are recognized in the year in which the loss is determined. Revenue from the sale of electric scooters is recognized when the electric scooters are delivered and when all significant contractual obligations have been satisfied.

Revenue arrangements with multiple elements are reviewed in order to determine whether the multiple elements can be divided into separate units of accounting. If separable, the consideration received is allocated among the separate units of accounting based on their relative fair values, and the applicable revenue recognition criteria are applied to each of the separate units. Otherwise, the applicable revenue recognition criteria are applied to the revenue arrangement as a single unit.

Payment received in advance of revenue recognition is recorded as deferred revenue.

(b) Inventory

The Company values inventories at the lower of cost and net realizable value. Cost includes the costs of purchases net of vendor allowances plus other costs, such as transportation, that are directly incurred to bring the inventories to their present location and condition. The Company uses the weighted average method to determine the cost of inventories. The Company estimates net realizable value as the amount that inventories are expected to be sold while taking into consideration the estimated selling costs. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining market prices. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is apparent evidence of an increase in selling price then the amount of the write-down previously recorded is reversed. Storage costs, indirect administrative overhead, and certain selling costs related to inventories are expensed in the period incurred.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property and Equipment

Property and equipment are stated at cost less accumulated amortization and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Amortization is provided for over the estimated lives of the related assets based on annual rates as follows:

Computer Software	2 Years – Straight Line
Office furniture and computer equipment	20% declining balance
Production Tooling	10 Years – Straight Line
Scooters	3 Years – Straight Line

(d) Intangible asset

Intangible asset consists of a brand acquired from a third party (the “Scoot-E brand”). Intangible assets are recognized when future economic benefits (inflows of cash or other assets) are expected.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization periods and the amortization methods for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the remaining amortization periods or methods, as appropriate, and are treated as changes in accounting estimates.

The Company has no indefinite lived intangible assets and the Scoot-E brand is amortized over its useful life of 5 years.

(e) Research and development costs

Expenditure on internally developed products is capitalized as an intangible asset if it can be demonstrated that:

- It is technically feasible to develop the product for it to be sold;
- Adequate resources are available to complete the development;
- There is an intention to complete and sell the product;
- The Company is able to sell the product;
- Sale of the product will generate future economic benefits; and
- Expenditure on the project can be measured reliably.

(f) Impairment of long-lived assets

Long-lived assets, including equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or “CGU”). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in the statement of loss and comprehensive loss by the amount by which the carrying amount of the asset exceeds the recoverable amount.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment of long-lived assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

(g) Share-Based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Shares issued for services to non-employees are measured at the fair value of the equity instruments issued on the issuance date. The fair value of options, determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions, is expensed in the statement of loss and comprehensive loss. The corresponding amount is recorded to share-based payment reserve. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

(h) Government grants

Government grants are not recognized until there is reasonable assurance that they will be received and that the Company will be in compliance with any conditions associated with the grant. Grants that compensate the Company for expenses are recognized in the consolidated statements of loss and comprehensive loss.

(i) Warrants

When the Company issues units that are comprised of a combination of shares and warrants, the value is assigned to shares and warrants based on their relative fair values. The fair value of the shares is determined by the closing price on the date of the transaction and the fair value of the warrants is determined based on a Black-Scholes Option Pricing Model.

(j) Current and Deferred Income Taxes

Income tax expense comprises current and deferred income taxes. Current and deferred income taxes are recognized in consolidated statements of loss and comprehensive loss except to the extent that they relate to a business combination or to items recognized directly in equity or in other comprehensive income.

Current income taxes are the expected taxes payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous periods.

Deferred income taxes are recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. However, deferred income taxes are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Current and Deferred Income Taxes (continued)

Deferred income taxes are determined using tax rates and laws that have been enacted or substantively enacted by reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are presented as non-current in the consolidated financial statements.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the assets can be utilized.

(k) Foreign Currencies

The Company's reporting currency and the functional currency is the Canadian dollar. The functional currency for Saturna Green Systems Inc., 1022313 B.C. Ltd. and Scoot-E-Bike Inc. is the Canadian dollar; the functional currency for Loop Japan K.K. is the Japanese Yen; and the functional currency for LOOPShare USA Corp. is USD.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's Japanese operations are translated into Canadian dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

(l) Earnings or Loss per Share

Basic earnings (loss) per share is calculated by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated using the treasury share method whereby all "in the money" options, warrants and equivalents are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period.

(m) Financial Instruments

Financial assets and financial liabilities are recognized on the statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model.

The following is the Company's accounting policy for financial instruments under IFRS 9:

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial Instruments (continued)

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Accounts receivable, due from (to) related party, account payable, loan payable, convertible debenture and lease liability are classified in this category as at March 31, 2020 and December 31, 2019.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise. Cash is classified in this category at March 31, 2020 and December 31, 2019.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. No financial instruments were classified in this category as at March 31, 2020 and December 31, 2019.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. No financial instruments were classified in this category as at March 31, 2020 and December 31, 2019.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial Instruments (continued)

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in the statement of loss and comprehensive loss.

(n) Derivatives Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values.

(o) Convertible loans

The convertible loans were initially recorded at fair value and subsequently measured at amortized cost. The convertible loans were allocated between the debt and equity components using the residual method at the date of issuance and were recorded net of transaction costs. The debt component is accreted to the face value using the effective interest method, with the resulting charge recorded as accretion on convertible loan, which is included in interest on convertible loan in the consolidated statement of loss and comprehensive loss.

(p) Leases

Effective January 1, 2019, the Company adopted IFRS 16, Leases, which specifies how to recognize, measure, present and disclose leases. The standard introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company's accounting policy under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This policy is applied to contracts entered into, or changed, on or after January 1, 2019. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Leases (continued)

The right-of-use assets are subsequently depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line method. The lease term includes consideration of an option to renew or to terminate if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option due to a significant event or change in circumstances.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of loss and comprehensive loss if the carrying amount of the right-of-use asset has been reduced to zero.

Under IAS 17, Leases ("IAS 17"), the Company's accounting policy was as follows:

The determination of whether an arrangement was (or contained) a lease was based on the substance of the arrangement at the inception of the lease. The arrangement was, or contained, a lease if fulfilment of the arrangement was dependent on the use of a specific asset and the arrangement conveyed a right to use the asset, even if that asset was not explicitly specified in an arrangement.

A lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to the Company was classified as a finance lease. All other leases were classified as operating leases.

Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognized in net finance expenses (income) in the consolidated statement of operations. A leased asset was depreciated over the term of the lease.

An operating lease was a lease other than a finance lease. Operating lease payments were recognized in the consolidated statement of operations on a straight-line basis over the lease term. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

Effective January 1, 2019 the Company adopted IFRS 16 using the modified prospective approach. Accordingly, comparative figures as at and for the year ended December 31, 2018 have not been restated and continue to be reported under IAS 17.

The Company has one lease agreement for its office premises in Vancouver which was entered into on February 1, 2019. The lease agreement will expire on January 31, 2022 with no renewal option.

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

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(p) Leases (continued)**

The Company has elected to record the right-of-use asset based on the corresponding lease liability. For recording the new right-of-use asset under IFRS 16, for the lease of its office, the Company discounted future lease payments using its incremental borrowing rate as at February 1, 2019 which was 12% per annum.

The recognized right-of-use asset relates to the Company's lease agreement which is included under property and equipment in the consolidated statement of financial position as follow:

	March 31, 2020	December 31, 2019	February 1, 2019
Right-of-use asset, net book value (Note 8)	\$ 40,237	45,747	\$ 65,876
Lease Liability	\$ 41,258	46,748	\$ 65,876

The short-term liability for the lease as at March 31, 2020 is \$16,121 (December 31, 2019 - \$21,611) and the long-term portion is \$25,137 (December 31, 2019 - \$25,137). Depreciation expense of \$5,490 (2019 - \$Nil) on the right-of-use asset and interest expense of \$Nil (2019 - \$Nil) were recognized during the three month period ended March 31, 2020.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's unaudited condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the unaudited condensed consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates and judgements.

Areas requiring a significant degree of estimation and judgment include the following:

(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.

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

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

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).

(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.

5. ACCOUNTS RECEIVABLE

	March 31, 2020	December 31, 2019
Accounts receivable	\$ 1,298	\$ 1,298
Sales Tax receivable	96,174	62,301
	\$ 97,472	\$ 63,599

6. PREPAID EXPENSES AND DEPOSITS

	March 31, 2020	December 31, 2019
Deposit for inventory	\$ 430,369	\$ 288,413
General expenses	228,094	80,248
	\$ 658,463	\$ 368,661

7. INVENTORY

	March 31, 2020	December 31, 2019
Inventory parts	\$ 87,624	\$ 57,116
Finished goods	54,065	440,981
	\$ 141,689	\$ 498,097

During the year ended December 31, 2019, the Company wrote down inventory by \$277,810 to its estimated net realizable value. Finished goods consists of scooters purchased from third parties to resell.

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

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

	Computer Scooters	Computer Equipment	Office Furniture	Computer Software	Production Tooling	Right of Use (Note 3)	Total
Cost							
As at December 31, 2018	\$ 15,671	\$ 3,854	\$ 3,955	\$ 90,424	\$ 49,200	\$ -	\$ 159,149
Additions	117,473	-	-	-	-	65,876	183,349
As at December 31, 2019	133,144	3,854	-	90,424	49,200	-	342,498
Additions	359,987	-	-	-	-	-	359,987
As at March 31, 2020	\$ 493,131	\$ 3,854	\$ -	\$ 90,424	\$ 49,200	\$ 65,876	\$ 702,485
Accumulated depreciation							
As at December 31, 2018	\$ (8,882)	\$ (3,854)	\$ -	\$ (90,424)	\$ (19,680)	\$ -	\$ (122,840)
Additions	(16,096)	-	-	-	(6,050)	(20,129)	(42,275)
As at December 31, 2019	(24,978)	(3,854)	-	(90,424)	(25,730)	(20,129)	(165,115)
Additions	(34,814)	-	-	-	(1,250)	(5,490)	(41,554)
As at March 31, 2020	\$ (59,792)	\$ (3,854)	\$ -	\$ (90,424)	\$ (26,980)	\$ (25,619)	\$ (206,669)
Net book value							
As at December 31, 2019	\$ 108,166	\$ -	\$ -	\$ -	\$ 23,470	\$ 45,747	\$ 177,383
As at March 31, 2020	\$ 433,339	\$ -	\$ -	\$ -	\$ 22,220	\$ 40,257	\$ 495,816

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 1,824,000 class A common shares (the "Consideration Shares") plus 91,200 finders shares with a combined fair value of \$1,263,747 (Note 16). The shares are subject to vesting and escrow provisions and other conditions. The Consideration Shares vest as follow:

- 15% of the Consideration Shares as at March 13, 2019 (the "Closing Date");
- an additional amount of Consideration Shares will vest on the date that is four months and one day after the Closing Date, in an amount equal to US\$189,228.68 plus interest accrued on such amount after the date of this Agreement (converted to Canadian dollars at the average exchange rate posted by the Bank of Canada on the day prior to the release date) divided by the closing market price of the Purchaser Shares on the Exchange on the day prior to the release date.
- an additional percentage of Consideration Shares will vest on the date that is 6 months following the Closing Date in an amount that results in one quarter (1/4) of the Unvested Consideration Shares being vested;
- an additional percentage of Consideration Shares will vest on the date that is 12 months following the Closing Date in an amount that results in an additional one quarter (1/4) of the Unvested Consideration Shares being vested;
- an additional percentage of Consideration Shares will vest on the date that is 18 months following the Closing Date in an amount that results in an additional one quarter (1/4) of the Unvested Consideration Shares being vested; and
- an additional percentage of Consideration Shares will vest on the date that is 24 months following the Closing Date in an amount that results in an aggregate total of 100% of the Consideration Shares being vested.

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

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

9. INTANGIBLE ASSET (continued)

Management determined that the Scoot-E brand did not have inputs and processes capable of producing outputs that are necessary to meet the definition of a business as defined by IFRS 3. Accordingly, the acquisition was accounted for as an asset acquisition.

The fair value attributed to the Consideration Shares was used as the basis for measuring 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 the 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.

During the year ended December 31, 2019, the Company determined that \$860,855 of the initial fair value allocated to the intangible assets was impaired based on the estimated future economic benefits.

	Scoot E Brand	
Cost		
Balance, December 31, 2018	\$	-
Acquisition of intangible asset – Scoot-E brand		1,263,747
Balance, December 31, 2019 and March 31, 2020	\$	1,263,747
Accumulated Amortization		
Balance, December 31, 2018	\$	-
Amortization		(202,892)
Impairment		(860,855)
Balance, December 31, 2019	\$	(1,063,747)
Amortization		(63,187)
Balance, March 31, 2020	\$	(1,126,934)
Carrying Amounts		
December 31, 2019	\$	200,000
March 31, 2020	\$	136,813

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES AND ACCRUED COMPENSATION

	March 31, 2020		December 31, 2019	
Accounts payable (Note 12)	\$	826,120	\$	647,497
Accrued compensation (Note 12)		222,824		226,786
	\$	1,048,944	\$	874,283

During the year ended December 31, 2019, the Company entered into debt settlement agreements with the former CEO and President (Note 12) and vendor for past services performed.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

11. DISCONTINUED OPERATIONS

On February 3, 2016, the Company entered into a business arrangement with a Lebanese corporation, Loop s.a.l. (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.

The Company issued to the Investor a three-year warrant to acquire 842,494 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 was 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 not normally 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.

The loss position of \$719,000 was 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.

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

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

11. DISCONTINUED OPERATIONS (continued)

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 842,494 common shares (Note 17) at a fair value of \$1.00 for an effective 100% ownership and control of Loop s.a.l. as a result of the cashless exercise of pre-existing warrants by a 40% independent 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 acquisition was accounted for accordance with IFRS 3 Business Combination. Accordingly, the acquisition of Loop s.a.l. was accounted at the fair value of the equity instruments issued to the shareholders of Loop s.a.l. and the excess of the consideration over the net assets acquired was recorded as goodwill.

Common shares issued		842,494
Value per share	\$	1.00
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

On October 15, 2019, Mr. Sukkarie resigned as President & Chief Executive Officer of the Company. In connection with his resignation, the Company agreed to pay \$196,375 in amounts owing to Mr. Sukkarie and the transfer its 99.995% interest in Loop s.a.l. to Mr. Sukkarie which occurred effective October 15, 2019. Accordingly, the accounts of Loop s.a.l. were deconsolidated and a loss on discontinued operations of \$880,463 was recognized in the consolidated statements of loss and comprehensive loss during the year ended December 31, 2019.

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

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

11. DISCONTINUED OPERATIONS (continued)

As of December 31, 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.

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 months ended:

	Three months ended March 31,	
	2020	2019
Salary & management fees	\$ 19,500	\$ 19,500
Consulting	21,600	35,280
Rent to a company controlled by a director	6,000	-
Share-based compensation accrued/paid	194,747	74,827
	\$ 241,847	\$ 129,607

The following amounts are payable and due to/from related parties as at March 31, 2020 and December 31, 2019:

	March 31, 2020	December 31, 2019
Companies controlled by directors and officers	\$ 61,342	\$ 51,825
Amounts due to the former CEO and president (Note 11)	164,729	196,375
Shares to be issued to the former CEO and president	75,000	75,000
Due from directors and officers	-	(55,000)
Due to directors and officers	7,200	8,130
	\$ 308,271	\$ 276,330

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

As at March 31, 2020 and December 31, 2019 the Company had the following amounts due to the former CEO and president of the Company:

	March 31, 2020	December 31, 2019
Unsecured free interest loan (Note 14)	\$ 63,354	\$ 95,000
Accrued compensation (Note 10)	-	-
Accrued bonus (Note 10)	101,375	101,375
	\$ 164,729	\$ 196,375

During the year ended December 31, 2019, the Company entered into debt settlement agreements with the former CEO and President, after his resignation, where the Company agreed to pay a performance bonus of \$101,375.

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

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS (continued)

As at December 31, 2019, the Company had issued all performance shares to a former director and officer of the Company (Note 16).

During the year ended December 31, 2019, Directors of the Company converted into share capital \$383,188 (2018 purchased - \$412,500) convertible debentures of the Company (Note 15).

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 would 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 2,000,000 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 March 31, 2020.

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

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

14. LOANS, SHORT TERM

	March 31, 2020	December 31, 2019
Loan from CEO (a)	\$ 63,354	\$ 95,000
Loan payable (b)	-	247,043
Accrued interest (b)	17,541	23,913
	\$ 80,895	\$ 365,956

- (a) On April 29, 2019, the former CEO and president of the Company provided a loan of \$95,000 bearing interest at 0% per annum to the Company payable by or on six months from the loan issue date. During the three month period ended March 31, 2020, the Company repaid \$31,646 of the loan.
- (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, comprised of USD \$151,850 of the principal and accrued interest of the Original Loan and an advancement of USD \$120,000. The loan bears interest at a rate of 1% per 30-day period, is unsecured and was due on October 24, 2019.

In connection with the Second Loan, the Company issued bonus warrants (Note 17) to acquire 142,482 common shares of the Company at a price of \$0.50 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, comprised of USD \$277,377 of the principal and accrued interest of the Second Loan and an advancement of USD \$100,000. 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 Third Loan, the Company issued bonus warrants (Note 17) to acquire 53,100 common shares of the Company at a price of \$0.50 per share. The bonus warrants are exercisable for a period of 12 months from the issuance of the third loan.

On December 12, 2019, the Company repaid CAD \$237,000 of the Third Loan.

As at December 31, 2019 the Company owed a principal sum of USD \$190,209 (CAD \$247,043) on the Third Loan and recorded USD \$18,411 (CAD \$23,913) in accrued interest for the year ended December 31, 2019.

On January 22, 2020, the Company restructured the loan whereby \$257,595 of the principal amount of the existing loan was converted into convertible debentures. The debentures have a maturity date of 3 years and bear interest at a rate of 10% per annum. The principal amount of the debentures are convertible into class A common shares at a conversion price of \$0.385. An aggregate of 334,538 share purchase warrants were issued in connection with the conversion. Each warrant is exercisable into one class A common share at an exercise price of \$0.385 per warrant and expire on January 22, 2023. US\$12,364.18 of the Third Loan was not converted into convertible debentures and remains outstanding as a non-interest bearing obligation with no fixed repayment term.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

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 were exercisable into Class A common shares at a conversion price of \$0.50 per share during the first year and \$1.00 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 2,000 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 \$0.75 per warrant share for a period of three years.

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 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 \$680,030 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.

During the year ended December 31, 2019, convertible debentures with a face value of \$3,197,500 and interest accrued for \$294,762 (2018 - \$Nil) were converted into 6,961,020 class A common shares (Note 17). The principal was converted at a conversion price of \$0.50 and interests accrued were converted at the market price at the issuance dates.

The carrying value of the convertible debentures, including interest was \$Nil as at December 31, 2019 (December 31, 2018 - \$2,574,336). The accretion expense was \$173,771 (December 31, 2018 - \$23,578) and the interest expense was \$261,473 (December 31, 2018 - \$33,289) for the year ended December 31, 2019 and are included in the finance costs in the consolidated statement of loss and comprehensive loss.

On January 22, 2020, the Company restructured a bridge loan (Note 15) whereby \$257,595 of the principal amount of the existing loan was converted into convertible debentures. The debentures have a maturity date of 3 years and bear interest at a rate of 10% per annum. The principal amount of the debentures are convertible into class A common shares at a conversion price of \$0.385. An aggregate of 334,538 share purchase warrants were issued to in connection with the conversion. Each warrant is exercisable into one class A common share at an exercise price of \$0.385 per warrant and expire on January 22, 2023.

On March 18, 2020, the Company entered into an inventory financing agreement in the form of newly issued convertible debentures with a principal amount of \$300,000. The terms of the Debentures include: a maturity date of March 18, 2023; interest (the "Interest") at the rate of 10% per annum, which Interest will be payable on the Maturity Date, unless earlier converted; the principal amount of the Debenture is convertible into class A common shares of the Company (each, a "Share") at the option of the holder at a conversion price of \$0.245 per Share; an aggregate of 600,000 detachable share purchase warrants (each a "Warrant") were issued to the Lender that are exercisable at a price of \$0.245 per share until March 18, 2020.

For accounting purposes, the debentures contain both a liability and equity component, being the lender's conversion option to shares, which have been separately presented on the unaudited consolidated statement of financial position. The Company allocated the original \$557,595 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 \$439,008 and then allocated the remaining balance of the net proceeds of \$118,587 to the equity component. 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.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

15. CONVERTIBLE DEBENTURES (continued)

The carrying value of the convertible debentures, including interest was \$454,868 as at March 31, 2020. The accretion expense was \$10,860 and the interest expense was \$5,000 for the three month period ended March 31, 2020 and are included in the finance costs in the unaudited condensed consolidated statement of loss and comprehensive loss.

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. 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. All share and per share amounts have been adjusted for all periods presented to reflect the share consolidation.

(b) Issued Share Capital

As at March 31, 2020 there were 29,844,797 (December 31, 2019 – 29,794,797) issued and fully paid class A common shares.

(c) Share Issuances

The following class A common shares were issued during the three month period ended March 31, 2020:

- On January 29, 2020, 50,000 warrants were exercised at an exercise price of \$0.50 resulting in the issuance of 50,000 class A common shares.

The following class A common shares were issued during the year ended December 31, 2019:

- On March 5, 2019, 75,000 warrants were exercised at an exercise price of \$0.50 resulting in the issuance of 75,000 class A common shares.
- During the year ended December 31, 2019, \$3,197,500 convertible debentures and interest accrued for \$294,762 were converted into 6,961,020 class A common shares (Note 16).
- On March 13, 2019, the Company issued 1,915,200 class A common shares with a fair value of \$1,263,747 as consideration to Raytroniks for the Scoot-E brand (Note 9).
- On April 1, 2019, a former director and officer of the Company exercised 100,000 warrants at an exercise price of \$0.75 resulting in the issuance of 100,000 class A common shares.
- On April 18, 2019, the Company issued 842,494 class A common shares for the acquisition of Loop s.a.l. at the fair value of \$842,494 (Note 11).
- On May 17, 2019, 100,333 warrants were exercised at an exercise price of \$0.75 resulting in the issuance of 100,333 class A common shares.
- On November 15, 2019, the Company closed the first tranche of a non-brokered private placement. The Company raised gross proceeds of \$772,972 through the issuance of 3,864,860 class A common shares at a price of \$0.20 per share.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

16. SHARE CAPITAL AND RESERVES (continued)

- On December 12, 2019, the Company closed the second tranche of a non-brokered private placement. The Company raised gross proceeds of \$819,000 through the issuance of 4,095,000 class A common shares (each a "Share") at a price of \$0.20 per share. The Company paid finder's fees consisting of \$25,600 in cash, 140,000 class A common shares and 268,000 finder's warrants. Each finder's warrant is exercisable into a Share at an exercise price of \$0.20 for a period of 12 months. The fair value of the finder's warrants has been estimated using the Black-Scholes Option Pricing Model assuming a risk free rate of 1.71%, an expected life of 1 year, 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
- On December 13, 2019, the Company closed the third tranche of a non-brokered private placement. The Company raised gross proceeds of \$763,500 through the issuance of 3,817,500 class A common shares at a price of \$0.20 per share.
- On December 31, 2019, the Company issued 349,999 class A common shares in connection with the Company's former CEO's performance shares (Note 12)

(d) Escrow shares

During the year ended December 31, 2019, 1,915,200 class A common shares were deposited into escrow as part of the acquisition of Scoot-E brand (Note 9), 842,494 class A common shares were deposited into escrow as part of the acquisition of Loop s.a.l. (Note 11) and 2,210,073 class A common shares were deposited into escrow as part of the resignation agreement with the Company's former CEO and 2,865,080 class A common shares were released from escrow. The resulting balance of shares held in escrow as at December 31, 2019 is 3,783,339. During the three month period ended March 31, 2020, 198,077 class A common shares were released from escrow and Nil class A common shares were deposited. The resulting balance of shares held in escrow as at March 31, 2020 is 3,585,262.

(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.

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

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

16. SHARE CAPITAL AND RESERVES (continued)

(e) Stock Options (continued)

The continuity of the stock options for the three month period ended March 31, 2020 and the year ended December 31, 2019 is as follows:

	Options	Weighted Average Exercise Price
Balance, December 31, 2018	680,000	\$ 0.770
Granted	435,000	0.640
Forfeited	(235,000)	0.691
Balance, December 31, 2019	880,000	\$ 0.726
Granted	1,645,000	0.400
Forfeited	(40,000)	1.100
Balance, March 31, 2020	2,485,000	\$ 0.504

During the three month period ended March 31, 2020, 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, 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.

On January 3, 2020, the Company issued 1,645,000 incentive stock options, with a life of approximately 5 years, exercisable at a price of \$0.40 per Share, to directors, officers, employees and consultants of the Company, 50% vesting on the grant date; and 50% vesting 12 months from the grant date. The options expire January 3, 2025.

During the year ended December 31, 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 50,000 incentive stock options, with a life of approximately five years, exercisable at a price of \$0.50 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 45,000 incentive stock options, with a life of approximately five years, exercisable at a price of \$1.10 per Share, to 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 340,000 incentive stock options, with a life of approximately five years, exercisable at a price of \$0.60 per Share, to directors 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, 250,000 options were granted to directors

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

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

16. SHARE CAPITAL AND RESERVES (continued)

Details of options outstanding and exercisable at March 31, 2020 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
92,000	92,000	\$2.000	July 6, 2021	\$2.000	1.26
403,000	161,200	\$0.500	November 23, 2023	\$0.500	3.64
5,000	2,000	\$1.100	March 15, 2024	\$1.100	3.95
340,000	-	\$0.600	July 18, 2024	\$0.600	4.29
1,645,000	822,500	\$0.400	January 3, 2025	\$0.400	4.75
2,485,000	1,077,700			\$0.504	4.38

For the three month period ended March 31, 2020 the Company recorded \$324,578 (2019 - \$92,163) in stock-based compensation in respect of incentive stock options.

(f) Warrants

The continuity of the warrants for the three month period ended March 31, 2020 and the year ended December 31, 2019 is as follows:

	Warrants	Weighted Average Exercise Price
Balance, December 31, 2018	6,470,000	\$ 0.750
Granted ⁽¹⁾	195,582	0.500
Granted ⁽²⁾	268,000	0.200
Exercised	(275,333)	0.682
Balance, December 31, 2019	6,658,249	\$ 0.488
Granted ⁽³⁾	334,538	0.385
Granted ⁽³⁾	600,000	0.245
Exercised	(50,000)	0.500
Balance, March 31, 2020	7,542,787	\$ 0.464

- (1) On July 24, 2019 and September 23, 2019, in connection with a loan payable (Note 14) to the Company, 142,482 and 53,100 bonus warrants valued using Black-Scholes Option Pricing Model at \$46,325 and \$14,952 were issued respectively, each warrant entitling the holder to acquire one class A Common Share at a price of \$0.50 for one year. The fair value of the warrants has been estimated using the Black-Scholes Option Pricing Model assuming a risk-free rate of 1.50% to 1.57% an expected life of 1 year, an expected volatility of 184-186%, and no expected dividends.

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

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

16. SHARE CAPITAL AND RESERVES (continued)

(f) Warrants (continued)

- (2) On December 12, 2019, in connection with the Company's private placement, 268,000 broker warrants valued using Black-Scholes Option Pricing Model at \$35,811 were issued, each warrant entitling the holder to acquire one class A Common Share at a price of \$3.70 for two years. The fair value of the warrants has been estimated using the Black-Scholes Option Pricing Model assuming a risk-free rate of 1.71%, an expected life of 1 year, an expected volatility of 193%, and no expected dividends.
- (3) On January 22, 2020 and March 18, 2020, in connection with the issuance of convertible debentures (Note 15) 334,538 warrants and 600,000 warrants valued using Black-Scholes Option Pricing Model at \$104,801 and \$71,418 were issued respectively, each warrant entitling the holder to acquire one class A Common Share at a price of \$0.385 for three years and \$0.245 for one year respectively. The fair value of the warrants has been estimated using the Black-Scholes Option Pricing Model assuming a risk-free rate of 0.73% to 1.52% an expected life of 1 to 3 years, an expected volatility of 150%, and no expected dividends.

(e) 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 75,000 class A common shares ("Compensation Shares"), 37,500 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 37,500 class A common shares valued \$75,000 to Mr. Sukkarie.

(f) 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 75,000 common shares in two equal instalments. Further, Mr. Sukkarie shall be entitled to up to 349,999 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)	149,999
Six (6)	200,000
Total	349,999

The 349,999 class A common were issued during the year ended December 31, 2019 and stock-based compensation of \$305,157 (2018- \$212,352) was recognized in the consolidated statements of loss and comprehensive loss.

17. REVENUE

Revenue for the three month period ended March 31, 2020 was \$39,200 (2019 - \$Nil) with \$39,200 derived from the sale of scoot-e bikes. Revenue for the three month period ended March 31, 2020 was derived 100% from North America.

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

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

18. EXPENSES BY NATURE

For the Three Months Ended March 31, 2020

	General and Administration	Research and Development	Sales and Marketing
Office expense	\$ 139,066	\$ -	\$ -
Accounting and legal	56,369	-	-
Consulting	123,103	-	43,261
Personnel	13,825	42,043	11,308
Travel	-	-	-
Totals	\$ 332,363	\$ 42,043	\$ 54,569

For the Three Months Ended March 31, 2019

	General and Administration	Research and Development	Sales and Marketing
Office expense	\$ 462,085	\$ -	\$ -
Accounting and legal	49,998	-	-
Consulting	66,612	46,134	6,806
Personnel	48,013	56,510	-
Travel	-	-	-
Totals	\$ 626,708	\$ 102,644	\$ 6,806

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 March 31, 2020 the Company had a cash balance of \$352,290 (December 31, 2019 - \$661,121) to settle current liabilities of \$1,485,125 (December 31, 2019 - \$1,660,970).

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

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**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. The Company monitors this exposure but has entered into no formal hedge agreements.

As at March 31, 2020 and December 31, 2019, the Company was exposed to foreign currency risk through the following financial assets and liabilities denominated in foreign source currencies.

	March 31, 2020		December 31, 2019	
	US Dollars	Japanese Yen	US Dollars	Japanese Yen
Cash	2,933	117,468	20,971	5,632
Accounts receivable	-	85,654	-	85,654
Accounts payable	59,091	14,790,800	94,002	14,720,800
Total	62,024	14,993,922	114,973	14,812,086

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 is not subject to interest rate risk. The loans payable 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.

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.

LOOPShare Ltd.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For The Three Months Ended March 31, 2020

(Unaudited) (Expressed in Canadian Dollars)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

20. COMMITMENTS & CONTINGENCIES

At March 31, 2020 the Company has the following outstanding contingency:

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 (Note 11). 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. The Company also agreed to certain other terms with Mr. Sukkarie in connection with his resignation including: (i) the vesting and issuance of his 349,999 performance shares (issued effective December 31, 2019); (ii) the repayment of a \$95,000 loan provided by Mr. Sukkarie to the Company on December 31, 2019 (the "Sukkarie Loan"); and (iii) a payment of \$291,000 (less the amount of US\$146,000) (the "Sukkarie Payment"). Further pursuant to the terms of a Voluntary Escrow Agreement (the "Sukkarie Escrow Agreement"), Mr. Sukkarie was required to, among other obligations, deposit his common shares of the Company into escrow. The Company determined that Mr. Sukkarie had not complied with the Sukkarie Escrow Agreement and therefore did not make the payments for the Sukkarie Loan or the Sukkarie Payment on December 31, 2019.

Mr. Sukkarie has filed a Notice of Civil Claim in the Supreme Court of British Columbia against the Company and Saturna alleging an entitlement to the Sukkarie Loan (\$95,000) and the Sukkarie Payment (\$101,375.20), plus interest and costs. The Company filed a response to Mr. Sukkarie's Notice of Civil Claim on the basis that Mr. Sukkarie had failed to comply with the terms of the Sukkarie Escrow Agreement as he had not, as of December 31, 2019, deposited all of his common shares into escrow or otherwise fully complied with the terms of the Sukkarie Escrow Agreement.

In addition, the Company has filed a Counterclaim against Mr. Sukkarie on the basis that Mr. Sukkarie breached his fiduciary duty and common law duties owing to the Company, including the duties to act honestly and in good faith with a view to the best interests of the Company. The Counterclaim alleges that Mr. Sukkarie took steps to divert a corporate opportunity of the Company to himself or an entity under his control. The Counterclaim also alleges that Mr. Sukkarie breached the terms of a severance agreement by making disparaging comments about the Company's management to a third party. Further, the Counterclaim alleges that Mr. Sukkarie breached his Employment Agreement by disclosing confidential information of the Company to an unauthorized third party. In the Counterclaim, the Company is seeking damages for breach of contract, breach of fiduciary duty, plus interests and costs. At this time, the Company is unable to quantify the potential damages from the Counterclaim.

The outcome and timing of both the claim filed by Mr. Sukkarie and the Counterclaim by the Company are uncertain at this time.

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

For The Three Months Ended March 31, 2020

(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 year three month period ended December 31, 2020, 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 and Tokyo, Japan. The Company's assets are held in Canada.

22. SUBSEQUENT EVENTS

On June 30, 2020 the Company announced that it has completed delivery of a fleet of 110 scooters that have been sold to a California based developer of large residential communities. See Note 13 for further details.