LOOPShare Ltd.

Consolidated Financial Statements

For the Years Ended December 31, 2020 and 2019

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of LOOPShare Ltd.

Opinion

We have audited the consolidated financial statements of LOOPShare Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which indicates that as of December 31, 2020, the Company had a working capital deficiency of $1,089,142, and had a deficit of $20,914,630. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is David J. Goertz.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 3, 2021

MOORE

An independent firm
associated with Moore
Global Network Limited

LOOPShare Ltd.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	Note		December 31, 2020		December 31, 2019
Assets					
Current assets:					
Cash and cash equivalent		$	35,626	$	661,121
Accounts receivable	5		43,758		63,599
Prepaid expenses and deposits	6		207,293		368,661
Due from related Party	12		-		55,000
Inventory	7		351,632		498,097
Total current assets			638,309		1,646,478
Non-current assets:					
Property and equipment	8		23,788		177,383
Intangible asset	9		-		200,000
Total Assets		**$**	**662,097**	**$**	**2,023,861**
Liabilities and Shareholders' Equity (Deficiency)					
Current liabilities:					
Accounts payable and accrued liabilities	10, 12	$	972,072	$	647,497
Accrued compensation	10, 12		118,346		226,786
Deferred revenue	13		-		339,165
Due to related parties	12		49,481		59,955
Loan payable	14		244,665		365,956
Convertible debentures and related interest	16		317,956		-
Lease liability	15		24,931		21,611
Total current Liabilities			1,727,451		1,660,970
Non-current liabilities:					
Lease liability	15		2,213		25,137
Convertible debentures and related interest	16		247,157		-
Loan payable	14		17,756		-
Total Liabilities		**$**	**1,994,577**	**$**	**1,686,107**
Shareholders' Equity (Deficiency)					
Class A common share capital	17	$	17,278,661	$	17,208,661
Obligation to issue class A common shares	12, 17		-		75,000
Reserves			2,326,941		1,176,531
Deficit			(20,914,630)		(18,113,015)
Accumulated other comprehensive loss			(23,452)		(9,423)
Total Shareholders' Equity (Deficiency)		**$**	**(1,332,480)**	**$**	**337,754**
Total Liabilities and Shareholders' Equity (Deficiency)		**$**	**662,097**	**$**	**2,023,861**

Going concern – Note 2
Subsequent events – Note 24

Approved by the directors:

___"MATTHEW CLAYTON"______ ______ROOP MUNDI"__________

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

LOOPShare Ltd.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the Years Ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

	Note	For the Years ended December 31, 2020		2019
Revenue	18	$ 905,400	$	29,634
Cost of Sales	7	(618,648)		-
Gross Margin		286,752		29,634
Expenses				
Operating expenses:				
Amortization of intangible asset	9	117,583		202,892
Depreciation	8	163,224		42,275
Finance costs	14, 15, 16	97,533		547,570
General and administrative	19	1,101,365		1,686,183
Inventory write-down	7	187,900		277,810
Research and development	19	67,651		400,565
Sales and marketing	19	238,426		186,722
Share-based compensation (recovery)	17	722,393		494,427
Total expenses		2,696,075		3,838,444
Net loss before other items		$ (2,409,323)	$	(3,808,810)
Other items				
Other income		33,441		-
Currency exchange loss		(61,479)		(7,211)
Gain (loss) on settlement of debt and accounts payable	10,16	(148,770)		32,686
Loss on asset disposal		-		(5,988)
Gain on disposal of subsidiary	11	(133,067)		-
Impairment on intangible asset	9	(82,417)		(860,855)
Net Loss from continuing operations		**$ (2,801,615)**	**$**	**(4,650,178)**
Loss on discontinued operations	11	-		(880,463)
Net loss		**$ (2,801,615)**	**$**	**(5,530,641)**
Other comprehensive loss				
Foreign currency translation adjustment		(14,029)		(1,281)
Total Comprehensive Loss		**$ (2,815,644)**	**$**	**(5,531,922)**
Loss per share – basic and diluted from continuing operations		**$ (0.94)**	**$**	**(3.88)**
Loss per share – basic and diluted from discontinued operations		**$ (0.94)**	**$**	**(0.73)**
Weighted average number of common shares		**2,986,215**		**1,198,261**

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

LOOPShare Ltd.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

For Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

				Reserves							
	Note	Class A Common Shares	Amount ($)	Stock Options ($)	Warrants ($)	Contributed Surplus ($)	Total Reserve ($)	Shares to be Issued ($)	Deficit ($)	Accumulated Other Comprehensive Loss ($)	Total ($)
Balance, December 31, 2018		**753,339**	**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	17	-	-	494,427	-	-	494,427	-	-	-	494,427
Shares issued for cash – Exercise of warrants	17	27,533	217,029	-	(29,279)	-	(29,279)	-	-	-	187,750
Shares issued for cash, net	17	1,191,736	2,294,060	-	35,811	-	35,811	-	-	-	2,329,871
Exercise of convertible debentures	16, 17	696,102	3,689,262	-	(680,030)	-	(680,030)	-	-	-	3,009,232
Shares issued for intangible asset	17	191,520	1,263,747	-	-	-	-	-	-	-	1,263,747
Shares issued for acquisition	17	84,249	842,494	-	-	-	-	-	-	-	842,494
Warrants issued for loan payable	14	-	-	-	61,277	-	61,277	-	-	-	61,277
Performance Shares	17	35,000	517,509	(517,509)	-	-	(517,509)	-	-	-	-
Comprehensive loss for the year		-	-	-	-	-	-	-	(5,530,641)	(1,281)	(5,531,922)
Balance, December 31, 2019		**2,979,479**	**17,208,661**	**769,095**	**200,376**	**207,060**	**1,176,531**	**75,000**	**(18,113,015)**	**(9,423)**	**337,754**
Share-based compensation	17	-	-	722,393	-	-	722,393	-	-	-	722,393
Shares issued for cash – Exercise of warrants	17	5,000	25,000	-	-	-	-	-	-	-	25,000
Shares issued for debt settlement	17	60,000	45,000	-	-	-	-	-	-	-	45,000
Issuance of convertible debentures	16	-	-	-	-	293,680	293,680	-	-	-	293,680
Warrants issued for loan payable	17	-	-	-	134,337	-	134,337	-	-	-	134,337
Settlement of debt with related party	11, 12	-	-	-	-	-	-	(75,000)	-	-	(75,000)
Comprehensive loss for the year		-	-	-	-	-	-	-	(2,801,615)	(14,029)	(2,815,644)
Balance, December 31, 2020		**3,044,479**	**17,278,661**	**1,491,488**	**334,713**	**500,740**	**2,326,941**	**-**	**(20,914,630)**	**(23,452)**	**(1,332,480)**

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

LOOPShare Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

	For the Years ended December 31,			
		2020		2019
Cashflow used in operating activities:				
Net loss	$	(2,801,615)	$	(5,530,641)
Items not involving cash				
Amortization of intangible asset		117,583		202,892
Depreciation		163,224		42,275
Finance costs		97,533		527,551
Share-based payment (recovery)		722,393		494,427
Impairment of intangible assets		82,417		860,855
Impairment of inventory		187,900		277,810
Gain (Loss) on settlement of debt and accounts payable		148,770		(32,686)
Currency exchange gain (loss)		61,479		(6,662)
Loss on disposal of asset		-		886,451
Gain on disposal of subsidiary		133,067		-
Other income		(33,441)		-
Changes in non-cash working capital				
Accounts receivable and due from related party		64,367		(26,747)
Prepaid expenses and deposits		161,368		155,374
Inventory		(41,435)		(685,499)
Accounts payables and accrued liabilities		402,143		(1,228)
Deferred revenue		(339,165)		-
Cash used in operating activities	$	(873,412)	$	(2,835,828)
Cashflow used in investing activities:				
Purchase of property and equipment		-		(117,473)
Cash used in investing activities	$	-	$	(117,473)
Cashflow provided by (used in) financing activities:				
Loan payment to related party		-		(113,039)
Lease payments		(16,912)		(25,308)
Proceeds from loans advanced		40,000		584,799
Issuance of common shares		25,000		2,517,622
Repayment of loan payable, related party loan, and bridge loan		(86,142)		(237,000)
Proceeds from conventible debentures issued		300,000		-
Cash provided by financing activities	$	261,946	$	2,727,074
Effect of foreign exchange		(14,029)		(1,281)
Net decrease in cash	**$**	**(625,495)**	**$**	**(227,508)**
Cash and cash equivalent, beginning of the year	$	661,121	$	888,629
Cash and cash equivalent, end of the year	**$**	**35,626**	**$**	**661,121**
Cash and cash equivalent consists of				
Cash	$	33,626	$	661,121
Guaranteed Investment Certificate (GIC)	$	2,000	$	-

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

(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. The Company also provides direct to consumer sales of its Scoot-E-Bike® branded electric scooters. 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.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were approved by the Board of Directors on May 3, 2021.

Basis of Measurement

These 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.

Basis of Consolidation

These 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 December 31, 2020
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%

2. BASIS OF PREPARATION (continued)

Going Concern

These 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 December 31, 2020 the Company had a net working capital deficiency of $1,089,142 and a deficit of $20,914,630. The Company generated $905,400 in revenues for the year ended December 31, 2020 (2019 - $29,634). 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 year ended December 31, 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce have been far reaching. To date there have been significant volatility in stock market 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue Recognition

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 Company has transferred control of the goods or service to the customer 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 and there are no significant remaining performance obligations.

Revenue from professional services is recognized over time, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Revenue Recognition (continued)

Revenue arrangements with multiple elements are reviewed in order to determine whether the multiple elements can be divided into separate performance obligations. 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 performance obligation.

Payment received in advance of revenue recognition is recognized 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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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.

(i) 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.

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.

(j) 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 the United States dollar.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's Japanese and United States 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/loss and accumulated in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Earnings (Losses) Per Share

Basic earnings (losses) 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.

(l) 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.

a. 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.

b. 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.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial Instruments (continued)

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.

c. 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.

d. Derecognition

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.

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 statements 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 statements of loss and comprehensive loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Leases

At inception of a lease 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.

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.

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.

(q) Government grant

The Company adopted IAS 20, Accounting for Government Grants and Disclosure of Government Assistance ("IAS 20") to account for the Canadian Emergency Business Account ("CEBA") loan and the Canada Emergency Wage Subsidy (CEWS) program created by the Government of Canada.

The Company recognizes certain amount of interest and loan forgiveness related to the CEBA loan as other income. The interest expense recognized as grant is the difference between the Company's effective borrowing rate and the CEBA loan interest. The amount of loan forgiveness recognized as grant shall depend on the timing and condition of repayment. The Company recognizes government subsidies on an accrual basis when there is reasonable assurance that it will comply with the conditions required to qualify for the subsidy and that the collection of the subsidy is also reasonably assured. Government subsidies are recognized on the consolidated statements of comprehensive loss over the periods in which the expense that the subsidy is intended to offset are incurred.

The Company has recognized the government grant as a reduction to expenses as it has complied with the eligibility criteria and the subsidy has been received. Included in the statement of comprehensive loss for the year ended December 31, 2020 is $39,107 relating to the CEWS program. The subsidy is not required to be repaid

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.

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. See 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.

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

(f) Research and Development Expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

(f) Research and Development Expenditure (continued)

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. As at December 31, 2020, the Company had not recognized any internally-generated intangible assets.

5. ACCOUNTS RECEIVABLE

	December 31, 2020	December 31, 2019
Accounts receivable	$ 25,719	$ 1,298
Sales tax receivable	18,039	62,301
	$ 43,758	**$ 63,599**

6. PREPAID EXPENSES AND DEPOSITS

	December 31, 2020	December 31, 2019
Deposit for inventory	$ 206,227	$ 288,413
General expenses	1,066	80,248
	$ 207,293	**$ 368,661**

(Expressed in Canadian Dollars)

7. INVENTORY

	December 31, 2020	December 31, 2019
Inventory parts	$ -	$ 57,116
Finished goods	27,622	440,981
Scooters	217,072	-
Consignment (Scoot-E-Bikes)	106,938	-
	$ 351,632	**$ 498,097**

During the year ended December 31, 2020, the Company reclassified all Scooters from Property and Equipment to Inventory. Units available for sale are carried at their net realizable value. The Company wrote down parts of $187,900 to $Nil net realizable value as it is not expected to receive future economic benefits from these units on hand. The value of inventory sold during the year ended December 31, 2020 and included in cost of sales was $618,648.

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.

8. PROPERTY AND EQUIPMENT

	Scooters	Computer Equipment	Computer Software	Production Tooling	Right-of-Use Asset	Total
Cost						
As at December 31, 2018	**$ 15,671**	**$ 3,854**	**$ 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
Reclassification	(493,131)	-	-	-	-	(493,131)
As at December 31, 2020	**$ -**	**$ 3,854**	**$ 90,424**	**$ 49,200**	**$ 65,876**	**$ 209,354**
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	(137,595)	-	-	(3,670)	(21,959)	(163,224)
Reclassification	162,573	-	-	-	-	162,573
Impairment	-	-	-	(19,800)	-	(19,800)
As at December 31, 2020	**$ -**	**$ (3,854)**	**$ (90,424)**	**$ -**	**$ (42,088)**	**$ (185,566)**
Net book value						
As at December 31, 2019	**$ 108,166**	**$ -**	**$ -**	**$ 23,470**	**$ 45,747**	**$ 177,383**
As at December 31, 2020	**$ -**	**$ -**	**$ -**	**$ -**	**$ 23,788**	**$ 23,788**

During the year ended December 31, 2020, the Company determined to sell its fleet of Scooters originally planned to generate revenue activities from renting and to impair the remaining net book value of production tooling as the equipment were obsolete. Scooters were reclassified to Inventory during the last quarter of the fiscal year 2020.

(Expressed in Canadian Dollars)

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 plus 91,200 finders shares with a combined fair value of $1,263,747. 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.

Following the initial recognition, the intangible asset was 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 was recognized on a straight-line basis. The Company determined that the estimated useful life of the intangible asset was to be 5 years. The Company assesses the intangible asset for impairment at each reporting date and whenever there is an indication that the asset may be impaired.

During the year ended December 31, 2020, the Company determined that $82,417 of remaining net book value of the intangible asset was impaired based on no estimated future economic benefits. (2019 – impairment of $860,855)

		Scoot E Brand
Cost		
Balance, December 31, 2018	$	-
Acquisition of intangible asset – Scoot-E brand		1,263,747
Balance, December 31, 2020 and 2019	**$**	**1,263,747**
Accumulated Amortization		
Balance, December 31, 2018	$	-
Amortization		(202,892)
Impairment		(860,855)
Balance, December 31, 2019	**$**	**(1,063,747)**
Amortization		(117,583)
Impairment		(82,417)
Balance, December 31, 2020	**$**	**(1,263,747)**
Carrying Amounts		
December 31, 2019	$	200,000
December 31, 2020	**$**	-

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2020		December 31, 2019
Accounts payable	$	**828,072**	$	**465,122**
Accrued liabilities		**144,000**		**182,375**
Accrued compensation		**118,346**		**226,786**
	$	**1,090,418**	**$**	**874,283**

During the year ended December 31, 2020, the Company entered into several debt settlement agreements with third-party vendors and employees for past services performed. The Company recognized gain on settlements of debt of $26,867 in the statement of loss and comprehensive loss related to the debt settled with employees and vendors. The Company recognized a gain in settlement of debt of $173,118.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

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

11. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARY

Loop s.a.l.

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. The Investor exercised this warrant. The consideration upon exercise of the warrant 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 investment closed on November 14, 2016.

On April 18, 2019, the Company issued 842,494 common shares 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. valued at $842,494 and the excess of the consideration over the net assets acquired of $319,873 was recorded as goodwill ($522,621).

On October 15, 2019, the Company's former President and Chief Executive Officer resigned. In connection with his resignation, the Company agreed to pay $196,375 in amounts owing to the former President and Chief Executive Officer and transferred its 99.995% interest in Loop s.a.l. to him 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.

As of December 31, 2019, the Company no longer has any ownership interest in Loop s.a.l..

Saturna Green Systems Inc.

On December 9, 2020, the Company and Saturna Green Systems Inc. ("Saturna") reached a debt settlement to settle shareholder loans advanced from the Company to Saturna by transferring certain assets, including cash and cash equivalent and inventory, less certain account payables balances to the Company. Upon debt settlement, the Company recognized a non-interest bearing loan payable of $228,122 (Note 14).

(Expressed in Canadian Dollars)

11. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARY (continued)

Saturna Green Systems Inc. (continued)

Subsequent to the debt settlement, on December 10, 2020, the Company reached settlement agreement with the former President and Chief Executive Officer of the Company to transfer the 100% ownership interest of Saturna to him for a nominal amount of $10 (Note 12). The Company recognized loss on disposal of subsidiary of $133,067 in the statements of loss and comprehensive loss during the year ended December 31, 2020. As at December 31, 2020, the Company no longer has any ownership interest in Saturna.

12. RELATED PARTY TRANSACTIONS

Key Management Compensation

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

	Years ended December 31,			
		2020		**2019**
Salary & management fees	$	-	$	166,369
Consulting		164,400		212,400
Directors' fees		-		40,000
Rent to a company controlled by a director		8,000		9,000
Share-based compensation expensed		484,519		403,018
Gain (loss) on settlement of debt (Note 11)		-		32,686
	$	**656,919**	**$**	**863,473**

The following amounts are payable and due to/from related parties:

	December 31, 2020		December 31, 2019	
Companies controlled by directors and officers	$	24,491	$	51,825
Amounts due to the former CEO and president (Note 11)		-		196,375
Shares to be issued to the former CEO and president		-		75,000
Due from directors and officers		-		(55,000)
Due to directors and officers		24,990		8,130
	$	**49,481**	**$**	**276,330**

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

On December 10, 2020, the Company reached settlement of a litigation with the former President and Chief Executive Officer of the Company. The terms of the settlement were as follows:

- The Company shall make a cash payment of $50,000 and issue 60,000 class A common shares at a fair value of $45,000;
- The Company shall transfer the ownership interest of Saturna Green Systems Inc. to a nominee of the former President and Chief Executive Officer, including the assignment of the Zone Operator Agreement with Loop s.a.l.; and
- The former President and Chief Executive Officer to be appointed as a sales agent with respect to the Company's remaining fleet of Scooters.

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS (continued)

As a result of the settlement, as at December 31, 2020, the Company had $nil amount owed to the former President and Chief Executive Officer of the Company. As at December 31 2019, prior to the commencement of litigation, the Company owed the former President and Chief Executive Officer a total of $196,375 which comprised of unsecured interest free loan and accrued compensation and bonus as result of the former President and Chief Executive Officer's resignation in October 2019.

As at December 31, 2019, the Company had issued all performance shares to a former director and officer of the Company (Note 17).

During the year ended December 31, 2019, Directors of the Company converted into share capital $383,188 convertible debentures of the Company (Note 16).

13. DEFERRED REVENUE

The Company received deposits of $339,165 during the year ended December 31, 2017 for the partial payment of the purchase of Scooters. During the year ended December 31, 2020, the Company recorded $905,400 in revenues (2019 - $Nil) related to the fulfillment of the delivery of the Scoot-E-bike and electric Scooters.

14. LOANS PAYABLE

Current

	December 31, 2020	December 31, 2019
Loan from CEO [(a)]	$ -	$ 95,000
Loan payable [(b)]	-	247,043
Accrued interest [(b)]	16,544	23,913
Loan payable (Note 11)	228,121	-
	$ 244,665	**$ 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. In connection with the settlement reached with the former CEO and President on December 10, 2020, the loan was settled by the Company. (Note 12)

(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 14,248 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.

14. LOAN PAYABLE (continued)

In connection with the Third Loan, the Company issued bonus warrants (Note 17) to acquire 5,310 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 $3.85. An aggregate of 33,454 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 $3.85 per warrant and expire on January 22, 2023. US$12,364 of the Third Loan was not converted into convertible debentures and remains outstanding as a non-interest bearing obligation with no fixed repayment term.

On December 9, 2020, the Company and Saturna Green Systems Inc. (“Saturna”) reached a debt settlement to settle shareholder loans advanced from the Company to Saturna by transferring certain assets, including cash and cash equivalent and inventory, less certain account payables balances to the Company. Upon debt settlement, the Company recognized a non-interest bearing loan payable of $228,122.

Non-current

On May 5, 2020, the Company received an interest-free Canada Emergency Business Account (“CEBA”) loan in the amount of $40,000 to help cover the Company's operating expenses, payroll and other non-deferrable expenses which are critical to sustain business continuity. The program has been implemented by Bank of Montreal in collaboration with the Government of Canada as part of the COVID-19 relief initiatives.

During the period from receipt of the CEBA loan to December 31, 2022 (the “Initial Term”), no interest is charged on the amount outstanding. If at the end of the Initial Term the loan is not repaid, the Company has the right to exercise the option to convert the CEBA loan into a three-year term loan bearing interest at 5% per annum. The Company does not anticipate to repay any amount prior to the end of the Initial Term.

The loan is carried at amortized cost based on an 20% market interest rate causing the underlying value to be lower than the original principal value with a difference of $24,358 at inception which was recognized as a government grant income in other income. During the year ended December 31, 2020, interest accretion was $2,114 (2019 - $nil). As of December 31, 2020, the carrying balance of the loan is $17,756 (2019 - $nil).

15. LEASES

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.

The Company has elected to record the right-of-use asset based on the corresponding lease liability. 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.

(Expressed in Canadian Dollars)

15. LEASES (continued)

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

		December 31, 2020	December 31, 2019
Right-of-use asset	$	23,788	45,747
Lease liability			
Short term	$	24,931	21,611
Long term	$	2,213	25,137

During the year ended December 31, 2020, depreciation expense of $21,959 was recognized on the right-of-use asset (2019 - $20,129) and lease liability payments of $19,604 and finance cost of $4,421 were recognized (2019 - $19,128 and $6,180).

16. CONVERTIBLE DEBENTURES

Balance, as at December 31, 2018	$	2,574,336
Accretion and interest accrued		435,244
Converted to class A common shares		(3,009,580)
Balance as at December 31, 2019	$	-
Convertible debenture issued		478,333
Accretion and interest accrued		86,780
Balance as at December 31, 2020	**$**	**565,113**
Current	$	317,956
Long-term	$	247,157

During the fiscal year ended December 31, 2020, the following convertible debentures were issued:

(a) On January 22, 2020, the Company restructured an existing bridge loan whereby $257,595 of the loan outstanding was converted into a convertible debenture. The debenture have a maturity date of 3 years bearing an interest at a rate of 10% per annum. The principal amount of the debenture is convertible into class A common shares at a conversion price of $0.385.

For accounting purposes, the debenture contains both a liability and equity component, being the lender's conversion option to shares, which have been separately presented on the consolidated statement of financial position. The Company established the fair value of the liability component at the date of issue at $268,680 and the fair value of the equity component of $134,337. The Company recognized a loss on debt settlement of $348,755 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 20.0% for a debt instrument of similar maturity and credit quality but without any share conversion option for the lenders.

(b) On March 18, 2020, the Company entered into an inventory financing agreement in the form of newly issued convertible debenture with a principal amount of $300,000. The debenture has a maturity date of March 18, 2021, bearing an interest at the rate of 10% per annum, which interest will be payable on the maturity date, unless earlier converted. The principal and the interest of the debenture is convertible into class A common shares of the Company at the option of the holder at a conversion price of $0.245 per share.

16. CONVERTIBLE DEBENTURES (continued)

For accounting purposes, the debentures contain both a liability and equity component, being the lender's conversion option to shares. The Company allocated the original $300,000 principal of the debenture to the individual liability component and equity components by establishing the fair value of the liability component at the date of issue at $275,000 and then allocated the remaining balance of the net proceeds of $25,000 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 20.0% for a debt instrument of similar maturity and credit quality but without any share conversion option for the lenders.

As at December 31, 2020, the carrying value of the convertible debentures, including interest was $565,113. The accretion expense was $40,804 and the interest expense was $45,976 for the year and are included in the finance costs in the consolidated statement of loss and comprehensive loss.

During the year ended December 31, 2019, convertible debentures with a face value of $3,197,500 and interest accrued for $294,762 were converted into 696,102 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. As at December 31, 2019, the Company did not have any convertible debentures included in the statement of financial position. The accretion expense was $173,771 and the interest expense was $261,473 for the year ended December 31, 2019 and are included in the finance costs in the consolidated statement of loss and comprehensive loss.

17. SHARE CAPITAL AND RESERVES

(a) Authorized

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

(b) Issued Share Capital

As at December 31, 2020 there were 3,044,479 (December 31, 2019 – 2,979,479) issued and fully paid class A common shares.

(c) Share Issuances

The following class A common shares were issued during the year ended December 31, 2020:

- On January 29, 2020, 5,000 warrants were exercised at an exercise price of $5.00 resulting in the issuance of 5,000 class A common shares.
- On December 18, 2020, The Company settled the litigation with the founder, former President and CEO by issuing 60,000 class A common shares at a fair value of $45,000. (Note 12)

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

- On March 5, 2019, 7,500 warrants were exercised at an exercise price of $5.00 resulting in the issuance of 7,500 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 696,102 class A common shares (Note 16).
- On March 13, 2019, the Company issued 191,520 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 10,000 warrants at an exercise price of $7.50 resulting in the issuance of 10,000 class A common shares.

17. SHARE CAPITAL AND RESERVES (continued)

- On April 18, 2019, the Company issued 84,249 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, 10,033 warrants were exercised at an exercise price of $7.50 resulting in the issuance of 10,333 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 386,486 class A common shares at a price of $2.00 per share.

(c) Share issuance (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 409,500 class A common shares (each a "Share") at a price of $2.00 per share. The Company paid finder's fees consisting of $25,600 in cash, 14,000 class A common shares and 26,800 finder's warrants. Each finder's warrant is exercisable into a Share at an exercise price of $2.00 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 381,750 class A common shares at a price of $2.00 per share.
- On December 31, 2019, the Company issued 35,000 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, 2020, 160,510 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 December 31, 2020 is 237,124.

During the year ended December 31, 2019, 191,520 class A common shares were deposited into escrow as part of the acquisition of Scoot-E brand (Note 9), 84,249 class A common shares were deposited into escrow as part of the acquisition of Loop s.a.l. (Note 11) and 221,007 class A common shares were deposited into escrow as part of the resignation agreement with the Company's former CEO and 286,508 class A common shares were released from escrow. The resulting balance of shares held in escrow as at December 31, 2019 is 397,634.

(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.

(Expressed in Canadian Dollars)

17. SHARE CAPITAL AND RESERVES (continued)

(e) Stock Options (continued)

The continuity of the stock options for years ended December 31, 2020 and 2019 is as follows:

	Options	Weighted Average Exercise Price	
Balance, December 31, 2018	68,000	$	7.700
Granted	43,500		6.400
Forfeited	(23,500)		6.910
Balance, December 31, 2019	88,000	$	7.260
Granted	164,500		4.180
Cancelled	(16,375)		9.000
Forfeited	(5,625)		6.280
Balance, December 31, 2020	230,500	$	4.830

During the year ended December 31, 2020, the fair value of the options has been estimated using the Black-Scholes Option Pricing Model assuming a risk-free rate of 1.8% with an expected life of 5 years, expected volatility of 135% and no expected dividend. The weighted average grant date fair value of options granted during the year ended December 31, 2020 was $3.71 per option.

The Company had the following activities during the year ended December 31, 2020:

- On January 3, 2020, the Company issued 164,500 incentive stock options, with a life of approximately 5 years, exercisable at price at $4.00 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 granted expire on January 3, 2025.

- On December 10, 2020, the Company cancelled a total of 5,000 options previously issued to the former President and CEO of the Company.

- On December 31, 2020, the Company cancelled a total of 17,000 options previously issued to consultants, former employees and board member of the Company.

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.

The Company had the following activities during the year ended December 31, 2019:

- On January 18, 2019, the Company issued 5,000 incentive stock options, with a life of approximately five years, exercisable at a price of $5.00 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.

(Expressed in Canadian Dollars)

17. SHARE CAPITAL AND RESERVES (continued)

(e) Stock Options (continued)

- On March 15, 2019, the Company issued 4,500 incentive stock options, with a life of approximately five years, exercisable at a price of $11.00 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.

- On July 18, 2019, the Company issued 34,000 incentive stock options, with a life of approximately five years, exercisable at a price of $6.00 per Share, to directions and consultants of the Company, 40% vesting in 12 months from the grant date; 30% vesting in 24 months from the grant date; and 30% vesting in 36 months from the grant date. Of these options issued, 25,000 options were granted to directors.

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

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Exercise Price	Remaining Life (Years)
5,950	5,950	$20.00	July 6, 2021	$20.00	0.51
25,550	17,885	$5.00	November 23, 2023	$5.00	2.90
500	350	$11.00	March 15, 2024	$11.00	3.21
34,000	23,800	$6.00	July 18, 2024	$6.00	3.55
164,500	82,250	$4.00	January 3, 2025	$4.00	4.01
230,500	130,235			$5.25	

For the year ended December 31, 2020 the Company recorded stock-based compensation of $722,393 (2019 – expense of $494,427) in stock-based compensation in respect of incentive stock options.

(f) Warrants

The continuity of the warrants for the years ended December 31, 2020 and 2019 is as follows:

	Warrants	Weighted Average Exercise Price
Balance, December 31, 2018	647,000	$ 7.500
Granted (1)	19,558	5.000
Granted (2)	26,800	2.000
Exercised	(27,533)	6.820
Balance, December 31, 2019	665,825	4.880
Granted (3)`	33,454	3.850
Granted (4)	60,000	2.450
Exercised	(5,000)	5.000
Expired	(46,358)	3.270
Balance, December 31, 2020	707,921	4.730

(1) On July 24, 2019 and September 23, 2019, in connection with a loan payable (Note 14) to the Company, 14,243 and 5,310 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

18. SHARE CAPITAL AND RESERVES (continued)

(f) Warrants (continued)

A Common Share at a price of $5.00 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.

(2) On December 12, 2019, in connection with the Company's private placement, 26,800 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, in connection with the issuance of convertible debentures (Note 15) 33,454 warrants valued using Black-Scholes Option Pricing Model at $134,337 were issued, each warrant entitling the holder to acquire one class A Common Share at a price of $3.85 for three years. The fair value of the warrants has been estimated using the Black-Scholes Option Pricing Model assuming a risk-free rate of 1.52% an expected life of 3 years, an expected volatility of 160%, and no expected dividends.

(4) On March 18, 2020, in connection with the issuance of convertible debentures 60,000 warrants, the fair value was determined to be nominal.

(g) Obligation to Issue Common Shares

Pursuant to Company's former Chief Executive Officer's employment agreement, a portion of his remuneration was agreed to be paid by the issuance of 7,500 class A common shares ("Compensation Shares"), 3,750 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 3,750 class A common shares valued $75,000 to the former Chief Executive Officer and remaining was outstanding as at December 31, 2019. As a result of the debt settlement reached on December 10, 2020 with the former Chief Executive Officer (Note 12), the Company has no further Compensation Shares to be issued.

(h) Performance Shares

Effective January 1, 2016 the Company amended the employment agreement with the Company's former Chief Executive Officer. Under the revised agreement, the former Chief Executive Officer's 2016 salary of $222,000 was payable in cash of $72,000 and the balance by the issuance of a total of 7,500 common shares in two equal instalments. A performance based additional 34,500 class A common shares were issued during the year ended December 31, 2019.

18. REVENUE

Revenue for the year ended December 31, 2020 was $905,400 which were derived from the sale of Scoot-E-Bikes and electric scooters. Revenue for the year ended December 2019 was $29,634 which were derived from engineering services.

Revenue for the years ended December 31, 2020 and 2019 were 100% from North America.

(Expressed in Canadian Dollars)

19. EXPENSES BY NATURE

For the year ended December 31, 2020:

	General and Administration	Research and Development	Sales and Marketing
Office expense	$ 583,036	$ 245	$ 53,303
Accounting and legal	440,329	-	-
Consulting	78,000	-	170,866
Personnel	-	67,208	14,257
Travel	-	198	-
Total	$ 1,101,365	$ 67,651	$ 238,426

For the year ended December 31, 2019:

	General and Administration	Research and Development	Sales and Marketing
Office expense	$ 795,245	$ 41,347	$ -
Accounting and legal	185,648	-	-
Consulting	390,479	138,565	152,117
Personnel	203,641	217,562	30,487
Travel	111,170	3,091	4,118
Total	$ 1,686,183	$ 400,565	$ 186,722

20. INCOME TAXES

Taxation in the Company and its subsidiaries' operational jurisdictions is calculated at the rates prevailing in the respective jurisdictions. A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	For the Years ended December 31, 2020	**2019**
Loss before income taxes	$ (2,300,372)	$ (5,530,641)
Tax recovery based on the statutory rate of 27%	(621,000)	(1,494,000)
Non-deductible items and other	617,469	428,382
Share issuance costs	(1,382)	(1,382)
Adjustments to prior years provision versus statutory tax returns	(211,087)	-
Change in unrecognized deferred income tax assets	216,000	1,067,000
Income tax recovery	$ -	$ -

(Expressed in Canadian Dollars)

20. INCOME TAXES (continued)

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

				As at December 31,
		2020		**2019**
Non-capital loss carry-forwards	$	3,580,000	$	3,360,000
Share issuance costs		4,000		6,000
Capital assets		-		2,000
Unrecognized deferred tax assets		(3,584,000)		(3,368,000)
Net deferred tax asset	$	-	$	-

As at December 31, 2020, the Company has estimated non-capital losses of $7,591,740 (2019 - $12,298,348) for Canadian income tax purposes that may be carried forward to reduce taxable income expiring in various amounts starting from 2030 to 2040.

21. 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:

(a) 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.

(b) 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 December 31, 2020, the Company had a cash balance of $35,626 (December 31, 2019 - $661,121) to settle current liabilities of $1,727,451 (December 31, 2019 - $1,660,970).

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) 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 loan payable and convertible debentures are not subject to interest rate risk as they are a fixed rate. The

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Company is not exposed to other 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.

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

	December 31, 2020		**December 31, 2019**	
	US Dollar	Japanese Yen	US Dollar	Japanese Yen
Cash	2,759	58,968	20,971	5,632
Accounts receivable	-	-	-	85,654
Accounts payable	169,656	14,720,800	94,002	14,720,800
Total	172,415	14,779,768	114,973	14,812,086

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

(d) Fair Value of Financial Instruments

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

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

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

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

The carrying values of cash and cash equivalent, accounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their fair value given their short-term nature. The loan payable and convertible debentures are recorded at amortized cost.

As at December 31, 2020 and 2019, the Company's has no Level 3 instrument.

22. 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 year.

23. 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 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. The Company's assets are held in Canada.

24. SUBSEQUENT EVENTS

On January 25, 2021, the Company settled a total of $95,000 in outstanding debts to two creditors at arm's length through the issuance of a total of 1,400,000 shares to the creditors.

On February 3, 2021, the Company settled a further $18,000 in outstanding debts to a creditor through the issuance of 250,000 shares to the creditor.

On March 6, 2021, a total of 75,000 options granted to a former employee of the Company expired.

On March 9, 2021, the Company announced a consolidation of its class A common shares on the basis of 1 post-consolidation share for every 10 pre-consolidation shares. Class A common shares, share options and warrants balances disclosed throughout these consolidated financial statements were adjusted to reflect the post-consolidation balances retrospectively.

On March 18, 2021, the Company and its lender have agreed to extend the maturity date for its outstanding $300,000 principal amounts of convertible debentures to September 18, 2021. In connection with the extension, the underlying detachable share purchase warrants will also have their maturity date extended to September 18, 2021.

On March 22, 2021, the Company cancelled 200,000 options granted to 2 former directors of the Company.

On April 20, 2021, the Company cancelled 80,000 options granted to a former director of the Company.