LOOPShare Ltd.

Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2021 and 2020

Notice of No Auditor Review

The accompanying unaudited condensed interim consolidated financial statements of LOOPShare Ltd. (the “Company) have been prepared by and are the responsibility of the Company’s management. In accordance with National Instrument 51-102, Company discloses that its independent auditor has not performed a review of these condensed interim consolidated financial statements.

LOOPShare Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at March 31, 2021 and December 31, 2020

(Expressed in Canadian Dollars)

	Note		March 31, 2021		December 31, 2020
Assets					
Current assets:					
Cash and cash equivalent		$	30,076	$	35,626
Accounts receivable	5		39,107		43,758
Prepaid expenses and deposits	6		55,987		207,293
Inventory	7		420,783		351,632
Total current assets			545,953		638,309
Non-current assets:					
Property and equipment	8		16,468		23,788
Total Assets		**$**	**562,421**	**$**	**662,097**
Liabilities and Shareholders' Equity (Deficiency)					
Current liabilities:					
Accounts payable and accrued liabilities	9, 11	$	941,411	$	972,072
Accrued compensation	9, 11		64,089		118,346
Due to related parties	11		62,897		49,481
Loan payable	12		244,665		244,665
Convertible debentures and related interest	14		331,064		317,956
Lease liability	13		21,219		24,931
Total current Liabilities			1,665,345		1,727,451
Non-current liabilities:					
Lease liability	13		-		2,213
Convertible debentures and related interest	14		258,623		247,157
Loan payable	12		18,651		17,756
Total Liabilities		**$**	**1,942,619**	**$**	**1,994,577**
Shareholders' Equity (Deficiency)					
Class A common share capital	15	$	17,391,661	$	17,278,661
Reserves			2,346,197		2,326,941
Deficit			(21,094,604)		(20,914,630)
Accumulated other comprehensive loss			(23,452)		(23,452)
Total Shareholders' Equity (Deficiency)		**$**	**(1,380,198)**	**$**	**(1,332,480)**
Total Liabilities and Shareholders' Equity (Deficiency)		**$**	**562,421**	**$**	**662,097**

Going concern – Note 2
Subsequent events – Note 21

Approved by the directors:

___“MATTHEW CLAYTON”_______ ______ROOP MUNDI”__________

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

LOOPShare Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

		For the Three Months ended March 31,	
		2021	**2020**
	Note		
Revenue	16	$ 173,334	$ 39,200
Cost of Sales		(173,521)	(27,293)
Gross Margin		(187)	11,907
Expenses			
Operating expenses:			
Amortization of intangible asset		-	63,187
Depreciation	8	7,320	36,689
Finance costs	12,13,14	25,469	192,079
General and administrative	17	151,552	332,363
Research and development	17	-	42,043
Sales and marketing	17	108,140	54,569
Share-based compensation	15	19,256	324,578
Total expenses		311,737	1,045,508
Net loss before other items		$ (311,924)	$ (1,033,601)
Other items			
Currency exchange gain		79,680	38,000
Gain on settlement of debt and accounts payable	9	52,270	-
Net Loss		**$ (179,974)**	**$ (995,601)**
Other comprehensive loss			
Foreign currency translation adjustment		-	(69,124)
Total Comprehensive Loss		**$ (179,974)**	**$ (1,064,725)**
Loss per share – basic and diluted		**$ (0.06)**	**$ (0.36)**
Weighted average number of common shares		**3,161,142**	**2,982,886**

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

LOOPShare Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

For Three Months Ended March 31, 2021 and Year Ended December 31, 2020

(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, 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	15	-	-	722,393	-	-	722,393	-	-	-	722,393
Shares issued for cash – Exercise of warrants	15	5,000	25,000	-	-	-	-	-	-	-	25,000
Shares issued for debt settlement	15	60,000	45,000	-	-	-	-	-	-	-	45,000
Issuance of convertible debentures	14	-	-	-	-	293,680	293,680	-	-	-	293,680
Warrants issued for loan payable	15	-	-	-	134,337	-	134,337	-	-	-	134,337
Settlement of debt with related party	11	-	-	-	-	-	-	(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)**
Share-based compensation	15	-	-	19,256	-	-	19,256	-	-	-	19,256
Shares issued for debt settlement	15	165,000	113,000	-	-	-	-	-	-	-	113,000
Shares consolidation adjustment		(11)	-	-	-	-	-	-	-	-	-
Comprehensive loss for the period		-	-	-	-	-	-	-	(179,974)	-	(179,974)
Balance, March 31, 2021		**3,209,468**	**17,391,661**	**19,256**	**-**	**-**	**2,346,197**	**-**	**(21,094,604)**	**(23,452)**	**(1,380,198)**

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

LOOPShare Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

	For the Three Months ended March 31,			
		2021		2020
Cashflow provided by (used in) operating activities:				
Net loss	$	(179,974)	$	(995,601)
Items not involving cash				
Amortization of intangible asset		-		63,187
Depreciation		7,320		36,689
Finance costs		25,469		192,080
Share-based payment		19,256		324,578
Gain on settlement of debt and accounts payable		(52,270)		-
Currency exchange gain		(79,680)		-
Changes in non-cash working capital				
Accounts receivable and due from related party		18,067		(38,828)
Prepaid expenses and deposits		151,306		(258,307)
Inventory		(69,151)		(35,699)
Accounts payables and accrued liabilities		165,473		174,660
Cash provided by (used in) operating activities	$	5,816	$	(537,241)
Cashflow provided by (used in) financing activities:				
Lease payments		(11,366)		-
Issuance of common shares		-		25,000
Repayment of loan payable, related party loan, and bridge loan		-		(27,466)
Proceeds from conventible debentures issued		-		300,000
Cash provided by (used in) financing activities	$	(11,366)	$	297,534
Effect of foreign exchange		-		(69,124)
Net decrease in cash	**$**	**(5,550)**	**$**	**(308,831)**
Cash and cash equivalent, beginning of the year	$	35,626	$	661,121
Cash and cash equivalent, end of the year	**$**	**30,076**	**$**	**352,290**
Cash and cash equivalent consists of				
Cash	$	28,076	$	352,290
Guaranteed Investment Certificate (GIC)	$	2,000	$	-

The accompanying notes are an integral part of these condensed interim 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 focused on two-wheel electric vehicle transportation. The Company 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 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 condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting* ("IAS 34") and should be read in conjunction with the Company's annual consolidation financial statements for the year ended December 31, 2020.

These condensed interim consolidated financial statements were approved by the Board of Directors on May 31, 2021.

Basis of Measurement

These condensed interim 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 condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of Consolidation

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

Name	Country of Incorporation	Functional Currency	% equity interest As at March 31, 2021
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 condensed interim 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 condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. The Company is dependent upon raising debt and equity financing to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to develop and deploy its technology, and settle liabilities. The Company has incurred losses since inception and expects to incur further losses in the development of its business.

As at March 31, 2021 the Company had a net working capital deficiency of $1,119,392 and a deficit of $21,094,604. The Company generated $173,334 in revenues for the three months ended March 31, 2021 (2020 - $39,200). 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.

In March 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

The accounting policies disclosed in the notes to the annual consolidated financial statements of the Company for the year ended December 31, 2020 have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's condensed interim 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 condensed interim 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.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

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;
- 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 March 31, 2021, the Company had not recognized any internally-generated intangible assets.

5. ACCOUNTS RECEIVABLE

		March 31, 2021		December 31, 2020
Accounts receivable	$	20,747	$	25,719
Sales tax receivable		17,302		18,039
	$	**39,107**	**$**	**43,758**

6. PREPAID EXPENSES AND DEPOSITS

		March 31, 2021		December 31, 2020
Deposit for inventory	$	54,921	$	206,227
General expenses		1,066		1,066
	$	**55,987**	**$**	**207,293**

7. INVENTORY

		March 31, 2021		December 31, 2020
Inventory parts	$	-	$	-
Finished goods		27,622		27,622
Scooters		78,800		217,072
Consignment (Scoot-E-Bikes)		314,361		106,938
	$	**420,783**	**$**	**351,632**

During the fiscal year 2020, the Company reclassified all Scooters from Property and Equipment to Inventory. Units available for sale are carried at their net realizable value. Finished goods consists of scooters purchased from third parties to resell.

(Expressed in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

		Right-of-Use Asset
Cost		
As at December 31, 2019 and 2020, and March 31, 2021	$	**65,876**
Accumulated depreciation		
As at December 31, 2019		**(20,129)**
Additions		(21,959)
As at December 31, 2020	$	**(42,088)**
Additions		(7,320)
As at March 31, 2021	$	**(49,408)**
Net book value		
As at December 31, 2020	$	**23,788**
As at March 31, 2021	$	**16,468**

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2021		December 31, 2020
Accounts payable	$	**700,822**	$	**828,072**
Accrued liabilities		**176,500**		**144,000**
Accrued compensation		**64,089**		**118,346**
	$	**941,411**	**$**	**1,090,418**

During the three months ended March 31, 2021, 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 $52,270 in the statement of loss and comprehensive loss related to the debt settled with employees and vendors. (2020 - $nil)

10. DISPOSAL OF SUBSIDIARY

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 12).

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.

(Expressed in Canadian Dollars)

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

	Three Months Ended March 31,	
	2021	**2020**
Salary & management fees	$ -	$ 166,369
Consulting	41,100	212,400
Directors' fees	-	40,000
Rent to a company controlled by a director	-	9,000
Share-based compensation expensed	12,434	403,018
Gain on settlement of debt	-	32,686
	$ 53,534	**$ 863,473**

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

	March 31, 2021	**December 31, 2020**
Companies controlled by directors and officers	$ 23,522	$ 24,491
Amounts due to the former CEO and president (Note 11)	-	-
Shares to be issued to the former CEO and president	-	-
Due from directors and officers	-	-
Due to directors and officers	39,375	24,990
	$ 62,897	**$ 49,481**

12. LOANS PAYABLE

	March 31, 2021	**December 31, 2020**
Current		
Accrued interest	16,544	16,544
Loan payable	228,121	228,121
	$ 244,665	**$ 244,665**
Non-Current		
CEBA Loan	18,651	17,756
Total	**$ 263,316**	**$ 262,421**

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 $228,121.

CEBA Loan

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.

(Expressed in Canadian Dollars)

12. LOANS PAYABLE (continued)

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.

During the three months ended March 31 2021, interest accretion was $895 (2020 - $nil). As of March 31, 2021, the carrying balance of the loan is $18,651 (December 31, 2020 - $17,756).

13. 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.

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:

		March 31, 2021	December 31, 2020
Right-of-use asset	$	16,469	23,788
Lease liability			
Short term	$	21,219	24,931
Long term	$	-	2,213

During the three months ended March 31, 2021, depreciation expense of $7,320 was recognized on the right-of-use asset (2020 - $36,689) and lease liability payments of $5,221 and finance cost of $1,331 were recognized (2020 - $2,989 and $1,229).

14. CONVERTIBLE DEBENTURES

Balance, as at December 31, 2019	$	-
Convertible debenture issued		478,333
Accretion and interest accrued		86,780
Balance as at December 31, 2020	**$**	**565,113**
Accretion and interest accrued		24,574
Balance as at March 31, 2021	**$**	**589,687**
Current	$	331,064
Long-term	$	258,623

14. CONVERTIBLE DEBENTURES (continued)

There were no convertible debentures issued during the three months ended March 31, 2021.

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.

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 March 31, 2021, the carrying value of the convertible debentures, including interest was $589,687 (December 31, 2020 - $565,113). During the three months ended March 31, 2021, accretion expense totalled $11,352 and the interest expense totalled $13,222 (2020 - $4,832 and $5,849) and are included in the finance costs in the statement of loss and comprehensive loss.

15. 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 March 31, 2021 there were 3,209,468 (December 31, 2020 – 3,044,479) issued and fully paid class A common shares.

(Expressed in Canadian Dollars)

15. SHARE CAPITAL AND RESERVES (continued)

(c) Share Issuances

The following class A common shares were issued during the three months ended March 31, 2021:

- On January 25, 2021 and February 3, 2021, The Company reached debt settlement agreement with former employees of the Company by issuing 165,000 class A common shares at a fair value of $113,000.

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)

(c) Escrow shares

During the three months ended March 31, 2021, 70,519 class A common shares were released from escrow and Nil class A common shares were deposited. The resulting balance of shares held in escrow as at March 31, 2021 is 166,605.

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.

(d) Stock Options

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

The continuity of the stock options for three months ended March 31, 2021 and the year ended December 31, 2020 is as follows:

	Options	Weighted Average Exercise Price
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
Forfeited	(27,500)	4.580
Balance, March 31, 2021	203,000	

During the three months ended March 31, 2021, 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.

(Expressed in Canadian Dollars)

15. SHARE CAPITAL AND RESERVES (continued)

The Company had the following activities during the three months ended March 31, 2021:

- In March 2021, the Company cancelled a total of 27,500 options previously issued to employees of the Company.

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.

Details of options outstanding and exercisable at March 31, 2021 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Exercise Price	Remaining Life (Years)
4,950	4,950	$20.00	July 6, 2021	$20.00	0.27
18,050	12,635	$5.00	November 23, 2023	$5.00	2.65
500	350	$11.00	March 15, 2024	$11.00	2.96
34,000	11,333	$6.00	July 18, 2024	$6.00	3.30
145,500	145,500	$4.00	January 3, 2025	$4.00	3.76
203,000	174,768			$4.78	

For the three months ended March 31, 2021, the Company recorded stock-based compensation of $19,256 (2020 –$324,578) in stock-based compensation in respect of incentive stock options.

(f) Warrants

The continuity of the warrants for the three months ended March 31, 2021 and the year ended December 31, 2020 is as follows:

	Warrants	Weighted Average Exercise Price
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 and March 31, 2021	707,921	4.730

(Expressed in Canadian Dollars)

15. SHARE CAPITAL AND RESERVES (continued)

(1) 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.

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

16. REVENUE

Revenue for the three months ended March 31, 2021 $173,334 which were derived from the sale of Scoot-E-Bikes and electric scooters. (2020 - $39,200).

Revenue for the three months ended March 31, 2021 and 2020 were 100% from North America.

17. EXPENSES BY NATURE

For the three months ended March 31, 2021:

	General and Administration	Research and Development	Sales and Marketing
Office expense	$ 4,903	$ -	$ -
Accounting and legal	127,149	-	-
Consulting	19,500	-	31 730
Personnel	-	-	76,411
Total	$ 151,552	$ -	$ 108,140

For the three months ended March 31, 2020:

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

18. 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:

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(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 March 31, 2021, the Company had a cash balance of $30,076 (December 31, 2020 - $35,626) to settle current liabilities of $1,683,996 (December 31, 2020 - $1,727,451).

(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 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 March 31, 2021 and December 31, 2020, the Company was exposed to foreign currency risk through the following financial assets and liabilities denominated in foreign source currencies.

	March 31, 2021		**December 31, 2020**	
	US Dollar	Japanese Yen	US Dollar	Japanese Yen
Cash	5,125	58,968	2,759	58,968
Accounts receivable	-	-	-	-
Accounts payable	255,073	14,720,800	169,656	14,720,800
Total	260,198	14,779,768	172,415	14,779,768

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(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 March 31, 2021 and December 31, 2020, the Company's has no Level 3 instrument.

19. 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.

20. SEGMENT REPORTING

During the three months ended March 31, 2021, the Company earned revenue from the sale of electric scooters and Scoot-E-Bike in Canada and the United States. Costs of sales incurred were cost required to acquire the inventory from third party vendors. 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.

21. SUBSEQUENT EVENTS

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