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**MOBILUM TECHNOLOGIES INC.  
(FORMERLY TECHX TECHNOLOGIES INC.)**

**Consolidated Financial Statements**

**As at and for the Years Ended February 28, 2022 and 2021**

*(Expressed in U.S. Dollars)*

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CONSOLIDATED FINANCIAL STATEMENTS

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July 21, 2022

Edmonton, Alberta

## **INDEPENDENT AUDITOR'S REPORT**

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To the Shareholders of Mobilum Technologies Inc.

### **Opinion**

We have audited the consolidated financial statements of Mobilum Technologies Inc. (the Company), which comprise the consolidated statements of financial position as at February 28, 2022, and the consolidated statements of net and comprehensive loss, changes in equity (deficiency) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at February 28, 2022, and the consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### **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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the consolidated 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.

### **Emphasis of Matter - Material Uncertainty Relating to Going Concern**

We draw your attention to Note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty 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 Matter**

The consolidated financial statements for the year ended February 28, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 28, 2021.

### **Other Information**

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, which includes 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.

(continues)

Independent Auditor's Report to the Shareholders of Mobilum Technologies Inc.  
(continued)

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

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

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

In preparing the consolidated 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 Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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.

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Independent Auditor's Report to the Shareholders of Mobilum Technologies Inc.  
(continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Justin Rousseau.

*Kingston Ross Pasmak LLP*  
**Kingston Ross Pasmak LLP**  
Chartered Professional Accountants

**MOBILUM TECHNOLOGIES INC.**  
**(FORMERLY TECHX TECHNOLOGIES INC.)**

Consolidated Statements of Financial Position

As at February 28, 2022 and 2021

(Expressed in U.S. Dollars)

	Note	February 28, 2022	February 28, 2021
<b>ASSETS</b>			
Current assets			
Cash	4	\$ 4,528,580	\$ 417,982
Amounts receivable	5	107,282	113,119
Due from liquidity providers	6	1,048,609	-
Prepaid expenses and deposits	7	183,190	185,967
Due from related parties	17	-	44,484
Total current assets		5,867,661	761,552
Non-current assets			
Right-of-use asset	11	32,277	-
Equipment	10	1,893	-
Long-term receivables and deposits		-	195,975
Intangible assets	9	4,335,656	-
Investments	8	1	-
Goodwill	8	3,101,203	-
Total assets		\$ 13,338,691	\$ 957,527
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	13	\$ 2,485,908	\$ 690,896
Notes payable and demand loans	14	-	360,215
Due to related parties	17	567,428	-
Customer deposits		22,398	-
Current portion of lease liability	12	32,044	39,138
Total current liabilities		3,107,778	1,090,249
Long-term portion of lease liability	12	8,322	14,397
Government loan	15	27,995	33,310
Total liabilities		3,144,095	1,137,956
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital	18	60,341,497	19,995,798
Reserves	17,18	8,413,884	4,380,565
Accumulated other comprehensive losses		(1,688,664)	(367,659)
Deficit		(56,872,121)	(25,076,131)
Equity attributable to equity holders of the parent		10,194,596	(1,067,427)
Non-controlling interest	25	-	886,998
Total shareholders' equity (deficit)		10,194,596	(180,429)
Total liabilities and shareholders' equity (deficit)		\$ 13,338,691	\$ 957,527

Nature of operations and going concern (Note 1)

Commitments (Note 22)

Subsequent events (Note 27)

Approved On behalf of the Board of Directors, on July 21, 2022

"Katarzyna Kinga Piquette"  
Katarzyna Kinga Piquette, Director

"Robert Niziol"  
Robert Niziol, Director

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

**MOBILUM TECHNOLOGIES INC.**  
**(FORMERLY TECHX TECHNOLOGIES INC.)**

Consolidated Statements of Cash Flows

For the years ended February 28, 2022 and 2021

(Expressed in U.S. Dollars)

	Note	For the Year Ended:	
		February 28, 2022	February 28, 2021
Sales	16	\$ 1,084,558	\$ 3,223
Cost of sales	16	-	-
Gross Profit		1,084,558	3,223
<b>OPERATING EXPENSES</b>			
General and administrative	24	6,033,974	2,736,536
Marketing and selling		1,734,386	405,280
Research and development		266,145	15,548
Total operating expenses		(8,034,505)	(3,157,364)
<b>LOSS BEFORE OTHER ITEMS</b>		<b>(6,949,947)</b>	<b>(3,154,141)</b>
Other income (expenses)	24	(24,722,308)	(1,686,701)
<b>LOSS FROM CONTINUING OPERATIONS</b>		<b>(31,672,255)</b>	<b>(4,840,842)</b>
Income from discontinued operations	25	(123,735)	-
<b>NET LOSS FOR THE YEAR</b>		<b>\$ (31,795,990)</b>	<b>(4,840,842)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Cumulative translation adjustment		(1,321,005)	(229,497)
<b>COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>\$ (33,116,995)</b>	<b>\$ (5,070,339)</b>
<b>Allocation of Net Loss</b>			
Equity holders of the parent		\$ (31,795,990)	\$ (4,827,840)
Non-controlling interest		-	(13,002)
<b>NET LOSS</b>		<b>\$ (31,795,990)</b>	<b>\$ (4,840,842)</b>
<b>Allocation of Comprehensive Loss</b>			
Equity holders of the parent		\$ (33,116,995)	\$ (5,057,337)
Non-controlling interest		-	(13,002)
<b>COMPREHENSIVE LOSS</b>		<b>\$ (33,116,995)</b>	<b>\$ (5,070,339)</b>
<b>EARNINGS (LOSS) PER SHARE</b>			
<b>From Continuing Operations</b>			
Basic and Diluted		\$ (0.23)	\$ (0.07)
<b>LOSS PER SHARE, Basic and Diluted</b>		<b>\$ (0.23)</b>	<b>\$ (0.07)</b>
<b>Weighted average number of shares outstanding, Basic and Diluted</b>		<b>139,870,402</b>	<b>69,681,837</b>

**MOBILUM TECHNOLOGIES INC.**  
**(FORMERLY TECHX TECHNOLOGIES INC.)**

Consolidated Statements of Cash Flows

For the years ended February 28, 2022 and 2021

(Expressed in U.S. Dollars)

	For the Year Ended	
	February 28, 2022	February 28, 2021
<b>Cash Provided By (Used In)</b>		
<b>Operating Activities</b>		
Comprehensive loss for the period	\$ (31,795,990)	\$ (4,840,842)
Items not affecting cash:		
Depreciation of property and equipment	1,578	37,417
Accretion	10,146	2,800
Share-based compensation	3,931,176	1,381,696
Lease interest	-	30,288
Depreciation of right-of-use assets	18,475	148,721
Impairment of intangible assets	5,258,410	1,793,817
Impairment of investment	16,093,268	-
Impairment of receivables	1,670,645	-
Other income	-	(13,481)
Loss on revaluation of digital currencies	360,079	1,981
Gain on settlement of debt	(15,325)	(61,071)
Gain on termination of lease	-	(16,007)
Loss on disposal of subsidiary	1,940,558	-
Consulting fees	-	247,435
Changes in non-cash working capital:		
Accounts receivable	114,211	8,292
Due from related party	-	(44,484)
Digital currencies	-	33,814
Prepaid expenses and deposits	(21,043)	(88,333)
Accounts payable and accrued liabilities	569,242	424,359
Accounts payable to related parties	(1,599,603)	(133,431)
Due from liquidity providers	2,132,024	-
Notes payable and demand loans	(360,215)	-
<b>Net cash used in operating activities</b>	<b>(1,692,364)</b>	<b>(1,086,376)</b>
<b>Investing Activities</b>		
Deposit of future investment	195,975	(195,975)
Investment in CatalX	(207,091)	-
Acquisition of property and equipment	(5,940)	-
Net effect assumed on Mobilum OU acquisition	65,478	-
<b>Net cash used in investing activities</b>	<b>48,422</b>	<b>(195,975)</b>
<b>Financing Activities</b>		
Principal portion of lease payments repayment	(12,603)	(59,443)
Proceeds from the issuance of common shares	7,997,242	751,027
Share issuance costs	(123,304)	-
CEBA loan proceeds/repayment	(15,461)	43,991
Proceeds from note payable	-	437,564
Due to related parties	(739,448)	-
Repayment of notes payable	-	(77,349)
<b>Net cash provided by financing activities</b>	<b>7,106,426</b>	<b>1,095,790</b>
<b>Increase (decrease) in cash</b>	<b>5,462,484</b>	<b>(186,561)</b>
<b>Effect of foreign exchange rate changes on cash</b>	<b>(1,351,886)</b>	<b>(89,162)</b>
<b>Cash, beginning of the period</b>	<b>417,982</b>	<b>693,705</b>
<b>Cash, end of the period</b>	<b>\$ 4,528,580</b>	<b>\$ 417,982</b>

Supplemental cash flow disclosure (Note 23). The accompanying notes are an integral part of these consolidated financial statements.



**MOBILUM TECHNOLOGIES INC.**  
**(FORMERLY TECHX TECHNOLOGIES INC.)**

Consolidated Statements of Changes in Equity (Deficiency)

For the years ended February 28, 2022 and 2021

(Expressed in U.S. Dollars)

	Note	Share capital (Note 18)		Reserves	Accumulated other comprehensive loss	Non-controlling interest	Deficit	Total
		Shares issued <sup>1</sup>	Amount					
<b>Balance, March 1, 2020</b>		<b>68,962,997</b>	<b>\$ 17,203,519</b>	<b>\$ 2,998,869</b>	<b>\$ (138,162)</b>	<b>\$ 900,000</b>	<b>\$ (20,248,291)</b>	<b>\$ 715,935</b>
Comprehensive loss for the year		-	-	-	(229,497)	(13,002)	(4,827,840)	(5,070,339)
Private placements		10,050,000	791,652	-	-	-	-	791,652
Finders' fees		-	(8,972)	-	-	-	-	(8,972)
Shares issued for consulting services		405,714	247,435	-	-	-	-	247,435
Shares issued for acquisition of intangible assets		3,800,000	1,793,817	-	-	-	-	1,793,817
Subscription receivable		-	(31,653)	-	-	-	-	(31,653)
Stock-based compensation	18	-	-	1,381,696	-	-	-	1,381,696
<b>Balance, February 28, 2021</b>		<b>83,218,711</b>	<b>19,995,798</b>	<b>4,380,565</b>	<b>(367,659)</b>	<b>886,998</b>	<b>(25,076,131)</b>	<b>\$ (180,429)</b>
<b>Balance, March 1, 2021</b>		<b>83,218,711</b>	<b>\$ 19,995,798</b>	<b>\$ 4,380,565</b>	<b>\$ (367,659)</b>	<b>\$ 886,998</b>	<b>\$ (25,076,131)</b>	<b>\$ (180,429)</b>
Comprehensive loss for the year		-	-	-	(1,321,005)	-	(31,795,990)	(33,116,995)
Private placements	18	20,000,000	7,997,241	-	-	-	-	7,997,241
Shares issued to finders	18	750,000	772,147	-	-	-	-	772,147
Finders' fees	18	-	(123,304)	-	-	-	-	(123,304)
Shares issued for investment in CatalX	8,18	15,000,000	15,442,937	-	-	-	-	15,442,937
Shares issued for acquisition of Mobilum OU	8,18	26,666,667	6,940,983	-	-	-	-	6,940,983
Shares issued for acquisition of intangible assets	8,18	10,593,980	9,323,242	-	-	-	-	9,323,242
Shares issued for settlement of debt	18	164,062	91,297	-	-	-	-	91,297
Equity awards		1,804,500	226,500	(223,200)	-	-	-	3,300
Stock-based compensation	18	-	-	3,931,175	-	-	-	3,931,175
Fair value of agent warrants granted	18	-	(325,344)	325,344	-	-	-	-
Disposal of an entity	25	-	-	-	-	(886,998)	-	(886,998)
<b>Balance, February 28, 2022</b>		<b>158,197,920</b>	<b>\$ 60,341,497</b>	<b>\$ 8,413,884</b>	<b>\$ (1,688,664)</b>	<b>\$ -</b>	<b>\$ (56,872,121)</b>	<b>\$ 10,194,596</b>

<sup>1</sup>Adjusted for 2.5:1 share consolidation on February 4, 2021

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Mobilum Technologies Inc. (formerly TechX Technologies Inc.) (the "Company") was incorporated on June 11, 2010 under the Laws of British Columbia. The Company is traded on the Canadian Securities Exchange ("CSE") under the symbol MBLM (formerly TECX). On July 21, 2021, the Company changed its name from "TechX Technologies Inc." to "Mobilum Technologies Inc." to reflect the adoption of the umbrella brand "Mobilum". The CSE symbol changed from "TECX" to "MBLM". The Company is dedicated to revolutionizing established industries by providing payment processing solutions with powerful payment integrations, smart contract technology, and digital remittances to manage cryptocurrency businesses online. In the year ended February 28, 2022, the Company streamlined its investments and products portfolio through various acquisitions and now its principal focus is including a payments platform solution, a digital asset exchange platform and interactive widget solution - all catering to the cryptocurrency businesses. During the year ended February 28, 2022, the Company changed its head office from 260 – 3480 Gilmore Way, Burnaby, B.C., V5G 4Y1 to 700-838 W Hastings Street, Vancouver, BC V6C 0A6.

The Company incurred a comprehensive loss for the year ended February 28, 2022 of \$33,116,995 (February 28, 2021 – \$5,070,339). As at February 28, 2022, the Company had a working capital of \$2,759,883 (February 28, 2021 – deficiency of \$328,697) and an accumulated deficit of \$56,872,121 (February 28, 2021 – \$25,076,131) and expects to incur further losses in the development of its business. The Company's ability to continue operations in the normal course of business is dependent upon establishing sufficient cash flows from its business development projects, or on the receipt of additional debt or equity financing. The nature and significance of these conditions along with the continuing losses and accumulated deficit indicates the existence of a material uncertainty, which casts significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different than those reflected in the consolidated financial statements. Such adjustments could be material.

In prior fiscal year, the effect of COVID-19 has had material and significant impact on the Company's operations having been affected by complete shut down in operations, the inability to continue development on its technologies, a downturn in successful business development, the inability to meet operational and technology milestones, and the inability to be compliant in making its required continuous disclosure filings with securities regulatory authorities in a timely manner. At the end of the prior fiscal year, the Company was successful in raising equity funding and further invest in technologies and development. Currently, the Company and its projects and development are affected by some Covid-19 restrictions, such as ability to travel and some hinderances in technology development.

The Company continues to closely evaluate the impact of COVID-19 on its operations.

## 2. BASIS OF PRESENTATION

### Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standard Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements are authorized for issue by the Board of Directors on July 21, 2022.

These consolidated financial statements have been prepared on the historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

### Functional and Presentation Currency

These consolidated financial statements are presented in U.S. dollars unless otherwise noted. The financial statements of each company within the consolidated group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of Mobilum Technologies Inc. (“parent”) (formerly TechX Technologies Inc.) and TechX Labs Inc. (formerly LiteLink Labs Inc.) is the Canadian dollar (“CAD”), the functional currency of AXS Innovations Inc. and Mobilum Technologies USA Inc. is the U.S. dollar, functional currency of Mobilum OU and Mobilum Technology UAB is Euro (“EUR”) and functional currency of Mobilum Pay Sp. z o.o. is Polish Zloty (“PLN”).

### Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned legal subsidiaries on a consolidated basis after the elimination of intercompany transactions and balances. Subsidiaries are entities the Company controls when it is exposed, or has rights, to variable returns from its involvement and can affect those returns through its power to direct the relevant activities of the entity. The Company’s parent and subsidiaries are as below:

Entity	Place of incorporation	Economic interest	Status
Mobilum Technologies Inc. (“MBLM”)	British Columbia, Canada	Parent	Active
AXS Innovations Inc. (“AXS”)	British Columbia, Canada	100%	Active
TechX Labs Inc. (“Labs”)	British Columbia, Canada	100%	Active
Mobilum Technologies USA Inc. (“Mobilum USA”)	Wyoming, United States	100%	Active
Mobilum OU (“Mobilum OU”)	Tallin, Estonia	100%	Active
Mobilum OU (“Mobilum OU”)	Warsaw, Poland	100%	Active
Mobilum Technology UAB (“Mobilum UAB”)	Vilnius, Lithuania	100%	Active

On October 20, 2021 the Company opened a new entity Mobilum Technologies USA Inc, registered at 30N Gould St, Ste R, Sheridan, Wyoming 82801 to ensure regulatory and licensing compliance for its operations in North America.

During year ended February 28, 2022, the Company acquired 100% ownership in Mobilum OU, including its subsidiary Mobilum Pay Sp. z.o.o., XPort Digital Limited and Bull Market Media Inc. (Note 8). During the year, the Company also divested from its 97%-owned subsidiary (through AXS), uBuck Technologies SEZC, from its 100% owned subsidiary XPort Digital Limited (Note 25) and dissolved Bull Market Media Inc.

Additionally, the Company incorporated a new subsidiary, Mobilum Technology UAB in Vilnius, Lithuania during the year ended February 28, 2022.

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

## 2. BASIS OF PRESENTATION (continued)

### Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the reporting date. Actual results could differ from these estimates.

### Critical Judgments

The preparation of these consolidated financial statements requires management to make judgments:

- i) Going concern: The going concern of the Company is previously discussed in Note 1.
- ii) Functional currency: The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of the legal parent and subsidiaries as described above. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.
- iii) Intangibles – impairment: The application of the Company’s accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. At least annually or whenever there is an indicator for impairment management evaluates the recoverable amount, which is the higher of an asset’s fair value less costs to sell and value in use. Intangibles are written down to their recoverable amount when a decline is identified. The determination of the recoverable amount requires the use of management’s best assessment of the related inputs into the valuation models, such as future cash flows and discount rates.
- iv) Revenue recognition: The Company’s revenue is comprised of OTC trading infrastructure services and payment processing solutions (such as widget integration) performed for a third party. Revenues are recognized when performance of services have occurred in accordance with contractual obligations. The Company recognizes revenue in an amount that reflects the transaction price and satisfaction of performance obligations. The area of judgment includes identifying the performance obligation per the definition within IFRS 15 *Revenue from Contracts with Customers* and determining whether control has passed to the customer.

### Key sources of estimation uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates, and such differences could be material. Significant estimates made by management affecting the consolidated financial statements include:

- i) Recovery of deferred tax assets: Judgment is required in determining whether deferred tax assets are recognized on the consolidated statements of financial position. Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future years, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future years.

**2. BASIS OF PRESENTATION (continued)**

**Use of estimates and judgments (continued)**

- ii) Determination of asset fair values and allocation of purchase consideration: Significant asset acquisitions require judgments and estimates to be made at the date of acquisition in relation to determining the relative fair value of computing equipment and future acquisition rights and the allocation of the purchase consideration over the fair value of the assets. The information necessary to measure the fair values as at the acquisition date of assets acquired requires management to make certain judgments and estimates about future events, including but not limited to availability of hardware and expertise, future production opportunities, future digital currency prices and future operating cost.
- iii) The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainties.
- iv) Depreciation: Depreciation of computing equipment is an estimate of its expected life. In order to determine the useful life of computing equipment, assumptions are required about a range of computing industry market and economic factors, including required hash rates, technological changes, availability of hardware, production costs and other factors. The estimates are reviewed at least annually and are updated if expectations change because of technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related depreciation expense.
- v) Digital currency valuation held in custody by liquidity providers: Digital currencies consist of cryptocurrencies (Note 6) and are included in current assets. Digital currencies are carried at their fair value determined by the closing price of coinmarketcap.com at the reporting date. Cost to sell the digital currencies are considered immaterial and no allowance is made for such costs. IAS2 allows fair value less cost of sell measurement if an entity acts as a broker-trader of cryptocurrencies which aligns with the Mobilum OU trading model. The digital currency market is a relatively new market and has been highly volatile; historical prices are not necessarily indicative of future value; a significant change in the market prices for digital currencies will have a corresponding impact on the Company's earnings and financial position.
- vi) Valuation of share-based compensation: The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.
- vii) Significant judgment is required in determining the provision for income taxes. Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Consolidated Entity reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities. The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity recognizes liabilities for anticipated tax audit issues based on the Consolidated Entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.
- viii) Goodwill and other indefinite life intangible assets: The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and subject to an insignificant risk of change value.

#### Digital currencies and fiat currencies due from liquidity providers (Note 6)

The Company includes balances of fiat and digital currencies being held in custody by the liquidity providers as current assets. Digital currencies are carried at their fair value and adjusted at each reporting date for revaluation gains and losses through profit and loss as well as when digital currencies are exchanged or sold for traditional (fiat) currencies, such as the U.S. dollar.

The Company, through its wholly owned subsidiary Mobilum OU, provides infrastructure for cryptocurrency on-ramp and off-ramp transactions and facilitates those transactions for a fee. Given the nature of fiat to crypto transactions, this process necessitates adequate sums of cryptocurrency typically in the least volatile form known as a stable coin such as USDT or USDC. Stable coin is easily and rapidly translated into other forms of cryptocurrency such as bitcoin. Enough stable coin must be available at the exchange to facilitate and support a complete capital cycle. For instance, a capital cycle for a fiat to crypto exchange and where the fiat is supplied via credit card transaction, the transfer of fiat from the acquirer to crypto operator can be up to 3 days. Therefore, at least 3 days value of daily crypto transactions would have to be held at the liquidity provider or exchange.

IAS 2 states that commodity broker-traders are required to measure their inventories at fair value less costs to sell, with changes in fair value less costs to sell being recognized in profit or loss in the period of the change. It is not clear however how to interpret the measurement exception for commodity broker-traders in the context of cryptocurrencies. On the one hand, following IAS 2's accounting for broker-traders would intuitively seem to be an appropriate approach for those entities that hold cryptocurrencies under a business model which involves actively buying and selling them. On the other hand, cryptocurrencies do not have physical form and analogizing to a scope exception which is specific to commodities might be seen by some as inappropriate.

Management's view is that the lack of clarity over this scope exception means it could be applied to the Company due to its business model under which cryptocurrency assets are acquired with the purpose of selling them in the near future and generating a profit from fluctuations in price and broker-traders' margin.

Fair value of cryptocurrency is determined using the closing price of each coin held at the reporting date quoted on coinmarketcap.com, costs to sell the digital currencies are considered immaterial, and no allowance is made for such costs.

#### Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Financial instruments**

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) and at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets and collect contractual cash flows, its contractual terms give rise on specified dates that are solely payments of principal and interest on the principal amount outstanding, and it is not designated as FVTPL.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

#### *Financial assets at FVTPL*

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in the consolidated statements of net loss and comprehensive loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company has classified its investments at fair value through profit or loss.

#### *Financial assets at FVTOCI*

Investments are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. The Company has not classified any financial assets at FVOCI.

#### *Financial assets at amortized cost*

Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and that the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are initially recognized at fair value and are measured subsequent at amortized cost.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Interest income is recognized using the effective interest method and is recognized in interest and other income on the consolidated statements of net and comprehensive loss. The Company has classified its cash, accounts receivable, other receivables, fiat currency included in due from liquidity provider and due from related parties as financial assets at amortized cost.

#### *Derecognition of financial assets*

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the consolidated statement of net and comprehensive loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Impairment of financial assets and contract assets*

The Company recognizes loss allowances for expected credit losses (“ECLs”) on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECL’s that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive). ECLs are discounted at the effective interest rate of the financial asset.



### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

#### Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to the consolidated statement of net and comprehensive loss and gain.

#### *Impairment of financial assets and contract assets*

#### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

#### *Financial liabilities*

The Company initially recognizes financial liabilities at fair value on the date that they are originated. All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual obligations are discharged or cancelled or expire.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit and loss or amortized cost. Subsequent to initial recognition financial liabilities are classified at amortized cost and measured using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss. The Company has classified its accounts payable, notes payable, lease liability and government loan as financial liabilities at amortized cost. The Company has no financial liabilities designated at FVTPL.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Investments

Investments are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the change in fair value of its investments based on the criteria below and records such change in profit and loss:

- There has been a significant new equity financing with arms-length investors at a valuation above or below the current fair value of the investee company, in which case the fair value of the investment is adjusted to the value at which the financing took place; or
- Based on financial information received from the investee company it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern, in which case the fair value of the investment is adjusted downward; or
- There have been significant corporate, operating, technological or economic events affecting the investee company that, in the Company's opinion, have a positive or negative impact on the investee company's prospects and, therefore, its fair value; or
- The investee company is placed into receivership or bankruptcy.

In addition to the circumstances described above, the Company will take into account general market conditions when determining if an adjustment to the fair value of an investment is warranted at the end of each reporting period. In the absence of the occurrence of any of these events, or any significant change in general market conditions, the fair value of the investment is left unchanged.

Application of the valuation techniques above may involve uncertainties and determinations based on the Company's judgment, and any value estimated from these techniques may not be realized.

#### Equipment

Equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. As well, all expenditures incurred to bring assets to the location and condition necessary for them to be operated in the manner intended by management. Gains and losses on disposal of an item of fixed assets are determined by comparing the proceeds from disposal with the carrying amount of item and are recognized net in profit or loss. Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized in profit or loss over the estimated useful lives of fixed assets, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The Company rates for depreciation are as follows:

Computer equipment	2 years straight-line
Furniture and office equipment	2 years straight-line
Leasehold improvements	Straight-line over the lease-term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Intangible assets**

The Company owns intangible assets consisting of software and purchased intellectual property. Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in connection with an asset acquisition are initially recorded at fair value. Following initial recognition, intangible assets are carried at initial carrying value less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. The Company does not hold any intangible assets with indefinite lives. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Research costs are charged to operations when they are incurred. Development costs are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible assets during its development. Management determined that as at February 28, 2022, it was not yet able to demonstrate with sufficient certainty that it is probable any economic benefits will flow to the Company. Accordingly, all research and development costs incurred to date have been expensed.

The amortization method and period of an intangible asset with a finite life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. During the year ended February 28, 2022, no depreciation was taken for the Company's intangible assets.

#### **Goodwill**

Goodwill arises on the acquisition of a business. Goodwill is not amortized. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

#### **Impairment of non-financial assets**

The Company reviews the carrying amounts of its non-financial assets, including property and equipment and intangible assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Assets carried at fair value, such as digital currencies, are excluded from impairment analysis.

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of the asset or cash generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available, fair value less costs to sell is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net income. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

#### **Right-of-use asset and lease obligation**

Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for lease prepayments, lease incentives received, the lessee's initial direct cost (e.g., commissions) and an estimate of restoration, removal and dismantling costs. Subsequently, lessees accrete the lease liability to reflect interest and reduce the liability to reflect lease payments made, and the related right-of-use asset is depreciated in accordance with the depreciation requirements of *IAS 16 Property and Equipment*. Right-of-use assets are subject to impairment testing under *IAS 36 Impairment of Assets*. Other leases are operating leases and are recognized on a straight-line basis in the Company's consolidated statements of loss and comprehensive loss. Please also see Note 9 – Right-of-Use Assets.

A contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. 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 at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and is adjusted for certain re-measurements of the lease liability.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the lease term or the end of the useful life of the right-of-use asset. The estimated useful life of the right-of-use assets are determined on the same basis as those of property and equipment. The determination of the depreciation period is dependent on whether the Company expects that the ownership of the underlying asset will transfer to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option.

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. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The Company applies judgment to determine the lease term for some lease contracts which contain renewal options.

The Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and leases with lease terms that are less than 12 months. Lease payments associated with these arrangements are instead recognized as an expense over the term on either a straight-line basis, or another systematic basis if more representative of the pattern of benefit.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### **Share capital**

Common shares and preferred shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects. For unit offerings, the proceeds from the issuance of units are allocated between common shares and share purchase warrants using the residual method, allocating fair value to the common shares first, and then to the share purchase warrants.

#### **Share-based compensation**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. At each reporting date, the Company revises its estimates of the number of options that are expected to vest, based on the non-market vesting conditions. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be reliably measured, they are measured at the fair value of the share-based payment. Otherwise, share based payments are measured at the fair value of goods or services rendered. Expired stock options are transferred from reserves to deficit.

#### **Loss per share**

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at exchange amount.

#### **Revenue recognition**

IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”) was issued to replace IAS 18, *Revenue* and IAS 11, *Construction Contracts* and related interpretations such as IFRIC 13, *Customer Loyalty Programs*. IFRS 15 introduces a single contract-based five-step model that applies to contracts with customers and two approaches for the recognition of revenue: at a point in time or over time.

The Company adopted IFRS 15 effective March 1, 2019. The adoption of this standard did not have a material impact on the Company’s consolidated financial statements.

The Company uses the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation.

These revenue-generating activities of the Company have a single performance obligation and revenue is recognized at the point in time when control of the product transfers to the customer and the Company’s obligations have been fulfilled. This generally occurs when the product is shipped or delivered to the customer, depending upon the method of distribution and shipping terms set forth in the contract.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for the sale of the Company’s product or the services rendered by the Company.

The Company primarily generates revenue through OTC trading transaction fees charged on its platform for providing the trading infrastructure and through providing payment processing solution to third parties. Services comprise a single performance obligation to provide a payment processing rails or a crypto asset matching service when customers buy, sell, or convert crypto assets on the platform. OTC trading infrastructure agreements specify a quoted, fixed price for depositing the assets, subsequently the company provides a trading infrastructure. That is, the Company via its subsidiary is an agent in those transactions between customers and present revenue for the fees earned on a net basis. Contracts for other payment processing solutions specify transaction fee charged on the platform based on volume of transactions – in that case the company also acts like an agent and recognizes the revenue earned on a net basis.

Judgment is required in determining whether the Company is the principal or the agent in transactions between customers. Management evaluated the presentation of revenue on a gross or net basis based on whether the Company controls the crypto asset provided before it is transferred to the customer (gross) or whether the Company acts as an agent by arranging for other customers on the platform to provide the crypto asset to the customer (net).

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

When there are transactions that are not controlled the crypto asset being provided before it is transferred to the buyer, the control period is relatively short-term, the front-end inventory risk related to the crypto asset is negligible as the Company procures the crypto asset once the order is confirmed, and the Company is responsible for fulfilment of the crypto asset insofar as to transfer the crypto asset to the customer as soon as practically possible. When there are transactions that the Company does not control, the crypto asset being provided before it is transferred to the buyer, do not have inventory risk related to the crypto asset, and are not responsible for the fulfilment of the crypto asset. In some cases, the Company does set the price for the crypto asset – subsequently the order is fulfilled at the market rate established by another arm’s length platforms. As a result, the Company acts as agent in facilitating the ability for a customer to purchase crypto assets from another customer.

The Company considers its performance obligation satisfied and recognize revenue at the point in time when the transaction is processed. Payment processing solution contracts with customers are usually open-ended and can be terminated by the Company without a termination penalty. Therefore, contracts are defined at the transaction level and do not extend beyond the service already provided. The Company charges a fee at the transaction level. The transaction price, represented by the trading fee, is calculated based on volume and may vary depending on the payment type and the value of the transaction.

Transaction revenue includes reductions in revenue from transaction fee reversals that may not be recovered from customers and including but not limited to market volatility in foreign exchange and increased transaction prices from our partners. Such reversals are rare and occur when the customer disputes a transaction processed on their credit card or their bank account for a variety of reasons and seeks to have the charge reversed after we have processed the transaction. The total transaction price is allocated to the single performance obligation. While the Company recognizes transaction fee reversals due to transaction reversals as a reduction of net revenue, crypto asset losses due to transaction reversals are included in transaction expenses.

#### **Research and development**

The primary components of research and development expenses are employee compensation and benefits, professional services, contractor services, and product development.

#### **Foreign exchange**

Transactions in currencies other than the functional currency of the Company and its subsidiaries are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non- monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. These exchange gains and losses arising on translation into functional currency are recognized through profit or loss.

The financial results and position of foreign operations whose functional currency is different from the Company’s presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date, and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company’s foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss. On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date. The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognized as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognized as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer. Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognized and also recognizes additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

#### **Recent Accounting Pronouncements**

##### **Application of new and revised accounting standards:**

##### ***Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)***

The amendments in Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments were applied effective March 1, 2021, and did not have a material impact on the Company's financial statements.

##### **Future Changes in Accounting Policies Not Yet Effective as at February 28, 2022:**

##### ***Consolidated Financial Statements and Investments in Associates and Joint Ventures (Amendments to IFRS 10 and IAS 28)***

The amendments in IFRS 10 and IAS 28 in September 2014 aim to address a conflict between the requirements of the two standards and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the asset sold or contributed constitute a business. The effective date of these amendments is yet to be determined with early adoption permitted. This amendment is not expected to have a material impact on the Company's financial statements.

##### ***Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)***

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2023, with early adoption permitted. This amendment is not expected to have a material impact on the Company's financial statements.



**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Future Changes in Accounting Policies Not Yet Effective as at February 28, 2022 (continued):**

***Presentation of Financial Statements (Amendments to IAS 1)***

The amendments in January 2020, provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

***Disclosure of Accounting Policies (Amendments to IAS 1)***

The amendments in February 2021 are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on or after January 1, 2023.

***Definition of Accounting Estimates (IAS 8)***

In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1 2023.

***Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)***

For some transactions, IFRS Standards require the simultaneous recognition of an asset and a liability. A consequence is that IAS 12 could also require the recognition of offsetting temporary differences. Before the amendments, it was not clear whether IAS 12 required recognition of deferred taxes for these temporary differences or whether the initial recognition exemption applied. That exemption prohibits an entity from recognising deferred tax assets and liabilities on initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable profit. The amendment aims to provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The amendments are applied on or after the first annual reporting period beginning on or after January 1, 2023, with early adoption permitted. This amendment is not expected to have a material impact on the Company's financial statements.

**4. CASH**

The Company operates in different jurisdictions and keeps cash in different currencies as a result. The table below shows the USD equivalent of currencies held as at February 28, 2022 and 2021:

	<b>February 28, 2022</b>	February 28, 2021
US Dollar	\$ 1,808,334	\$ 215,303
Canadian Dollar	1,034,127	202,679
EURO	913,390	-
Polish Zloty	756,939	-
Swiss Franc	15,790	-
	<b>\$ 4,528,580</b>	<b>\$ 417,982</b>

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**5. AMOUNTS RECEIVABLE**

	<b>February 28, 2022</b>	February 28, 2021
Trade receivable	\$ 129,713	\$ 14,568
Sales tax receivable	4,277	102,051
Other receivable	<b>1,615,879</b>	-
	<b>\$ 1,749,869</b>	\$ 116,619
Allowance for doubtful accounts	<b>(26,588)</b>	(3,500)
Discontinued operations	(120)	-
Allowance for XPort receivable	(351,637)	-
Allowance for uBuck receivable	(1,264,242)	-
	<b>\$ 107,282</b>	\$ 113,119

Trade receivable – net of allowance as at February 28, 2022 consists of trade receivables amounting to \$103,125 (February 28, 2021 – \$11,068).

The Company’s sales taxes receivable of \$4,277 (February 28, 2021 – \$102,051) arises from Goods and Services Tax (“GST”) due from the Canada Revenue Agency. The Company has subsequently filed the GST returns and is awaiting assessment.

During the year ended February 28, 2022 the Company divested from XPort subsidiary (acquired in 2021). Subsequently, balances due from the subsidiary of \$351,637 have been reclassified as other receivable. However, due to uncertainties regarding the collectability of the loan, the Company wrote down this receivable and recognized an impairment loss of \$351,637 in the consolidated statement of loss and comprehensive loss (2021 - \$Nil).

During the year ended February 28, 2022 the Company divested from uBuck subsidiary (acquired in 2019). Subsequently, balances due from the subsidiary of \$1,264,242 has been reclassified as other receivable. However, due to uncertainties regarding the collectability of the loan, the Company wrote down this receivable and recognized an impairment loss of \$1,264,242 in the consolidated statement of loss and comprehensive loss (2021 - \$Nil).

## 6. DUE FROM LIQUIDITY PROVIDERS

As at February 28, 2022 the Company, through its wholly owned subsidiary Mobilum OU, had following current assets due from liquidity providers:

As at:	February 28, 2022	
	Units	(\$)
Fiat currency:		\$ (268,165)
Digital currencies:		
BTC	15,74	679,871
USDT	559,071	559,070
USDC	20,000	19,998
ETH	10.10	29,481
XRP	26,485	20,711
LINK	0.10	2
DOT	403	7,641
		<b>\$ 1,048,609</b>

Liquidity providers are institutions holding fiat currencies and digital currencies in custody, for the purpose of facilitating on-ramp and off-ramp transactions.

Amounts due are for advances made to an exchange or liquidity provider. Exchanges and liquidity providers convert fiat into digital coin to facilitate and expedite the capital cycle of fiat to crypto exchange on behalf the Company and its clients using the Company's payments solutions platform. In order to expedite the process, the exchange or liquidity provider must maintain a float of digital coin to facilitate transaction. Given the nature of fiat to crypto transactions, this process necessitates adequate sums of cryptocurrency.

The fair value of digital currencies held in custody by the liquidity providers was determined using the closing price of the coin at the end of the period quoted on coinmarketcap.com.

## 7. PREPAID EXPENSES AND DEPOSITS

The Company's prepaid expenses and deposits consist of the following:

	February 28, 2022	February 28, 2021
Marketing and promotion	\$ 11,105	\$ -
Customer deposits	-	16,226
Prepaid insurance	39,690	-
Other prepaid expenses	132,395	169,741
	<b>\$ 183,190</b>	<b>\$ 185,967</b>

Prepaid expenses mostly pertain to business development expenses incurred subsequent to February 28, 2022.

Customer deposits as at February 28, 2021 represent wallet card prepayments from uBuck clients. Funds are initially held by the Company as deposits, then subsequently reduced as funds are transferred to client prepaid cards. In August 2021 the Company divested from uBuck subsidiary.

## 8. ACQUISITIONS AND INVESTMENTS

### Investment in CatalX CTS Ltd.

During the year ended February 28, 2021, a deposit of \$207,091 was made towards the investment in CatalX CTS Ltd. ("CatalX"), a cryptocurrency exchange company. On April 13, 2021, the Company paid the remaining \$207,091 pursuant to the agreement to acquire a 19% stake in a CatalX. On April 14, 2021, the Company issued 15,000,000 common shares pursuant to the agreement for a total share consideration of \$15,442,937. In conjunction with closing of the investment a finders' fee was paid to an arm's-length party of 750,000 common shares valued at \$772,147. The investment was recognized with a total value of \$16,629,266 at fair value through other comprehensive income.

At year-end, management assessed the investment for impairment, and after careful consideration determined that the value had deteriorated significantly. Therefore, the Company wrote down the investment to \$1 and recognized an impairment loss of \$16,093,268.

### Acquisition of Mobilum OU

On May 25, 2021, the Company signed an asset purchase agreement to purchase 100% of the issued and outstanding shares of Mobilum OU. Mobilum OU, incorporated in Tallin, Estonia on November 2, 2018, is a fintech company that builds integrations for small and large businesses to accept payments and manage their cryptocurrency businesses online. Mobilum OU is also a licensed financial institution offering Visa - Mastercard payment methods. The combined entities will leverage Mobilum OU's technical expertise, and seasoned management team with the Company's unique patent-pending technology and strong cash position resulting from the private placements (Note 18).

On July 19, 2021, the closing date of the transaction, the Company issued 26,666,667 common shares to Mobilum OU shareholders at a fair value of \$0.317 per share for a total aggregate consideration of \$8,464,613.

The fair value of the net assets acquired approximated their book values at acquisition date, except for Technology which fair value was determined using the cost approach in accordance with IFRS 13 – fair value measurement. The technology acquired relates to Mobilum OU's proprietary technical framework underlying its customizable widget and payment processing platforms. The technology consists of the following main platforms: (a) Mobilum CORE API ("Core API"); (b) Mobilum Wallet ("Wallet") – utilizes Core API to be a one-stop-shop application for retail customers willing to buy, hold and spend both fiat and crypto assets; and (c) Mobilum Payment Widget ("Widget") – a fully functional, configurable and customizable payment widget, which can be placed on any webpage or mobile application in order to allow customers to buy cryptocurrencies using payment cards.

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**8. ACQUISITIONS (continued)**

The table below summarizes the valuation techniques and significant inputs for the valuation of the identifiable assets and liabilities acquired from Mobilum OU:

Identifiable Assets and Liabilities	Valuation technique	Significant Inputs
Working Capital	Cost/carrying value	Book value at date of acquisition
Property and equipment	Cost/carrying value	Book value at date of acquisition
Shareholder loans	Cost/carrying value	Book value at date of acquisition
Intercompany loan	Cost/carrying value	Book value at date of acquisition
Technology	Fair Value using cost approach (cost of reproducing the intangible asset)	All development costs attributable to the technology including cost of materials, cost of labor, allocated support costs for the technology and a developer profit margin to arrive at total reproduction costs

The following table summarizes the fair value of the consideration transferred and the estimated fair values assigned to each major class of assets acquired and liabilities assumed at July 19, 2021 acquisition date:

<b>Total Consideration</b>		
FV of common shares	\$	8,464,613
Restricted stock discount		(1,523,630)
<b>Total Consideration</b>	<b>\$</b>	<b>6,940,983</b>
<b>Net identifiable assets acquired (liabilities assumed)</b>		
Cash	\$	65,478
Accounts receivable		135,052
Adjustment to prepaid expenses and deposits		2,599
Digital currencies		4,132,682
Equipment		117,623
ROU Asset		50,752
Intangible assets		4,335,656
Account payable and accrued liabilities		(1,409,227)
Customer deposit		(614,368)
Due to related parties		(216,406)
Lease liability		(53,673)
Loan from TechX Technologies		(2,706,349)
<b>Net assets acquired</b>	<b>\$</b>	<b>3,839,780</b>
<b>Purchase price allocation</b>		
Net identifiable assets acquired	\$	3,839,780
Goodwill		3,101,203
	<b>\$</b>	<b>6,940,983</b>

## 8. ACQUISITIONS (continued)

Goodwill arose in the acquisition as the cost of acquisition included a control premium. In addition, the consideration paid for the acquisition reflected the benefit of expected revenue growth and future market development. These benefits were not recognized separately from goodwill, as they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

In the period from July 19, 2021 to February 28, 2022, the operations of Mobilum OU contributed revenues of \$1,084,206 and a net income of \$50,298. If the acquisition had occurred on March 1, 2021, management estimates that the consolidated revenue would have been \$1,628,144 and a consolidated net loss would have been \$31,650,421 for the year ended February 28, 2022.

### Acquisition of XPort

On April 29, 2021, the Company signed an asset purchase agreement to purchase 100% of the issued and outstanding shares of XPort, which was incorporated in Kowloon, Hong Kong on June 10, 2020. XPort initially was setting a goal to develop into a merchant services fiat-to-crypto gateway on-ramp solution offering credit card processing for cryptocurrency exchanges, wallets and other cryptocurrency businesses.

On May 5, 2021, the Company issued 5,250,100 common shares to XPort shareholders at a fair value of \$0.804 per share for a total aggregate consideration of \$4,222,151. On June 3, 2021, the transaction was closed following the transfer of XPort shares to the Company.

The fair value of the net assets acquired approximated their book values at acquisition date, except for Technology which fair value was determined using the cost approach in accordance with IFRS 13 – fair value measurement.

The table below summarizes the valuation techniques and significant inputs for the valuation of the identifiable assets and liabilities acquired from XPort:

<b>Identifiable Assets and Liabilities</b>	<b>Valuation technique</b>	<b>Significant Inputs</b>
Working Capital	Cost/carrying value	Book value at date of acquisition
Technology	Fair Value using cost approach (cost of reproducing the intangible asset)	All development costs attributable to the technology including cost of materials, cost of labor, allocated support costs for the technology and a developer profit margin to arrive at total reproduction costs

XPort did not meet the definition of a business per IFRS. Therefore, the acquisition is accounted for as an asset acquisition rather than an acquisition of a business.

## 8. ACQUISITIONS (continued)

The following table summarizes the fair value of the consideration transferred and the estimated fair values assigned to each major class of assets acquired and liabilities assumed at June 3, 2021 acquisition date:

<b>Total Consideration</b>	
FV of common shares	\$ 4,819,223
Restricted stock discount	(597,072)
<b>Total Consideration</b>	<b>\$ 4,222,151</b>
<b>Net identifiable assets acquired (liabilities assumed)</b>	
Technology	4,126,897
Foreign currency translation adjustment	95,254
<b>Net assets acquired</b>	<b>\$ 4,222,151</b>

At year-end, management assessed the investment for impairment. After careful consideration the Company divested from its position in XPort. Therefore, the Company recognized an impairment loss of \$3,953,075 (Note 25).

## 9. INTANGIBLE ASSETS

Intangible assets are comprised of the following:

	IoT	Trading Signals Platform	Digital Payment Platform	OTC and Widget Trading Platform and Algotbot	Intangible Assets
Balance, February 29, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	1,793,817	-	-	-	1,793,817
Impairment of intangible assets	(1,793,817)	-	-	-	(1,793,817)
Balance, February 28, 2021	-	-	-	-	-
Additions	-	5,101,091	4,222,151	4,634,571	13,957,813
Impairment of intangible assets	-	(4,959,495)	-	(298,915)	(5,258,410)
Disposal of intangible assets	-	-	(4,100,609)	-	(4,100,609)
Effect of FX	-	(141,596)	(121,542)	-	(263,138)
<b>Balance, February 28, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,335,656</b>	<b>\$ 4,335,656</b>

### *Internet of Things (IoT)*

For the year ended February 28, 2021, intangible assets acquired from an arm's-length party consisted of software for use in an Internet of Things ("IoT") product which monitors fill levels of waste containers and alerts the waste management companies about the required container turnover.

In November 2019, the Company paid \$37,926 to the arm's-length party towards the purchase of the IoT assets. On January 19, 2021, the Company issued 2,000,000 common shares to the arm's length party at \$0.275 per common share. On February 23, 2021, the Company issued 1,800,000 common shares to the arm's length party at \$0.50 per common share. During the year it was determined that challenges in the IoT market cast significant doubt on the ability of the IoT assets to generate future economic benefits. It was determined that the fair value of the IoT assets were lower than their carrying value, therefore the Company recorded an impairment loss of \$1,793,817.

## 9. INTANGIBLE ASSETS

### ***Trading Signals Platform***

In April 2021, the Company signed an agreement to acquire 100% of the Cryptobuddy.ai predictive cryptocurrency trading signals platform, through its wholly owned subsidiary, Bull Market Media Inc. On April 28, 2021, the Company issued 5,341,880 common shares of the Company valued at \$5,101,091. Key features of these proprietary technology include predictive analytics, data analysis, forecasts, user-friendly interface, and variety of cryptocurrencies monitored. During the period it was determined that volatility of the target market cast significant doubt on the ability of the asset to generate future economic benefits. It was determined that the fair value of the asset was lower than their carrying value, therefore the Company recorded an impairment loss of \$4,959,495.

### ***Digital Payment Platform***

On June 29, 2021, the company finalized the acquisition of 100% ownership interest of XPort Digital Limited (or “XPort”) and transferred 5,252,100 common shares to XPort shareholders as consideration (Note 18). For the purposes of IFRS 3, XPort did not meet the definition of a business and therefore, the transaction was deemed as an asset acquisition.

Upon evaluation, the Company determined that the fair value of the shares issued was the most reliable measurement for the intangibles. Therefore, the technology acquired was valued using IFRS 2, *Share-based payment*. Shares were issued on May 5, 2021 for a total consideration of \$4,222,151. Hence, the Company recognized an intangible asset for the same amount. During the year ended February 28, 2022, the Company divested from the subsidiary and disposed of the digital payment platform in that process.

### ***OTC and Widget Trading Platform and Algo Trading Bot Software***

In July 2021, the company finalized the acquisition of 100% ownership interest of Mobilum OU (“Mobilum OU”) and transferred 26,666,667 common shares to Mobilum OU shareholders as consideration (Note 18). Under IFRS 3 the Company was required to allocate fair value of consideration between the tangible and intangible assets acquired, with any residual being assigned to goodwill. The identifiable asset acquired is proprietary technical framework underlying its customizable widget and payment processing platforms. It consists of: Core API, application to spend fiat or crypto assets, and Mobilum Payment Widget, a fully functional, configurable, and customizable payment software, which can be placed on any webpage or mobile application in order to allow customers to buy cryptocurrencies using payment cards.

Upon evaluation, the Company determined that cost reproduction method was the most reliable measurement for the identified intangibles. Management provided a detail summary of costs required to recreate the technology acquired and valuation has been conducted by the professional valuator. It was calculated that the total Fair Value of developed technology acquired as at valuation date \$4,335,656 Hence, the Company recognized an intangible asset for the same amount.

In addition, the Company initially recognized \$82,123 for the Algo Trading Bot software that has been developed by Mobilum OU. During the year, an additional \$216,792 was incurred to further develop the Algo Trading Bot. The software was then put to use in the Company’s operations but was discontinued shortly after the year-end. The Company recognized an impairment of \$298,915 for the Algo Trading Bot software.



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**10. EQUIPMENT**

Equipment consisted of the followings as at February 28, 2022 and February 28, 2021:

	Computer Equipment	Digital Currency Computing Equipment	Furniture and Office Equipment	Leasehold Improvements	Total
<b>Cost:</b>					
At February 29, 2020	\$ 52,892	\$ 1,338,438	\$ 5,782	\$ 11,667	\$ 1,408,779
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At February 28, 2021	\$ 52,892	\$ 1,338,438	\$ 5,782	\$ 11,667	\$ 1,408,779
Additions	5,940	-	-	-	5,940
Disposals	(2,003)	-	-	-	(2,003)
Cumulative translation adjustment	(466)	-	-	-	(466)
<b>At February 28, 2022</b>	<b>\$ 56,363</b>	<b>\$ 1,338,438</b>	<b>\$ 5,782</b>	<b>\$ 11,667</b>	<b>\$ 1,412,250</b>
<b>Depreciation:</b>					
At February 29, 2020	\$ (29,352)	\$ (1,338,438)	\$ (3,572)	\$ -	\$ (1,371,362)
Depreciation	(23,540)	-	(2,210)	(11,667)	(37,417)
At February 28, 2021	\$ (52,892)	\$ (1,338,438)	\$ (5,782)	\$ (11,667)	\$ (1,408,779)
Depreciation	(1,578)	-	-	-	(1,578)
<b>At February 28, 2022</b>	<b>\$ (53,837)</b>	<b>\$ (1,338,438)</b>	<b>\$ (5,782)</b>	<b>\$ (11,667)</b>	<b>\$ (1,410,357)</b>
<b>Net book value:</b>					
At February 28, 2021	\$ -	\$ -	\$ -	\$ -	\$ -
<b>At February 28, 2022</b>	<b>\$ 1,893</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,893</b>

**11. RIGHT-OF-USE ASSET**

During the year ended February 28, 2022, the Company assumed an office lease through the acquisition of its subsidiary Mobilum OU. The lease liability was measured at the present value of the estimated remaining lease payments and discounted using the market lending rate of 6% at July 19, 2021 (the acquisition date of Mobilum OU).

The following table shows the changes of the Company's right-of-use assets for the year ended February 28, 2022:

	February 28, 2022
Balance, beginning	\$ -
Additions	50,752
Depreciation for the period	(16,262)
Effects of foreign exchange	(2,213)
<b>Balance, ending</b>	<b>32,277</b>

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**12. LEASE LIABILITIES**

The following tables show the continuity for lease obligations as at February 28, 2022 and February 28, 2021:

	<b>Building Lease - TechX</b>	<b>Building Lease - uBuck</b>	<b>Vehicle Lease 1 - Tech X</b>	<b>Vehicle Lease 2 - Tech X</b>	<b>Office Lease - MobilumOU</b>	<b>Total</b>
Balance, February 29, 2020	\$ 151,383	\$ 87,254	\$ -	\$ -	\$ -	\$ 238,637
Additions	-	-	54,125	54,758	-	108,883
Accretion of lease liabilities	11,384	10,281	2,484	2,619	-	26,768
Lease payments	(137,857)	(44,000)	(5,485)	(5,532)	-	(192,874)
Settlement	(24,910)	-	-	-	-	(24,910)
Transferred to related party	-	-	(51,124)	(51,845)	-	(102,969)
Balance, February 28, 2021	\$ -	\$ 53,535	\$ -	\$ -	\$ -	\$ 53,535
<b>Additions</b>	-	69,471	-	-	53,673	123,144
<b>Accretion of lease liabilities</b>	-	2,247	-	-	1,780	4,027
<b>Lease payments</b>	-	(10,229)	-	-	(12,603)	(22,832)
<b>Effects of foreign exchange</b>	-	-	-	-	(2,484)	(2,484)
<b>Settlement</b>	-	(50,492)	-	-	-	(50,492)
<b>Disposal (Note 22)</b>	-	(64,532)	-	-	-	(64,532)
<b>Balance, February 28, 2022</b>	\$ -	\$ -	\$ -	\$ -	\$ 40,366	\$ 40,366

During the year ended February 28, 2021, pursuant to a termination agreement with the lessor, the Company paid an aggregate of \$74,722 to the lessor of its building to settle the outstanding rent amounts payable. As a result, the Company recognized the carrying value of the lease liability amounting to \$24,910 as a gain on settlement of lease (2020 – \$Nil).

During the year ended February 28, 2021, the Company derecognized the leases of both vehicles as the lease contracts were transferred to a director and former director for no consideration. As a result, the Company recognized the carrying value of the lease liability amounting to \$107,648 as a gain on transfer of lease (2020 – \$Nil).

On March 30, 2021, uBuck entered into a new lease agreement with the same lessor to lease a smaller office. The old lease was in effect terminated and a new lease commenced on April 1, 2021 with a term of one year, renewable for another year. The new lease liability amounting to \$69,471 was estimated based on a monthly fee of \$3,281 per month for the first 12 months and \$3,380 per month for the second year discounted using the Company's incremental borrowing rate of 15%. This lease liability is amortized using the effective interest method.

During the year ended February 28, 2022, the Company divested from uBuck, therefore, lease liabilities associated with uBuck were derecognized in the consolidated statements of financial position (Note 25).

During the year ended February 28, 2022, the Company assumed an office lease through the acquisition of its subsidiary Mobilum OU. The lease term is until June 2023 with monthly payments of €2,500 (increased from monthly lease payments of €1,000 on February 1, 2022). The lease liability was estimated based on these monthly payments and the market lending rate of 6%. This lease liability is amortized using the effective interest method.

**13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

As at February 28, 2022 and 2021, the Company's Accounts payable and accrued liabilities are as follows:

	2022	2021
Trade payables	\$ 2,337,657	\$ 526,898
Accrued liabilities	144,771	70,836
Credit cards	-	23,061
Card load deposits	-	10,101
Payroll payable	3,480	-
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 2,485,908</b>	<b>\$ 630,896</b>

**14. NOTE PAYABLE AND DEMAND LOANS**

As at February 28, 2022 and February 28, 2021, the Company's notes payable and demand loans have the following movements:

	Loan 1	Loan 2	TOTAL
Principal	\$ 191,663	\$ 78,833	\$ 270,498
Additions	75,325	-	75,325
Interest	91,742	-	91,742
Repayment	(77,349)	-	(77,349)
Balance, February 28, 2021	\$ 281,382	\$ 78,833	\$ 360,215
Interest	21,312	-	21,312
Repayment	(302,694)	(78,833)	(381,527)
<b>Balance, February 28, 2022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Loan 1**

On May 22, 2020, the Company entered into an asset-backed credit agreement with a financial institution (the "Institution"). The Institution advanced \$191,663 (\$263,625 CAD) to the Company on the date of agreement, along with an additional \$75,325 (\$100,000 CAD) on August 5, 2020. The loan had a term of three months from the date of advance with a maturity date of November 26, 2020. Interest was compounded at 3% per month and payable upon receipt of the first of any SR&ED claim refund or secondary capital raised by the Company. The loan was secured by the Company's accounts receivable and a first place General Security Agreement over all Company's assets.

Originally classified as a note payable, May 31, 2021 was past the maturity date of this loan, therefore it is classified as a demand loan as at May 31, 2021. During the year ended February 28, 2021, the Company made interest payments totaling \$77,349. During the period ended May 31, 2021, the Company accrued \$21,312 in interest and repaid a total of \$302,694. In the year ended February 28, 2022, the loan was settled (balance as at February 28, 2021 – \$281,382).

**Loan 2**

On October 5, 2020, the Company received \$78,833 (\$100,000 CAD) from an arm's length party by way of a non-interest-bearing note payable. The note is secured by way of a general charge against all present and after-acquired assets of the Company. There is no set repayment date of the note, however the full amount must be paid within five calendar days of a written demand from the lender. In the year ended February 28, 2022 this loan was settled through issuance of common shares (Note 18).

**15. GOVERNMENT LOAN**

Canada Emergency Business Account (“CEBA”)

Due to the outbreak of the COVID-19 pandemic, the federal government of Canada introduced the Canada Emergency Business Account (“CEBA”) which provides an interest-free loan (“CEBA Loan”) of \$40,000 CAD to eligible businesses. Repayment of \$30,000 CAD of the \$40,000 CAD loan balance on or before December 31, 2023 will result in a loan forgiveness of the remaining \$10,000 CAD.

In April 2020, the Company received \$28,447 (\$40,000 CAD) in accordance with the CEBA loan. In December 2020, the federal government of Canada introduced an expansion to the CEBA in the amount of \$15,544 (\$20,000 CAD) (“CEBA expansion”) whereby eligible businesses can receive this amount in addition to the original \$40,000 CAD. Up to \$10,000 CAD of the CEBA expansion is forgivable if repaid on or before December 31, 2023. The Company received the \$20,000 CAD expansion to the CEBA loan in error as it is not considered a Canadian Controlled Private Corporation. The \$20,000 CAD expansion to CEBA was subsequently repaid.

Any loan balance remaining after December 31, 2022 will be converted to a 3-year loan with an interest rate of 5% per annum paid monthly effective January 1, 2023. The full balance must be repaid by no later than December 31, 2025.

This liability is recognized in accordance with IFRS 9, *Financial Instruments* as a financial liability at amortized cost. The benefit of below-market rate shall be measured as the difference between the initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received.

The Company has estimated the initial carrying value of the first CEBA loan at \$19,116 (\$26,880 CAD) and the second CEBA loan at \$11,394 (\$14,661 CAD) before repayment, using a discount rate of 15%, which was the estimated rate for a similar loan without the interest-free component. The total difference of \$13,481 (\$18,460 CAD) will be accreted to each CEBA loan liability over the term of the CEBA Loan and offset to other income on the consolidated statements of net and comprehensive loss.

During the year ended February 28, 2022 total accretion expense recognized for the CEBA loans amounted to \$10,146 (2021 – \$2,800).

**16. SEGMENTED INFORMATION**

During the year ended February 28, 2022 the Company generated revenues from its transactional services segment through the subsidiary Mobilum OU based in Europe and recognized the revenue on a net basis.

As of reporting date, the Company estimated costs directly attributable to facilitating the transactions as being immaterial. These are primarily related to assets deposited by the customers of inventory nature but held in custody by the liquidity providers.

The Company is currently reviewing costing procedures for the purpose of improving financial reporting process in this area.

For the year ended February 28, 2022 by type of product:

	<b>OTC</b>	<b>Other</b>	<b>Total</b>
Revenue	\$ 630,075	\$ 454,483	\$ 1,084,558
Cost of sales	-	-	-
	<u>\$ 630,075</u>	<u>\$ 454,483</u>	<u>\$ 1,084,558</u>
Intangible assets and goodwill	1,801,647	5,635,212	7,436,859
Property, plant and equipment	1,523	370	1,893
Amounts due from liquidity providers	1,048,609	-	1,048,609
Other current assets	-	4,819,052	4,819,052
Other non-current assets	18,751	13,527	32,278
<b>Total assets</b>	<b>\$ 2,870,530</b>	<b>\$ 10,468,161</b>	<b>\$ 13,338,691</b>
<b>Total liabilities</b>	<b>\$ 45,849</b>	<b>\$ 3,098,246</b>	<b>\$ 3,144,095</b>

For the year ended February 28, 2022 by geographical region:

	<b>Europe</b>	<b>North America</b>	<b>Total</b>
Revenue	\$ 1,084,206	\$ 352	\$ 1,084,558
Cost of sales	-	-	-
	<u>\$ 1,084,206</u>	<u>\$ 352</u>	<u>\$ 1,084,558</u>
Intangible assets and goodwill	7,436,859	-	7,436,859
Property, plant and equipment	1,523	370	1,893
Amounts due from liquidity providers	1,048,609	-	1,048,609
Other current assets	4,118,762	700,290	4,819,052
Other non-current assets	32,277	1	32,278
<b>Total assets</b>	<b>\$ 12,637,030</b>	<b>\$ 701,661</b>	<b>\$ 13,338,691</b>
<b>Total liabilities</b>	<b>\$ 2,649,128</b>	<b>\$ 494,967</b>	<b>\$ 3,144,095</b>

During the year ended February 28, 2021, the Company generated revenues from its software development segment and only in on geographical region, North America.

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**16. SEGMENTED INFORMATION (continued)**

The Company, through TechX Labs, earned 100% of its revenues from one customer through the performance of blockchain and cloud software development services, along with mobile and web application development. Therefore, the Company's credit risk arises from the possible default of its sole customer.

For the year ended February 28, 2021:

	<b>Software subscription</b>	<b>Other</b>	<b>Total</b>
Revenue	\$ 3,223	\$ -	\$ 3,223
Cost of sales	-	-	-
	<b>\$ 3,223</b>	<b>\$ -</b>	<b>\$ 3,223</b>
Current assets	-	761,552	761,552
Non-current assets	-	195,975	195,975
Total assets	\$ -	\$ 957,527	\$ 957,527
Total liabilities	\$ -	\$ 1,137,956	\$ 1,137,956

**17. RELATED PARTY TRANSACTIONS**

Related parties include key management personnel and companies under the control of key management personnel. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board, management of the Company and its subsidiaries.

In the period ended February 28, 2022, amounts due from the former CEO \$10,685 (February 28, 2021 - \$nil), which represented a prepayment for a marketing campaign handled by a third party has been fully written off.

As at February 28, 2022 and February 28, 2021, the Company has the following amounts due to its related parties:

<b>Related party</b>	<b>February 28, 2022</b>	<b>February 28, 2021</b>
Loans due to Company controlled by the former CEO	<b>\$ 498,315</b>	-
Corporate Secretary	<b>4,633</b>	-
Chief Operating Officer	<b>1,310</b>	-
Amount due to former CEO	<b>8,300</b>	-
Directors' fees	<b>54,870</b>	-
	<b>\$ 567,428</b>	<b>\$ -</b>

On July 19, 2021, the Company acquired Mobilum OU (Note 8), who had outstanding loans due to companies controlled by the former CEO of the Company. These loans are non-interest bearing, due on demand and were estimated with a fair value of \$498,315 as at February 28, 2022.

**17. RELATED PARTY TRANSACTIONS (continued)**

During the years ended February 28, 2022 and 2021, key management compensation consisted of the following:

<b>Compensation</b>	<b>For the Year Ended:</b>	
	<b>February 28, 2022</b>	<b>February 28, 2021</b>
Consulting fees	\$ 42,592	\$ -
Management fees, director fees, salaries and wages	268,028	126,652
Accounting fees	22,383	38,683
Share-based compensation	3,423,434	1,162,724
	<b>\$ 3,756,437</b>	<b>\$ 1,328,059</b>

**18. SHARE CAPITAL**

Authorized

Unlimited common shares without par value.

Share capital

*Share issuances for period ended February 28, 2022*

On April 13, 2021, the Company closed a non-brokered private placement financing for total gross proceeds of \$7,997,242 (CA\$10,000,000). The Company issued 20,000,000 units at a price of CA\$0.50 per unit. Each unit is comprised of one common share and one-half of one transferable warrant. Each whole warrant will entitle the holder to purchase one additional common share for a period of 60 months at a price of CAD \$1.00 per share, subject to accelerated expiry.

On April 15, the Company issued 15,000,000 shares for the acquisition of 19% ownership interest in CatalX Exchange Inc. (Note 8). The Company also issued 750,000 shares to finders in connection with the transaction.

On April 28, 2021, the Company issued 5,341,880 shares for the acquisition of an intangible asset (Note 9).

On May 4, 2021, the Company issued 5,252,100 shares for the acquisition of XPort Digital Limited (Note 8 and 9).

On May 27, 2021, the Company entered into a debt settlement transaction with an arm's length party wherein the Company settled an indebtedness of CAD \$105,000 by issuing 164,062 common shares. Total of CAD \$105,000 was invoiced for consulting and settled in the reporting period. Shares were issued on June 1, 2021 with fair market value of \$91,297.

On July 19, 2021, the Company issued 26,666,667 shares for the acquisition of Mobilum OÜ (Note 8).

On February 25, 2022, the Company issued 1,804,500 shares in equity awards for the directors.

*Share issuances for the year ended February 28, 2021*

On October 8, 2020, the Company consolidated all of its issued and outstanding common shares on the basis of one post-consolidation common share for every two and a half pre-consolidation common shares.

On January 19, 2021 and February 23, 2021, the Company issued of 2,000,000 (5,000,000 pre-consolidation) and 1,800,000 common shares, respectively, in accordance with the purchase of an intangible asset (Note 8).

On January 28, 2021, the Company issued 405,714 shares (1,014,285 pre-consolidation) at \$0.61 (CA\$0.78) per common share for consulting services to two arm's length parties.

## 18. SHARE CAPITAL (continued)

On February 9, 2021, the Company closed a non-brokered private placement, pursuant to which the Company issued 10,050,000 common shares at a price of CA\$0.10 per unit for gross proceeds of \$791,672 (CA\$1,050,000). All securities issued in connection with the private placement are subject to a four-month-and- one-day statutory hold period in accordance with applicable securities laws. A total of \$8,972 (CA\$11,400) in finders' fees was paid.

As at February 28, 2022 there was no common shares held in escrow. Up to June 11, 2021, 4,950,000 (12,375,000 pre-consolidation) shares were held in escrow pursuant to an asset acquisition agreement to acquire certain assets being inventories of various cryptocurrencies, certain software technologies and hardware infrastructure of Blockcorp Sociedad Anonima Assets completed during the 15 months ended February 28, 2019.

### Stock options

The Company has a Rolling Stock Option Plan whereby the maximum number of common shares reserved for issue under the plan shall not exceed 20% of the outstanding common shares of the Company, as at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the CSE). Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment, consulting arrangement or holding office as a director or officer of the Company, are subject to vesting provisions as determined by the Board of Directors and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option.

On March 8, 2021, the Company has granted an aggregate 300,000 incentive stock options (the "Options") to the officers of the Company. The Options are exercisable at CA\$0.46 per share for a period of five years from the date of grant. The fair value was estimated using the Black-Scholes pricing model with estimated, stock price of CA\$0.46, volatility 197%, risk-free rate 0.92%, dividend yield 0%, and expected life of 5 years. With these assumptions, the fair value of options was determined to be \$110,707 (CA\$134,243).

On April 14, 2021, the Company has granted an aggregate 450,000 incentive stock options to directors and advisors. The Options are exercisable at CA\$1.19 per share for a period of two years from the date of grant and subject to vesting over two years. The fair value was estimated using the Black-Scholes pricing model with estimated, stock price of \$1.25, volatility 201%, risk-free rate 0.49%, dividend yield 0%, and expected life of 3 years. With these assumptions, the fair value of options was determined to be \$427,028 (CA\$517,814), which will be expensed over the vesting period.

On May 26, 2021, the Company granted an aggregate 6,050,000 incentive stock options (the "Options") to directors, officers and consultants of the Company. The Options are exercisable at CA\$0.80 per share for a period of three years from the date of grant. The fair value was estimated using the Black-Scholes pricing model with estimated, stock price of CA\$0.75, volatility 202%, risk-free rate 0.49%, dividend yield 0%, and expected life of 5 years. With these assumptions, the fair value of options was determined to be \$3,433,765 (CA\$4,163,783).

In June 2021, the Company granted an aggregate 625,000 incentive stock options (the "Options") to officers and employees of the Company. The Options are exercisable at CA\$0.71 per share for a period of five years from the date of grant and vesting over a four-year period.

On September 8, 2021, the Company granted an aggregate 300,000 incentive stock options (the "Options") to employees and consultants of the Company. The Options are exercisable at CA\$0.435 per share for a period of five years from the date of grant and are subject to vesting over four years. The fair value was estimated using the Black-Scholes pricing model with estimated, stock price of CA\$0.430, volatility 362%, risk-free rate 0.49%, dividend yield 0%, and expected life of 5 years. With these assumptions, the fair value of options was determined to be \$107,954 (CA\$139,995). The Company also entered into a consulting agreement (the "Agreement") with Soykan Garipoglu (the "Consultant") to provide investor relations services. Under the terms of the Agreement, the Consultant shall provide the services in consideration of a monthly payment of CAD \$3,500. The Consultant has received 50,000 stock options, exercisable at a price of \$0.435 per share and valid for a 3-year term. The options vest quarterly over a 1-year period



**18. SHARE CAPITAL (continued)**

On October 22, 2021, the Company granted an aggregate 1,400,000 incentive stock options (the "Options") to directors and consultants of the Company. The Options are exercisable at CA\$0.360 per share for a period of five years from the date of grant. The fair value was estimated using the Black-Scholes pricing model with estimated, stock price of CA\$0.360, volatility 362%, risk-free rate 0.95%, dividend yield 0%, and expected life of 5 years. With these assumptions, the fair value of options was determined to be \$361,987 (CA\$469,425).

On December 3, 2021, the Company granted an aggregate 200,000 incentive stock options (the "Options") to management of the Company. The Options are exercisable at CA\$0.385 per share for a period of five years from the date of grant and portion is subject to vesting stages. The fair value was estimated using the Black-Scholes pricing model with estimated, stock price of CA\$0.380, volatility 362%, risk-free rate 1.09%, dividend yield 0%, and expected life of 5 years. With these assumptions, the fair value of options was determined to be \$55,641 (CA\$70,753).

In January 2022, the Company granted an aggregate 4,850,000 incentive stock options (the "Options") to directors, advisors, and employees of the Company. The Options are exercisable at CA\$0.28 per share for a period of five years from the date of grant and portion is subject to vesting stages. 4,200,000 of the Options granted to the Directors replaced cancelled options granted in May 2021 and therefore were accounted for as modification. The fair value was estimated using the Black-Scholes pricing model with estimated, stock price of CA\$0.280, volatility 160.88%, risk-free rate 1.12%, dividend yield 0%, and expected life of 5 years. With these assumptions, the aggregate fair value of options was determined to be \$919,536 (CA\$1,169,282).

On February 25, 2022, the Company granted an aggregate 1,750,000 incentive stock options (the "Options") to management, employees and consultants of the Company. 1,650,00 of the Options are exercisable at CA\$0.150 per share for a period of five years from the date of grant and portion is subject to vesting stages. 100,00 of the Options are exercisable at CA\$0.280 per share for a period of five years from the date of grant and portion is subject to vesting stages. The fair value was estimated using the Black-Scholes pricing model with estimated, stock price of CA\$0.160, volatility 159.35%, risk-free rate 1.61%, dividend yield 0%, and expected life of 5 years. With these assumptions, the aggregate fair value of options was determined to be \$204,560 (CA\$260,126).

A summary of the stock option transactions for the year ended February 28, 2022 and February 28, 2021 is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, February 29, 2020	6,548,000	\$ 0.875
Granted	5,940,000	0.175
Forfeited	(5,748,000)	0.875
<b>Balance, February 28, 2021</b>	<b>6,740,000</b>	<b>\$ 0.258</b>
Granted	15,975,000	0.521
Exercised	-	-
Forfeited	(150,000)	0.710
Cancelled	(4,700,000)	0.800
<b>Balance, February 28, 2022</b>	<b>17,865,000</b>	<b>\$ 0.780</b>

During the year ended February 28, 2021, 5,748,000 (14,370,000 pre-consolidation) options were forfeited due to terminations of consultants and employees and the consequent expiry of options after termination and resignation.

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**18. SHARE CAPITAL (continued)**

During the year ended February 28, 2022, the Company recognized share-based compensation expense of \$4,344,583 (2021 – \$338,565) representing the fair value of options granted and vested. The fair value of options granted is estimated on the grant date using the Black-Scholes option pricing model using the following weighted average variables:

	February 28, 2022	February 28, 2021
Risk-free interest rate	0.48-0.92%	0.21%
Expected option life in years	5.20	2.88
Expected stock price volatility	207.55%	167.98%
Expected dividend rate	0%	0%
Fair value per option (CAD)	\$0.71	\$0.18
Stock price at grant date (CAD)	\$0.81	\$1.19

The expected stock price volatility is determined based on available market data of similar entities in and is calculated on a weighted average basis dependent upon the number of options granted at each grant date.

As at February 28, 2022, the Company had options outstanding, enabling the holders to acquire the following number of common shares:

Expiry Date	Weighted average Exercise Price	Numbers of options outstanding	Numbers of options exercisable	Weighted average remaining contractual life (year)
June 6, 2023	\$ 0.875	400,000	400,000	1.27
November 9, 2023	0.875	200,000	200,000	1.70
January 14, 2024	0.175	5,940,000	5,940,000	1.88
April 14, 2024	1.190	450,000	225,000	2.13
June 1, 2024	0.875	200,000	166,667	2.26
March 8, 2026	0.460	300,000	300,000	4.02
May 26, 2026	0.800	1,350,000	1,350,000	4.24
June 11, 2026	0.710	475,000	211,109	4.28
September 8, 2026	0.435	350,000	87,500	4.53
October 22, 2026	0.360	1,400,000	768,750	4.65
December 3, 2026	0.385	200,000	25,000	4.76
January 5, 2027	0.280	4,850,000	4,362,500	4.85
February 25, 2027	0.150	1,650,000	362,500	4.99
February 25, 2027	0.280	100,000	16,666	4.99
	0.214	<b>17,865,000</b>	<b>14,415,692</b>	<b>3.57</b>

Warrants

A summary of the warrant transactions for the year ended February 28, 2022 and February 28, 2021 is as follows:

	Number of warrants	Weighted average exercise price
Balance outstanding, February 28, 2020	14,952,375	\$ 0.13
Exercised	(1,608,250)	0.13
Expired	(13,344,125)	0.13
<b>Balance outstanding, February 28, 2021</b>	<b>-</b>	<b>\$ -</b>
Granted	10,351,000	1.00
<b>Balance outstanding, February 28, 2022</b>	<b>10,351,000</b>	<b>\$ 1.00</b>

**18. SHARE CAPITAL (continued)**

During the year ended February 28, 2022, 10,000,000 warrants were granted pursuant to the private placement. 351,000 finder's warrants valued at \$325,344 was also issued in connection with the transaction. The fair value of warrants granted is estimated on the grant date using the Black-Scholes option pricing model using the following variables:

	February 28, 2022	February 28, 2021
Risk-free interest rate	0.94%	-
Expected option life in years	5.00	-
Expected stock price volatility	200.81%	-
Expected dividend rate	0%	-
Fair value per warrant (CAD)	\$1.16	-
Stock price at grant date (CAD)	\$1.19	-

As at February 28, 2022, the Company had the following warrants outstanding, enabling the holders to acquire the following number of common shares:

Expiry Date	Exercise Price	Numbers of warrants outstanding	Numbers of warrants exercisable	Weighted average remaining contractual life (year)	Weighted average exercise price
April 13, 2026	\$ 1.000	10,351,000	10,351,000	4.12	\$ 1.000
		<b>10,351,000</b>	<b>10,351,000</b>	<b>4.12</b>	<b>\$ 1.000</b>

In January 2022 The Company announced its intention to initiate a normal course issuer bid ("NCIB") through the facilities of the Canadian Securities Exchange. Under the NCIB, the Company intends to acquire up to 7,819,671 common shares (the "Shares") in the capital of the Company, representing approximately 5 % of its issued and outstanding common shares. The NCIB commenced on February 7, 2022 and will end no later than February 7, 2023.

**19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Financial instruments**

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the consolidated financial statements approximates their fair value due to the demand nature or short- term maturity of these instruments.

- a. Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- b. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- c. Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

The Company's financial instruments consist of cash, accounts receivable, sales tax receivable, investments, due from related parties, accounts payable, notes payable and demand loans, lease liabilities, loans payable and amounts due to related parties.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

**19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

The following table summarizes at what level these financial instruments are valued at:

	Level 1	Level 2	Level 3	Total
February 28, 2022	\$	\$	\$	\$
<b>Financial Instruments</b>				
Investments	-	-	1	1
<b>Total Financial Instruments</b>	-	-	1	1

**Financial risk management**

Management has overall responsibility for the establishment and oversight of the Company's risk management framework.

*Financial instrument risk exposure*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

*Credit risk*

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions which hold its cash. The Company's credit risk arises from it deriving revenues from one major customer group (2021 – one customer). Payments from this customer group are usually received within less than 30 days and management does not believe the Company has a material exposure to credit risk from this group.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. There is a risk that the Company may not be able to meet its financial obligation when they are due. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As of February 28, 2022, the Company has trade receivables of \$119,911 (2021 - \$ 14,568). These amounts are usually due within 30 days. As at February 28, 2022, \$26,588 (2021 - \$3,500) was overdue and deemed uncollectable. As at February 28, 2022, the Company has accounts payable and accrued liabilities of \$2,485,908 (2021 - \$690,896). These amounts are usually due within 30 days. As at February 28, 2022, the Company had notes payable and demand loans of \$nil (2021 - \$360,215).

## **19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

### **Financial risk management (continued)**

#### *Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

*a. Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

*b. Price risk*

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in prices. The Company's investments are exposed to price risk.

*c. Foreign exchange risk*

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's presentation currency is the U.S. dollar and historically, major purchases have been transacted in U.S. dollars, while all of the financings to date have been completed in Canadian dollars. As the Company's revenues and general and administrative costs are primarily denominated in Canadian dollars, the Company will be exposed to effects of fluctuations in foreign exchange. The fluctuation of the Canadian dollar against the U.S. dollar will consequently impact the profitability of the Company and may also affect the value of the Company's assets and liabilities and the amount of shareholders' equity. 10% fluctuations in the Canadian dollar and Euro against the US dollar would have affected comprehensive loss for the year by approximately \$444,989 (February 28, 2021 – \$36,097).

## **20. DIGITAL CURRENCY RISK MANAGEMENT**

Digital currencies are determined by prices quoted on coinmarketcap.com.

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is affected by the current and future market price of digital currencies; in addition, the Company may not be able to liquidate its inventory of digital currencies at its desired price if required. A decline in the market prices for digital currencies could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its digital currency sales.

Digital currencies have a limited history and the fair value historically has been very volatile. Historical performance of digital currencies is not indicative of their future price performance. In the period ending February 28, 2022 the Company's digital currencies were held in custody by liquidity providers and consisted predominantly of Bitcoin and USDT (Stable coin). 10% fluctuations in the cryptocurrencies held at year-end against the U.S. dollar would have affected the comprehensive loss for the year by approximately \$122,306 (2021 - \$Nil).

**21. CAPITAL MANAGEMENT**

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital and reserves.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged for the period ended February 28, 2022.

**22. COMMITMENTS AND CONTINGENCIES**

From time to time, the Company has committed to temporarily securely store crypto assets it holds on behalf of customers and responsible for compliance with anti-money laundry legislation. As such, the Company may be liable to its customers for losses arising from theft or loss of private keys and for non-compliance with regulations. The Company has no reason to believe it will incur any expense associated with such potential liability because (i) it has no known or historical experience of claims to use as a basis of measurement, (ii) it accounts for and continually verifies the amount of crypto assets within its control, and (iii) it has established security around custodial private keys to minimize the risk of theft or loss. Since the risk of loss is remote, the Company had not recorded a liability at February 28, 2022.

**23. SUPPLEMENTAL NON-CASH DISCLOSURE**

The Company incurred the following non-cash expenditures:

	<b>February 28, 2022</b>	February 28, 2021
Share-based compensation	\$ 3,931,176	\$ 1,381,696
Shares issued for investment in CatalX	16,215,083	1,981
Shares issued for acquisition of Mobilum OU	6,940,983	-
Shares issued for acquisition of intangible assets	9,323,242	-
Shares issued for settlement of debt	91,297	-
Shares issued as part of directors' compensation	226,500	-
Fair value of agent warrants granted	325,344	-

**MOBILUM TECHNOLOGIES INC.**  
**(FORMERLY TECHX TECHNOLOGIES INC.)**  
Notes to the Consolidated Financial Statements  
As at and for the years ended February 28, 2022 and 2021  
(Expressed in U.S. Dollars)

**24. BREAKDOWN OF OPERATING EXPENSES AND OTHER INCOME (EXPENSES)**

The Company's General and Administrative expenses for the years ended February 28, 2022 and 2021 are as follows:

<b>General and Administrative expenses</b>	<b>Note</b>	<b>For the Year Ended</b>	
		<b>February 28, 2022</b>	<b>February 28, 2021</b>
Consulting fees	17	\$ 749,471	\$ 339,492
Depreciation of equipment	10	1,578	37,417
Depreciation of right-of-use assets	11	-	148,721
General office expenses		444,432	119,820
Interest and accretion	15	19,476	2,800
Lease interest	12	-	30,288
Management fees, director fees, salaries and wages	17	231,527	375,350
Professional fees		543,726	258,173
Rent	11	25,337	-
Stock-based compensation	18	3,931,175	1,381,696
Transfer agent and filing fees		87,252	42,779
<b>Total</b>		<b>\$ 6,033,974</b>	<b>\$ 2,736,536</b>

Other expenses consist of research and development expenses for the years ended February 28, 2022 and 2021.

The Company's other income (expenses) for the years ended February 28, 2022 and 2021 are as follows:

<b>Other income (expenses)</b>	<b>Note</b>	<b>For the Year Ended</b>	
		<b>February 28, 2022</b>	<b>February 28, 2021</b>
Gain on termination of lease		\$ -	\$ 16,007
Loss on sale of digital currencies		-	(30,793)
Gain on revaluation of digital currencies		360,079	-
Impairment of inventory		-	(4,320)
Loss on disposal of subsidiaries	25	(1,940,657)	-
Impairment of intangibles	9	(5,258,410)	(1,793,817)
Loss/gain on settlement on debt		(7,555)	61,071
Impairment of receivables	5	(1,670,645)	-
Impairment of investment	8	(16,093,268)	-
Loss on revaluation of investments		-	(1,981)
Impairment of right-of-use assets		-	(46,736)
Other income/loss		19,607	64,185
Write off of building deposit		-	(27,293)
Foreign exchange gain (loss)		(131,459)	76,976
<b>Total</b>		<b>\$ (24,722,308)</b>	<b>\$ (1,686,701)</b>

## 25. DISPOSAL OF SUBSIDIARIES

During the year ended February 28, 2022 the Company decided to divest from two subsidiaries: uBuck (acquired in 2019) and XPort Limited (acquired in 2021). Subsequently to the portfolio review executed by the board, it has been assessed, that the activities of both subsidiaries are no longer aligned with the company core competencies. Divestiture has been executed in order to simplify the Company structure and re-align management's focus on growing its core businesses.

Details of disposal of subsidiaries:

### uBuck

<b>Details of disposal of subsidiaries</b>	<b>August 12, 2021</b>
Consideration received	\$ 1
Carrying amount of net assets sold	(2,012,417)
Gain on disposal of subsidiary	\$ (2,012,416)

The carrying amounts of assets and liabilities as at the date of disposal:

	<b>August 12, 2021</b>
Cash and cash equivalents	\$ 184,518
Other current assets	26,499
Right-of-use assets	63,681
Investments	2,092
<b>Total assets</b>	<b>\$ 276,790</b>
Accounts payable	\$ (73,535)
Current liabilities	(32,552)
Due to related parties	(1,264,242)
Non-current liabilities	(31,880)
Non-controlling interest	(886,998)
<b>Total liabilities</b>	<b>\$ (2,289,207)</b>
<b>Net assets</b>	<b>\$ (2,012,417)</b>

### XPort Limited

<b>Details of disposal of subsidiaries</b>	<b>November 30, 2021</b>
Consideration received	\$ 1
Carrying amount of net assets sold	3,953,074
Loss on disposal of subsidiary	\$ 3,953,075



**25. DISPOSAL OF SUBSIDIARIES (continued)**

The carrying amounts of assets and liabilities as at the date of disposal:

	<b>November 30, 2021</b>
Cash and cash equivalents	\$ 202,100
Technology	2,100,609
Property and equipment	2,003
Intangible assets	2,000,000
<b>Total assets</b>	<b>\$ 4,304,712</b>
Accounts payable	\$ -
Due to related parties	(351,638)
Non-current liabilities	-
<b>Total liabilities</b>	<b>\$ (351,638)</b>
<b>Net assets</b>	<b>\$ 3,953,074</b>

**26. INCOME TAXES**

The difference between tax expense for the periods and the expected income taxes based on the consolidated statutory tax rate of 26.98% (2021 – 27%) arises from the Canadian federal and provincial tax rate of 27% combined, the Estonian corporate tax rate of 20% and the Polish corporate tax rate of 19% as follows:

	<b>Year ended February 28, 2022</b>	<b>Year ended February 28, 2021</b>
	\$	\$
Net loss before income taxes	(31,795,990)	(4,840,842)
Loss not subject to income taxes in Cayman Islands	-	433,400
Net loss subject to income tax	(31,795,990)	(4,407,442)
Income tax recovery based on substantively enacted rates	(8,577,528)	(1,190,000)
Permanent differences and others	1,092,708	254,000
Effect of changes in tax rates	-	(172,000)
Changes in tax benefits not recognized	7,484,821	1,108,000
Income tax provision (recovery)	-	-

Significant components of the company's deferred income tax assets (liabilities) are as follows:

	<b>February 28, 2022</b>	<b>February 28, 2021</b>
	\$	\$
Non-capital losses carry forward	31,574,773	3,441,000
Equipment	2,775	501,000
Investments	-	167,000
Intangible assets	4,335,656	1,367,000
Goodwill	3,101,203	-
Right-of-use asset	32,277	-
Share issuance costs	448,648	75,000
Deferred tax asset – unrecognized	39,595,332	5,551,000

The Company has available for deduction against future taxable income, Canadian non-capital losses of approximately \$31,092,052 (2021 - \$11,446,000), which will begin to expire in 2038. Further, the Company has available for deduction against future taxable income, Estonian non-capital losses of approximately \$535,051 and Polish non-capital losses of approximately \$47,670.

**27. SUBSEQUENT EVENTS**

In March 2022, the Company appointed Mr. Wallace Mathai-Davis, Ph.D., to the Board of Directors. Company granted an aggregate \$75,000 of equity award per annum payable in common shares to management of the Company. The award is subject to vesting stages.

In April 2022, the Company appointed Steve LaBella as Chief Executive Officer.

In May 2022, the Company renewed its contract with Purple Crown Communications Corp. ("Purple Crown") for investor relations and corporate communications services (the "Services"). Under terms of the agreement, the fee payable to the Services Provider \$20,000 for a 3-month term beginning May 1st, 2022 and is extendable upon agreeable terms between the parties.

Subsequent to the year ended February 28, 2022, a general crypto price decline could be observed in the market.