

Globalive Technology Inc.

Management Discussion and Analysis (Quarterly Highlights)

For the period from July 1, 2018 to September 30, 2018

Dated: November 9, 2018

This management discussion and analysis quarterly highlights (the “MD&A”) provides a quarterly update on the financial condition and results of operations of Globalive Technology Inc. (“GT” or the “Company”) for the period from July 1, 2018 to September 30, 2018 (the “Financial Period”) and is provided as of November 9, 2018 (the “MD&A Date”). This MD&A should be read in conjunction with the Company’s financial statements for the Financial Period (the “Financial Statements”), the Company’s first management discussion and analysis dated as of May 25, 2018 and the Company’s filing statement dated as of May 29, 2018 (collectively, the “First MD&A”), and the Company’s management discussion and analysis quarterly highlights for the period from March 1, 2018 to June 30, 2018 (the “June Highlights”) all of which are incorporated by reference into this MD&A.

The Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts presented are stated in Canadian dollars, unless otherwise indicated.

PART I - FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute “forward-looking statements”, including but not limited to statements about existing and future software development projects, customers in the pipeline for certain of the Company’s joint ventures, potential use cases for some of the Company’s software development projects, statements about the Company’s conditional and discretionary call and first refusal rights with respect to a potential business acquisition, and statements about the Company’s short and medium term working capital requirements. These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact, including those identified above, may be forward-looking statements.

Forward-looking statements are often, but not always, identified using words such as “may”, “would”, “could”, “will”, “intend”, “plan”, “propose”, “anticipate”, “believe”, “aim”, “seek”, “estimate”, “project”, “predict”, “to prototype” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon by investors as actual results may vary. These statements speak as of the MD&A Date and are expressly qualified, in their entirety, by this cautionary statement. The Company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors, including but not limited to a breakdown in the Company’s relationship with its joint venture partners, difficulties or delays in the development of new technologies, technologies not functioning as expected, third parties not using technologies and services as expected, economic conditions making certain technologies or services less attractive than anticipated, competitors in the industry, changes to the Company’s strategic plan and other risks as set out in the First MD&A and the June Highlights.

PART II - INTRODUCTION

The Company

GT was formed on June 8, 2018, by the amalgamation of Globalive Technology Partners Inc. (“GTP”) and Corporate Catalyst Acquisition Inc. (“CCA”). Its registered and records offices are located at East Tower, Bay Adelaide Centre, 22 Adelaide Street West, Suite 3400, Toronto, Ontario, M5H 4E3, and its head office is located at 48 Yonge Street, Suite 1200, Toronto, Ontario, M5E 1G6.

Corporate History

GTP was incorporated under the *Business Corporations Act* (Ontario) on December 7, 2017, with the goal of commercializing technologies, including those based on artificial intelligence and machine learning, blockchain and the internet of things. This strategy included entering into joint ventures with third parties (“Collaborators”) who had existing customers for these technologies and co-developing new software applications and technology platforms for use in the Collaborators’ businesses and for licensing to third-parties. In appropriate cases, in furtherance of its core business, GTP would also provide capital support to its Collaborators and joint ventures.

On June 8, 2018, GTP completed a reverse takeover transaction (the “RTO Transaction”) with CCA, a capital pool company listed on the NEX Exchange, resulting in the formation of GT. On June 13, 2018, following the completion of the RTO Transaction, GT’s common shares commenced trading on the TSX Venture Exchange (“TSX-V”). GT is the successor of GTP and carries on its business with a focus on building and commercializing software solutions using optimal technology stacks.

PART III - OPERATING HIGHLIGHTS

Key operating milestones and developments since the June Highlights are as follows:

- **Senior Secured Debentures (2629331 Ontario Inc.):** Following the end of the Financial Period, on October 10, 2018 and November 9, 2018, the Company acquired senior secured convertible debentures of 2629331 Ontario Inc. ("262 Ontario") in the aggregate principal amount of \$7,500,000. 262 Ontario holds 41.4% of the equity and 51% of the voting securities of Wellspring Holding Corporation, the parent of Flexiti Financial Inc. ("Flexiti"), a Collaborator and financial technology lender offering technology-enabled instant credit approvals at the point-of-sale for big-ticket retailers.
- **Credit AI Adjudication Platform:** The Company is working directly with Flexiti under a technology stack agreement to prototype a credit lending adjudication engine which may be used to offer services in conjunction with Flexiti's 3500 merchant locations and one million customers.
- **Consolidated Billing Platform:** On September 17, 2018, the Company completed the initial organization and set-up of its joint venture with Sponsor Energy Inc. ("Sponsor"). The joint venture will develop a utility commerce management platform that bundles the billing for utility services and other similar household bills into a single consolidated invoicing and payment regime. The joint venture is being carried out through a special purpose vehicle, Neighbor Billing Inc. ("Neighbor"), which is owned equally by Sponsor and the Company, but controlled by the Company. Neighbor will own the intellectual property associated with the platform and will have the right to commercialize its use in utilities and related markets. The Company has been granted an exclusive, royalty-free license by Neighbor to commercialize the intellectual property in other markets.
- **Mining-as-a-Service Joint Venture:** On June 11, 2018, the Company entered into a joint venture agreement with HyperBlock Inc. ("Hyperblock") to provide digital currency mining-as-a-service to retail customers. The joint venture also generates digital currency for the Company when it has excess capacity that is not being used to service customers, which is converted into U.S. dollars on a monthly basis. The joint venture launched in June 2018 and all of its 800 servers were fully operational by the middle of July 2018, generating gross revenues of \$376,938 during the Financial Period.
- **Joint Venture with Business Instincts Group Inc. (Globalive BIG Dev Inc.):** The Company and Business Instincts Group are continuing their joint venture full service, agile development and continuous delivery software development firm dedicated to building and launching innovative new technologies. The joint venture is being carried out through a special purpose vehicle, Globalive BIG Dev Inc. ("GBD"), which is owned 51% by the Company and 49% by Business Instincts Group Inc. The financial statements of the Company and GBD were consolidated for the Financial Period.
- **Investments:** The Company continues to make strategic investments in existing and potential future Collaborators and other strategic partners. During the Financial Period, the Company allocated capital into Acorn Biolabs Inc., XBL Investments Inc. and FastForward Innovations Ltd. After the Financial Period but prior to the MD&A Date, the Company also made an investment in the Blockchain and Artificial Intelligence Fund established by Creative Destruction Labs at the University of Toronto (the "CDL BcAI Fund").

PART IV - LIQUIDITY AND CAPITAL RESOURCES

Non-IFRS Financial Measures

This MD&A, the First MD&A and the June Highlights make use of a non-IFRS financial measure, "working capital", that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Working capital consists of current assets minus investments minus current liabilities plus promissory notes. Working capital excludes any digital assets and investments. For a more detailed explanation of management's approach to working capital and the risks and uncertainties of using this financial measure to evaluate the Company's performance, please see the First MD&A.

Cash Balance and Working Capital

As at September 30, 2018, GT had a cash balance of \$23,816,933 and working capital of \$25,368,757 available to fund the Company's operations. Working capital is reconciled to the amounts in the Unaudited Condensed Interim Consolidated Statements of Financial Position as at September 30, June 30 and February 28, 2018 as follows:

	September 30, 2018	June 30, 2018	February 28, 2018
Current Assets	40,966,871	44,547,540	10,118,699
Less: Investments	(15,217,037)	(15,463,695)	(8,675,001)
	25,749,834	29,066,712	1,443,698
Less: Current Liabilities	(381,077)	(248,492)	(996,012)
Plus: Promissory Note	-	-	750,000
	(381,077)	(248,492)	(246,012)
Working Capital	25,368,757	28,834,853	1,197,686

Being in its inception phase, the Company currently generates cash by raising equity capital, with some non-material revenue generated by some of its initial joint ventures. Management believes that this will provide enough liquidity to support the Company's objective to capitalize on the creation of joint ventures with Collaborators and will support the Company's normal working capital needs during the next 24 months of operation.

PART V - PERFORMANCE

Review of Operations and Financial Results

During the Financial Period, the Company recorded a consolidated loss of (\$1,276,261) mainly relating to fair value adjustments for its equity investments as follows:

	Year to date	September 30, 2018	June 30, 2018	February 28, 2018
Investments at estimated fair market	15,872,735	15,872,735	16,770,265	9,721,977
Investments at cost	18,660,561	18,660,561	17,803,653	2,832,844
Unrealized gain (loss) from investments	(2,787,826)	(2,787,826)	(1,033,388)	6,889,133
Change in unrealized gain (loss) from investments	(9,676,959)	(1,754,438)	(7,922,521)	
Equity pickup from investments in associates	(86,334)	(43,006)	(43,328)	
Revenues	432,917	376,938	55,979	
Other income	190,617	144,245	46,372	
Total loss	(9,139,759)	(1,276,261)	(7,863,498)	

Of the losses for the Financial Period relating to investments, \$646,263 relates to the Company's investment in VIDL News Corp., which is in the process of winding-up, and the balance reflects a reduction in the valuation of the Company's investments in public companies, revaluing warrants owned by the Company using the Black-Scholes model, and revaluing foreign investments using updated exchange rates.

Consolidated expenditures for the seven-month period from March 1, 2018 to September 30, 2018 totaled \$5,845,536, including a non-cash listing fee relating to the RTO Transaction recognized from the difference between the fair market value of the common shares of the Company (the “GT Shares”) issued to CCA shareholders and the net asset value of CCA as shown below:

Fair value of GT Shares issued to CCA shareholders	\$723,790
Less: cancellation of the CCA’s share capital account	\$(831,324)
Less: cancellation of the CCA’s contributed surplus account	\$(129,295)
plus: cancellation of the CCA’s retained deficit account	\$839,252
Listing fee (allocated to expenses)	\$602,423

Other expenses included marketing and public relations expenses of \$739,779, professional fees (including legal, accounting and consulting expenses) of \$1,478,406, salary compensation of \$1,252,897, non-cash share-based compensation of \$727,996, other general and administration expenses of \$589,018 and depreciation of property and equipment of \$151,124.

PART VI - FINANCIAL HIGHLIGHTS

A summary of selected financial information for the periods from (i) December 7, 2017 to February 28, 2018, (ii) March 1, 2018 to June 30, 2018, (iii) the Financial Period, and (iv) March 1, 2018 to September 30, 2018 are as follows:

Statement of Income and Comprehensive income:	Year to date	September 30, 2018	June 30, 2018	February 28, 2018
(in thousands of dollars)				
Total income (loss)	(9,140)	(1,277)	(7,863)	6,889
Operating expenses	(5,846)	(3,586)	(2,254)	(457)
Net income (loss) before taxes	(14,986)	(4,862)	(10,118)	6,432
Deferred income tax recovery (expense)	913	-	913	(913)
Net income after taxes	(14,073)	(4,862)	(9,205)	5,519
Earnings per share:				
(in dollars)				
Basic	(0.13)	(0.03)	(0.11)	0.15
Diluted	(0.13)	(0.03)	(0.11)	0.13
Statement of Financial Position:				
(in thousands of dollars)				
Working capital	25,369	25,369	28,835	1,198
Total Assets	46,111	46,111	50,467	12,480
Total Liabilities	381	381	248	1,909

PART VII - COMMITMENTS AND CONTINGENCIES:

GT has entered into an agreement to make a further investment of \$250,000 USD into the CDL Bc-AI Fund, which is expected to be funded in Q2 of 2019.

PART VIII - FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As of September 30, 2018, the Company's financial instruments include cash, investments at fair value through profit or loss, other receivables, accounts payables, accrued liabilities and its rights under the put, call and right of first refusal agreement dated June 21, 2018 (the "**Put/Call Agreement**"), which gives it the right (and obligation) to acquire all of the shares of 262 Ontario in certain circumstances, and on certain terms and conditions. For fair value determinations, in addition to the estimation of fair value of financial instruments as described below, please refer to note 7 of the Financial Statements.

As at September 30, 2018, the fair value of cash, other receivables, prepaid expenses and accounts payables and accrued liabilities approximated their carrying value due to their short-term nature.

As at September 30, 2018, the Company carried investments in certain technology companies to satisfy its objective of driving pipelines for potential Collaborators, as described above. These securities are classified as fair value through profit or loss. Please refer to notes 6 and 7 of the Financial Statements for more information.

The Company obtained a third-party valuation to estimate the value of its rights and obligations under the Put/Call Agreement mentioned in Part III above. Please refer to notes 3(d) and 7 of the Financial Statements for more information.

PART IX - FINANCIAL RISKS

As of the MD&A Date, there have been no material changes to the financial risks identified in the First MD&A and June Highlights.

PART X - RELATED PARTY TRANSACTIONS

The Company completed several related party transactions during the period covered by this MD&A, consisting of:

- **Put/Call/Right of First Refusal (Flexiti Financial Inc.):** On July 21, 2018, the Company negotiated the Put/Call Agreement, which was an amendment and restatement of a previous right of first refusal and put option agreement dated June 6, 2018, with two related parties, Globalive Capital Inc. and 262 Ontario, as described in the June Highlights.
- **Senior Secured Debentures (2629331 Ontario Inc.):** As noted above, following the end of the Financial Period, on October 10, 2018 and November 9, 2018, the Company acquired senior secured convertible debentures of 262 Ontario in the aggregate principal amount of \$7,500,000. The Company acquired the debentures in an arm's length transaction, however, the result is that the Company now holds debentures of 262 Ontario, a related party which is controlled by Globalive Capital Inc.
- **Payments to Globalive Media Inc. / Globalive Capital Inc./ VRG Capital Corp.:** On January 1, 2018, March 31, 2018 and April 1, 2018, respectively, Globalive Capital Inc., Globalive Media Inc. and VRG Capital Corp. entered into service agreements with the Company to provide the Company with certain functions and supporting roles. Anthony Lacavera, the Company's Chief Executive Officer and one of its Directors, controls Globalive Media Corp. and Globalive Capital Inc., while J.R. Kingsley Ward, the Company's Chairman and one of its Directors, is a Managing Partner of VRG Capital Corp.

PART XI - SHARE CAPITAL

Overview

As at September 30, 2018, the Company's authorized number of common shares was unlimited without par value, while the Company's number of issued common shares as of same date was 136,536,212 shares. A summary of the Company's issued and outstanding common shares is as follows:

Description	Shares	Amount \$
Seed Financing	65,040,020	5,052,001
Non-brokered private placement Convertible Debentures	14,537,508	7,268,791
Brokered Private Placement (net of \$3,132,091 issue cost)	30,000,000	26,824,015
GCI Vend-In assets	19,914,894	11,333,261
Due from investors for the Initial Seed Financing share issuance	6,320,000	316,000
Issuance of the new GT shares to CCA shareholders	723,790	723,790
Total	136,536,212	51,517,858

Highlights

There were no material changes to the Company's share capital during the Financial Period and through to the MD&A Date.

The Company has not declared or paid any dividends or distributions on its common shares to date. The payments of dividends or distributions in the future are dependent on the Company's earnings, financial condition and such other factors as the board of directors considers appropriate. The Company currently does not anticipate paying any dividends in the foreseeable future.

PART XII - ADDITIONAL INFORMATION:

Additional information relating to the Company is available on SEDAR at www.sedar.com.