

**Form 51-102F3**  
**Material Change Report**

**Item 1            Name and Address of Company**

Globalive Technology Inc. (“**GTT**” or the “**Company**”)  
48 Yonge Street, Suite 1200  
Toronto, Ontario  
M5E 1G6

**Item 2            Date of Material Changes**

January 9, 2019.

**Item 3            News Release**

The press release attached as Schedule “A” was disseminated through Cision on January 9, 2019 with respect to the material change.

**Item 4            Summary of Material Change**

On January 9, 2019, the Company announced that it was exercising a previously-disclosed call right (the “**Call**”) over the shares in Globalive Capital Inc.’s (“**GC**”) wholly owned subsidiary, 2629331 Ontario Inc. (“**Flexiti Holdco**”). Upon closing of the Call, the Company will acquire 41% of the equity, and 51% of the voting control, in the parent company of Flexiti Financial Inc. (“**Flexiti**”), a leading point-of-sale consumer financing solutions company in Canada. Consummation of the Call is subject to certain conditions, including the Company or Flexiti successfully raising equity financing, approval of the TSX Venture Exchange, and minority shareholder approval in accordance with Multilateral Instrument 61-101. There can be no assurance that the Call will close. If the Call does close, the Company will also assume \$7.5 million in secured debt obligations of Flexiti Holdco as well as a \$6 million debt obligation due and payable to GC (together with transactions required to exercise the Call, the “**Transaction**”). The Company also announced that it intends to raise approximately \$10 million on a private placement basis.

**Item 5            Full Description of Material Change**

*5.1    Full Description of Material Change*

See attached press release.

The following supplementary information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”).

(a)    *a description of the transaction and its material terms*

See above and press release attached at Schedule “A”.

(b) *the purpose and business reasons for the transaction*

See above and press release attached at Schedule “A”.

(c) *the anticipated effect of the transaction on the issuer’s business and affairs*

The Transaction will result in the Company acquiring 41% of the equity, and holding a controlling voting position in the parent company of Flexiti. As previously announced the Company and Flexiti are currently parties to a technology development agreement which is focused on optimizing consumer financing at the point-of-sale with Flexiti’s award winning technology. The Transaction will facilitate the relationship between the Company and Flexiti with the goal of increasing sales and repeat purchases at Flexiti’s retail partners and leveraging the artificial intelligence software with Flexiti and other business partners.

GC will receive 13.33 million common shares in the capital of the Company (“**Shares**”) as consideration for all of the issued and outstanding shares of Flexiti Holdco. As part of the Transaction, the Company will also assume \$7.5 million in secured debt obligations of Flexiti Holdco as well as a \$6 million debt obligation due and payable to GC.

(d) *a description of*

(i) *the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties*

GC, a related party of the Company, will receive 13.33 million Shares as consideration for all of the issued and outstanding shares of Flexiti Holdco as well as the repayment of the \$6 million debt obligation.

(ii) *the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person referred to in subparagraph (i) for which there would be a material change in that percentage*

GC and Anthony Lacavera currently own approximately 57,231,402 Shares, which represents approximately 41.6% of the issued and outstanding Shares on a non-diluted basis. Upon consummation of the Transaction, GC and Anthony Lacavera will own approximately 70,564,735 Shares, which will represent approximately 46.8% of the issued and outstanding Shares on a non-diluted basis. GC also holds voting control over approximately an additional 41,672,528 Shares, which represents approximately an additional 30.3% of the votes attached to issued and outstanding Shares and gives GC or Anthony Lacavera voting control over a total of approximately 71.9% of the issued and outstanding Shares on a non-diluted basis. Following the consummation of the Transaction, GC will hold voting control over approximately 112,237,263 Shares, which will represent approximately 74.4% of the Company’s issued and outstanding Shares on a non-diluted basis.

- (e) *Unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee.*

A discussion of the review and approval process adopted by the board of directors of the Company will be included in the management information circular to be prepared by the Company and mailed to shareholders in advance of the special meeting of the Company's shareholders that will be held for the purpose of, among other things, approving the Transaction.

- (f) *a summary, in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction*

Not applicable

- (g) *disclosure, in accordance with section 6.8 of MI 61-101 of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction*

- (i) *that has been made in the 24 months before the date of the material change report; and*
- (ii) *the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer*

Not applicable

- (h) *the general nature and material terms of any agreement entered into by the issuer, or related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction*

A summary of the agreement (the "**Agreement**") entered into between the Company and GC and the amendments to such Agreement are included in the Filing Statement filed by the Company on May 29, 2018, the press release of the Company dated June 21, 2018 and the Company's management discussion & analysis for the period ending June 30, 2018.

- (i) *the disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101, respectively, and the facts supporting reliance on the exemptions*

The Transaction is exempt from the formal valuation requirements of MI 61-101 pursuant to paragraph 5.5(b) thereof, as the Company's shares are listed on the TSX-V and not on any of the markets specified by MI 61-101 as precluding the use of the exemption.

The Transaction is subject to the minority approval requirements of MI 61-101, and accordingly, any votes attaching to Shares held by GC or its affiliates, as well as any other related party (if any) who receives a collateral benefit as a result of the Transaction, will not count towards the minority shareholder approval required under MI 61-101.

*5.2 Disclosure for Restructuring Transactions*

Not applicable.

**Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7 Omitted Information**

Not applicable

**Item 8 Executive Officer**

The following executive officer is knowledgeable about the material change and may be contacted about this report.

Simon Lockie  
Chief Corporate Officer  
(416) 204-0263

**Item 9 Date of Report**

January 22, 2019

## Schedule "A"

# Globalive Technology Exercising Call Right to Acquire Control of Flexiti

*Globalive Technology is exercising its previously-disclosed call right to acquire control of Flexiti, leveraging artificial intelligence and machine learning to optimize Flexiti's point-of-sale consumer financing solution. Flexiti is a leading fintech point-of-sale lender in Canada with over 1 million customers and more than \$250 million in loan receivables.*

TORONTO, Jan. 9, 2019 /CNW/ - Globalive Technology Inc. (TSX-V: LIVE) (the "Company"), a technology company focused on developing innovative payment, billing and credit solutions for consumers and businesses, today announced it is exercising a previously-disclosed call right, from Globalive Capital Inc. ("GC") over GC's wholly-owned subsidiary, 2629331 Ontario Inc. ("Flexiti Holdco").

Flexiti Holdco owns 41.0% of, and has 51% voting control over, the parent of Flexiti Financial Inc. ("Flexiti"), a leading point-of-sale consumer financing solutions company in Canada with over 1 million customers and a loan book of more than a quarter of a billion dollars.

Upon closing, the Company would acquire 100% of, and amalgamate with, Flexiti Holdco (the "Transaction"). Consummation of the Transaction is subject to certain conditions, including the Company or Flexiti successfully raising equity financing, approval of the TSX Venture Exchange ("TSX-V"), and minority shareholder approval in accordance with Multilateral Instrument 61-101 ("MI 61-101"). The Company intends to raise approximately \$10 million on a private placement basis, of which GC expects to provide a lead order of \$4 million.

The Transaction is subject to MI 61-101 as GC owns Flexiti Holdco and GC is the controlling shareholder of the Company. As previously disclosed, Anthony Lacavera, the Company's Chief Executive Officer, controls GC. Upon completion of the amalgamation, as previously disclosed, the Company would assume \$7.5 million in secured debt obligations of Flexiti Holdco (convertible into shares of Globalive Technology at \$1.00 per share), as well as a \$6 million debt obligation, which (plus approximately \$0.75 million in accrued interest and fees) would be due and payable to GC, which provided \$2.6 million to Flexiti in bridge financing earlier this week.

Further details regarding the call right can be found in the press release of the Company dated June 21, 2018 and in its other SEDAR filings. In addition, the Company intends to call a shareholder meeting and to file on SEDAR and mail to shareholders a management information circular and related materials in the coming weeks that will contain further details regarding the Transaction.

Separately, depending on market conditions and other factors, the Company is contemplating acquiring the balance of Flexiti on terms acceptable to the Company and to Flexiti's other existing shareholders. Discussions regarding such an acquisition are only preliminary at this point and no assurance can be provided that such a transaction or even an agreement relating to such transaction will be reached.

Flexiti's award-winning technology delivers instant credit approvals for customers at the point of sale for big-ticket retailers, both in-store and online. The omnichannel solution is fully automated, 100% paperless and can adjudicate loan applications in less than 3 minutes with high approval rates, helping to drive significant increases in financed sales volumes over other more conventional financing products. In June 2018, Flexiti acquired TD Financing Services' Canadian private label credit card portfolio on which more than 2 million transactions valued at more than \$3 billion have been facilitated. Flexiti's loan receivables as at November 30, 2018 total approximately \$255 million. As a result of the acquisition and the company's strong organic growth, Flexiti has experienced growth in loan originations of 270% in the past year.

As previously announced, the Company has entered into a technology development agreement with Flexiti focused on optimizing consumer financing at the point-of-sale. The Company intends to leverage artificial intelligence and machine learning applications with Flexiti's historical loan data to increase the volume of high-quality loans on the company's books while reducing instances of bad debt and the associated collection costs. The Company also intends to leverage the AI software to develop a loyalty program for retailers and to further drive sales and repeat purchases at Flexiti's retail partners. The Company will retain the ability to license the AI software solution to non-competitive financial services firms worldwide once it is operational at scale.

"Flexiti has demonstrated an enviable ability to execute on its growth strategy and establish itself as a market leader," said Anthony Lacavera, the Company's Chief Executive Officer. "We see phenomenal potential to leverage artificial intelligence in the company's point-of-sale solutions and we look forward to working closely with Peter Kalen and his team to realize that vision."

"We're pleased to be deepening our partnership with Globalive Technology," said Flexiti Chief Executive Officer Peter Kalen. "The AI-driven software solutions we're building together will enable smarter lending decisions and ultimately drive higher sales at Flexiti's merchant partners."

### **About Globalive Technology Inc.**

Globalive Technology is a next generation software company and venture partner developing innovative solutions to disrupt traditional industries by leveraging artificial intelligence and machine learning technology stacks, with a particular focus on delivering innovative payment, billing and credit solutions. Globalive Technology is controlled by Globalive Capital Inc., which has founded and co-founded 12 businesses over the past 20 years with six successful exits ranging from \$10M to \$1.3B USD. It has also made over 100 venture investments and has over 45 technology companies in its portfolio. For more information, visit [www.globalivetech.com](http://www.globalivetech.com).

### **About Flexiti Financial Inc.**

Flexiti has reimagined point-of-sale (POS) consumer financing to drive sales for retailers in-store and online and is one of Canada's leading private label credit card issuers. Through its award-winning platform, Flexiti delivers a POS financing experience across any device that is customer-centric, simple and intuitive. Without the need to integrate into existing POS systems, retail partners can easily offer the same fast and paperless financing solution across all retail locations and sales channels to increase revenue and build loyalty through repeat purchases. Flexiti's joint venture with Globalive Technology demonstrates its commitment to innovation in the payments space through the development of solutions leveraging artificial intelligence. With high approval rates, innovative products and services, flexible promotional offers and a partnership-first approach, Flexiti is helping people improve their lives through better financing. For more information, visit [www.flexiti.com](http://www.flexiti.com).

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### **CAUTION REGARDING FORWARD-LOOKING INFORMATION**

*This news release contains forward-looking statements relating to the Company, its software and artificial intelligence development projects, its exercise of the call right to acquire control of Flexiti, its contemplation of further capital raises, including the contemplated \$10 million private placement, and other matters, as well as forward-looking statements about Flexiti, its products and services, financial performance, and existing and future technologies. Such forward-looking*

*statements are identified by terms such as "will", "is exercising", "subject to", "contemplating", "of up to", "intends", "once it is", "preliminary" and similar expressions. All statements, other than statements of historical fact included in this release, including those noted above, are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include an inability to consummate the proposed transactions, failure to satisfy the necessary conditions to the transaction including TSX-V approval, shareholder approval and raising adequate financing, a material change in Flexiti's business, a breakdown in the Company's relationship with Flexiti, Flexiti not performing in accordance with expectations or historical trends, difficulties integrating Flexiti into the Company's existing management and administrative structure, software not functioning as expected, difficulties or delays in developing the proposed software, the software not functioning as expected, third parties not using or responding to the software as expected, competitors operating in the same spaces or industries, economic conditions making the technologies or licenses not as attractive as expected, difficulties raising capital and/or meeting the requirements for investors to provide capital, and other risks as set out in the Company's Filing Statement available on its SEDAR page at [www.sedar.com](http://www.sedar.com).*

*The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The Company cannot guarantee that any of the forward-looking statements contained in this press release will occur as disclosed herein or at all. The reader is cautioned not to place undue reliance on any forward-looking information.*

*Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Company will only update or revise publicly the included forward-looking statements as expressly required by Canadian securities law.*

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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