

Globalive Technology Inc.
Management Discussion and Analysis
(Quarterly Highlights)

For the period from April 1, 2019 to June 30, 2019

Dated: August 26, 2019

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 April 1, 2019 to June 30, 2019 (the “Financial Period”) and is provided as of August 26, 2019 (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 management discussion & analysis for the previously completed financial year dated April 11, 2019 (the “FYE MD&A”), the Company’s filing statement dated May 29, 2018 (the “Filing Statement”) and the Company’s management discussion and analysis quarterly highlights for the period from January 1, 2019 to March 31, 2019 (the “March 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 the Company’s conditional and discretionary call and first refusal rights with respect to a potential business acquisition, the expected value of certain of the Company’s debt and equity investments, 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”, “if”, “subject to”, “anticipate”, “believe”, “estimate”, “expect to”, “expected to” 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 strategic and transactional partners, difficulties or delays in raising the necessary financing to complete a transaction, an inability to satisfy the conditions precedent to a transaction, economic conditions affecting the Company or its transaction partners, the inability to negotiate exclusivity for a possible transaction, competition from third parties with an interest in working with the Company’s transaction partners, a transaction not resulting in the expected economic or other benefits for the Company, difficulties or delays in negotiating or consummating a transaction, changes to the value of the assets underlying the Company’s secured loans, changes to the Company’s strategic plan and other risks as set out in the FYE MD&A and the Filing Statement.

PART II - INTRODUCTION

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.

PART III - OPERATING HIGHLIGHTS

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

- **Interest in FLX Holding Corp. (“FLX”) and Flexiti Financial Inc. (“Flexiti”)**: On January 9, 2019 and February 20, 2019, the Company announced it is exercising its call right to acquire 2629331 Ontario Inc. (“262 Ontario”), the controlling shareholder of FLX, under a put, call and right of first refusal agreement dated June 21, 2018 (the “Put/Call Agreement”), subject to certain conditions precedent, including the Company’s satisfaction that adequate financing can be obtained to fund FLX and Flexiti. The Company has continued to work with FLX and Flexiti throughout the Financial Period to see if these conditions can be satisfied, however, there can be no assurance at this time that a transaction will be completed.
- **Consolidated Billing Platform with Sponsor Energy Inc. (“Sponsor”)**: The Company has been engaged in developing 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 for Neighbor Billing Inc. (“Neighbor”). During the Financial Period, following a

thorough consideration of market conditions and strategic alternatives, the Company determined that the additional capital required to fund the next phase of Neighbor’s development and operations exceeded what the Company and its business partner, Sponsor Energy Inc. (“Sponsor”), were prepared to make available. On June 4, 2019, the Company completed a transaction to conclude its business venture with Sponsor, with the result that the Company is now the sole owner of Neighbor and its associated intellectual property, but has granted limited licenses to Sponsor to allow it to commercialize certain of the intellectual property on a non-exclusive basis in the utilities market. The Chief Technology Officer, Chief People Officer and certain employees engaged by the Company to work solely on the Neighbor billing platform departed the Company during the Financial Period and the Company does not anticipate pursuing any further development of Neighbor in the near term.

- **Blockchain and Cryptocurrency Ventures:** The Company has substantially ceased its operations in the blockchain and cryptocurrency space and continues to take steps to wind-down its business ventures in that area. During the Financial Period the Company sold the digital currency mining equipment from its business venture with HyperBlock Inc. (“HyperBlock”) to HyperBlock for a purchase price of \$63,920. On August 1, 2019, after the Financial Period but prior to the MD&A Date, the Company sold its interest in Globalive BIG Dev Inc., its business venture with Business Instincts Group Inc. (“BIG”), to BIG and took back a debenture from BIG in the principal amount of \$1,250,000.
- **Investments:** The Company has made and continues to make strategic investments in existing and potential future collaborators and other strategic partners. During the Financial Period the Company allocated a small amount of capital into Xtreme Blockchain Labs Inc. and Pitchpoint Solutions Inc. After the Financial Period but prior to the MD&A Date, the Company also allocated capital to Civic Resource Group International Inc. The details of these investments and their valuations are described in the Financial Statements.

PART IV - LIQUIDITY AND CAPITAL RESOURCES

Non-IFRS Financial Measures

This MD&A, the FYE MD&A and the Filing Statement each 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 FYE MD&A and the Filing Statement.

Cash Balance and Working Capital

As at June 30, 2019, the Company had a cash balance of \$7,080,097 and working capital of \$6,817,234 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 June 30 and March 31, 2019 and December 31, September 30, June 30 and February 28, 2018 as follows:

| | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 | February 28, 2018 |
|---------------------------|------------------|-------------------|----------------------|-----------------------|-------------------|----------------------|
| Current Assets | 20,961,237 | 24,093,321 | 29,170,674 | 40,966,871 | 44,547,540 | 10,118,699 |
| Less: Investments | (13,799,291) | (14,516,954) | (14,578,112) | (15,217,037) | (15,463,695) | (8,675,001) |
| | 7,161,946 | 9,576,367 | 14,592,562 | 25,749,834 | 29,066,712 | 1,443,698 |
| Less: Current Liabilities | (344,712) | (652,311) | (1,046,334) | (381,077) | (248,492) | (996,012) |
| Plus: Promissory Note | - | - | - | - | - | 750,000 |
| | (344,712) | (652,311) | (1,046,334) | (381,077) | (248,492) | (246,012) |
| Working Capital | 6,817,234 | 8,924,056 | 13,546,228 | 25,368,757 | 28,834,853 | 1,197,686 |

The Company currently generates cash primarily by raising equity capital. Management believes that this will provide enough liquidity to support the Company's objective to capitalize on the creation of business ventures with collaborators and will support the Company's normal working capital needs during the next 12 months of operation.

PART V - PERFORMANCE

Review of Operations and Financial Results

During the Financial Period, the Company recorded a consolidated loss of \$11,055,226. This loss was driven primarily by (i) a \$9,411,669 write-down of the secured debentures which the Company holds in 262 Ontario, the controlling shareholder of FLX and Flexiti, to reflect the expected current value of the underlying security for those debentures following a series of internal financing rounds in FLX and Flexiti, and (ii) a \$666,553 write-down of the fair market value of certain other debt and equity investments held by the Company.

| | June 30, 2019 | March 31, 2019 | December 31, 2018 | September 30, 2018 | June 30, 2018 | February 28, 2018 |
|---|------------------|-------------------|----------------------|-----------------------|------------------|----------------------|
| Investments at estimated fair market | 17,683,698 | 26,457,575 | 23,525,866 | 15,872,735 | 16,770,265 | 9,721,977 |
| Investments at cost | 27,634,674 | 29,221,038 | 27,235,228 | 18,660,561 | 17,803,653 | 2,832,844 |
| Unrealized gain (loss) from investments | (9,950,976) | (2,763,463) | (3,709,362) | (2,787,826) | (1,033,388) | 6,889,133 |
| Realized / unrealized gain (loss) from investments held at fair value through profit or loss | (8,768,873) | (163,688) | (921,536) | (1,754,438) | (7,922,521) | |
| Equity pickup from investments in associates | - | - | (30,641) | (43,006) | (43,328) | |
| Revenues | - | - | 240,850 | 376,938 | 55,979 | |
| Other income | - | 540,125 | 587,202 | 144,245 | 46,372 | |
| Other losses | (802,277) | (18,902) | (3,457,032) | - | - | |
| Total loss | (9,571,150) | 357,535 | (3,581,157) | (1,276,261) | (7,863,498) | |

Consolidated expenditures for the Financial Period totaled \$1,488,931. The most material expenses incurred by the Company during the Financial Period were standard operating expenses, including salaries and wages of \$525,503, a non-cash employee share based compensation of \$121,529, professional fees of \$261,331 and general office and administration expenses of \$137,022. The Company also made one-time payments to employees departing the Company in connection with the wind-down of the Company's business venture with Sponsor in an aggregate amount of an aggregate of \$401,849.

The Company did not realize any material revenue or other income during the Financial Period, being in the process of exiting its existing and former business ventures in the blockchain and cryptocurrency space, and remains focused on working with FLX and Flexiti to determine whether the conditions precedent to its exercise of its call right over 262 Ontario can be satisfied.

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) July 1, 2018 to September 30, 2018, (iv) October 1, 2018 to December 31, 2018, (v) January 1, 2019 to March 31, 2019, and (vi) April 1, 2019 to June 30, 2019 are as follows:

| Statement of Income and Comprehensive income: | Jun 30, 2019 | Mar 31, 2019 | Dec 31, 2018 | Sept 30, 2018 | Jun 30, 2018 | Feb 28, 2018 |
|--|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
| (in thousands of dollars) | | | | | | |
| Total income (loss) | (9,571) | 358 | (3,582) | (1,276) | (7,863) | 6,889 |
| Operating expenses | (1,489) | (2,066) | (6,050) | (3,586) | (2,254) | (457) |
| Net income (loss) before taxes | (11,060) | (1,708) | (9,631) | (4,862) | (10,118) | 6,432 |
| Deferred income tax recovery (expense) | - | - | - | - | 913 | (913) |
| Net income after taxes | (11,060) | (1,708) | (9,631) | (4,862) | (9,205) | 5,519 |
| Net income (loss) from discontinued operation | 5 | (490) | - | - | - | - |
| Net income (loss) and comprehensive income (loss) for the period | (11,055) | (2,198) | (9,631) | (4,862) | (9,205) | 5,519 |
| Earnings per share from continuing operations for the period: | | | | | | |
| (in dollars) | | | | | | |
| Basic | (0.080) | (0.012) | (0.05) | (0.03) | (0.11) | 0.15 |
| Diluted | (0.080) | (0.012) | (0.05) | (0.03) | (0.11) | 0.13 |
| Earnings per share: | | | | | | |
| (in dollars) | | | | | | |
| Basic | (0.080) | (0.016) | (0.05) | (0.03) | (0.11) | 0.15 |
| Diluted | (0.080) | (0.016) | (0.05) | (0.03) | (0.11) | 0.13 |
| Statement of Financial Position: | | | | | | |
| (in thousands of dollars) | | | | | | |
| Working capital | 6,817 | 8,924 | 13,546 | 25,369 | 28,835 | 1,198 |
| Total Assets | 24,858 | 36,099 | 38,311 | 46,111 | 50,467 | 12,480 |
| Total Liabilities | 345 | 652 | 1,046 | 381 | 248 | 1,909 |

PART VII - COMMITMENTS AND CONTINGENCIES:

The Company has entered into an agreement to make a further investment of \$250,000 USD into the University of Toronto Creative Destruction Labs Blockchain and Artificial Intelligence Fund, which is expected to occur later in 2019.

The Company terminated its membership agreement to lease office space in Toronto, Ontario during the Financial Period and does not expect to incur any material future expenses in connection with that space beyond the Financial Period.

PART VIII - FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As of June 30, 2019, 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 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 June 30, 2019, 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 June 30, 2019, the Company carried investments in certain technology companies the Company views as potential collaborators and strategic partners. 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 4 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 FYE MD&A and the Filing Statement.

PART X - RELATED PARTY TRANSACTIONS

During the Financial Period, the Company participated in the following related party transactions:

- **Option Price Amendment:** At the Company's annual general and special meeting on June 20, 2019 (the "AGM"), the shareholders approved an amendment to the Company's issued and outstanding vested and unvested options, including 3,625,000 options issued to insiders of the Company, to amend the exercise price of those options from \$1.00 to \$0.25. The amendment went into effect after the MD&A Date, on July 31, 2019.
- **Change to Form of CEO Compensation:** At the Company's AGM, the shareholders approved an amendment to the form of compensation paid by the Company to its Chief Executive Officer. During the period from July 1, 2019 until June 30, 2020, the Chief Executive Officer will receive his net pay quarterly, in arrears, in common shares of the Company, issued at the price per common share on the last day markets were open in the applicable quarter, up to a maximum of 1,590,910 shares.

PART XI - SHARE CAPITAL

As at June 30, 2019, 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 138,277,872 common shares. During the Financial Period, the Company issued 333,331 common shares to the holders of RSUs which vested on April 1, 2019 and June 8, 2019.

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.

On June 28, 2019, following the receipt of shareholder approval at the AGM, the Company filed articles of amendment to create a new class of preferred share, issuable in series, with characteristics to be determined by the board of directors from time to time. As at the MD&A Date, no preferred shares have been issued.

PART XII - ADDITIONAL INFORMATION:

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