



**Unaudited Interim Condensed
Consolidated Financial Statements**

**For the three-month periods ended
March 31, 2021 and 2020**

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements are the responsibility of the Management of Emergia Inc. ("**Emergia**") and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and where appropriate, include amounts which are based on judgments, estimates and assumptions of Management. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

Management has developed and maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are recognized.

The Board of Directors of Emergia (the "**Board**") is responsible for ensuring that Management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee (the "**Committee**"). The Committee reviews the consolidated financial statements with Management. The Committee reports its findings to the Board, which approves the consolidated financial statements before their filing.



HENRI PETIT
PRESIDENT AND CHIEF EXECUTIVE OFFICER



BRUNO DUMAIS, CPA, CA
CHIEF FINANCIAL OFFICER

Emergia Inc.

Unaudited Interim Condensed Consolidated Statements of Financial Position

(in Canadian dollars)

	Note	As at March 31, 2021	As at December 31, 2020
Assets		\$	\$
Current assets			
Cash		78,765	81,861
Receivables and other receivables	4	59,456	147,611
Prepaid and refundable deposits		3,327,894	1,913,545
Total current assets		3,466,115	2,143,017
Non-current assets			
Other receivables	4	2,500,608	2,679,378
Investment properties	5	51,159,207	51,139,051
Investment in a joint venture	6	3,610,521	2,664,527
Land held for development		18,965,183	18,115,163
Investment in a private company		250,000	250,000
Property and equipment		2,500	2,500
Total non-current assets		76,488,019	74,850,619
Total assets		79,954,134	76,993,636
Liabilities			
Current liabilities			
Trade and other payables	7	7,193,686	6,520,975
Income tax payable		43,866	43,866
Other current liabilities	8	21,617,936	21,460,185
Current portion of convertible debentures	9	792,204	778,033
Current portion of bank mortgages and long-term debt	10, 11	4,853,052	4,538,286
Total current liabilities		34,500,744	33,341,345
Non-current liabilities			
Convertible debentures	9	4,373,585	4,331,070
Bank mortgages	10	4,572,989	4,573,003
Long-term debt	11	8,315,481	7,133,940
Deferred income tax liabilities		375,000	375,000
Total non-current liabilities		17,637,055	16,413,013
Total liabilities		52,137,799	49,754,358
Shareholders' equity			
Share capital	18	73,806,413	73,153,673
Warrants	19	6,191,556	6,113,827
Contributed surplus		264,819	264,819
Deficit		(52,446,453)	(52,293,041)
Total shareholders' equity		27,816,335	27,239,278
Total liabilities and shareholders' equity		79,954,134	76,993,636

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

On behalf of the Board of Directors:

(s) Joseph Cianci, Director

(S) François Castonguay, Director

Emergia Inc.

Unaudited Interim Condensed Consolidated Statements of Comprehensive Loss

(in Canadian dollars except for share amounts)

		Three months ended	
	Note	March 31, 2021	March 31, 2020
		\$	\$
Rental income		235,607	817,130
Operating expenses		161,462	506,484
Net operating income		74,145	310,646
Administrative expenses	15	458,587	574,820
Financing costs	15	508,328	754,907
Share of net income from joint venture	6	(945,994)	—
Loss on settlement of current and non-current liabilities	13	206,635	—
Loss before income taxes		(153,412)	(1,019,081)
Income taxes		—	—
Net loss and comprehensive loss for the year		(153,412)	(1,019,081)
Basic and diluted net loss per outstanding common share			
- Basic	16	(0.01)	(0.07)
- Diluted	16	(0.01)	(0.07)
Weighted average number of Outstanding common shares			
- Basic		24,768,000	14,623,623
- Diluted		24,768,000	14,623,623

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

Emergia Inc.

Unaudited Interim Condensed Consolidated Statements of Shareholders' Equity

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars except share amounts)

	Share Capital		Warrants	Contributed surplus	Deficit	Total Equity
	Number of shares	Amount				
	#	\$	\$		\$	\$
Balance at December 31, 2020	24,350,265	73,153,673	6,113,827	264,819	(52,293,041)	27,239,278
Settlement of current and non-current liabilities	588,207	514,690	77,729	—	—	592,419
Issued under a private placement	163,685	138,050	—	—	—	138,050
Net loss and comprehensive loss	—	—	—	—	(153,412)	(153,412)
Balance at March 31, 2021	25,037,157	73,806,413	6,191,556	264,819	(52,446,453)	27,816,335
Balance on December 31, 2019	14,619,107	60,216,541	5,069	—	(25,100,379)	35,121,231
Settlement of other current liabilities and payables	25,000	25,000	—	—	—	25,000
Net loss and comprehensive loss	—	—	—	—	(1,019,081)	(1,019,081)
Balance at March 31, 2020	14,644,107	60,241,541	5,069	—	(26,119,179)	24,127,150

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

Emergia Inc.

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars)

		Three months ended	
	Note	March 31, 2021	March 31, 2020
Operating activities		\$	\$
Net loss		(153,412)	(1,019,081)
Adjustments			
Consulting services paid in shares		—	25,000
Change of fair value of convertible debenture		—	182,175
Share of net income from joint venture	6	(945,994)	—
Loss on settlement of current and non-current liabilities	13	206,635	—
		(892,771)	(964,503)
Changes in working capital items	18	54,001	(398,260)
Cash flow from operating activities		(838,770)	(1,362,763)
Investing activities			
Additions to Property and equipment		—	(933)
Land held for development		—	—
Cash flow from investing activities		—	(933)
Financing activities			
Credit line		—	(3,950,000)
Convertible debentures		—	4,477,521
Repayment of convertible debentures		—	(100,000)
Issuance of units		124,401	—
Other current liabilities		500,000	813,748
Repayment of other current liabilities		(72,304)	(15,000)
Repayment of bank mortgages		(35,660)	(94,898)
Long-term debt		325,000	339,310
Repayment of long-term debt		(5,763)	(46,287)
Cash flow from financing activities		835,674	1,424,394
Net change in cash		(3,096)	(60,698)
Cash (cash overdraft), beginning of the period		81,861	(43,683)
Cash, end of the period		78,765	17,015

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

Emergia Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at March 31, 2021

(in Canadian dollars)

Note 1 – Information on the Corporation

Emergia Inc. together with its subsidiaries (together referred to as "**Emergia**" or the "**Corporation**") operates in the development, acquisition and management of multi-purpose real-estate properties, including retail, multi-residential, office and industrial buildings as well as land for future development.

Emergia was incorporated on April 7, 2014 under the laws of the province of British Columbia, and is governed, since January 19, 2018, by the *Canada Business Corporations Act*. On March 23, 2018, Emergia became a publicly listed company on the Canadian Securities Exchange ("**CSE**") under the name "The Delma Group Inc." and the symbol "DLMA.CN" through a reverse takeover transaction by Aydon Income Properties Inc. On January 21, 2020, the Corporation changed its name for "EMERGIA Inc." and its ticker symbol for "EMER".

The principal address and records office of the Corporation is located at 402 – 185 Avenue Dorval, Dorval, Quebec, Canada H9S 5J9.

Note 2 – Statement of Compliance, Going Concern, Judgments and Estimation Uncertainty

A. Statement of Compliance

The unaudited interim condensed consolidated financial statements for the three months ended March 31, 2021 have been prepared in accordance with IAS 34, Interim Financial Reporting.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Corporation's annual audited consolidated financial statements for the year ended December 31, 2020 (the "Annual Financial Statements") which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

These unaudited interim condensed consolidated financial statements were approved and authorized for issuance by the Corporation's Board of Directors on May 28, 2021.

B. Going Concern

These consolidated financial statements have been prepared on a going concern basis, which presumes that the Corporation will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of its operations.

As of March 31, 2021, the Corporation has not yet generated positive cash flows from its operations, nor has it achieved profitable operations and has a negative working capital of \$31,034,629 (\$31,198,328 - December 31, 2020). The Corporation's ability to continue as a going concern is dependent upon its ability to raise sufficient equity or other forms of financing and refinance its short-term debt or other debts as they come due to complete its contemplated

Emergia Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at March 31, 2021

(in Canadian dollars)

Note 2 – Statement of Compliance, Going Concern, Judgments and Estimation Uncertainty (Continued)

business plan and ultimately achieve profitable operations. These factors indicate the existence of material uncertainties that may cast significant doubt regarding the Corporation's ability to continue as a going concern. Notwithstanding the foregoing, subsequent events (note 28) allowed to further reduce the short-term debt and management continues its financing activities as mentioned below. The Corporation has ongoing negotiations to obtain financings to be used for short-term and long-term needs. The Corporation pursues its \$15 million private placement offering and, at the time these consolidated financial statements were approved, the Corporation had executed the Private Placement for a total amount of \$7,830,952 as at March 31, 2021. At the time these unaudited interim condensed consolidated financial statements were approved, discussions with interested investors were ongoing. In addition to the latter, management pursues other financing alternatives to fund the Corporation's operations, including potential agreements with current lenders and creditors to possibly convert their debt in equity and or extend maturity dates and or related terms and conditions on existing loans, to reinforce its ability to continue as a going concern.

These unaudited interim condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Corporation's going concern assumption not be appropriate. While management has been successful in obtaining sufficient funding for its operating and capital requirements in the past, there is no assurance that additional funding will be available to the Corporation, when required, or on terms which are acceptable to management including any financing currently being negotiated.

C. Significant Accounting Estimates, Assumptions and Judgments

There have been no significant changes to the Corporation's critical accounting judgments, estimates and assumptions made since our annual financial reporting for the year ended December 31, 2020.

Note 3 - Significant Accounting Policies

As of March 31, 2021, there have been no material changes to the significant accounting policies as outlined in Note 3 of the Annual Financial Statement. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Emergia Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at March 31, 2021

(in Canadian dollars)

Note 4 - Receivables and Other Receivables

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Trade receivables	51,411	46,894
Other receivables	8,045	100,717
	59,456	147,611

The Balance of sale is detailed as follows:

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Balance of sale	151,965	330,735
Balance of sale, 5% interest starting January 1, 2022, maturing in December 2022	2,348,643	2,348,643
	2,500,608	2,679,378
Current portion of balance of sale	—	—
Non-current portion of balance of sale	2,500,608	2,679,378

Note 5 - Investment Properties

A reconciliation of the Investment properties is as follows:

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Balance, beginning of the year	51,139,051	88,541,212
Disposal	—	(9,000,000)
Disposal of 9307-9077 Quebec Inc. (Note 5c)	—	(7,995,892)
Disposal of 9371-9904 Quebec Inc. (Note 5d)	—	(7,425,000)
Settlement of liabilities (Notes 5b and 5e)	—	(17,364,358)
Decrease in fair value of investment properties	—	(2,383,001)
Borrowing costs	20,156	783,992
Reclassified as land in development	—	(1,617,235)
Balance, end of the year	51,159,207	51,139,051

Emergia Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at March 31, 2021

(in Canadian dollars)

Note 5 - Investment Properties (Continued)

The Investment properties are composed of the following:

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Land in Bromont, Canada	34,330,751	34,330,751
9700 St-Laurent Blvd, Montreal, Canada	1,400,000	1,400,000
475-489 Le Breton and 505-531 Le Breton, Longueuil, Canada	3,196,775	3,196,775
860 Cite-des-Jeunes, St-Lazare, Canada	1,342,967	1,329,441
472-474 Knowlton, Lac Brome, Canada	2,968,054	2,968,054
121 Lepine, Gatineau, Canada	4,570,000	4,570,000
Panagopoula Resort, Panagopoula, Greece	1,650,000	1,650,000
Land in Blainville, Canada	1,700,659	1,694,030
	51,159,206	51,139,051

Minimum lease payments receivable

The lease contracts are all non-cancellable for 1 to 10 years from the commencement of the leases. Future minimum lease rentals are as follows:

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Within 1 year	546,821	613,931
1 to 5 years	1,189,498	1,215,416
After 5 years	181,362	241,817
	1,917,681	2,071,64

Note 6 - Investment in Joint Venture

The Corporation has ownership interest in the following joint venture:

	As at March 31, 2021	As at December 31, 2020
12028735 Canada Inc.	50%	50%

Emergia Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at March 31, 2021

(in Canadian dollars)

Note 6 - Investment in Joint Venture (Continued)

The following table shows the changes in the carrying value of Emergia's investment in joint venture for the three-month period ended March 31, 2021:

	\$
Beginning balance	2,664,527
Share of net income	945,994
Ending balance	3,610,521

Summarized financial information of the joint venture as at March 31, 2021 is as follows:

	\$
Current assets	1,257,423
Non-currents assets	15,244,229
Current liabilities	283,550
Non-current liabilities	9,002,913
Revenues	225,645
Change in fair value of Investment properties	2,000,000
Net income and comprehensive income for the period	1,889,988

Note 7 - Trade and Other Payables

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Trade payables and accrued liabilities	6,795,197	6,173,732
Interest payable on other current liabilities and long-term debt	398,489	347,243
	7,193,686	6,520,975

Emergia Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at March 31, 2021

(in Canadian dollars)

Note 8 - Other Current Liabilities

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Promissory notes, 10%	595,496	576,312
Loans, 10%, maturing in August 2021	139,667	139,667
Loan, 15%, secured by Land in Bromont and Land held for development and a guarantee from a director	18,619,051	17,947,048
Advances from a company controlled by a director, 10%	105,000	105,000
Loan from a company controlled by a director, 12%,	330,044	330,044
Loan, 8%, secured by a guarantee from a company controlled by a director	816,913	850,349
Loan, 10%, secured by 472 Chemin Knowlton and a guarantee from a director	200,000	200,000
Loan, 13.8%, secured by 121 Lepine and a guarantee from a director	500,000	500,000
Loans, 10% and 12%, maturing in June and August 2021	215,000	215,000
Advances from companies controlled by a director, 9% and 10%	96,765	96,765
	21,617,936	21,460,185

Unless otherwise indicated, other current liabilities are payable on demand.

Emergia Inc.

Notes to the Consolidated Financial Statements

As at December 31, 2020

(in Canadian dollars)

Note 9 - Convertible Debentures

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Convertible debentures, 10%, secured by all present and future residential properties of the Corporation, payable along with the promissory notes listed into Other current liabilities by monthly installments of \$100,000 and in full by December 31, 2020. On April 21, 2021, the maturity date was amended to December 31, 2021	792,204	778,033
Convertible debentures, face value of \$4,420,000, 12%, secured by a hypothec over specific assets, convertible into common shares at \$1.00 per share, matures in January 2022	4,273,585	4,231,070
Convertible debenture, 12%, unsecured, convertible into units at the lesser of \$0.75 or the price of most recent financing, matures on June 14, 2022	100,000	100,000
	5,165,789	5,109,103
Current portion	792,204	778,033
	4,373,585	4,331,070

In March 2020, the Corporation entered into a subscription agreement with a private investor who has agreed to provide funding of \$4,420,000 by way of a secured convertible debenture to reimburse the Corporation's line of credit and to settle outstanding debt of the Corporation. The debenture has a maturity date of January 31, 2022 and bears interest at a rate of 12% per annum, payable at maturity. The Debenture and the interest are convertible into common shares of the Corporation at a conversion price of \$1.00 per Common Share. The Debenture is secured by a hypothec over the land in Blainville and the property located at 472, Knowlton Road in Lac Brome. The debenture may be reimbursed at any time until maturity without any penalty, provided a 30-day notice is given to the investor to allow him to exercise his conversion right, should he decide to do so. In the event the investor decides to exercise its conversion right, 4% interest on such amount will be forfeited by the investor.

Emergia Inc.

Notes to the Consolidated Financial Statements

As at December 31, 2020

(in Canadian dollars)

Note 10 - Bank Mortgages

	As at March 31, 2021 \$	As at December 31, 2020 \$
Term loan, 3.85%, capital and interest payable in monthly payments of \$17,094, maturing in November 2022, secured by 121 Lepine and a guarantee from a director	3,072,297	3,094,091
Term loan, 3.88%, capital and interest payable in monthly payments of \$9,815, secured by 474-489 Le Breton, 505-541 Le Breton and a guarantee from two third parties, maturing in April 2022	1,609,739	1,623,605
	4,682,036	4,717,696
Current portion	109,047	144,693
	4,572,989	4,573,003

Emergia Inc.

Notes to the Consolidated Financial Statements

As at December 31, 2020

(in Canadian dollars)

Note 11 - Long-Term Debt

	As at March 31, 2021 \$	As at December 31, 2020 \$
Advances, 9%, secured by Lands in Bromont, maturing in March 2022	4,927,681	4,819,926
Advances from a company controlled by a director, 9%, secured by Land in Bromont and Land held for residential development, maturing in March 2022	1,087,831	1,064,044
Term loan, 10%, matured and payable on demand, secured by land in Bromont and a guarantee from a director, maturing in May 2021	2,194,871	2,163,697
Term loan, 12%, payable on demand	137,661	143,424
Term loan, 10%, secured by 860 Cité-des-Jeunes and by a guarantee from a director, matured in December 2020, payable on demand	412,500	412,500
Term loan, 8%, secured by 860 Cité-des-Jeunes and by a guarantee from a director, payable on demand	350,000	350,000
Term loan, 11.5%, secured by 9700 St-Laurent and by a guarantee from a director and a third party, maturing in May 2021	1,000,000	1,000,000
Term loan, 12%, secured by 475-489 and 505-531 Le Breton a guarantee from a director, maturing in February 2022	1,250,000	1,250,000
Loan, 6% (20% in 2020), secured by a company controlled by a director, maturing in March 2023, interest become payable in March 2023, considers a 6.25% profit sharing program regarding the Alliston property following its acquisition	550,000	500,000
Loan, 6%, secured by a company controlled by a director, maturing in March 2023, interest become payable in March 2023, considers a 6.25% profit sharing program regarding the Alliston property following its acquisition	500,000	—
Advances from the joint venture	629,442	304,442
Advances, 12% maturing in December 2021	19,500	19,500
	13,059,486	11,527,533
Current portion	4,744,005	4,393,593
	8,315,481	7,133,940

Emergia Inc.

Notes to the Consolidated Financial Statements

As at December 31, 2020

(in Canadian dollars)

Note 12 - Reconciliation of liabilities arising from financing activities

A change in the Corporation's liabilities arising from financing activities can be classified as follows:

2021			\$
	Short-term borrowings	Long-term borrowings	Total
Balance, beginning of year	22,238,218	20,596,299	42,834,517
Cash			
Repayment	(72,304)	(41,423)	(113,727)
New borrowings	500,000	325,000	825,000
Non-Cash			
Non-cash interest	794,226	185,231	979,457
Balance, ending of the period	23,460,140	21,065,107	44,525,247

2020			\$
	Short-term borrowings	Long-term borrowings	Total
Balance, beginning of year	37,844,458	29,757,423	67,601,881
Cash			
Repayment	(5,655,445)	(1,400,932)	(7,056,377)
New borrowings	500,000	7,155,996	7,655,996
Non-Cash			
Settlement into class "A" shares	(3,366,101)	(254,795)	(3,620,896)
Settlement from asset transactions	(4,781,217)	(20,866,816)	(25,648,033)
Non-cash interest	3,580,463	581,233	4,161,696
Conversion option	—	(259,750)	(259,750)
Reclassification	(5,883,940)	5,883,940	—
Balance, ending of year	22,238,218	20,596,299	42,834,517

Note 13 - Share Capital

The Corporation's authorized share capital is as follows:

Unlimited number of common shares as follows:

- Class "A" common shares, conferring 1 vote per share; and
- Class "B" common shares, conferring 100 votes per share, automatically converted into Class "A" common shares on March 23, 2023 and convertible at the option of the holder at any time, on a basis of 1 Class "A" common share for 1 Class "B" common share.

Unlimited number of preferred shares issuable in one or more series, having no voting rights, as follows:

- Class "C" preferred shares; and
- Class "D" preferred shares.

Emergia Inc.

Notes to the Consolidated Financial Statements

As at December 31, 2020

(in Canadian dollars)

Note 13 - Share Capital (Continued)

Shares issued and outstanding were as follows:

	March 31, 2021		December 31, 2020	
	Number	\$	Number	\$
Class "A" common shares	20,526,266	67,653,127	19,839,374	67,000,387
Class "B" common shares	4,510,891	6,153,286	4,510,891	6,153,286
	25,037,157	73,806,413	24,350,265	73,153,673

During the period, the Corporation issued units (the "Units") at a price of \$0.76 per Unit, each Unit being composed of one Class "A" Common Share in the capital of the Corporation and a Common Share purchase warrant entitling the holder to purchase one Common Share at a price of \$1.25 per Common Share until December 31, 2021. As at March 31, 2021, 686,892 units were issued consisting of \$124,400 paid cash and \$514,690 as Accounts payable settlement. The settlement of those current and non-current liabilities resulted in an increase of \$652,740 in Common shares, \$77,729 in Warrants and \$206,635 in loss from the settlement of current and non-current liabilities.

Note 14 - Warrants

The following is a continuity of the warrants outstanding and exercisable as at:

		As at March 31, 2021		As at December 31, 2020	
		Weighted average	Exercisable	Weighted average	Exercisable
		price	price	price	price
Expiration date	Number	\$	Number	\$	
Beginning balance	9,651,158	1.25	15,000	2.00	
Issuance of warrants	December 31, 2021	689,492	1.25	9,651,158	1.25
Expiration of warrants	—	—	(15,000)	2.00	
Ending balance	10,340,650	1.25	9,651,158	1.25	

The weighted average remaining contractual life for the warrants outstanding as of March 31, 2021 was 0.75 year.

The fair value of these warrants was calculated using Black-Scholes pricing model using following compounded values of a share price at the time of issuance of \$0.98, exercise price of \$1.25, risk free rate of 0.94%, volatility of 53%, vesting immediately, and life of 0.9 year from date of grant resulting in a fair value of the warrant of \$0.11. The expected underlying volatility was based on the historical data of the Corporation's shares over a period equivalent to the expected average life of the warrants.

Emergia Inc.

Notes to the Consolidated Financial Statements

As at December 31, 2020

(in Canadian dollars)

Note 15 - Additional Information – Comprehensive Loss

Administrative expenses are composed of the following:

	For the three-months ended	
	March 31, 2021	March 31, 2020
	\$	\$
Consulting fees	372,555	153,466
Management fees	—	202,444
Professional fees	86,032	218,910
	458,587	574,820

Financing costs are composed of the following:

	For the three-months ended	
	March 31, 2021	March 31, 2020
	\$	\$
Interest	508,328	667,260
Financing and other fees	—	87,647
	508,328	754,907

Note 16 - Net Loss per Share

The calculation of basic net loss per share at March 31, 2021 was based on the loss attributable to common shareholders which corresponds to the loss for the year of \$153,412 (March 31, 2020 – \$1,019,081 and a weighted average number of common shares of 24,768,000 (March 31, 2020 – 14,623,623)).

The calculation of diluted net loss per share on March 31, 2021 is the same as the basic net loss per share as all conversion option of the debentures, stock options and warrants had an anti-dilutive effect (March 31, 2020 - same).

Emergia Inc.

Notes to the Consolidated Financial Statements

As at December 31, 2020

(in Canadian dollars)

Note 17 - Related Party Transactions

Related parties include the Corporation's key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives.

The remuneration of key management personnel includes the following:

	For the three-months ended	
	March 31, 2021	March 31, 2020
	\$	\$
Management fees	200,550	191,250

Note 17 - Related Party Transactions (Continued)

Furthermore, the Corporation had the following operations with one company controlled by a director and with one company controlled by an officer:

	For the three-months ended	
	March 31, 2021	March 31, 2020
	\$	\$
Consulting fees and professional fees	96,505	11,194
Financing fees	82,345	754,907

The Corporation has the following trade and other payables with related parties:

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Companies controlled by directors and officers	3,425,752	3,369,252
Accrual compensation of directors and officers	793,158	592,608

The Corporation has additional loans and advances with related parties disclosed in Note 8 and 11. The Corporation accrues a fee of 2% for the personal guarantees given by a director on the Corporation's secured liabilities. The expense related to this fee is presented within financing costs.

Emergia Inc.

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Note 18 - Additional Information – Cash Flow

The changes in working capital items are detailed as follows:

	For the three-months ended	
	March 31, 2021	March 31, 2020
	\$	\$
Receivables and other receivables	266,924	(154,173)
Prepays and refundable deposits	800,402	(503,490)
Trade and other payables	(1,013,325)	259,403
	54,001	(398,260)
Additional cash flow information:		
Interest paid	97,213	306,772
Additions to investment properties included in trade and other payables	20,155	851,442
Additions to land held for residential development included in trade and other payables	850,020	396,586

Note 19 - Financial Assets and Liabilities

The carrying amounts and fair values of financial assets and financial liabilities in each category are as follows:

	December 31, 2020		December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	\$	\$	\$	\$
Financial assets at amortized cost				
Cash	78,765	78,765	81,861	81,861
Receivables and other receivables	2,560,064	2,560,064	2,826,989	2,826,989
Refundable deposits	2,730,354	2,730,354	1,504,640	1,504,640
	5,369,183	5,369,183	4,449,454	4,449,454
Financial assets at FVTPL				
Investment in a private company	250,000	250,000	250,000	250,000
Total financial assets	5,619,183	5,619,183	4,699,454	4,699,454
Financial liabilities				
Financial liabilities at amortized cost				
Trade and other payables	7,193,686	7,193,686	6,520,975	6,520,975
Other current liabilities	21,617,936	21,617,936	21,460,185	21,460,185
Bank mortgages	4,682,036	4,682,036	4,717,696	4,717,696
Long term debt	13,059,486	13,059,486	11,527,533	11,527,533
Convertible debentures	5,165,789	5,165,789	5,109,105	5,109,105
Total financial liabilities	51,718,933	51,718,933	49,335,494	49,335,494

Emergia Inc.

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(in Canadian dollars)

Note 19 - Financial Assets and Liabilities (Continued)

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The net carrying amounts of cash, receivables and other receivables, refundable deposits, advances to companies under common control, other advances receivable, bank overdraft, credit line, trade and other current liabilities are considered a reasonable approximation of fair value since all amounts are short-term in nature. The estimated fair value of the bank mortgages and long-term debt was calculated based on the discounted value of future payments using interest rates that the Corporation could have obtained as at the reporting date for similar instruments with similar terms and maturities. The fair value of the bank mortgages and long-term debt is equivalent to its carrying amount and is categorized in Level 2.

Note 20 - Financial Instrument Risk

The Corporation is exposed to various risks in relation to financial instruments.

The main types of risks are market risk, credit risk and liquidity risk. The following analysis enables users to evaluate the nature and extent of the risks at the end of the reporting period.

Market risk

The Corporation is exposed to market risk through its use of financial instruments and specifically to interest rate risk and other price risk which result from its financing and investing activities.

The Corporation is exposed to interest rate risk on its other current liabilities and its fixed rate and variable rate bank mortgages and long-term debt financings. As at March 31, 2021 and December 31, 2020 bank mortgages, convertible debentures, long-term debt and other current liabilities are at fixed interest rates and subject the Corporation to a fair value risk (certain bank mortgages, other current liabilities and long-term debt in 2019). As at March 31, 2021 and December 31, 2020, certain long-term debts are at variable interest rates and subject the Corporation to cash flow risks. Variations in the interest rate would not affect profit or loss significantly.

The Corporation is exposed to other price risk in respect to its investments in a private company. The exposure is not significant.

Emergia Inc.

Notes to the Consolidated Financial Statements

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Note 25 - Financial Instrument Risk (Continued)

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Corporation. The Corporation is exposed to credit risk from financial assets including cash, receivables and other receivables, advances to companies under common control and other advances receivable. The maximum exposure as at March 31, 2021 and December 31, 2020 is the carrying amount of these instruments, the credit risk is not significant.

Liquidity risk

Liquidity risk is that the Corporation might be unable to meet its obligations as they come due. The Corporation manages its liquidity needs by monitoring scheduled debt servicing payments for short and long-term liabilities as well as forecasting cash inflows and outflows due in day-to-day business. The data used for analyzing these cash flows is consistent with that used in the contractual maturity analysis below.

The Corporation's funding is provided in the form of short and long-term debt as well as the issuance of shares. The Corporation assesses the liquidity risk as high.

As at March 31, 2021 and December 31, 2020, the Corporation's financial liabilities have contractual maturities as summarized below:

	March 31, 2021			
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Trade and other payables	7,193,686	—	—	—
Convertible debentures	—	792,204	4,373,585	—
Other current liabilities	21,263,270	354,666	—	—
Bank mortgages	35,995	73,052	4,572,988	—
Long term debt	4,724,505	19,500	8,315,482	—
Total	33,217,456	1,239,423	17,620,055	—

	December 31, 2020			
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Trade and other payables	6,520,975	—	—	—
Convertible debentures	—	778,033	5,669,888	—
Other current liabilities	20,720,518	865,634	—	—
Bank mortgages	162,441	162,441	4,605,159	—
Long term debt	4,393,593	—	7,133,970	—
Total	31,797,527	1,806,108	17,090,017	—

Emergia Inc.

Notes to the Consolidated Financial Statements

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Note 26 - Capital Management

The Corporation's objectives when managing capital are to ensure the Corporation's ability to continue as a going concern, maintain financial flexibility in order to preserve its ability to meet its financial obligations, including potential liabilities resulting from additional acquisitions, maintain a capital structure that allows it to finance its growth strategy with cash flows from its operations and its debt capacity and optimize the use of its capital to provide an appropriate return on investment.

The capital structure of the Corporation consists of the bank mortgages, long-term debt and equity.

The Corporation's financial strategy is developed and adapted on the basis of market conditions to maintain a flexible capital structure consistent with the objectives stated above and to respond to the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Corporation may refinance an existing debt, take out new borrowings or repurchase shares or issue new shares.

The Corporation's financial strategy and objectives have remained substantially unchanged for the past year fiscal year. The objectives and strategy are reviewed annually.

Note 27 - Segment Information

Non-current assets (other than financial instruments) are owned in the following countries:

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Canada	72,084,911	70,271,241
Greece	1,650,000	1,650,000

The rental income is 100% in Canada.

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Note 28 – Subsequent Events

Acquisition of 100 acres development land in Ontario

On May 3, 2021, the Corporation purchased a land of approximately 100 acres in Alliston, Ontario for a purchase price of \$14.4 million (excluding closing costs and land transfer tax).

The acquisition of the land was done at arm's length and the purchase price was paid as follows: (i) \$9,600,000 in cash and (ii) \$4,800,000 in Class A shares of the Corporation of which 300,000 have been issued and 4,500,000 are reserved for issuance upon receipt of the allocation of such shares between the vendors. To satisfy a portion of the purchase price, the Corporation entered into a financing of \$9,000,000 at an interest rate of 6% per year payable at maturity on March 10, 2023, plus a participation in the profits of the project.

Private Placement and Debt Settlement

The previously announced Private Placement of units, composed of 1 common share and one common share purchase warrant, for up to \$15,000,000, for which \$7.8M has been closed by the Corporation as at March 31, 2021, has been extended until April 24, 2021 and is expected to be extended until mid-June 2021 and the maturity date of the warrants extended to December 31, 2022.

On May 1, 2021, the Corporation issued 334,002 units, representing \$260,522 in debt conversion.

Sale of the Le Breton Properties

In April 2021, the Corporation sold the two industrial investment properties located on Le Breton Street in Longueuil at price of \$3,665,000, representing a gain of \$468,225 on the book value of these properties. This transaction allowed to reduce the short-term debt by \$809,816 and the long-term-debt by \$1,250,000 and the bank mortgages by \$1,605,184.

Sale of the 9700, St-Laurent Boulevard Property

In April 2021, the Corporation sold this optimization property located in Montreal at price of \$1,550,000, representing a gain of \$150,000 on the book value of this property. This transaction allowed to reduce the short-term debt by \$550,000 and the long-term-debt in an amount of \$1,000,000.