

SOFTLAB9 TECHNOLOGIES INC.

(formerly SoftLab9 Software Solutions Inc.)

Condensed Consolidated Financial Statements

Nine Months Ended September 30, 2020

(Expressed in Canadian dollars)

(unaudited)

SoftLab9 Technologies Inc.
(formerly SoftLab9 Software Solutions Inc.)
Condensed Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	September 30, 2020 \$	December 31, 2019 \$
	(Restated – Note 9) (unaudited)	
ASSETS		
CURRENT ASSETS		
Cash	657,529	7,148
Amounts receivable	76,469	140,598
Prepaid expenses and deposits	71,397	25,000
Loan receivable (Note 3)	800,000	–
TOTAL ASSETS	1,605,395	172,746
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	756,410	705,463
Loans payable (Note 4)	99,730	125,000
Due to related parties (Note 8)	28,031	32,626
TOTAL LIABILITIES	884,171	863,089
SHAREHOLDERS' EQUITY (DEFICIT)		
Share capital	8,606,887	5,640,025
Share subscriptions receivable (Note 5)	(240)	(16,800)
Shares issuable (Note 5)	40,673	1,147
Share-based payment reserve	1,337,829	1,232,253
Deficit	(9,191,686)	(7,474,729)
TOTAL SOFTLAB9 TECHNOLOGIES INC. SHAREHOLDERS' EQUITY (DEFICIT)	793,463	(618,104)
Non-controlling interest	(72,239)	(72,239)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	721,224	(690,343)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	1,605,395	172,746

Nature of operations (Note 1)
Subsequent events (Note 10)

Approved and authorized for issuance on behalf of the Board of Directors on January 21, 2021:

/s/ "Rahim Mohamed"
Rahim Mohamed, Director

/s/ "Derrick Lewis"
Derrick Lewis, Director

(The accompanying notes are an integral part of these condensed consolidated financial statements)

SoftLab9 Technologies Inc.
(formerly SoftLab9 Software Solutions Inc.)
Condensed Consolidated Statements of Operations
(Expressed in Canadian dollars)
(unaudited)

	Three Months Ended September 30, 2020 \$	Three Months Ended September 30, 2019 \$	Nine Months Ended September 30, 2020 \$	Nine Months Ended September 30, 2019 \$
	(Restated - Note 9)		(Restated - Note 9)	
EXPENSES				
Advertising and marketing fees (Note 8)	–	–	–	60,380
Amortization	–	11,674	–	35,022
Consulting and management fees (Note 8)	791,872	114,550	1,316,577	419,669
General and administrative	12,831	10,736	24,431	143,013
Professional fees (Note 8)	130,221	4,148	187,386	37,380
Research and development costs (Note 8)	–	–	–	62,507
Share-based compensation (Note 7)	125,086	–	125,086	580,515
Transfer agent and filing fees	10,795	8,662	65,265	33,400
Travel	–	–	–	3,645
TOTAL EXPENSES	1,070,805	149,770	1,718,745	1,375,531
LOSS BEFORE OTHER INCOME	(1,070,805)	(149,770)	(1,718,745)	(1,375,531)
OTHER INCOME				
Gain on settlement of debt (Note 5)	1,788	–	1,788	–
NET LOSS AND COMPREHENSIVE LOSS	(1,069,017)	(149,770)	(1,716,957)	(1,375,531)
Less: net loss attributable to the non-controlling interest	–	–	–	19
NET LOSS ATTRIBUTABLE TO SOFTLAB9 TECHNOLOGIES INC.	(1,069,017)	(149,770)	(1,716,957)	(1,375,512)
Loss per share attributed to Softlab9 Technologies Inc., basic and diluted	(0.07)	(0.03)	(0.16)	(0.27)
Weighted average number of common shares outstanding	15,702,303	5,021,563	10,895,884	5,190,089

(The accompanying notes are an integral part of these condensed consolidated financial statements)

SoftLab9 Technologies Inc.

(formerly SoftLab9 Software Solutions Inc.)

Condensed Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

(unaudited)

	Number of common shares	Share capital \$	Share subscriptions receivable \$	Shares issuable \$	Share- based payment reserve \$	Deficit \$	Non- controlling interest \$	Total \$
Balance, December 31, 2019	8,251,565	5,640,025	(16,800)	1,147	1,232,253	(7,474,729)	(72,239)	(690,343)
Shares issued for private placement	7,137,260	2,498,041	—	—	—	—	—	2,498,041
Shares subscriptions received	—	—	—	26,235	—	—	—	26,235
Share issuance costs	38,050	(96,196)	—	13,291	—	—	—	(82,905)
Shares issued for debt	1,482,426	523,667	—	—	—	—	—	523,667
Shares issued for exercise of stock options	182,000	41,350	16,560	—	(19,510)	—	—	38,400
Fair value of stock options granted	—	—	—	—	125,086	—	—	125,086
Net loss for the period	—	—	—	—	—	(1,716,957)	—	(1,716,957)
Balance, September 30, 2020 (Restated – Note 9)	17,091,301	8,606,887	(240)	40,673	1,337,829	(9,191,686)	(72,239)	(721,224)

(The accompanying notes are an integral part of these condensed consolidated financial statements)

SoftLab9 Technologies Inc.

(formerly SoftLab9 Software Solutions Inc.)

Condensed Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

(unaudited)

	Number of common shares	Share capital \$	Share subscriptions receivable \$	Share- based payment reserve \$	Deficit \$	Non- controlling interest \$	Total \$
Balance, December 31, 2018	5,656,547	5,083,726	–	294,931	(5,322,951)	(72,239)	(16,533)
Shares issued for services	19,231	27,500	–	–	–	–	27,500
Shares issued pursuant to option exercises	15,385	18,612	–	(6,612)	–	–	12,000
Shares returned and cancelled	(1,550,342)	–	–	–	–	–	–
Shares issued for debt	2,862,411	257,617	–	–	–	–	257,617
Fair value of stock options granted	–	–	–	580,515	–	–	580,515
Net loss for the period	–	–	–	–	(1,375,512)	(19)	(1,375,531)
Balance, September 30, 2019	7,003,232	5,387,455	–	868,834	(6,698,463)	(72,258)	(514,432)

(The accompanying notes are an integral part of these condensed consolidated financial statements)

SoftLab9 Technologies Inc.
(formerly SoftLab9 Software Solutions Inc.)
Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(unaudited)

	Nine Months ended September 30, 2020 \$	Nine Months ended September 30, 2019 \$
	(Restated - Note 9)	
OPERATING ACTIVITIES		
Net loss for the period	(1,716,957)	(1,375,531)
Items not involving cash:		
Amortization	–	35,022
Loss (gain) on settlement of debt	(1,788)	257,617
Shares issued for services	–	27,500
Share-based compensation	125,086	580,515
Change in non-cash working capital items:		
Amounts receivable	64,129	45,957
Prepaid expenses	(46,397)	109,335
Accounts payable and accrued liabilities	551,132	123,542
Due to related parties	(4,595)	–
Net cash used in operating activities	(1,029,390)	(196,043)
INVESTING ACTIVITIES		
Loan receivable advances	(800,000)	–
Net cash used in investing activities	(800,000)	–
FINANCING ACTIVITIES		
Proceeds from loan payable	–	125,000
Proceeds from issuance of common shares	2,498,041	–
Share issuance costs	(82,905)	–
Shares subscriptions received	26,235	–
Proceeds from exercise of stock options	38,400	12,000
Net cash provided by financing activities	2,479,771	137,000
Change in cash	650,381	(59,043)
Cash, beginning of period	7,148	59,074
Cash, end of period	657,529	31
Non-cash investing and financing activities:		
Shares issued for finders' fees	26,609	–
Fair value of stock options exercised transferred to share capital	19,510	6,612
Shares issued to settle accounts payable and accrued liabilities	498,397	–
Shares issued to settle loans payable	25,270	–

(The accompanying notes are an integral part of these condensed consolidated financial statements)

SoftLab9 Technologies Inc.

(formerly SoftLab9 Software Solutions Inc.)

Notes to the Condensed Consolidated Financial Statements

Nine Months Ended September 30, 2020

(Expressed in Canadian dollars)

(unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Softlab9 Technologies Inc. (formerly SoftLab9 Software Solutions Inc.) (the “Company”) is a start-up technology incubator, specializing in launching, acquiring, and vertically integrating technology companies. The Company incubates multiple mobile technologies internally while providing engineering, capital, executive management, and strategic development services. The Company’s head office is located at Suite 6050, 815 Hornby Street, Vancouver, BC.

The Company was incorporated as CDN BVentures Ltd. on October 30, 2014 under the Business Corporations Act (British Columbia) as a wholly-owned subsidiary of a reporting issuer, Web Watcher Systems Ltd. (“Web Watcher”). On December 9, 2014, Web Watcher entered into an arrangement agreement (the “Arrangement Agreement”) with the Company. Under the terms of the Arrangement Agreement, Web Watcher was to complete a plan of arrangement which would divest Web Watcher of the asset consisting of a letter of intent, which would be divested to the Company for consideration of 960,234 common shares of the Company. Web Watcher received shareholder approval for the Arrangement Agreement at an annual general and special meeting of shareholders held on January 29, 2015 and received final approval to the Arrangement Agreement from the Supreme Court of British Columbia on February 5, 2015. The Arrangement Agreement was completed on October 24, 2017.

On October 26, 2017, the Company completed a share exchange agreement (the “Transaction”) with APPx Technologies Inc. (formerly Appature Technologies Inc.) (“ATI”). ATI was incorporated on December 31, 2007 under the laws of the province of British Columbia, Canada.

On March 2, 2018, the Company completed a share exchange agreement (the “Transaction”) with RewardDrop Software Inc. (“RSI”) was incorporated was incorporated under the Canada Business Corporation Act as a private company on August 22, 2017. Under the terms of the Transaction, the Company issued 2,564,102 common shares in exchange for 150 of issued and outstanding shares of RewardDrop Software Inc., which represents 100% ownership of RSI. As a result of the Transaction, the shareholders of RSI owned 68.2% of the Company.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant, but management continues to monitor the situation.

These condensed consolidated financial statements have been prepared on the assumption the Company will continue as a going concern. During the period ended September 30, 2020, the Company has not generated any revenues and incurred negative cash flows from operations. As at September 30, 2020, the Company has an accumulated deficit of \$9,191,686. The Company intends to finance its current and future obligations and requirements through a combination of debt and/or equity issuances. These factors indicate existence of a material uncertainty that may cast doubt on the Company’s ability to continue as a going concern. These condensed consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to interim financial information, as outlined in International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” and using the accounting policies consistent with those in the audited consolidated financial statements as at and for the year ended December 30, 2019.

These condensed consolidated financial statements do not include all disclosures normally provided in annual financial statements and should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 30, 2019. Interim results are not necessarily indicative of the results expected for the fiscal year.

SoftLab9 Technologies Inc.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(b) Principles of Consolidation**

These condensed consolidated financial statements include the accounts of the Company and its 90.56% owned subsidiary, ATI and ATI's wholly-owned subsidiary, APPx Technologies Inc. (AB) and wholly owned subsidiary, RewardDrop Software Inc. All significant inter-company balances and transactions have been eliminated on consolidation.

(c) Recent Accounting Pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2020, and have not been applied in preparing these condensed consolidated financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. ADVANCES RECEIVABLE

As at September 30, 2020, the Company has advanced \$800,000 to Clean Go Green Go Inc. ("CleanGo"). The loan will be forgiven upon closing the arrangement agreement with CleanGo. Refer to Note 10 (h). The loan is non-interest bearing, secured by a general security agreement over the assets of CleanGo, and due on demand if the transaction does not complete for any reason other than a breach by the Company of an enforceable provision of the arrangement agreement.

4. LOANS PAYABLE

- (a) As at September 30, 2020, the amount of \$24,730 (December 31, 2019 - \$50,000) is owed to a non-related company which is non-interest bearing, unsecured, and due on demand.
- (b) As at September 30, 2020, the amount of \$50,000 (December 31, 2019 - \$50,000) is owed to a non-related party which is non-interest bearing, unsecured, and due on demand.
- (c) As at September 30, 2020, the amount of \$25,000 (December 31, 2019 - \$25,000) is owed to the father of a director of the Company which is non-interest bearing, unsecured, and due on demand.

5. SHARE CAPITAL

- (a) On June 18, 2020, the Company issued 1,891,045 units at \$0.35 per unit for gross proceeds of \$661,866. Each unit consisted of one common share and one-half of a transferrable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at an exercise price of \$0.60 per share expiring on June 18, 2022. In connection with this private placement, the Company paid finders' fees of \$26,796. The Company issued 32,050 common shares with a fair value of \$11,218. The Company is also to issue 37,975 common shares with a fair value of \$13,291 to a finder which is included in shares issuable as of September 30, 2020. Refer to Note 10(e).
- (b) On June 18, 2020, the Company issued 1,302,456 units with a fair value of \$455,860 to settle outstanding accounts payable of \$455,860. Each unit consisted of one common share and one-half of a transferrable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at an exercise price of \$0.60 per share expiring on June 18, 2022. Included in this issuance were 50,000 common shares to settle debt of \$17,500 owed to the CFO of the Company, 503,885 common shares to settle debt of 176,360 owed to the CEO of the Company, and 348,571 common shares to settle debt of \$122,000 owed to the directors and companies controlled by the directors of the Company.
- (c) On June 24, 2020, the Company issued 40,000 common shares for proceeds of \$4,800 pursuant to the exercise of stock options. The fair value of \$4,288 for the stock options exercised was transferred to share capital from share-based payment reserve.

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5. SHARE CAPITAL (continued)

- (d) On July 21, 2020, the Company issued 5,246,215 units at \$0.35 per unit for gross proceeds of \$1,836,175. Each unit consisted of one common share and one-half of a transferrable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at an exercise price of \$0.60 per share expiring on July 21, 2022. In connection with this private placement, the Company incurred finders' fees of \$56,109 and issued 6,000 common shares with a fair value of \$2,100 to a finder.
- (e) On July 21, 2020, the Company issued 172,200 units with a fair value of \$60,270 to settle accounts payable of \$35,000 and loans payable of \$25,270. Each unit consisted of one common share and one-half of a transferrable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at an exercise price of \$0.60 per share expiring on July 21, 2022.
- (f) On August 28, 2020, the Company issued 2,000 common shares for proceeds of \$240 pursuant to the exercise of stock options. The fair value of \$214 for the stock options exercised was transferred to share capital from share-based payment reserve.
- (g) On September 17, 2020, the Company issued 140,000 common shares for proceeds of \$16,800 pursuant to the exercise of stock options. The fair value of \$15,008 for the stock options exercised was transferred to share capital from share-based payment reserve.
- (h) On September 17, 2020, the Company issued 7,770 common shares with a fair value of \$7,537 to settle accounts payable of \$9,325, resulting in a gain on settlement \$1,788.
- (i) As at September 30, 2020, the Company has share subscriptions received of \$27,382.

6. SHARE PURCHASE WARRANTS

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2019	–	–
Issued	4,305,966	0.60
Balance, September 30, 2020	4,305,966	0.60

As at September 30, 2020, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
1,596,753	0.60	June 18, 2022
2,709,213	0.60	July 21, 2022
<u>4,305,966</u>		

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Nine Months Ended September 30, 2020

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7. STOCK OPTIONS

The following table summarizes the continuity of stock options:

	Number of options	Weighted average exercise price \$
Balance, December 30, 2019	340,000	0.12
Granted	150,000	1.20
Exercised	(182,000)	0.12
Balance, September 30, 2020	308,000	0.65

Additional information regarding stock options outstanding as at September 30, 2020, is as follows:

Range of exercise prices \$	Outstanding and exercisable		
	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.12	158,000	1.1	0.12
1.20	150,000	0.7	1.20
	308,000	0.9	0.65

During the nine months ended September 30, 2020, the Company recognized \$125,086 (2019 - \$580,515) in share-based compensation. The weighted average grant date fair value of stock options granted during the period ended September 30, 2020 was \$0.83 (2019 - \$6.76) per option.

The fair values for stock options granted have been estimated using the Black-Scholes option-pricing model assuming no expected dividends, no forfeitures, and the following weighted average assumptions:

	2020	2019
Risk-free interest rate	0.27%	1.67%
Expected volatility	199%	150%
Expected option life (in years)	1.00	1.11

8. RELATED PARTY TRANSACTIONS

- (a) During the nine months ended September 30, 2020, the Company incurred \$135,000 (2019 - \$80,000) in consulting and management fees to a company controlled by the Chief Executive Officer of the Company ("CEO"). As at September 30, 2020, the Company owed \$47,250 (December 31, 2019 - \$5,250) to a company controlled by the CEO which are included in accounts payable and accrued liabilities. As at September 30, 2020, the Company also owed \$500 (December 31, 2019 - \$5,710) to the CEO. The amounts owed are non-interest bearing, unsecured, and due on demand.
- (b) During the nine months ended September 30, 2020, the Company incurred \$17,500 (2019 - \$nil) in consulting and management fees and \$21,038 (2019 - \$nil) in professional fees to a company controlled by the Chief Financial Officer ("CFO") of the Company. As at September 30, 2020, the Company owed \$2,625 (December 31, 2019 - \$23,738) to a company controlled by the CFO which is included in accounts payable and accrued liabilities. The amount owed is non-interest bearing, unsecured, and due on demand.

SoftLab9 Technologies Inc.

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Notes to the Condensed Consolidated Financial Statements

Nine Months Ended September 30, 2020

(Expressed in Canadian dollars)

(unaudited)

8. RELATED PARTY TRANSACTIONS (continued)

- (c) During the nine months ended September 30, 2020, the Company incurred \$nil (2019 - \$15,000) in consulting and management fees and \$nil (2019 - \$15,000) in research and development fees to a company controlled by the former President of the Company. As at September 30, 2020, the Company owed \$nil (December 31, 2019 - \$6,970) to the company controlled by the former President which is included in accounts payable and accrued liabilities. The amount owed is non-interest bearing, unsecured, and due on demand.
- (d) As at September 30, 2020, the Company owed \$27,531 (December 31, 2019 - \$26,916) to the former President of the Company. The amount owed is non-interest bearing, unsecured, and due on demand.
- (e) During the nine months ended September 30, 2020, the Company incurred \$nil (2019 - \$5,000) in advertising and promotion fees to the former Chief Information Officer of the Company. The amount owed is non-interest bearing, unsecured, and due on demand.
- (f) During the nine months ended September 30, 2020, the Company incurred \$nil (2019 - \$74,000) in consulting and management fees to a company controlled by the former CFO of the Company. As at September 30, 2020, the Company owed \$23,738 (December 31, 2019 - \$23,738) to a company controlled by the former CFO which is included in accounts payable and accrued liabilities. The amount owed is non-interest bearing, unsecured, and due on demand.

9. RESTATEMENT

The Company has restated its financial statements as at September 30, 2020 and for the three and nine months then ended to correct a number of errors and misclassifications with the most significant being the reversal of improperly written off accounts payable balances.

The impact of the restatement as at September 30, 2020 and for the three and nine months then ended is summarized below:

Statement of financial position as at September 30, 2020:

	As reported \$	Adjustment \$	As restated \$
Current Assets			
Cash	663,400	(5,871)	657,529
Amounts receivable	76,572	(103)	76,469
Prepaid expenses and deposits	20,000	51,397	71,397
Share subscriptions receivable	38,740	(38,740)	–
Loan receivable	840,000	(40,000)	800,000
Total Assets	1,638,712	(33,317)	1,605,395
Current liabilities			
Accounts payable and accrued liabilities	570,319	186,091	756,410
Due to related parties	–	28,031	28,031
Total Liabilities	670,049	214,122	884,171
Shareholders' Equity			
Share capital	8,627,577	(20,690)	8,606,887
Share subscriptions receivable	–	(240)	(240)
Shares issuable	64,642	(23,969)	40,673
Share-based payment reserve	1,301,346	36,483	1,337,829
Deficit	(8,952,663)	(239,023)	(9,191,686)
Total shareholders' equity	968,663	(247,439)	721,224
Total liabilities and shareholders' equity	1,638,712	(33,317)	1,605,395

SoftLab9 Technologies Inc.

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Notes to the Condensed Consolidated Financial Statements

Nine Months Ended September 30, 2020

(Expressed in Canadian dollars)

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9. RESTATEMENT (continued)

Statement of operations and comprehensive loss for the three months ended September 30, 2020:

	As reported \$	Adjustment \$	As restated \$
Expenses			
Consulting and management fees	721,183	70,689	791,872
General and administrative	11,396	1,435	12,831
Professional fees	102,679	27,542	130,221
Share-based compensation	81,773	43,313	125,086
Supplies	52,318	(52,318)	–
Total expenses	980,144	90,661	1,070,805
Loss before other income	(980,144)	(90,661)	(1,070,805)
Other income			
Forgiveness of debt	150,150	(150,150)	–
Gain on settlement of debt	–	1,788	1,788
Net loss and comprehensive loss for the period	(829,994)	(239,023)	(1,069,017))
Loss per share, basic and diluted	(0.05)	(0.02)	(0.07)

Statement of operations and comprehensive loss for the nine months ended September 30, 2020:

	As reported \$	Adjustment \$	As restated \$
Expenses			
Consulting and management fees	1,245,888	70,689	1,316,577
General and administrative	22,996	1,435	24,431
Professional fees	159,844	27,542	187,386
Share-based compensation	81,773	43,313	125,086
Supplies	52,318	(52,318)	–
Total expenses	1,628,084	90,661	1,718,745
Loss before other income	(1,628,084)	(90,661)	(1,718,745)
Other income			
Forgiveness of debt	150,150	(150,150)	–
Gain on settlement of debt	–	1,788	1,788
Net loss and comprehensive loss for the period	(1,477,934)	(239,023)	(1,716,957)
Loss per share, basic and diluted	(0.14)	(0.02)	(0.16)

SoftLab9 Technologies Inc.

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Notes to the Condensed Consolidated Financial Statements

Nine Months Ended September 30, 2020

(Expressed in Canadian dollars)

(unaudited)

9. RESTATEMENT (continued)

Statement of changes in equity for the nine months ended September 30, 2020:

	As reported \$	Adjustment \$	As restated \$
Share capital	8,627,577	(20,690)	8,606,887
Share subscriptions receivable	–	(240)	(240)
Shares issuable	64,642	(23,969)	40,673
Share-based payment reserve	1,301,346	36,483	1,337,829
Deficit	(8,952,663)	(239,023)	(9,191,686)
Total shareholders' equity	968,663	(247,439)	721,224

Statement of cash flows for the nine months ended September 30, 2020:

	As reported \$	Adjustment \$	As restated \$
Operating activities			
Net loss for the period	(1,477,934)	(239,023)	(1,716,957)
Items not involving cash:			
Gain on settlement of debt	–	(1,788)	(1,788)
Shares issued for services	20,542	(20,542)	–
Share-based compensation	62,262	62,824	125,086
Change in non-cash working capital items:			
Amounts receivable	(775,975)	840,104	64,129
Prepaid expenses	5,000	(51,397)	(46,397)
Accounts payable and accrued liabilities	(167,770)	718,902	551,132
Due to related parties	–	(4,595)	(4,595)
Net cash used in operating activities	(2,333,875)	1,304,485	(1,029,390)
Investing activities			
Loan receivable advances	–	(800,000)	(800,000)
Net cash used in investing activities	–	(800,000)	(800,000)
Financing activities			
Repayment of loans payable	(25,270)	25,270	–
Proceeds from issuance of common shares	3,077,337	(579,296)	2,498,041
Shares issuance costs	(83,780)	875	(82,905)
Shares subscriptions received	–	26,235	26,235
Proceeds from exercise of stock options	21,840	16,560	38,400
Net cash provided by financing activities	2,990,127	(510,356)	2,479,771
Change in cash	656,252	(5,871)	650,381
Cash, end of period	663,400	(5,871)	657,529

SoftLab9 Technologies Inc.

(formerly SoftLab9 Software Solutions Inc.)

Notes to the Condensed Consolidated Financial Statements

Nine Months Ended September 30, 2020

(Expressed in Canadian dollars)

(unaudited)

10. SUBSEQUENT EVENTS

- (a) On October 5, 2020, the Company issued 51,546 common shares to settle accrued liabilities of \$50,000.
- (b) On October 7, 2020, the Company issued 7,143 common shares for proceeds of \$4,826 pursuant to the exercise of share purchase warrants.
- (c) On October 9, 2020, the Company issued 8,886 common shares to settle accounts payable of \$8,886.
- (d) On October 14, 2020, the Company advanced \$50,000 to a Kosan Medical Company Ltd. ("Kosan") relating to a Letter of Intent to acquire Kosan. The advance is secured by a general security agreement and is within 180 days of demand.
- (e) On October 16, 2020, the Company issued 25,175 common shares as a finder's fee. Refer to Note 5(a).
- (f) On October 28, 2020, the Company issued 300,000 common shares to a consultant pursuant to a consulting agreement dated October 15, 2020 whereby the consultant is to provide business advisory services over a three month period.
- (g) On October 29, 2020, the Company issued 12,800 common shares as a finder's fee. Refer to Note 5(a).
- (h) On November 20, 2020, entered into a definitive agreement with CleanGo for the acquisition of all of the issued and outstanding shares of CleanGo (the "Transaction"). The Company is to issue 18,600,000 common shares of the Company to the shareholders of CleanGo. An additional 5,400,000 common shares may be issued to certain shareholders of CleanGo subject to the satisfaction of certain conditions. The Transaction is a "fundamental change" under Policy 8 of the Canadian Securities Exchange ("CSE") and will be subject to receipt of all required regulatory, corporate, and third-party approvals, and the fulfillment of all applicable regulatory requirements and conditions necessary to complete the Transaction, including approval by the CSE and the shareholders of the Company and CleanGo.
- (i) Subsequent to September 30, 2020, the Company received proceeds of \$52,250 for which 130,625 common shares are to be issued at \$0.40 per unit. Each unit is to consist of one common share and one-half of a transferrable common share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share at an exercise price of \$0.70 per share for a period of 18 months from the date of issuance.