**CLEANGO INNOVATIONS INC.**

**FORM 2A**
**LISTING STATEMENT**

**August 29, 2021**

***Neither the Canadian Securities Exchange nor any other securities regulatory authority has in any way passed upon the merits of the fundamental change described in this listing statement.***

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## GLOSSARY OF TERMS

The following terms used in this Listing Statement have the following meanings:

"**ABCA**" means the *Business Corporations Act* (Alberta).

"**Acquisition**" or "**Transaction**" means the completion of the arm's length acquisition of all of the shares of CleanGo by Softlab9 pursuant to the terms of the Arrangement Agreement.

"**Arrangement**" means the arrangement pursuant to Section 193 of the ABCA set forth in the Plan of Arrangement forming part of the Arrangement Agreement.

"**Arrangement Agreement**" means the arrangement agreement dated November 20, 2020 between Softlab9 and CleanGo.

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under subsection 193(10)(b) of the ABCA to be filed with the Registrar after the Final Order has been granted to give effect to the Arrangement.

"**BCBCA**" *Business Corporations Act* (British Columbia).

"**Board**" or "**Board of Directors**" means the board of directors of the Resulting Issuer.

"**CleanGo**" means Clean Go Green Go Inc.

"**CleanGo Shares**" means Class "A" common shares in the capital of Clean Go Green Go Inc.

"**CleanGo US**" means CleanGo's wholly owned subsidiary, CleanGo GreenGo, Inc., a Nevada incorporated company.

"**Circular**" means the joint information circular of Softlab9 and CleanGo dated January 25, 2021 sent to the Softlab9 Shareholders and CleanGo Shareholders, respectively, in connection with the CleanGo and Softlab9 Meetings.

"**CleanGo Meeting**" means the special meeting of CleanGo Shareholders held on February 22, 2021 at which the CleanGo Shareholders approved the Arrangement Agreement and Plan of Arrangement.

"**Consideration**" means the issuance of 24,000,000 Softlab9 Shares in exchange for all of the issued and outstanding 32,000,000 CleanGo Shares, for an effective exchange ratio of 0.75 of a Softlab9 Share for each CleanGo Share.

"**Continuation**" means the continuation of Softlab9 out of the Province of British Columbia under the BCBCA and into the Province of Alberta under the ABCA.

"**Continuation Resolution**" means the special resolution of Softlab9 Shareholders to approve the Continuation.

"**Exchange**" or "**CSE**" means the Canadian Securities Exchange.

"**Fundamental Change**" means the fundamental change (as defined in CSE Policy 8 – *Fundamental Changes and Changes of Business*) to Softlab9 that will result from completion of the Acquisition.

"**Fundamental Change Resolution**" means the ordinary resolution of Softlab9 Shareholders to authorize and approve the Fundamental Change and conditional upon completion of the Acquisition, to increase the size of the Softlab9 board of directors from four to five and to elect Anthony Sarvucci, Alnoor Nathoo, Dr. Darren Clarke, Eugene Chen and Morgan Rebrinsky as directors of the Resulting Issuer.

"**Plan of Arrangement**" means the plan of arrangement between Softlab9 and CleanGo in the form set out in the Arrangement Agreement, as amended or restated.

"**Private Placement**" means the non-brokered private placement of 2,500,000 Units of Softlab9 at a price of $0.40 per Unit to raise gross proceeds of $1,000,000. Each Unit is comprised of one Softlab9 Share and one-half of one Warrant.

"**Registrar**" means the Registrar of Corporations for the Province of Alberta.

"**Resulting Issuer**" means Softlab9 following the completion of the Acquisition which will continue to be listed on the Exchange and will carry on business under the name "CleanGo Innovations Inc."

**"Resulting Issuer Shares"** means the common shares of the Resulting Issuer.

"**Softlab9**" means Softlab9 Technologies Inc.

"**Softlab9 Meeting**" means the special meeting of Softlab9 Shareholders held on February 22, 2021 at which the Softlab9 Shareholders approved the Fundamental Change Resolution and the Continuation Resolution;

"**Softlab9 Shares**" means the common shares in the capital of Softlab9.

"**Unit**" means one Softlab9 Share and one-half of one Warrant;

"**Warrant**" means one whole warrant entitling the holder to acquire one Resulting Issuer Share at an exercise price of $0.70 per share for a period of 18 months from issuance, subject to an acceleration right of the Resulting Issuer if the closing price of the Resulting Issuer Shares trade on the CSE at or above $1.00 for ten consecutive trading days. If this should occur, then the Resulting Issuer may, at its sole option, elect to provide notice (an "**Acceleration Notice**") to the holders of the Warrants by news release and indicate that the Warrants will expire on the date that is 30 days from the date of the Acceleration Notice.

# 1. INTRODUCTION

## 1.1 Forward-Looking Statements

There can be no assurance that any intended or proposed activity or transaction will occur or that, if any such action or transaction is undertaken, it will be completed on terms currently intended by the Resulting Issuer.

This Listing Statement contains information based on current expectations. Certain statements herein may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Resulting Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used herein, such statements use such words as "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "potential" and similar expressions are intended to identify forward-looking statements or information. These statements reflect expectations regarding future events and performance but speak only as of the date hereof. Forward-looking statements include, among others, statements with respect to planned acquisitions, strategic partnerships or other transactions not yet concluded; plans to market, sell and distribute products; market competition; plans to retain and recruit personnel; the ability to secure funding; and the ability to obtain regulatory and other approvals are all forward-looking information. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements.

Furthermore, the combined and/or pro-forma information set forth in this Listing Statement should not be interpreted as indicative of the financial position or other results of operations had Softlab9 and CleanGo operated as a combined entity as at or for the periods presented, and such information does not purport to project the Resulting Issuer's results of operations for any future period. As such, undue reliance should not be placed on such combined and/or pro-forma information.

The forward-looking statements and information included and incorporated by reference in this Listing Statement are based on certain expectations and assumptions made by the Resulting Issuer, including expectations and assumptions concerning:

- the expected benefits from the Acquisition;
- taxes and capital, operating, general and administrative and other costs;
- general economic and business conditions;
- the ability of the Resulting Issuer to obtain the required capital to finance its operations and meet its commitments and financial obligations following the Transaction;
- the ability of the Resulting Issuer to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost to carry out its activities following the Transaction;
- the timely receipt of required governmental and regulatory approvals;

- anticipated timelines and budgets being met in respect of operations; and
- general business, economic and market conditions.

Although the Resulting Issuer believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on these forward-looking statements and information because the Resulting Issuer can give no assurance that they will prove to be correct.

The Resulting Issuer assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law. Although CleanGo and the Resulting Issuer believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Resulting Issuer can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The forward-looking statements herein speak only as of the date hereof.

The foregoing list of material risks and uncertainties is not exhaustive and does not include the risks related to the business of the Resulting Issuer. As a result, readers should not place undue reliance on the forward-looking statements and information contained in this Listing Statement. Actual results could differ materially from those anticipated due to a number of factors and risks including those described under "*Risk Factors*" in section 17 hereof.

### **1.2** Presentation

Unless otherwise indicated, information in this Listing Statement has been presented as information of the Resulting Issuer.

### **1.3** Currency

Unless otherwise indicated herein, references to "$" or "Canadian dollars" are to Canadian dollars.

### **1.4** Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. The Issuer believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Issuer has not independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

## **2. CORPORATE STRUCTURE**

### **2.1** Corporate Name and Office

***Softlab9***

Softlab9 was incorporated under the BCBCA on October 30, 2014 as CDN BVentures Ltd.

Web Watcher Systems Ltd. ("**Web Watcher**"), a reporting issuer in the Province of British Columbia, completed a plan of arrangement, which was approved at an annual general and special meeting of shareholders held on January 29, 2015 and received final court approval from the Supreme Court of British Columbia on February 5, 2015.

Under the arrangement, Web Watcher spun out several wholly owned subsidiaries to create six separate reporting issuers, including Softlab9. As a result of the Arrangement, Softlab9 became a reporting issuer in the Province of British Columbia effective May 29, 2015.

Subsequently, Softlab9 underwent a number of name changes: On May 21, 2017, it changed its name to Appature Mobile Applications; on March 27, 2018, it changed its name to APPx Crypto Technologies Inc.; on October 24, 2018, the Issuer changed its name to APPx Group Holdings Inc.; on March 6, 2019, the Issuer changed its name to Softlab9 Software Solutions Inc.; and on July 14, 2020, the Issuer changed its name to Softlab9 Technologies Inc.

In conjunction with the Acquisition and the Arrangement, Softlab9 changed its name to CleanGo Innovations Inc.

The head and registered office of the Issuer is located at Suite 1100-1111 Melville Street, Vancouver BC V6E 3V6.

***CleanGo***

CleanGo's head office is located at Suite #15, 5656 – 10th Street NE, Calgary, Alberta, Canada, T2E 8W7 and its registered office is located at Unit#422, 234-5149 Country Hills Blvd., Calgary, Alberta, T3A 5K8.

CleanGo US' head office is located at 2372 Morse Avenue, Suite #422, Irvine, California.

**2.2** Jurisdiction of Incorporation

***Softlab9***

Softlab9 was incorporated under the BCBCA on October 30, 2014 as CDN BVentures Ltd.

***CleanGo***

CleanGo was incorporated under the ABCA on January 23, 2009 as Global Petroleum Ltd.

On July 14, 2009, Global Petroleum Ltd.'s name was changed to Globex Petroleum Ltd. and on July 15, 2010, to Clean Go Green Go Inc.

***Resulting Issuer***

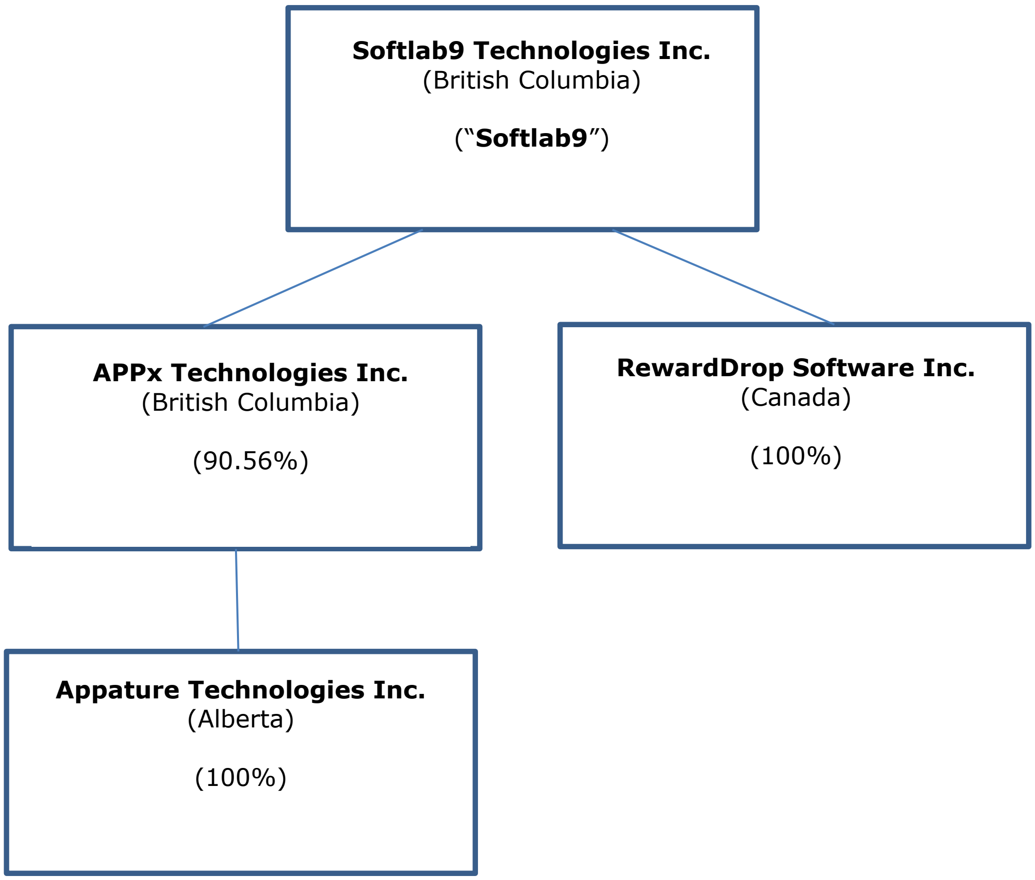
Following the completion of the Acquisition, Softlab9 changed its name to "CleanGo Innovations Inc." to better reflect its business and operations. In connection with obtaining the approval of the Exchange for the fundamental change, the Resulting Issuer trades under the stock symbol "GGII".

Softlab9 received shareholder approval, by way of special resolution, of the Continuation of Softlab9 from British Columbia and the BCBCA to Alberta and the ABCA, including the adoption of a new set of bylaws to continue. The Board of the Resulting Issuer will have the sole discretion to determine if and when Softlab9 will complete the Continuation to Alberta and the ABCA.

**2.3** Intercorporate Relationships

***Softlab9***

Softlab9 has three inactive direct subsidiaries: APPx Technologies Inc. (BC) (which Softlab9 owns as to 90.56% and which in turn owns 100% of Appature Technologies Inc. (AB), and RewardDrop Software Inc. (Canada) of which Softlab9 owns 100%.

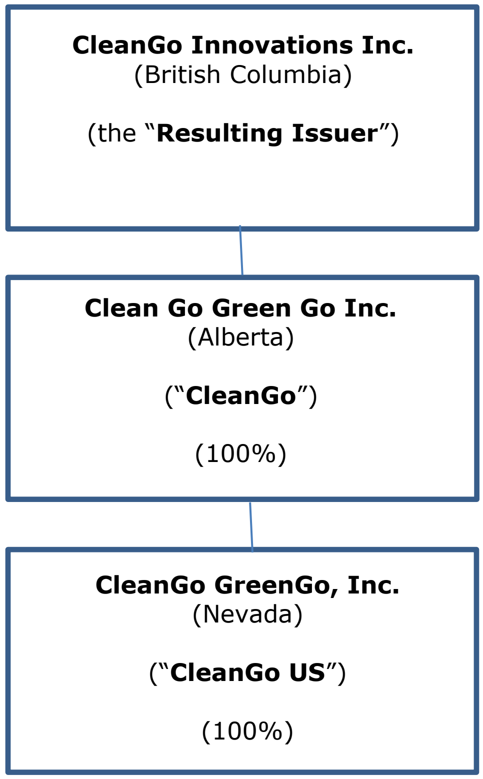


***CleanGo***

CleanGo has one subsidiary, CleanGo US. CleanGo US was incorporated on May 14, 2018 under the laws of the State of Nevada, United States of America and is a wholly owned subsidiary of CleanGo. Its registered office is 2372 Morse Ave Ste 466, Irvine, CA, 92614.

***Resulting Issuer***

The Resulting Issuer, CleanGo Innovations Inc., is currently domiciled in British Columbia and has a wholly owned subsidiary CleanGo, an Alberta incorporated company. CleanGo has a wholly owned subsidiary, CleanGo US, which is incorporated in Nevada.




**2.4** Requalification

Immediately following the Acquisition, which was a "Fundamental Change" under the policies of the CSE, CleanGo became a wholly owned subsidiary of the Resulting Issuer. The Resulting Issuer may combine the companies at a later date, but no determination to do so has been made at this time.

**2.5** Incorporation Outside Canada

Neither Softlab9 nor CleanGo is incorporated outside of Canada.

## 3. GENERAL DEVELOPMENT OF THE BUSINESS

**3.1** General Development of the Issuer's Business

***SoftLab9***

Sofltlab9 is a public company listed on the CSE that operates as a technology incubator, specializing in launching, acquiring, and vertically integrating technology companies on a global basis. Past focuses of endeavour have been in the areas of distributed ledger technology, cryptocurrency, fintech, and mobile applications. With the Acquisition, Sofltlab9 is directing its activities into the markets for green cleansers and disinfectant.

On May 21, 2020, Sofltlab9 announced that it had entered into a letter of intent with CleanGo, a Canadian manufacturer of a suite of green, non-toxic, and biodegradable cleaning products for industrial, commercial and consumer markets. CleanGo, through its wholly owned Nevada subsidiary CleanGo US, is also a manufacturer of hand sanitizer gel sold throughout USA and Canada. CleanGo's products are sold on various online platforms, including Amazon, as well being distributed to retailers, wholesalers, and government agencies.

On June 18, 2020, Sofltlab9 completed an initial closing of its non-brokered private placement offering (the "**Offering**"), issuing 3,193,500 units of Sofltlab9's securities at a price of CAD$0.35 per unit. 982,457 units were issued in settlement of $343,860 of debt and Sofltlab9 issued 2,211,043 units at a price of $0.35 per unit for gross cash proceeds of $773,865. The units comprised one Softlab9 Share and one-half of one transferable Softlab9 Share purchase warrant. Each whole warrant entitles the holder to purchase, for two years from the date of issuance, one additional Softlab9 Share at an exercise price of CAD$0.60. Sofltlab9 issued 25,175 Softlab9 Shares as finder's fees in connection with the initial closing of the Offering.

On July 14, 2020, Sofltlab9 announced its change of name from "Softlab9 Software Solutions Inc." to "Softlab9 Technologies Inc."

On July 21, 2020, Softlab9 completed a second and final closing of the Offering. Sofltlab9 issued an additional 5,424,415 units of which 172,200 were issued in settlement of $60,270 of debt and 5,252,215 units were issued at a price of $0.35 for gross cash proceeds of $1,838,275.25. An additional 12,800 Softlab9 Shares were subsequently issued as finders' fees in connection with the Offering.

Pursuant to the Offering, Softlab9 issued a total of 7,463,258 units for gross cash proceeds of $2,612,140.25 and 1,154,657 units in settlement of $404,130 of outstanding debt. The Softlab9 Share purchase warrants, now Resulting Issuer Share purchase warrants, are subject to a right of acceleration. If the closing price of the Resulting Issuer Shares trade on the CSE at or above $1.00 for ten consecutive trading days, then the Resulting Issuer may, at its sole option, elect to provide an Acceleration Notice to the holders of the Resulting Issuer Share purchase warrants. The Acceleration Notice may be provided by news release and indicate that the Resulting Issuer Share purchase warrants will expire on the date that is 30 days from the date of the Acceleration Notice.

On August 24, 2020, Softlab9 signed a letter agreement (the "**Emergence Transaction**") with Emergence Technology Pty Ltd., an Australian company, for exclusive sub-distribution rights of five different COVID-19 Rapid Test Kits for the detection of the coronavirus, SARS-COV-2. This agreement was amended on November 13, 2020 to include additional products under the letter agreement.

On August 25, 2020, Softlab9 signed a letter of intent with HEG, S. de C.V. (HEG) (the "**HEG Transaction**") in respect of the acquisition of exclusive rights to distribute Level II, Level III and Level IV isolation gowns and coveralls, as well as surgical masks in Canada. HEG is a privately-owned Mexican corporation with over 23 years' experience specializing in direct to business supply of products to protect the health and safety of people in the workplace. The products are manufactured in Mexico at HEG's factory.

On October 5, 2020, Softlab9 issued 51,546 Softlab9 Shares at a price of $0.97 to settle liabilities of $50,000.

On October 19, 2020, Softlab9 announced that it had signed a letter of intent for the arm's length acquisition of Kosan Medical Company Ltd. (the "**Kosan Transaction**"), a provider of medical grade, protective apparel and gear. Kosan Medical Company Ltd. has an established network of global suppliers and manufacturing partners of medical grade PPE, as well as producing their own masks and gowns in Vancouver, BC. As part of the acquisition, Softlab9 will also acquire Kosan's existing website masksandequipment.com, which will provide a platform where businesses and consumers alike can purchase high quality, medical grade PPE gear.

As of the date of this Listing Statement, none of the Emergence Transaction, HEG Transaction or Kosan Transaction have been completed. There is no existing business of Softlab9 that is been continued by the Resulting Issuer. Management of the Resulting Issuer has determined that none of the potential transactions (collectively, the Emergence Transaction, HEG Transaction and Kosan Transaction) previously announced by Softlab9 will be completed.

On October 28, 2020 Sofltlab9 settled debt of $132,000 through the issuance of 300,000 Softlab9 Shares at a deemed price of $0.44.

On November 20, 2020, Sofltlab9 and CleanGo entered into the Arrangement Agreement.

On February 22, 2021, the CleanGo Shareholders approved the Arrangement and Softlab9 Shareholders approved the Continuation Resolution and the Fundamental Change.

On February 22, 2021, CleanGo received final court approval for the Arrangement from the Court of Queens' Bench of Alberta.

The Acquisition constitutes a "reverse take-over" of Softlab9 by CleanGo and the CleanGo Shareholders will own 24,000,000 Resulting Issuer Shares (54.5%) and the Softlab9 Shareholders will own 17,496,851 Resulting Issuer Shares (39.8%) and subscribers under the Private Placement will own 2,500,000 Resulting Issuer Shares (5.7%) of the 43,996,851 Resulting Issuer Shares that will then be outstanding.

On August 19, 2021, Softlab9 completed an initial closing of the Private Placement consisting of the issuance of 545,625 Units for gross proceeds of $218,250. Each Unit consisted of one Softlab9 Share and one half of one Warrant. The Warrants are subject to a right of acceleration in favour of the Resulting Issuer following the expiry of the statutory hold period, if, the closing price of the Resulting Issuer Shares trade on the CSE at or above $1.00 for ten consecutive trading days, the Resulting Issuer shall have the right to provide an Acceleration Notice to the Warrant holders. The Acceleration Notice may be provided by news release and indicate that the Warrants will expire on the date that is 30 days from the date of the Acceleration Notice. Softlab9 paid finder's fees of $8,330 to eligible finders under the initial closing of the Private Placement.

In connection with the Acquisition, Softlab9 completed the remainder of the Private Placement being the issuance of 1,954,375 Units at a price of $0.40 for gross proceeds of $781,750.

The Resulting Issuer has changed its name to CleanGo Innovations Inc. and trades under the symbol "CGII".

A copy of Softlab9 and CleanGo's joint information circular dated January 25, 2021 with full details on the Arrangement and a copy of the Arrangement Agreement is available on Softlab9's profile at www.sedar.com

## **3.2** Significant Acquisitions

See Item 3.1 *General Development of the Business - Transaction*.

## **3.3** Trends, Commitments, Events or Uncertainties

The following are two main global trends that the Resulting Issuer feels will have an effect on its ongoing business.

*"Going Green" and Sustainability*

Over the past several years, there is a global trend for businesses to focus on sustainability and "going green" is becoming increasingly attractive as a business strategy. As scientists and politicians debate the truth of global warming and dwindling natural resources, green industry practices not only enjoy favorable public sentiment and a lower carbon footprint, but increased cost savings, supportive government policies, and ever-increasing profitability as well. Trends in consumption, government policy, and costs all point towards even more green industry business opportunities in the years ahead. Consumers care more than ever before about the environmental impact of the products they buy, and companies are incorporating green business trends in order to capitalize on this growing demand. As of 2014, "55% of consumers across 60 countries [were] willing to pay higher prices for goods from environmentally conscious companies... 71% of Americans at least consider the environment as a factor when shopping," according to a green industry report. https://www.smartcitiesdive.com/ex/sustainablecitiescollective/green-business-trends-and-what-expect/1182102/

*COVID-19*

COVID-19 is an ongoing global pandemic of coronavirus disease 2019 (COVID-19) caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The virus was first identified in December 2019 in Wuhan, China. The World Health Organization declared a Public Health Emergency of International Concern regarding COVID-19 on January 30, 2020, and later declared a pandemic on March 11, 2020. As of May 18, 2021, more than 163 million cases have been confirmed, with more than 3.39 million deaths attributed to COVID-19, making it one of the deadliest pandemics in history.

The pandemic has resulted in significant global social and economic disruption, including the largest global recession since the Great Depression. It has led to widespread supply shortages exacerbated by panic buying, agricultural disruption, and food shortages. However, there have also been decreased emissions of pollutants and greenhouse gases. Numerous educational institutions and public areas have been partially or fully closed, and many events have been cancelled or postponed. Misinformation has circulated through social media and mass media. The pandemic has raised issues of racial and geographic discrimination, health equity, and the balance between public health imperatives and individual rights. https://en.wikipedia.org/wiki/COVID-19_pandemic

There are also risks associated with the Resulting Issuer's business, as described in Section 17 - *Risk Factors*.

# 4. NARRATIVE DESCRIPTION OF THE BUSINESS

## 4.1 General

***Clean Go***

CleanGo is a privately held company and is not a reporting issuer in any province or territory of Canada. It has one wholly owned subsidiary, CleanGo US, a Nevada incorporated company.

CleanGo is a vertically integrated organization that is an FDA and Health Canada approved manufacturer of a suite of green, non-toxic, and biodegradable cleaning products for industrial, commercial and consumer markets. CleanGo also manufactures hand sanitizer gel and wipes which are sold throughout the USA and Canada.

***Overview of the Cleaning and Disinfectant Product Market***

*Market Segmentation*

As the company's interests are directed in two distinctly different avenues, these being (1) household/healthcare and (2) industrial segments, there are two individually applicable markets.

With respect to household/healthcare, the following material has been extracted from the following reference:

Healthcare Disinfectant and Sanitizer Market - Global Outlook and Forecast 2021-2026 (researchandmarkets.com)

The global healthcare disinfectant and sanitizer market by revenue is expected to grow at a Compound Annual Growth Rate (**CAGR**) of 12% during the period 2021-2026.

The global healthcare disinfectants and sanitizers market has turned highly dynamic with the breakout of the COVID-19 pandemic across the globe. With the increasing focus on COVID-19 testing, there has been a high demand for disinfectants and sanitizers from laboratories and hospitals worldwide. The market landscape of hygiene solutions has drastically changed since the outbreak of the pandemic. In 2020, the average market demand across the globe has witnessed a phenomenal growth of over 500%. Therefore, the phenomenal demand for disinfectants and sanitizers, along with preventive recommendations by medical bodies, such as the World Health Organization (WHO), is expected to fuel the market growth during the forecast period. The growing awareness of hand hygiene and the growing demand from government and healthcare organizations to maintain effective hygiene & safety are expected to influence market growth.

The following factors are likely to contribute to the growth of the healthcare disinfectant and sanitizer market from 2021-2026:

- Global Prevalence of Hospital-acquired infections
- Surge in Healthcare Disinfectants & Sanitizers Production
- Donation for Healthcare Disinfectants & Sanitizers
- Onset of Sequential Waves of COVID-19

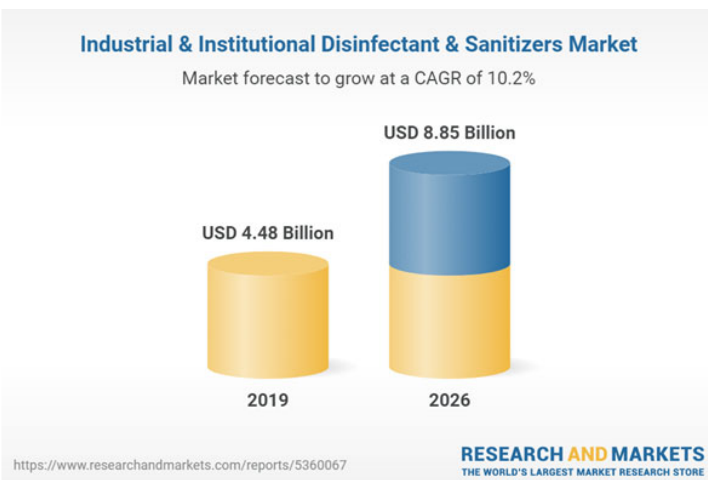
The COVID-19 pandemic has a positive effect on the healthcare disinfectants and sanitizers market share. Due to high survival chances of the coronavirus in the medical care environment, hospital premises, which include ICUs, operation theaters, and medical devices, need to be disinfected to prevent contamination. The outbreak of the COVID-19 pandemic has increased hospital admissions significantly, which has driven the high usage of disinfectants and sanitizers. Moreover, the rise in the aging population and the increasing pool of patient population with chronic disorders are the major factors driving the growth of the hospital segment.

Healthcare systems are highly regulated, and the region follows considerable guidelines to maintain safety and standards for disinfecting & sanitizing products. Competitors, especially global players, are increasingly focusing on pursuing organic growth strategies, which are likely to expand presence, enhance product portfolio, and improve expertise in the market. This is further elaborated on in the aforementioned link.

With respect to industrial side of the business, the following material has been extracted from the following reference:

Industrial & Institutional Disinfectant & Sanitizers Market - Global Outlook and Forecast 2021-2026 (researchandmarkets.com)

The industrial & institutional disinfectants & sanitizers market by revenue is expected to grow at a CAGR of 10.21% during the period 2020-2026.




With the expansion of healthcare facilities and expenditure, disinfectant products are expected to increase demand. The institutional & industrial sanitizers & disinfectants market is likely to witness rapid growth in the coming years. The rising awareness for personal hygiene and increasing focus to save the work environment in various geographies has propelled the demand for hygiene solutions, including sanitizers and disinfectants worldwide.

The following factors are likely to contribute to the growth of the industrial & institutional disinfectants & sanitizers market during the forecast period:

- Spike In Demand Across Industry Post COVID-19
- Increasing Patient Base Due to Rise in Various Diseases
- Rising Number of Healthcare-Associated Infections

- High Demand for Product Innovation

The growth in the food manufacturing setups is likely to boost the recurring demand for disinfectants and sanitizers. The food industry from the recent five years has grown by the rate close to 6% every year in the US, driving the growth of the industrial & institutional disinfectants & sanitizers market share across the country. The fear of receiving infectious materials in packages resulting from chemical warfare has also boosted the demand for hygiene solutions in government offices worldwide.

Dealer & distributors are critical channels that constituted over 33% share in distributing the industrial & institutional disinfectants & sanitizers products in 2020.

North America is one of the most developed regions with respect to economic stature, the standard of social living, and technological growth. The region, particularly in the US, has made numerous technological advances. The US is known as a technical innovator due to the emergence of gigantic online retailers, the development of worldwide social media applications, and the growth of the cloud. The highest share of the hygiene solution industry is anticipated in North America. The US is the largest market for the hygiene and sanitization industry in the world. Further, the distribution channels in the US have been growing at a rapid rate, which is denoted by the total sales published by the US Census Bureau Department of Commerce.

*Cleaning Compounds*

On the basis of composition, the global disinfectant and cleaning agents' market is segmented into alcohol, chlorhexidine gluconate, hypochlorite, quaternary ammonium compounds, aldehydes, and others. In 2020, the alcohol segment dominated the market and held the largest share at 25.18%. Alcohols, commonly 60% to 80% ethyl alcohol or 70% isopropyl alcohol, are utilized as effective disinfectants. Alcohol is highly utilized against infections and microbes, which propels the growth of the market. Please refer to the following reference: Global Disinfectant and Cleaning Agents Market Is Expected (globenewswire.com)

When comparing QUATS to traditional bleach-based compounds, the following material has been extracted from the following reference:

https://www.ursourcellc.com/faq/bleachquat.html#:~:text=Quat%20is%20the%20common%20name,cleaning%20power%20to%20their%20formulas

**Bleach** is a common household name for a solution of sodium hypochlorite and water. Sodium hypochlorite, in its pure form, is a water soluble, yellowish liquid that contains about 12% chlorine and is an extremely powerful oxidizing agent. It will corrode or destroy most metals, react with acids, peroxides, and many other chemicals to produce toxic chlorine gas. Bleach will dissolve paper, cloth, and many other organic materials. Even in the 5% household strength, bleach is still a potent oxidizer and disinfectant with very high alkalinity. Caution must be used when working with bleach. Even in diluted form the fumes can produce severe irritation to the respiratory system. Skin contact can result in mild irritation to burns. Prolonged eye contact can cause permanent damage. Bleach contains no cleaning agents. Bleach is highly corrosive, contains toxic fumes, dissipates quickly, bleaches most fabrics, causes irritation to the eyes and nose, has no cleaning ingredients, dulls floor tiles, and damages floor finish and grout. Bleach is dangerous if mixed with many chemicals and cleaners.

**Quats is the common name for quaternary ammonium chloride compounds**, of which there are approximately 300 varieties, all with varying anti-microbial efficacies. They are potent antibacterial/disinfectant chemicals commonly found in disinfectant wipes, sprays and other household cleaners that are designed to kill germs and associated with a positive cationic molecular charge. Due to their surfactant make-up, quats contribute cleaning power to their formulas, are low in toxicity and corrosivity, making them user friendly and simple. As they are effective germ-killers that are inexpensive to produce, quats can be found in a wide range of products that we use in our homes every day, including shampoos, toilet cleaners, hand soap, shaving cream, baby wipes, body wash, sunscreens, moisturizers, disinfectant sprays, liquid fabric softeners, and anti-cling dryer sheets. Quat has excellent wide spectrum germ kill ability, film forming residual, low corrosivity, simple to use, good shelf life, works in a variety of pH ranges, highly concentrated, no odor, and safe on mostly all surfaces. Quat will not change the taste or odor of food. It is the choice disinfectant for most hospitals and health institutions.

*Consumer Statistics*

With Millennials (Generation-Z) and Generation-X becoming mainstream influencers through social media, and the growing market demographic, these individuals are willing to spend more for a product that will reduce their individual impact on the environment. Further, they are unwilling to commit to a brand that will increase the overall amount of time required for cleaning due to inferior cleaning power. Please refer to the following reference: How Gen Z and millennials are shaping the future of US retail | McKinsey.

From a study by IBM (https://www.ibm.com/downloads/cas/EXK4XKX8), some demographic information for this group is as follows:

- As consumers increasingly embrace social causes, they seek products and brands that align with their values. More and more, awareness of global environmental issues is changing the habits of consumers wherever they live.

- 57% of consumers surveyed are willing to change their shopping habits to reduce environmental impact.

- 71% would pay a premium of 35 percent, on average, for brands that are sustainable and environmentally responsible.

- 72% support organic ingredients.

- 77% value sustainability when selecting products.

- 81% of consumers fall into one of two segments: Value-driven consumers, who are primarily concerned with getting their money's worth and select brands based on price and convenience; and Purpose-driven consumers, who select brands based on how well they align with their personal values and who are willing to "walk the talk" when it comes to sustainability, changing their behavior, and even paying more for brands that get it right.

- 84% desire brands that simplify their life.

*Target Market Segment Strategy*

The following material has been extracted from the following reference:

https://www.researchandmarkets.com/reports/344095/industrial_and_institutional_cleaning_products#pos-0

The listed demographics listed in the Consumer Statistics are particularly attractive because they represent people who are likely to be consumers of environmentally friendly cleaning products and the most likely to progressively go "off brand" to evaluate a superior product. Social media platforms such as Facebook, Twitter, and Instagram, along with influencers and advocates will play a vital role in CleanGo's marketing efforts; emphasizing the advanced ability of the product. See IBM study referenced above.

(1) Industrial and Institutional

Amid the COVID-19 crisis, the global market for industrial and institutional cleaning products estimated at US$52.4 billion in the year 2020, is projected to reach a revised size of US$68.6 billion by 2027, growing at a compound annual growth rate of 3.9% over the analysis period 2020-2027. Sanitation and janitorial cleaners, one of the segments analyzed in the report, is projected to record a 5.1% CAGR and reach US$21.4 billion by the end of the analysis period. After an early analysis of the business implications of the pandemic and its induced economic crisis, growth in the Kitchen and Catering Cleaning Agents segment is readjusted to a revised 3.4% CAGR for the next 7-year period.


The U.S. Market is Estimated at $14.1 Billion, while China is Forecast to Grow at 7.2% CAGR

The industrial and institutional cleaning products market in the U.S. is estimated at US$14.1 billion in the year 2020. China, the world's second largest economy, is forecast to reach a projected market size of US$14.8 billion by the year 2027 providing a CAGR of 7.2% over the 2020 to 2027 analysis period. Among the other noteworthy geographic markets are Japan and Canada, each forecast to grow at 1.1% and 3% respectively over the 2020-2027 period. Within Europe, Germany is forecast to grow at approximately 2% CAGR.

*Industrial/Technical Cleaners Segment to Record 2.8% Compound Annual Growth Rate*

In the global industrial/technical cleaners' segment, USA, Canada, Japan, China and Europe will drive the 2.3% CAGR estimated for this segment. These regional markets accounting for a combined market size of US$8.2 billion in the year 2020, will reach a projected size of US$9.6 billion by the close of the analysis period. China will remain among the fastest growing in this cluster of regional markets. Led by countries such as Australia, India, and South Korea, the market in Asia-Pacific is forecast to reach US$9.7 billion by the year 2027, while Latin America will expand at a 3.6% CAGR through the analysis period.

(2) Household Cleaning Products

The following material has been taken from the following reference:
https://www.researchandmarkets.com/reports/4912150/global-household-cleaning-products-market-2020#pos-5

Global Disinfectants Market - Forecasts from 2020 to 2025 (researchandmarkets.com)

Household cleaning products are poised to grow by $15.7 billion during 2020-2024, progressing at a compound annual growth rate of 5% during the forecast period. The market is driven by growing primary and secondary housing markets. In addition, growing demand for premium products is anticipated to boost the growth of the household cleaning products as well. Disinfectants are used for preventing microbial cross-contamination and transmission of microbial infections from surfaces in different industries including healthcare and food processing. These disinfectants are also used in residential and commercial spaces to maintain cleanliness and hygiene.

The global disinfectants market is being driven by the increasing prevalence of hospital-acquired infections (HAI's) across the world, along with the COVID-19 pandemic. Growing concerns regarding cleanliness and hygiene across various industries are significantly driving the demand for disinfectants worldwide. Stringent government regulations regarding hygiene at factories and workplace is further boosting the use of disinfectants thereby, fueling the global disinfectants market growth. Growing demand for sustainable and environment-friendly disinfectants solutions is encouraging manufacturers to add eco-friendly products in their diverse portfolio in order to gain a larger market share while maintaining their position in the global disinfectant market. The booming demand for disinfectants is majorly attributed to the growing global healthcare industry. The increasing government initiatives for reducing hospital-acquired infections and for creating awareness to maintain hygiene in home and surroundings is increasing the demand for disinfectant solutions, thus positively impacting the overall market growth.

The global disinfectants market has been segmented by composition, type, application, end-user, and geography. On the basis of composition, the market has been segmented as alcohol, quaternary ammonium compounds, hydrogen peroxide, peracetic acid, and other compositions. The global disinfectants market segmentation based on the type has been done as liquid, wipes, and sprays. By application, the global disinfectants market has been segmented into in-house surfaces, instrument disinfection, and other applications. The global disinfectants market has been also segmented by end-user as residential, commercial, and industrial (food processing, chemical, healthcare, and others).

The disinfectant solutions can be deployed as liquid, wipes, and sprays. Liquid accounted for the major market share in 2019/2020 and will continue its dominance until the end of the forecast period. The growth of the liquid disinfectants market is attributed to the early adoption of using disinfectants in liquid form. The emerging popularity of using wipes as a convenient solution will drive the growth of this segment as it provides several advantages like lesser chances of cross-contamination compared to liquids, no water consumption and easy to use. Wipes are mainly used by healthcare services for cleaning their medical devices especially the ones with irregular surfaces. The market for disinfectants in spray form is also rising, especially across the household sector.

Regionally, the global disinfectants market is classified into North America, South America, Europe, Middle East and Africa, and Asia Pacific. North America holds a noteworthy market share in the global disinfectants market due to the presence of large pharmaceutical companies coupled with high awareness regarding cleanliness and hygiene among people which is boosting the use of disinfectants in homes. Strict regulations and guidelines regarding the cleanliness of the work area across industries in countries like the U.S. and Canada is also bolstering the market growth in the region. The Asia Pacific regional market is expected to experience a significant CAGR during the forecast period. This growth is attributed to the rising number of industries in the region coupled with favorable government initiatives to focus on cleanliness and hygiene both in residential and industrial spaces. The presence of major market players in the region also supports disinfectants market growth.

Products include liquids, wipes and sprays for purposes of sanitizing, disinfecting, and cleaning surfaces, dishwashing, carpet cleaning laundry, and lavatory applications. Typical uses include healthcare, residential, food processing, and others to name a few. Geographically speaking North America led the world and accounts for over 30% share of total market share. In terms of product specifics, specialty cleaners such as CleanGo represent more than a 50% share of all household cleaners within the market today.

*Market Players and Competitive Intelligence*

Prominent key market players in the global disinfectants market include 3M, Johnson & Johnson, Reckitt Benckiser Group PLC, Cantel Medical, Henkel AG & Company, Colgate-Palmolive, Ecolab, Procter & Gamble, STERIS plc., The Clorox Company, Unilever, Seventh Generation, Diversey Inc, CarroLLClean, among others. These companies hold a noteworthy share in the market on account of their good brand image and product offerings.

Specialty "green" cleaners are projected to continue to hold the number one position as sanitation standards across the world continue to rise and environmental concerns continue to influence the consumers buy decisions. In terms of growth rate, the surface cleaning segment is set to register the fastest growth rate in the next five years moving forward. The worst performer of the group is bleach-like products which further highlights the consumers shift away from toxic chemicals towards and into green products.

**Regulatory Framework and Certifications**

Every country has its own framework for regulating cleaning and disinfecting products that are produced for consumer and industrial use.  In addition, there are regional and globally recognized certifications for products which attempt to provide independent verification as to the legitimacy of the claims made by product manufacturers.

<u>Canada</u>

*Drug Identification Number (DIN) - Health Canada*

A Drug Identification Number (DIN) is a long and onerous procedure that requires testing and data that allows a product to make consumer claims. Upon issuance of a DIN a computer-generated eight-digit number is assigned by Health Canada to a drug product prior to being marketed in Canada. This Health Canada Certification uniquely identifies all drug products sold in a dosage form in Canada and is located on the label of prescription and over-thecounter drug products that have been evaluated and authorized for sale in Canada (also applicable to cleaning products making disinfecting claims).

A DIN uniquely identifies the following product characteristics: manufacturer; product name; active ingredient(s); strength(s) of active ingredient(s); pharmaceutical form; route of administration.

Once a drug has been authorized, Health Canada issues a DIN which permits the manufacturer to market the drug in Canada. For drugs where there is minimal market history in Canada, there is a more stringent review and the drug is required to have a Notice of Compliance (NOC) and a DIN in order to be marketed in Canada.

A DIN lets the user know that the product has undergone and passed a review of its formulation, labeling and instructions for use. A drug product sold in Canada without a DIN is not in compliance with Canadian law.

The DIN is unique and serves as a tool to help in the follow-up of products on the market, recall of products, inspections, and quality monitoring.

<u>United States of America</u>

*FDA vs EPA Approval: What it means to cleaning products - United States*

The abbreviated term FDA stands for The U.S. Food and Drug Administration and the abbreviated EPA stands for the United States Environmental Protection Agency.

When it comes to cleaning products, these items fall under both agencies. What this means is in order for a cleaning product to claim disinfecting or sanitizing properties, it is common for the ingredient that kills the germs or viruses to fall under a drug designation.

When it comes to consumer cleaning products these products are approved by the EPA for sale and labeling standards and must be approved in conjunction with the FDA for both manufacturing standards as well as active ingredients.

FDA approval of a drug means that data on the drug's effects have been reviewed by the Center for Drug Evaluation and Research, and the drug is determined to provide benefits that outweigh its known and potential risks for the intended population. The drug approval process takes place within a structured framework that includes:

- Analysis of the target condition and available treatments—FDA reviewers analyze the condition or illness for which the drug is intended and evaluate the current treatment landscape, which provide the context for weighing the drug's risks and benefits. For example, a drug intended to treat patients with a life-threatening disease for which no other therapy exists may be considered to have benefits that outweigh the risks even if those risks would be considered unacceptable for a condition that is not life threatening.

- Assessment of benefits and risks from clinical data—FDA reviewers evaluate clinical benefit and risk information submitted by the drug maker, taking into account any uncertainties that may result from imperfect or incomplete data. Generally, the agency expects that the drug maker will submit results from two well-designed clinical trials, to be sure that the findings from the first trial are not the result of chance or bias. In certain cases, especially if the disease is rare and multiple trials may not be feasible, convincing evidence from one clinical trial may be enough. Evidence that the drug will benefit the target population should outweigh any risks and uncertainties.

- Strategies for managing risks—All drugs have risks. Risk management strategies include an FDA-approved drug label, which clearly describes the drug's benefits and risks, and how the risks can be detected and managed. Sometimes, more effort is needed to manage risks. In these cases, a drug maker may need to implement a Risk Management and Mitigation Strategy (REMS).

Although many of the FDA's risk-benefit assessments and decisions are straightforward, sometimes the benefits and risks are uncertain and may be difficult to interpret or predict. The agency and the drug maker may reach different conclusions after analyzing the same data, or there may be differences of opinion among members of the FDA's review team. As a science-led organization, FDA uses the best scientific and technological information available to make decisions through a deliberative process.

For additional information regarding the FDA approval process, please consult: https://www.fda.gov/drugs/development-approval-process-drugs

Other Recognized Certifications

*Safety Data Sheets*

A Safety Data Sheet ("**SDS**") is a summary document that provides information about the hazards of a product and advice about safety precautions. An SDS is usually written by the manufacturer or supplier of the product. In some circumstances, an employer may be required to prepare an SDS (e.g., when the product is produced and used exclusively in that workplace).

SDS provide more detailed hazard information about the product than the label. It is an important resource for workplaces and workers to help learn more about the product(s) used and this this information is used to identify the hazards of the products that are being used and to protect people from those hazards, including safe handling and emergency measures.

An SDS tell users what the hazards of the product are, how to use the product safely, what to expect if the recommendations are not followed, how to recognize symptoms of exposure, and what to do if emergencies occur. SDSs are safe handling guidelines for product to limit corporate liability and important for any consumer-based product.

The Hazard Communication Standard (HCS) requires that the chemical manufacturer, distributor, or importer provide an SDS (formerly MSDSs or Material Safety Data Sheets) for each hazardous chemical to downstream users to communicate information on these hazards. The information contained in the SDS is largely the same as the MSDS, except now the SDSs are required to be presented in a consistent user-friendly, 16-section format. This brief provides guidance to help workers who handle hazardous chemicals to become familiar with the format and understand the contents of the SDSs. The SDS includes information such as the properties of each chemical; the physical, health, and environmental health hazards; protective measures; and safety precautions for handling, storing, and transporting the chemical. The information contained in the SDS must be in English (although it may be in other languages as well).

Please refer to the attached link for additional information on SDS requirements: https://www.osha.gov/sites/default/files/publications/OSHA3514.pdf

*Global Harmonization Certification*

Global Harmonization Certification ("**GS1**") is a certification not-for-profit organization that develops and maintains global standards for business communication. When GS1 certified, a barcode is issued; implying the product meets GS1 standards, safety and visibility of supply chains across physical and digital channels in a wide variety of sectors. They form a business language that identifies, captures and shares key information about products, locations, assets and more. The universal barcode makes it easy to account for a standard-controlled inventory and track sales.

Key focus areas in retail include sustainability, data quality, compliance with regulatory requirements, traceability of products from their origin through delivery, and upstream integration between manufacturers and suppliers.

As consumers continue to switch between in-store and e-commerce shopping channels, a consistent shopping experience, efficiency, safety and speed are expected. GS1 has developed standards that uniquely identify products for the benefit of consumers and for search engines, providing accurate and complete product information digitally. Major e-commerce companies such as eBay, Amazon and Google Shopping require companies to use a GS1 to sell on their websites.

For additional information on the GS1 standard requirement necessary to conduct electronic retail in North America, please refer to the following link. It is an extensive document that itemizes the requirements:

https://gs1go.azureedge.net/sites/gs1/files/docs/barcodes/GS1_General_Specifications.pdf

*Green Seal Certification* (www.greenseal.org)

Green Seal is a universal symbol that a product, service or space is independently verified to meet the highest standard of health and environmental leadership. Only the healthiest, most responsible, and most effective products and services achieve the Green Seal. With demographic changes towards 'green' having a universally recognized certification proves that we are in fact a truly green cleaner that offers exceptional performance while reducing or eliminating toxins relative to its competition.

Green Seal is a globally recognized ecolabel for cleaning, sanitary and facilities care products and services. More than 33,000 products meet Green Seal's standards for uncompromising performance, safety and health. Certified commercial cleaning services and school cleaning programs meet the highest industry standard for facilities care and provide safer, healthier environments for custodial teams and building occupants.


The process for obtaining a Green Seal certification is documented in the following link:

https://greenseal.org/storage/standards/April%202021/GS-8-Standard-Ed-5.5-04.2021.pdf

*Leaping Bunny Certification* (www.leapingbunny.org)

The Leaping Bunny is a trusted cruelty free certification for non-animal tested products. Leaping Bunny certification provides a choice for consumers who want to identify and buy products that are free from animal testing. Achieving Leaping Bunny certification shows consumers that businesses have the procedures and policies in place to enable and verify their cruelty-free claims, producing products not tested on animals. With a demand for green, cruelty-free products, this certification is essential for creating penetration in the cleaning market. Regardless of where a company is certified, Leaping Bunny certification applies internationally, giving shoppers around the world confidence that companies meet a standard for cruelty free products.

The standard for Leaping Bunny is documented in the following link:

https://www.leapingbunny.org/about/corporate-standard-compassion-animals-standard

The application process to obtaining Leaping Bunny certification is rigorous and detailed in the following link:

https://www.crueltyfreeinternational.org/what-we-do/corporate-partnerships/leaping-bunny-programme

**CleanGo Products**

Stains are inherent in day-to-day activities. Further, the COVID-19 pandemic has underscored the importance of maintaining a clean and sanitary environment in places such as aircrafts, shopping malls, hotels, and even private residences. With future pandemics being predicted by experts, the manufacture and supply of sprays and sanitizers that can deactivate infectious viruses and bacteria, under the certification of a DIN, is predicted to become one of the fastest growing market segments.

With increasing respiratory illnesses in recent years (such as Swine Flue, H1N1, and COVID-19), major newscasters, Forbes and the World Health Organization (WHO) help support the concerns around potential future pandemics

(https://www.bbc.com/future/article/20210111-what-could-the-next-pandemic-be)

(https://www.forbes.com/sites/johndrake/2021/03/17/to-prevent-future-pandemics-the-us-should-invest-in-real-time-research/?sh=6ca3d1a0136f)

https://www.ctvnews.ca/health/coronavirus/how-can-we-stop-the-next-pandemic-here-s-what-a-who-panel-recommends-1.5424687)

Unlike traditional cleaning products, CleanGo offers certified-green, quat-based products that work through the premise of emulsification. The base chemical in CleanGo's products was tested in 2015 in compliance with EPA guidance by Mason Chemical Company and provided with a hard kill data sheet ("**Hard Kill Sheet**"). The Hard Kill Sheet indicates that CleanGo's product was effective in neutralizing a number of common viruses and bacteria, including the human coronavirus, in a 10-minute standard exposure test.

CleanGo's proprietary formulation for its products is due to its acquisition in 2014 of a worldwide licence (the "**Licence**") from Emporium Group S.A. ("**Emporium**"), a company owned by Paula Pearce-Sarvucci that developed the formulation, for approximately $295,842.50 ($236,674 USD) (the "**Purchase Price**"). The Purchase Price for the Licence was based on the recovery of arm's length costs expended by Emporium to develop the underlying intellectual property for the Licence. $68,177.50 ($54,542 USD) of this Purchase Price has been paid with $227,665 ($182,132 USD) still owing to Emporium as of the date of this Listing Statement. CleanGo has spent approximately $357,000 in arm's length expenditures in developing its propriety products.

Additionally, it is important to note that many jurisdictions have regulatory laws in place that protect employees from harmful chemical exposure as set out in SDS and GS1 standards previously established above. A number of CleanGo products meet all DIN regulations in Canada and EPA in the United States and are considered "green" products under Green Seal certification.

CleanGo products are sold and marketed in three broad categories: Retail/household; Commercial (e.g. medical institutions, hospitality industries (hotels/restaurants), commercial cleaning services, car washes, etc.); and Industrial (e.g. oil and gas, heavy equipment, concrete/asphalt).

Almost all of the CleanGo products are sold in the USA and in Canada. Less than 1% of CleanGo's sales are in international markets and it does not anticipate any material sales in these markets in the next 12 months.

***Retail***

CleanGo has a number of proprietary products as detailed below. It's *Total Purpose*, *Industrial*, and *Fabric and Carpet* are disinfecting, non-toxic, green, disinfecting spray cleaners. Harnessing the power of emulsification, these products are safe for use around children and pets. CleanGo's product offerings can clean everything in a home, while eliminating 99.9% bacteria and germs. Furthermore, the products are certified with a Leaping Bunny certification; indicating that there has been no product testing on animals. CleanGo's product offerings are multipurpose and can be used for wiping surfaces, carpet cleaning, and even in the household laundry cycle.

CleanGo has also procured and developed a hand sanitizer product, sanitizing wipes and fogging equipment; and is currently in the final stages of development for a new proprietary disinfectant spray, which can be used with CleanGo's fogging equipment.

A listing of CleanGo's products, with their certifications, are set out in the table below:

**CleanGo GreenGo Products and Certifications**

| Item and Certification | NPN | Health Canada DIN | FDA Approved | USEPA Approved | Cruelty Free/ Leaping Bunny | Green Seal | Market |
|---|---|---|---|---|---|---|---|
| Total Purpose | No | Yes | No | No | Yes | Approved | CAN/US |
| Industrial | No | Yes | No | Yes | Yes | Approved | CAN/US |
| Fabric and Carpet | No | Not Currently | No | Yes | Yes | Approved | CAN/US |
| 70% Alcohol Hand Sanitizer | Yes | Not Currently | Yes | No | Yes | Approved | CAN/US |
| Creme Hand Sanitizer | No | Yes | No | No | Yes | Approved | CAN/US |
| On The Go | No | Not Currently | No | No | Yes | Approved | CAN/US |
| Disinfecting Wipes | No | Yes | No | No | Yes | Approved | CAN/US |
| Tetra Pack Refills | No | Yes | No | No | Yes | Approved | CAN/US |

<u>Total Purpose</u>: A disinfecting cleaning product. It is used as a general all-purpose cleaning product in the home.

<u>Industrial</u>: A disinfecting cleaning product that has the same claims as the Total Purpose cleaner but used in commercial cleaning applications as well as tough to clean areas around the home.

<u>Fabric and Carpet</u>: A disinfecting fabric and carpet cleaner.

<u>70% Alcohol Hand Sanitizer</u>: A 70% alcohol, gel hand sanitizer.

<u>Crème Hand Sanitizer</u>: A proprietary formulation of a cream hand sanitizer utilizing a zero-alcohol formulation to create a product with the same efficiency as 70% alcohol.

"<u>On The Go</u>": A 60ml bottle using the same formulation as its Total Purpose Cleaner. It has the same effectiveness as the Total Purpose cleaner but is offered in a convenient travel size.

<u>Disinfecting Wipes</u>: Health Canada certified sanitation wipes with a unique DIN number.

<u>Tetra Pack Refills</u>: Refill packs for the Total Purpose, Industrial and Fabric and Carpet products.

All of CleanGo's products carry Green Seal Certification and Leaping Bunny Certifications. Natural Product Numbers (NPN) are issued by Health Canada for natural products. CleanGo is also a certified FDA designated manufacturer and is listed as a COVID-19 product manufacturing facility from Health Canada.

In addition to manufacturing and selling its own products listed above, CleanGo also sells masks, gowns and antigen test kits for personal protection against COVID-19. As stated above, CleanGo possesses a COVID-19 site license (COV2095) which permits it to manufacture, package, label and import antiseptic skin cleansers and hand sanitizers at its Calgary, Alberta manufacturing site and CleanGo's third-party US Newberry Park, CA site.

CleanGo is also in the process of developing a disinfectant spray, which can be used with CleanGo's fogging equipment.

CleanGo's products work through a process known as emulsification; whereas the spray binds with the stain to promote removal. In terms of the DIN claims, the product binds with the virus, destabilizes, and ultimately kills the virus.

***Commercial***

CleanGo's *Industrial Cleaner*, Disinfecting and Sanitizing Wipes and Hand Sanitizer are all sold into the commercial market.

CleanGo's DIN certification indicates that its product line is a disinfectant capable of killing 99.9% of viruses. The products compete directly with currently established offerings, but with the added advantage of touting a "green" designation (as a result of Green Seal certification) to differentiate CleanGo from traditional, peroxide or alcohol-based competitor products.

CleanGo GreenGo has taken all necessary steps (as described above) to certify, verify and validate with regulatory agencies or independent certification bodies in order to claim that its products are "green", 'non-toxic' and safe for the entire family, pets and the environment. Please refer to the discussion above on Green Seal and Leaping Bunny certification set out in "Regulatory Framework and Certifications".

Due to the highly concentrated nature of the "commercial" product line, CleanGo products may offer a reduced cost for small businesses who handle their own cleaning. In addition, the products retain their green properties at higher concentration and also kill 99.9% of germs.

With the addition of a foaming agent, CleanGo's base product has proven effective in trials at select car wash facilities. The product line cleans all aspects of a vehicle, equally effective on exterior and interior surfaces alike. Interior detailing and exterior cleaning are completed at two car wash locations in Calgary, Alberta; both of which have their results featured on CleanGo's Instagram, Facebook and Twitter social media channels.

***Industrial***

As CleanGo's products use an emulsification action, derivatives of CleanGo's base product allow the emulsification action to bind to industrial stains, enabling the ability to clean concrete and industrial stains such as locomotive grease, mining dust, and other environmental contaminants.

CleanGo is also currently developing new innovative products for this sector. It has recently applied for patent protection on a formulation designed to assist oil and gas producers. The emulsification ability in the formulation acts as a surfactant that binds to medium to heavy oil to transport previously un-mobilized or residual oil from an injection well to a production well. The formulation assists heavier oil to flow downhole and can result in additional oil recoveries for producers. By mobilizing the stranded oil, the net present value of the reservoir is increased, as is the ultimate recovery of initial oil in place. Initial testing results have been favorable, with field results reported in Consol, Saskatchewan. CleanGo has been working on this project in conjunction with Dexter Oilfield Ltd., an oilfield service company.

The formulation also assists in downhole well servicing as it helps to break down waxes, asphaltenes and other contaminates that restrict permeability near the well bore. CleanGo's objective is to be in a position to bring this product to market by the fourth quarter of 2021.

Through laboratory testing, the derivative product also enhances hydrochloric acid cleanouts in reservoir-damaged wellbores, assisting with the conceptual increase of wellbore productivity. CleanGo has partnered with ACI Chemicals, an oilfield service company to enhance wellbore productivity for oil and gas companies seeking to enhance productivity of existing infrastructure without drilling new wells.

Oil and gas operations historically utilize toxic chemicals, but as CleanGo's offerings are certified green, these derivative products do not require regulatory approval or infrastructure overhauls to be deployed.

**Formulation and Manufacturing**

*Formulation*

CleanGo's base formulation is protected by a provisional patent. It outsources the blending and processing of its products to third parties located in Newberry Park, CA, Calgary, Alberta or Edmonton, Alberta and the third-party formulators are subject to non-disclosure and non-compete agreements. CleanGo's formulation is proprietary through its Licence with Emporium, but it uses third parties, in Canada or the United States as applicable, to blend its formulations since having a "domestically-made" seal is an integral part of CleanGo's marketing strategy. The company has also negotiated agreements for white-labelling products and selling under the corporate banner.

*Raw Products and Manufacturing*

Many raw materials are sourced locally in Canada for CleanGo's Canadian market. Labels and bottles are from domestic suppliers and product for the Canadian market is manufactured in third party blending facilities in Edmonton (Ostrem Chemicals) or Calgary (SBS Solution Blend Services) and bottled in CleanGo's Calgary-based facility and circulated through CleanGo's distribution network. All of the base ingredients are provided to the respective blender through Canadian-based Brenntag Chemicals.

The same sourcing and processing model apply in the US for CleanGo's American market, through Colorful Products in Newberry Park, California. Colourful Products is a third-party blending and bottling facility that only manufactures CleanGo's proprietary recipes and does not sell product on behalf of CleanGo. Being a third-party facility, the raw materials are sourced through the third-party supply chains (all ingredients come from US-based Pilot Chemicals to Colorful Products for blending). CleanGo has outsourced the supply chain to the respective blender (Newberry Park, Edmonton or Calgary). Bulk deliveries (in totes or drums) are shipped from its third-party Edmonton and Calgary blenders to its Calgary warehouse for bottling.

Products are then sent to the distribution system, either e-commerce third party websites or brick and mortar institutions. A portion of CleanGo's wipes are sourced from Asian markets and provisions are in place for white-label bottling in the Asian markets should the need arise.

CleanGo has found that some purchasers are reluctant to stock a product unless it is made domestically; whether in Canada or the US. To be able to label a product with a "domestically-made" seal is an important part of CleanGo's marketing strategy. CleanGo has agreements for white-labelling products and selling under the corporate banner. All formulators are subject to non-disclosure agreements.

**Markets and Distribution**

CANADA

*Retail*

In Canada, CleanGo has received DIN numbers from Health Canada for a number of its primary products. Over the course of 2021, CleanGo will seek to expand its presence in Alberta and establish a footprint in other provinces within Canada. As required, CleanGo anticipates that it will hire three additional sales representatives over the course of the year and spend additional amounts on advertising as funds become available.

CleanGo has been selling products since 2018 and have managed to establish contacts in the janitorial supply and retail space. Through these contacts, it has been able to sell products directly, as well as white label products through third party competitors utilizing its proprietary formulations. In the fourth quarter of 2020, CleanGo sold 85,000+ bottles-equivalent to an US based company under a white label contract.

As of February 2021, CleanGo has been able to place its products for sale in a number of retailers in Alberta and British Columbia, including approximately 150 Empire Company stores - Sobeys and Safeway (140) and IGA (10). It has not yet generated substantial or consistent sales from these vendors (revenue for first six months of 2021 was $69,780), however, CleanGo's objective is to be able to slowly grow its presence in the retail sector and organically increase revenue. The CleanGo products are also sold commercially and are available in 20 litre, 205 litre and 1,000 litre packaging.

CleanGo also sells wholesale and retail from its Canadian headquarters and utilizes an online presence to meet the needs of online consumers (e.g., Amazon.ca, cleangogreengo.ca eCommerce website, its social media platforms and a variety of other online retailers using funneling technology).

CleanGo continues to seek to establish relationships with other companies with existing distribution channels looking for opportunities to joint venture.

*Commercial*

CleanGo currently sells its products to a number of businesses directly, often in bulk concentrate. It will continue to market directly to businesses and seek to expand its market over 2021.

CleanGo will also seek to access new markets through new product development. For example, CleanGo has developed a pre-wash and a soap that is utilized in car washes. The company will seek to penetrate this market primarily through establishing joint ventures with other companies that have established distribution chains in the market during 2021.

*Industrial*

CleanGo currently sells its products directly to businesses directly. It will continue to market directly to businesses and as stated earlier, CleanGo has recently applied for patent protection on a formulation designed to assist oil and gas producers. The formulation assists heavier oil to flow downhole and can result in additional oil recoveries for producers.

**USA**

*Retail*

CleanGo's current retail market has primarily been serviced online through Amazon and through its fulfillment center in Newberry Park, California. It sells into the US retail market (to six select Whole Foods and Loves Natural Markets stores) and leverages an online presence to meet the need of its online consumers via Amazon.com, Harvestgrowth.com, its social media platforms and a variety of other online retailers using funneling technology. CleanGo US' penetration into the US retail market is in its early initial stages and it has not generated material revenue from the United States market. CleanGo will continue to incur consulting and advertising costs in order to increase its market presence and brand recognition in the USA.

CleanGo has also been in discussions with certain distributors to sell its products to their customers either under the CleanGo name or as white label products. The company's objective is to try and commence sales by the fourth quarter of 2021.

*Commercial and Industrial*

CleanGo has not had a significant presence in the commercial space in the USA to date. Depending on the results of product testing in the oil and gas space, the company may choose to establish a physical presence in the USA and begin hiring sales and marketing staff. This is not, however, expected to occur until 2022.

**Intangible Properties**

CleanGo believes that its trademarks, patents and regulatory registrations are important to its competitive position. A substantial element of CleanGo's marketing strategy involves the creation of brand awareness in respect of its trademarks and patented products. Where possible, trademarks are registered in all major market jurisdictions and are presently registered in Canada, the United States and parts of the European Union. As required, regulatory registrations have been made or will be pursued in all markets where CleanGo sells its products. All registrations are renewable, and procedures are in place to ensure timely renewal, so these registrations will remain in effect.

CleanGo utilizes patent pending intellectual property. The patent was filed with the United States Patent and Trademark Office in February 2020. The CleanGo formulations are protected with a provisional patent filed in the US and Canada. USPTO application patent number: No.17/187,400 was filed in February 2021. CleanGo has applied for a trademark on the Clean Go Green Go name through its American and Canadian divisions, and recently received a trademark in Germany.

**Marketing**

CleanGo has two commissioned sales staff on salary to actively create brand awareness through the internet, Amazon platforms, socially distanced meetings, and telecommunication mediums. Web funneling, which analyzes consumers' purchasing habits and directs traffic to its web page, is being utilized. The marketing staff also makes use of popular social and business networking sites such as Facebook, Twitter, Instagram and LinkedIn to deliver product information to consumers and has developed a number of tools to drive sales through major online shopping platforms as well as CleanGo's own sites. CleanGo is also currently fulfilling orders from Glacier Bay National Park in Alaska. Orders are fulfilled from both Canada and US locations; depending on availability of product inventory. The product list, from the table included under Retail (above), is fulfilled on an order-by-order basis.

**Foreign Operations**

Revenue streams are generated from sales in Canada and the United States, with revenue split 65%/35% respectively.

Almost all of the Resulting Issuer's products are sold in the USA and in Canada. Less than 1% of the Resulting Issuer's sales are in international markets and it does not anticipate any material sales in these markets in the next 12 months.

**Competitive Conditions**

CleanGo faces direct competition from other wholesale distribution companies who offer competing chemicals and those that claim to be "green", whether or not this is accurate. The cleaning industry is sensitive to new entrants and CleanGo, through its scientific certifications and new product development described above, aims to differentiate its products in an effort to mitigate competitive pressures.

**Employees**

At the date of this Listing Statement, CleanGo has 7 full-time employees in its Calgary office and two in its US office and outsources additional requirements with contingent staff. Employees are multidisciplinary, across all areas of its business, including management, product design, product sourcing, logistics, information technology, analysis, sales and marketing, technical services and administration.

**4.2** Significant Acquisitions

Neither Softlab9 nor CleanGo have had any significant acquisitions in the past twelve months.

**4.3** Trends, Commitments, Events or Uncertainties

***Resulting Issuer***

Please refer to Section 3.3 - *Trends, Commitments, Events or Uncertainties.*

*Business Objectives, Milestones and Associated Cost Estimates*

| Business Objective | Milestones | Timeline | Estimated Cost |
|---|---|---|---|
| Establishing and expanding retail presence (Retail - Canada) | Establishing and expanding retail presence (Canada) | 2021 | $250,000 |
| Joint venture with companies that have existing distribution channels (Retail - Canada) | Establish joint venture | 2021 | $200,000 |
| Product development for oil and gas producers (Commercial - Canada) | Bring product to market | Q4 2021 | $75,000 |
| Increase market and brand awareness (Retail - USA) | Commence advertising program | 2021 | $50,000 |
| Establish distribution channels (Retail - USA) | Obtain certain regulatory approvals | Q4 2021 | $100,000 |

*Resulting Issuer*

| **Available Funds** | **Allocation** |
|---|---|
| Estimated working capital of the Resulting Issuer at July 31, 2021 | $26,000(3) |
| Expected proceeds from Private Placement(1) | $1,000,000 |
| Additional cash contribution for Resulting Issuer Shares(2) | $311,760 |
| **Available Funds** | $1,337,760 |

**Note:**

(1) Gross proceeds of Private Placement to be completed in connection with the completion of the Acquisition. On August 19, 2021, Softlab9 completed an initial closing of the Private Placement through the issuance of 545,625 Units at a price of $0.40 per Unit for gross proceeds of $218,250 minus expenses of $8330.

(2) In order to comply with the CSE policy on Builder Shares, the holders of 7,200,000 Resulting Issuer Shares, that are classified as Builder Shares, have agreed to increase the cost base of their Resulting Issuer Shares from $0.0067 to $0.05 per share.

(3) In order to comply with the CSE policy on Builder Shares, Anthony Sarvucci has agreed to cancel $109,501.89 of debt to increase the cost base of 2,528,912 Resulting Issuer Shares, that are classified as Builder Shares, from $0.0067 to $0.05 per share. $54,000 of the $109,501.89 is classified as short-term debt and will therefore increase the Resulting Issuer's working capital position. This increase is reflected in the estimated working capital of the Resulting Issuer.

| **Use of Available Funds** | **Allocation** |
|---|---|
| General and Administrative Expenses(1) | $662,760 |
| Establishing and expanding retail presence (Canada) | $250,000 |
| Joint venture with companies that have existing retail distribution channels (Canada) | $200,000 |
| Product development for oil and gas producers (Canada) | $75,000 |
| Increase market and brand awareness (USA) | $50,000 |
| Establish distribution channels (USA) | $100,000 |
| **Available Funds** | **$1,337,760** |

**Note:**

(1) Includes management compensation, general operating costs and expenses of the Private Placement.

| **General and Administrative Expenses Breakdown** | **Allocation** |
|---|---|
| Payroll and Benefits | $451,000 |
| Consulting | $48,000 |
| Rent | $29,000 |
| Marketing | $48,000 |
| Professional Fees | $60,000 |
| Office | $18,430 |
| Expenses of Private Placement | $8,330 |
| **Available Funds** | **$662,760** |

## 5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

### 5.1 Annual Information

*Softlab9*

The following table sets forth selected financial information for Softlab9 for the financial years ended December 31, 2020, December 31, 2019 and December 31, 2018.

| | December 31, 2020 (audited) | December 31, 2019 (audited) | December 31, 2018 (audited) |
|---|---|---|---|
| Net income (loss) | (2,352,257) | (2,151,778) | (272,040) |
| Earnings (loss) per share, basic and diluted | (0.19) | (0.37) | (1.23) |
| Total Assets | 1,236,262 | 172,746 | 455,088 |
| Total non-current financial liabilities | Nil | Nil | Nil |

***CleanGo***

The following is certain selected financial data for CleanGo in summary form for each of the last three completed financial years:

| | **As at December 31, 2020** | **As at December 31, 2019** | **As at December 31, 2018** |
|---|---|---|---|
| **Revenue** | $190,346 | $29,399 | $66,020 |
| **Gross Margin**<br>*On a per share basis andfully diluted basis* | $6,182<br>$(0.00) | $(69,852)<br>$(0.00) | $39,040<br>$(0.00) |
| **Total Net Income orLoss**<br>*On a per share basis andfully diluted basis* | $(622,852)<br>$(0.02) | $(192,132)<br>$(0.01) | $(504,441)<br>$(0.02) |
| **Total Assets** | $552,385 | $34,770 | $85,107 |
| **Total Debt** | $1,724,239 | $617,243 | $493,615 |

## 5.2 Quarterly Information

### *Softlab9*

The following is selected quarterly financial information for Softlab9for the eight quarters preceding the date hereof:

| Summaryof quarterly results | Q1 March 31, 2021 | Q4 Dec. 31, 2020 | Q3 Sept. 30, 2020 | Q2 June 30, 2020 | Q1 March 31, 2020 | Q4 Dec. 31, 2019 | Q3 Sept. 30, 2019 | Q2 June 30, 2019 |
|---|---|---|---|---|---|---|---|---|
| Revenues | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Net income (loss) | (189,010) | (635,300) | (1,069,017) | (552,227) | (95,713) | (776,266) | (149,770) | (298,072) |
| Loss per share | (0.01) | (0.05) | (0.07) | (0.06) | (0.01) | (0.09) | (0.02) | (0.07) |

### *CleanGo*

The following is certain selected financial data for CleanGo in summary form for each of the last eight completed financial quarters ending at the end of the most recently completed financial year.

| Summary of Quarterly Results ($) | Q2 June 30, 2021 | Q1 March 31, 2021 | Q4 Dec. 31, 2020 | Q3 Sept. 30, 2020 | Q2 June 30, 2020 | Q1 March 31, 2020 | Q4 Dec. 31, 2019 | Q3 Sept. 30, 2019 |
|---|---|---|---|---|---|---|---|---|
| Revenue | 27,199 | 42,581 | 14,551 | 100,874 | 61,461 | 13,460 | 11,184 | 13,206 |
| Cash (used in) from operations | (170,481) | (133,668) | (792,125) | (465,192) | 185,770 | (20,927) | (1,666) | (4,655) |
| Net loss | (169,869) | (220,046) | (407,615) | (89,176) | (62,284) | (63,777) | (83,263) | (42,428) |
| Net loss Per share | (0.00) | (0.01) | (0.01) | (0.01) | (0.00) | (0.00) | (0.01) | (0.00) |
| Total assets | 430,223 | 494,998 | 552,385 | 747,615 | 310,935 | 32,249 | 34,770 | 86,183 |

| | **Softlab9 as at March 31, 2021** | **CleanGo as at June 30, 2021** | **Pro-forma as at June 30, 2021 after giving effect to the Acquisition** |
|---|---|---|---|
| **Working Capital** | $153,697 | $(1,075,364) | $368,093 |
| **Non-current Assets** | - | $100,280 | $100,280 |
| **Non-current Liabilities** | - | $588,501 | $528,990 |
| **Shareholders' Equity** | $153,697 | $(1,563,585) | $(60,617) |

*Pro Forma* Consolidated Capitalization

The following table sets forth the consolidated capitalization of the Resulting Issuer as at June 30, 2021 both before and after giving effect to the Acquisition.

| | Softlab9 as at March 31, 2021 | CleanGo as at June 30, 2021 | *Pro-forma* as at June 30, 2021 after giving effect to the Acquisition |
|---|---|---|---|
| **Cash:** | $48,126 | $53,773 | $1,341,659 |
| **Debt:** | $1,009,834 | $1,993,808 | $1,976,030 |
| **Shareholder Equity:** | | | |
| Common shares: | $8,818,762 | $633,890 | $7,076,839 |
| Share subscriptions: | $80,716 | $(48,000) | $ - |
| Reserves: | $1,337,829 | - | $2,817,093 |
| Accumulated other comprehensive loss: | - | $(8,211) | $(8,211) |
| Deficit: | $(9,826,986) | $(2,141,264) | $(9,874,099) |
| Non-controlling interest | $(72,239) | - | $(72,239) |
| **Total Capitalization:** | **$153,697** | **$(1,563,585)** | **$(60,617)** |

### 5.3 Dividends

***Softlab9***

Softlab9 has not paid dividends in the past.

Excepting the provisions in the BCBCA, there are no restrictions that could prevent Softlab9 from paying dividends.

***Resulting Issuer***

Future dividends for the Resulting issuer, if any, will be determined by the Board on the basis of earnings, financial requirements and other conditions existing at the time.

## 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

**Annual MD&A**

***Softlab9***

A copy of Softlab9's Management Discussion and Analysis for the period ended March 31, 2021 and years ended December 31, 2020 and December 31, 2019 are attached hereto as Appendix "D", Appendix "E" and Appendix "F" and should be read in conjunction with Softlab9's consolidated financial statements and notes as attached hereto as Appendix "A", Appendix "B" and Appendix "C" and available under Softlab9's SEDAR profile at www.sedar.com.

***CleanGo***

A copy of CleanGo's Management Discussion and Analysis for the period ended June 30, 2021 and years ended December 31, 2020 and December 31, 2019 are attached hereto as Appendix "K", Appendix "L" and Appendix "M" and should be read in conjunction with CleanGo's consolidated financial statements and notes as attached hereto as Appendix "G", Appendix "H" and Appendix "I".

## 7. MARKET FOR SECURITIES

### *Resulting Issuer*

Resulting Issuer is a reporting issuer in British Columbia, Alberta, Manitoba, and Ontario. The Softlab9 Shares commenced trading on the CSE on November 2, 2018 and currently trade under the symbol "SOFT" and trade through the OTC markets under the symbol "SOFSF" and through the Frankfurt Stock Exchange Open Market under the symbol "APO2". The Softlab9 Shares were halted on November 20, 2020 in connection with the signing of the Arrangement Agreement pending completion of the Acquisition.

### *CleanGo*

CleanGo is a private issuer and is not listed on any exchange or quotation and trade reporting system.

## 8. CONSOLIDATED CAPITALIZATION

### *Resulting Issuer*

| Securities | Amount Authorized | Outstanding as of the date of this Listing Statement |
|---|---|---|
| Resulting Issuer Shares | Unlimited | 43,884,351 |
| Stock options | 10% of issued and outstanding | Nil |
| Warrants (issued under the Offering) | N/A | 4,298,823(1)(3) |
| Warrants (issued under Private Placement) | N/A | 1,250,000(2)(3) |

**Notes:**

(1) 1,589,610 warrants exercisable at $0.60 be share with an expiry date of June 18, 2022 and 2,709,213 warrants exercisable at $0.60 per share with an expiry date of July 21, 2022.

(2) The Warrants are exercisable at $0.70 per share and expire 18 months from issuance.

(3) Subject to subject to an acceleration right of the Resulting Issuer. If the closing price of the Resulting Issuer Shares trade on the CSE at or above $1.00 for ten consecutive trading days, then the Resulting Issuer may, at its sole option, elect to provide an Acceleration Notice to the holders of the warrants by news release and indicate that the warrants will expire on the date that is 30 days from the date of the Acceleration Notice.

## 9. OPTIONS TO PURCHASE SECURITIES

### *Resulting Issuer*

Resulting Issuer has a 10% "rolling" stock option plan ("**Option Plan**"), most recently approved by Softlab9 Shareholders at Softlab9's 2020 annual general meeting on September 24, 2020 (the "**2020 AGM**"). The purpose of the Option Plan is to advance the interests of Resulting Issuer and its shareholders by attracting, retaining and motivating the performance of selected directors, officers, employees or consultants of Resulting Issuer of high caliber and potential and to encourage and enable such persons to acquire and retain a proprietary interest in Resulting Issuer by ownership of its stock. The Option Plan provides that, subject to the requirements of the CSE, the aggregate number of securities reserved for issuance, set aside and made available for issuance under the Option Plan may not exceed 10% of the issued and outstanding shares of Resulting Issuer at the time of granting of options (including all options granted by Resulting Issuer to date).

The number of Resulting Issuer Shares which may be reserved in any 12-month period for issuance to any one individual upon exercise of all stock options held by that individual may not exceed 5% of the issued and outstanding Resulting Issuer Shares at the time of the grant.

The Resulting Issuer must not grant stock options with an exercise price lower than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options.

The number of Resulting Issuer Shares which may be reserved in any 12-month period for issuance to any one consultant may not exceed 2% of the issued and outstanding Resulting Issuer Shares and the maximum number of Resulting Issuer Shares which may be reserved in any 12-month period for issuance to all persons engaged in investor relations activities may not exceed 2% of the issued and outstanding Resulting Issuer Shares. The Option Plan provides that options granted to any person engaged in investor relations activities will vest in stages over 12 months with no more than ¼ of the stock options vesting in any three-month period.

The terms of a stock option may not be amended once issued. If a stock option is cancelled prior to its expiry date, the Resulting Issuer must post notice of the cancellation on the CSE website and shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.

Shareholders also approved at the 2020 AGM a restricted stock unit plan previously approved by Softlab9 in June 2020 (the "**RSU Plan**"). The RSU Plan is designed to provide certain directors, officers, employees and consultants and other key employees (an "**Eligible Person**") of the Resulting Issuer and its related entities with the opportunity to acquire restricted share units ("**RSUs**") of the Resulting Issuer, thereby allowing an Eligible Person to participate in the long-term success of Resulting Issuer, thus promoting the alignment of an Eligible Person's interests with the Resulting Issuer Shareholders' interests.

The RSU Plan allows Resulting Issuer to grant RSUs, under and subject to the terms and conditions of the RSU Plan, which may be exercised to purchase up to a fixed maximum number of 1,000,000 Resulting Issuer Shares. The economic benefit to the holders of any RSUs granted pursuant to the RSU Plan, shall not exceed that which would be attributed to a holder of an option granted on the same date.

The Resulting Issuer does not currently have any outstanding stock options or RSUs.

## 10. DESCRIPTION OF THE SECURITIES

### 10.1 Description of the Issuer's Securities

The Resulting Issuer is authorized to issue an unlimited number of Resulting Issuer Shares without par value. The holders of Resulting Issuer Shares are entitled to dividends, if, as and when declared by the Board of Directors of Resulting Issuer, entitled to one vote per share at meetings of the shareholders of Resulting Issuer and, upon dissolution, entitled to share equally in such assets of Resulting Issuer as are distributable to the shareholders and subject to any special rights or restrictions attached to any shares of Resulting Issuer. The shares do not include any conversion or exchange rights; redemption, retraction, purchase for cancellation or surrender provisions; sinking or purchase fund provisions; provisions permitting or restricting the issuance of additional securities or any other material restrictions; nor any provisions requiring a shareholder to contribute additional capital.

**10.2** Debt securities

No Debt securities are being listed.

**10.3** Other securities

No securities other than Resulting Issuer Shares are being listed.

**10.4** Modification of terms

All terms and conditions of the Resulting Issuer Shares are set out in Section 10.1.

**10.5** Other attributes

The Resulting Issuer's only securities are the Resulting Issuer Shares, which attributes are set out in Section 10.1.

**10.6** Prior Sales

***Softlab9***

During the 12 months preceding the date of this Listing Statement, Softlab9 issued the following Softlab9 Shares and securities convertible into Softlab9 Shares:

| Date of issue | Description | Number of securities | Price per security | Total issue price |
|---|---|---|---|---|
| August 27, 2021 | Acquisition | 24,000,000[3] | $0.40 | $9,600,000 |
| August 26, 2021 | Private Placement | 1,954,375 Units[2] | $0.40 | $781,750 |
| August 19, 2021 | Private Placement | 545,625 Units[2] | $0.40 | $218,250 |
| October 29, 2020 | Common shares (Services) | 12,800 | $0.35 | $4,480 |
| October 28, 2020 | Common shares (Debt settlement) | 300,000 | $0.44 | $132,000 |
| October 16, 2020 | Common shares (Services) | 25,175 | $0.35 | $8,811.25 |
| October 9, 2020 | Common shares (Debt settlement) | 8,886 | $0.92 | $8,175 |
| October 7, 2020 | Common shares (Exercise of warrants) | 7,143 | $0.60 | $4,285.80 |
| October 5, 2020 | Common shares (Debt settlement) | 51,546 | $0.97 | $50,000 |
| September 17, 2020 | Common shares (Debt settlement) | 7,770 | $1.25 | $9,712.50 |
| September 17, 2020 | Common shares (Exercise of options) | 140,000 | $0.12 | $16,800 |
| September 3, 2020 | Common shares | 32,050 | $0.35 | $11,217.50 |

| | | | | |
|---|---|---|---|---|
| | (Debt settlement) | | | |
| August 28, 2020 | Common shares (Exercise ofwarrants) | 2,000 | $0.12 | $240 |
| July 21, 2020 | Offering(1) (Cash) | 5,252,215 Units | $0.35 | $1,838,275.25 |
| July 21, 2020 | Offering(1) (Settlement of Debt) | 172,200 Units | $0.35 | $60,270 |
| July 21, 2020 | Common Shares (Services) | 12,800 | $0.35 | $4,480 |
| June 23, 2020 | Common shares (Exercise of options) | 40,000 | $0.12 | $4,800 |
| June 18, 2020 | Offering(1) (Cash) | 2,211,043 Units | $0.35 | $773,865 |
| June 18, 2020 | Offering(1) (Settlement of Debt) | 982,457 | $0.35 | $343,860 |

**Notes:**

(1) Offering comprising the issuance of units. Each unit consists of one Softlab9 Share and one-half of one warrant. Each whole warrant entitled the holder to acquire one Softlab9 Share at an exercise price of $0.60 for two years from issuance.

(2) Private Placement of Units of Softlab9 for gross proceeds of $1,000,000. Each Unit is comprised of one Softlab9 Share and one-half of one Warrant

(3) Acquisition of CleanGo.
In order to comply with the CSE policy on Builder Shares:
(a) Certain recipients of 7,200,000 Resulting Issuer Shares being issued under the Acquisition that are classified as Builder Shares, have agreed to increase the cost base of their Resulting Issuer Shares from $0.0067 to $0.05 per share;
(b) Anthony Sarvucci has agreed to cancel $109,501.89 of debt to increase the cost base of 2,528,912 Resulting Issuer Shares, that are classified as Builder Shares, from $0.0067 to $0.05 per share; and
(c) Anthony Sarvucci has agreed to cancel 112,500 Softlab9 Shares that he would have received for his ownership of CleanGo Shares. Therefore the 24,000,000 Softlab9 Shares that would have been issued to the CleanGo Shareholders under the Transaction has been reduced to 23,887,500.

## 10.7 Stock Exchange Price

The Softlab9 Shares are listed on the CSE as of the date hereof under the symbol “SOFT”. The following table sets out the high and low trading price and volume of trading of Softlab9 Shares on the CSE during the last 12 months. The Softlab9 Shares were halted from trading on November 20, 2020 pending completion of the Acquisition.

| Period | High $ | Low $ | Volume |
|---|---|---|---|
| August 2021 | Nil | Nil | Nil |
| July 2021 | Nil | Nil | Nil |
| June 2021 | Nil | Nil | Nil |
| May 2021 | Nil | Nil | Nil |
| April 2021 | Nil | Nil | Nil |
| Q1 (Jan-March) 2021 | Nil | Nil | Nil |
| Q4 (Oct-Dec) 2020 | $1.08 | $0.35 | 2,368,411 |
| Q3 (July-Sept) 2020 | $1.94 | $0.61 | 2,747,482 |
| Q2 (April-June) 2020 | $1.42 | $0.10 | 2,951,678 |

| | | | |
|---|---|---|---|
| Q1 (Jan-March) 2020 | $0.20 | $0.09 | 321,119 |
| Q4 (Oct-Dec) 2019 | $0.34 | $0.12 | 690,145 |
| Q3 (July-Sept) 2019 | $0.65 | $0.09 | 1,021,873 |

## 11. ESCROWED SECURITIES

### 11.1 Escrowed Securities

Prior to the completion of the Transaction, no Softlab9 Shares are subject to escrow as of the date of this Listing Statement.

In connection with the requalification for listing of the Resulting Issuer Shares on the CSE following the completion of the Transaction, in accordance with CSE Policies, all securities held by "Related Persons" of the Resulting Issuer as of the Listing Date are subject to escrow restrictions. The CSE Policies require that the escrow securities be governed by the form of escrow agreement prescribed under NP 46-201 – *Escrow for Initial Public Offerings* ("**NP 46-201**"). Securities held by "Related Persons" of the Resulting Issuer are held in escrow by TSX Trust Company as escrow agent pursuant to an escrow agreement dated August 27, 2021 (the "**Escrow Agreement**"). The Resulting Issuer is classified as an emerging issuer under NP 46-201 and as a result, the escrow release terms are as follows: 10% of such securities held in escrow will be released from escrow on the date the Resulting Issuer Shares resume trading on the CSE, and 15% every six months thereafter, subject to acceleration provisions provided for in the Escrow Agreement.

The following table sets forth details of the securities of the Resulting Issuer held under the Escrow Agreement:

| Designation of Class Held in Escrow | Number of Securities Held in Escrow | Percentage of Class |
|---|---|---|
| Resulting Issuer Shares | 14,636,837 | 33.4% |
| Warrants | 167,143 | 3.0% |

## 12. PRINCIPAL SHAREHOLDERS

To the knowledge of the Board of the Resulting Issuer and its executive officers, the following table sets out any person or company that beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting shares of the Resulting Issuer:

| Name of Shareholder | No. of the Resulting Issuer Held and Percentage |
|---|---|
| Anthony Sarvucci | 8,137,500 (18.5%) |

## 13. DIRECTORS AND OFFICERS

### 13.1 Directors and Officers

***Resulting Issuer***

The following table sets forth the name and municipality of residence of each director and officer of the Resulting Issuer, as well as such individual's position and office held with the Resulting Issuer and their principal occupation within the past five (5) years.

| Name, Current Position and Municipality of Residence | Principal Occupation during the past five years | Resulting Issuer Shares Beneficially Owned or Controlled |
|---|---|---|
| **Anthony Sarvucci**<br>Calgary, Alberta, Canada<br>*President, Chief Executive Officer and Director* | Mr. Sarvucci is the founder and President of Clean Go Green Go Inc. | 8,137,500 (18.5%) |
| **Gary Lobb**<br>Calgary, Alberta, Canada<br>*Chief Financial Officer* | Mr. Lobb is a Chartered Professional Accountant and an independent consultant to public and private companies. | 16,656 (0.04%) |
| **Paula Pearce-Sarvucci**<br>Calgary, Alberta, Canada<br>*Corporate Secretary* | Ms. Pearce-Sarvucci is a founder and director of Clean Go Green Go Inc. | 2,253,750 (5.1%) |
| **Morgan Rebrinsky**<br>Calgary, Alberta, Canada<br>*Director* | Mr. Rebrinsky is the Director of Asset and Liability Management with an oilfield engineering firm. | 3,543,750 (8.1%) |
| **Alnoor Nathoo**<br>Calgary, Alberta, Canada<br>*Director* | Mr. Nathoo is principal of a privately held hotel development company which develops and sells hotels across Canada. | 701,837 (1.6%) |
| **Dr. Darren Clark**<br>Calgary, Alberta, Canada<br>*Director* | Dr. Clark is a post-doctoral scholar at the University of Calgary. | Nil |

| | | |
|---|---|---|
| **Eugene Chen**<br>Calgary, Alberta, Canada<br>*Director* | Mr. Chen is a securities, corporate finance and M&A attorney. | 280,000 (0.6%) |

**13.2** Director Period of Service and Term

| | |
|---|---|
| ***Anthony Sarvucci*** | Period of Service: Upon Listing<br>Term: Until next AGM |
| ***Morgan Rebrinsky*** | Period of Service: Upon Listing<br>Term: Until next AGM |
| ***Alnoor Nathoo*** | Period of Service: Since October 21, 2019<br>Term: Until next AGM |
| ***Dr. Darren Clark*** | Period of Service: Upon Listing<br>Term: Until next AGM |
| ***Eugene Chen*** | Period of Service: Upon Listing<br>Term: Until next AGM |

**13.3** Securities Owned by Directors and Executive Officers

The following table below sets forth the number and percentage of voting securities of the Resulting Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Resulting Issuer as a group.

| Securities | Amount Authorized | Owned or Controlled by Directors and Officers as of the date of this Listing Statement |
|---|---|---|
| Resulting Issuer Shares | Unlimited | 14,933,493 (34.0%) |

**13.4** Board Committees

The Resulting Issuer has two board committees, the composition of which are set out below.

| | |
|---|---|
| *Audit Committee* | Alnoor Nathoo (Chair)<br>Eugene Chen<br>Morgan Rebrinsky |
| *Compensation and Corporate Governance Committee* | Eugene Chen (Chair)<br>Alnoor Nathoo<br>Morgan Rebrinsky |

**13.5** Management and Directors

For each director or officer of the Resulting Issuer that is acting as an officer of a person or company other than the Resulting Issuer, a description of the principal business of the person or company is set forth below.

*Alnoor Nathoo (Age 58) - Director*

Mr. Nathoo is a seasoned entrepreneur with a wealth of experience with private and public companies. He has been the principal of a privately held hotel development company for over two decades.

**13.6** Cease Trade Order or Bankruptcies

Other than as disclosed herein, no director or officer of the Resulting Issuer or shareholder of the Resulting Issuer holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is, or within 10 years before the date of the Listing Statement, has been a director or officer of any other issuer that, while that person was acting in that capacity:

a. was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;

b. was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

c. became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

d. within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On June 3, 2019, the British Columbia Securities Commission issued a cease trade order prohibiting trading in the securities of Softlab9 due to a failure to file audited annual financial statements and related management's discussion and analysis for the year ended September 30, 2018 and management's discussion and analysis annual financial statements for the year ended September 30, 2018 within the 90-day filing deadline required under National Instrument 51-102 – *Continuous Disclosure Obligations*, relating to the audited annual financial statements for the year ended January 31, 2019. The cease trade order was revoked on August 9, 2019 upon making of the necessary filings by Softlab9.

Anthony Sarvucci was a director of American Heritage International Inc. when the Alberta Securities Commission ("**ASC**"), issued a cease trade order on April 17, 2014, for failure to file its financial statements within the time frame designated under applicable securities legislation regarding its December 31, 2013 audited financials. This cease trade order is still outstanding.

Anthony Sarvucci was a director of Pacific Oil Company Inc. when the ASC issued a cease trade order on April 17, 2014, for failure to file its December 31, 2013 financial statements within the time frame designated under applicable securities legislation. This cease trade order is still outstanding.

Eugene Chen was a director of Blacksteel Energy Inc. when the ASC, British Columbia Securities Commission ("**BCSC**") and the Ontario Securities Commission ("**OSC**") issued cease trade orders on October 20, 2020, for failure to file its financial statements for the year ended April 30, 2020 within the time frame designated under applicable securities legislation. On December 17, 2020, the ASC and the OSC revoked their cease trade orders and on December 21, 2020, the BCSC revoked its cease trade order.

Eugene Chen was a director of CapGain Properties Inc. when the ASC issued a cease trade order on May 5, 2015, for failure to file its financial statements for the year ended December 31, 2014 within the time frame designated under applicable securities legislation. A similar order had been issued by the BCSC on February 3, 2015. Mr. Chen resigned as a director of CapGain on December 31, 2017. Both of the cease trade orders were revoked on October 9, 2019.

Alnoor Nathoo was a director of Vert Infrastructure Ltd. ("**Vert**") from May 11, 2020 to June 16, 2020. The BCSC issued a cease trade order on August 18, 2020 against Vert for failure to file its financial statements for the year ended February 29, 2020 within the time frame designated under applicable securities legislation. The ASC and OSC also issued reciprocal cease trade orders. Mr. Nathoo was a director of Vert at the time of an event that subsequently resulted in the cease trade order. All of the cease trade orders are still outstanding.

Eugene Chen was a director of Poynt Corporation ("**Poynt**"), a publicly traded technology company involved in the mobile local advertising space. On July 5, 2012, Poynt announced it had filed a Notice of Intention to file a Proposal under the *Bankruptcy and Insolvency Act (Canada)* ("**BIA**"). On October 31, 2012, the Court of Queen's Bench of Alberta terminated the stay of proceedings against Poynt upon application by Hardie & Kelly, the trustee appointed under the BIA and Poynt was deemed to have made an assignment into bankruptcy. Mr. Chen resigned as a director of Poynt on October 31, 2012.

Alnoor Nathoo was a director of Vert, a publicly traded company involved in the branding, investing, constructing, owning and leasing infrastructure for certain licensed or permitted specialty agricultural businesses. On June 16, 2020, on the application of KW Capital Partners Limited, a creditor of Vert, KSV Restructuring Inc. was appointed as a Receiver under Section 243 of the BIA. Mr. Nathoo resigned as a director of Vert on June 16, 2020.

### **13.7** Penalties and Sanctions

No director or officer of the Resulting Issuer, or shareholder of the Resulting Issuer holding sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has:

(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

**13.8**

This section is not applicable.

**13.9** Personal Bankruptcies

No director or officer of the Resulting Issuer, or shareholder of the Resulting Issuer holding sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

**13.10** Material Conflicts

Certain of the directors and officers of the Resulting Issuer or its subsidiary will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Resulting Issuer or its subsidiary may become subject to conflicts of interest.

The directors and officers of the Resulting Issuer are required by law to act in the best interests of the Resulting Issuer. They have the same obligations to any other companies in respect of which they act as directors and officers. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with their duties and obligations under applicable laws.

**13.11** Management

*Anthony Sarvucci (Age 50)- President, Chief Executive Officer and Director*

Mr. Sarvucci is the founder and President of CleanGo. He has a track record as a proven executive and innovative founder in both the private and public sectors and been involved with numerous mergers, acquisitions and public listings in the finance, oil and gas and consumer packaged goods sectors.

Mr. Sarvucci is an employee of the Resulting Issuer and it is anticipated that he will devote 100% of his time to the Resulting Issuer. Mr. Sarvucci has not entered into a non-competition and non-disclosure agreement with the Resulting Issuer.

*Gary Lobb, CPA (Age 61) - Chief Financial Officer*

Mr. Lobb is the Chief Financial Officer of CleanGo. He is a Chartered Professional Accountant and has been an independent consultant providing financial advisory services to companies in the energy and diversified industries since 2019. Mr. Lobb was Director of Finance for Native American Resource Partners LLP and Indigena Capital LP, two private US based merchant banks investing and partnering with Tribal Nations in Canada and the United States from 2015-2019. He was Vice-President, Finance and Chief Financial Officer of Shoreline Energy Corp., a TSE listed public oil and gas company, from 2012-2015.

Mr. Lobb has a Bachelor of Commerce degree from the University of Calgary.

Mr. Lobb is an independent consultant to the Resulting Issuer, and it is anticipated he will devote 80% of his time to the Resulting Issuer. Mr. Lobb has not entered into a non-competition and non-disclosure agreement with the Resulting Issuer.

*Paula Pearce-Sarvucci (Age 50)- Corporate Secretary*

Ms. Pearce-Sarvucci is a director and founding member of CleanGo. She has extensive experience over the past twenty years with start-up companies assisting in the development of communications, corporate structure and governance.

Ms. Pearce-Sarvucci has a Dental Assistant Certificate from Orange Coast College and her Extended Functions Certification in the field of Oral Maxillofacial Surgery from the University of Southern California and was a member of Alpha Gamma Sigma (California Honors Society) while completing her studies.

Ms. Pearce-Sarvucci is an employee of the Resulting Issuer and it is anticipated that she will devote 80% of her time to the Resulting Issuer. Ms. Pearce-Sarvucci has not entered into a non-competition and non-disclosure agreement with the Resulting Issuer.

*Alnoor Nathoo (Age 58) - Director*

Mr. Nathoo is a seasoned entrepreneur with a wealth of experience with private and public companies. He has been the principal of a privately held hotel development company for over two decades. Mr. Nathoo has a Business Administration Diploma from Langara College in Vancouver, B.C.

It is anticipated that Mr. Nathoo will devote approximately 10% of his time to the Resulting Issuer. Mr. Nathoo has not entered into a non-competition and non-disclosure agreement with the Resulting Issuer.

*Dr. Darren Clark, Ph.D. (Age 40) - Director*

Dr. Clark has over 15 years of experience in health, nutrition and psychiatric research. With a Ph.D. in Neuroscience from the University of Alberta, Dr. Clark has authored over 25 peer reviewed articles and numerous international awards for her work in alternative therapeutics.

It is anticipated that Ms. Clark will devote approximately 5% of her time to the Resulting Issuer. Ms. Clark has not entered into a non-competition and non-disclosure agreement with the Resulting Issuer.

*Eugene Chen (Age 52) - Director*

Mr. Chen is a Partner at McLeod Law LLP and Managing Partner of Optimal Capital Advisors, a merchant banking and advisory firm focused on providing strategic advice on financial and M&A transactions for emerging and growth-oriented companies. He has been a trusted advisor for over 25 years to companies in numerous industry sectors in the areas of corporate finance, securities and mergers & acquisitions.

Mr. Chen has a Bachelor of Science from the University of Alberta and a Bachelor of Laws from the University of British Columbia.

It is anticipated that Mr. Chen will devote approximately 5% of his time to the Resulting Issuer. Mr. Chen has not entered into a non-competition and non-disclosure agreement with the Resulting Issuer.

*Morgan Rebrinsky, P. Eng, MBA (Age 41)- Director*

Mr. Rebrinsky is an experienced results-driven professional engineer who specializes in operations, project management, new technology application, and business strategy. He is the Director of Asset and Liability Management with an oilfield engineering firm. Mr. Rebrinsky previously worked with Enerplus Corporation and Obsidian Energy Ltd. (formerly Penn West Petroleum) in various progressively challenging senior engineering roles.

Mr. Rebrinsky has a Bachelor of Applied Science in Petroleum Engineering from the University of Regina and a Master of Business Administration degree from Athabasca University.

It is anticipated that Mr. Rebrinsky will devote approximately 5% of his time to the Resulting Issuer. Mr. Rebrinsky has not entered into a non-competition and non-disclosure agreement with the Resulting Issuer.

## 14. CAPITALIZATION

### 14.1 Issued Capital

| | **Number of Resulting Issuer Shares, After Completion of Transaction and Private Placement (non-diluted)** | **Number of Resulting Issuer Shares, After Completion of Transaction and Private Placement (fully-diluted)** | **% of Issued (non-diluted)** | **% of Issued (fully diluted)** |
|---|---|---|---|---|
| **Public Float** | | | | |
| Total outstanding (A) | 43,884,351 | 49,443,309 | 100.00% | 100.00% |
| | | | | |
| Held by Related Persons or employees of the Resulting Issuer or Related Person of the Resulting Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer upon exercise or conversion of other securities held) (B) | 19,920,993 | 20,163,136 | 45.4% | 40.8% |
| | | | | |
| Total Public Float (A-B) | 23,963,358 | 36,649,597 | 54.6% | 59.2% |

| | Number of Resulting Issuer Shares, After Completion of Transaction and Private Placement (non-diluted) | Number of Resulting Issuer Shares, After Completion of Transaction and Private Placement (fully-diluted) | % of Issued (non-diluted) | % of Issued (fully diluted) |
|---|---|---|---|---|
| | | | | |
| **Freely-Tradeable Float** | | | | |
| Number of outstanding Resulting Issuer Shares subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C) | 17,136,837 | 17,303,980 | 39.0% | 35.0% |
| | | | | |
| **Total Tradeable Float (A-C)** | 26,747,514 | 32,139,329 | 61.0% | 65.0% |

Public Securityholders (Registered)

| Size of Holding | Number of Holders | Total Number of Securities |
|---|---|---|
| 1 – 99 securities | 50 | 809 |
| 100 – 499 securities | 3 | 613 |
| 500 – 999 securities | 1 | 513 |
| 1,000 – 1,999 securities | 2 | 2,830 |
| 2,000 – 2,999 securities | 14 | 33,858 |
| 3,000 – 3,999 securities | 1 | 3,846 |
| 4,000 – 4,999 securities | 1 | 4,615 |
| 5,000 or more securities | 112 | 10,585,686 |
| **TOTAL** | **184** | **10,632,770** |

Public Securityholders (Beneficial)

| Size of Holding | Number of Holders | Total Number of Securities |
|---|---|---|
| 1 – 99 securities | 91 | 5,590 |
| 100 – 499 securities | 115 | 26,670 |
| 500 – 999 securities | 90 | 50,677 |
| 1,000 – 1,999 securities | 78 | 94,740 |
| 2,000 – 2,999 securities | 58 | 131,526 |
| 3,000 – 3,999 securities | 29 | 93,908 |
| 4,000 – 4,999 securities | 15 | 63,978 |
| 5,000 or more securities | 248 | 14,007,243 |
| **TOTAL** | **724** | **14,474,332** |

Non-Public Securityholders (Registered)

| Size of Holding | Number of Holders | Total Number of Securities |
|---|---|---|
| 1 – 99 securities | | |
| 100 – 499 securities | | |
| 500 – 999 securities | | |

| Size of Holding | Number of Holders | Total Number of Securities |
|---|---|---|
| 1,000 – 1,999 securities | | |
| 2,000 – 2,999 securities | | |
| 3,000 – 3,999 securities | | |
| 4,000 – 4,999 securities | | |
| 5,000 or more securities | 8 | 19,920,993 |
| **TOTAL** | **8** | **19,920,993** |

### 14.2 Convertible Securities

| Description of Security | Date of Expiry | Exercise Price ($) | Number of convertible/ exchangeable securities outstanding | Number of listed securities issuable upon conversion/ exercise |
|---|---|---|---|---|
| Warrants(1) | June 18, 2022 | $0.60 | 1,589,610 | 1,589,610 |
| Warrants(1) | July 21, 2022 | $0.60 | 2,709,213 | 2,709,213 |
| Warrants(1) | Feb. 19, 2023 | $0.70 | 272,812 | 272,812 |
| Warrants(1) | 18 months from issuance | $0.70 | 977,188 | 977,188 |

**Note:**
(1) Subject to acceleration, at the Resulting Issuer's discretion, in the event that the closing price of the Softlab9 Shares on the Exchange equals or exceeds $1.00 for ten consecutive trading days.

## 15. EXECUTIVE COMPENSATION

***Executive Compensation of Resulting Issuer***

Executive compensation is required to be disclosed for (i) each chief executive officer (including an individual who served in a similar capacity during the most recently completed financial year), (ii) each chief financial officer (including an individual who served in a similar capacity during the most recently completed financial year), (iii) the most highly compensated executive officer of the Resulting Issuer and its subsidiaries (other than the individuals identified in (i) and (ii) above) who was serving as an executive officer at the end of the most recently completed fiscal year whose total compensation was more than $150,000; and (iv) each individual who would meet the definition set forth in (iii) but for the fact that the individual was not an executive officer of the Resulting Issuer and was not acting in a similar capacity, at the end of that financial year (the "Named Executive Officers" or "NEOs").

Compensation of the Named Executive Officers of the Resulting Issuer is reviewed annually by the Board. The Board's objective in setting compensation levels is that the aggregate compensation received by a Named Executive Officer be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are employed by other companies of corresponding size and stage of development. In setting such levels, the Board relies primarily on its own experience and knowledge of the marketplace, supplemented by independent advisors, as required.

The Resulting Issuer's view of salaries and fees is that they should be competitive with industry peers, to the extent that can be determined, and with other public companies at similar stages of development and having similar assets, number of employees, market capitalization and profit margin. In addition to the salary, the Board may from time to time pay a bonus to a Named Executive Officer for either the accomplishment of specific performance criteria or for exceptional performance, as may be applicable in accordance with their respective agreements with the Resulting Issuer.

***Compensation of Directors***

The Board sets the compensation received by its members. The Resulting Issuer does not currently compensate its members in their capacity as directors of the Resulting Issuer.

| **TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES** | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Name and Position** | **Period** | **Salary, Consulting Fee, Retainer or Commission ($)** | **Bonus ($)** | **Committee or Meeting fees ($)** | **Value of perquisites ($)** | **Value of all other Compensa-tion ($)** | **Total Compensa-tion ($)** |
| Anthony Sarvucci<br><br>President and Chief Executive Officer | 12 months following completion of Transaction | 180,000 | Nil | Nil | Nil | Nil | 180,000 |
| Gary Lobb<br><br>Chief Financial Officer | 12 months following completion of Transaction | 150,000 | Nil | Nil | Nil | Nil | 150,000 |

## 16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, officer, former director, officer or an associate of any such person:

(a) is, or at any time since the beginning of the most recently completed financial year of the Issuer has been, indebted to the Issuer or any of its subsidiaries; or

(b) has indebtedness to another entity that is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries.

## 17. RISK FACTORS

***An investment in securities of the Resulting Issuer, should be considered highly speculative and involves a high degree of risk due to the nature of the Resulting Issuer's proposed business and the current stage of development. Such an investment should only be made by investors who can afford to lose their entire investment. In evaluating the Resulting Issuer and its prospective business, investors should carefully consider, in addition to other information contained in this Listing Statement, the risk factors set forth in this Listing Statement. Additionally, while this Listing Statement has described the risks and uncertainties related to the Transaction and the business of the Resulting Issuer, it is possible that other risks and uncertainties will arise or become material in the future.***

***If the Resulting Issuer is unable to effectively address these and other potential risks and uncertainties, the Resulting Issuer's business, financial condition or results of operations could be materially adversely affected. In this event, the value of the Resulting Issuer Shares could decline, and the Resulting Issuer Shareholders could lose all or part of their investment.***

***CleanGo and the Resulting Issuer***

A number of risk factors known and unknown may affect the operations of the Resulting Issuer. The following specific factors could materially adversely affect the Resulting Issuer and should be considered when deciding whether to make an investment in the Resulting Issuer. The risks and uncertainties described herein are those the Resulting Issuer currently believes to be material, but they are not the only ones it faces. If any of the following risks, or any other risks and uncertainties that the Resulting Issuer has not yet identified or that it currently does not consider material occur or become material risks, the Resulting Issuer's business, prospects, financial condition, results of operations, cash flows and consequently the Resulting Issuer share price could be materially and adversely affected. In all these cases, the trading price of the Resulting Issuer Shares could decline, and prospective investors could lose all or part of their investment.

**Business Operational Risks**

*Competition*

The Resulting Issuer faces significant competition in the chemical space as it is occupied by highly competitive multinational suppliers. Competitors that can reverse engineer the product or change components identified in the patent. Competition may result in pricing pressures, reduced profit margins or lost market share or a failure to grow the Resulting Issuer's market share, any of which could substantially harm its business and results of operations. The Resulting Issuer competes directly against wholesalers and direct retailers of products, including large, diversified chemical companies with substantial market share and established companies expanding their production lines. Many of the Resulting Issuer's competitors have significant competitive advantages, including longer operating histories, larger and broader customer bases, more established relationships with a broader set of suppliers, greater brand recognition and greater financial, research and development, marketing, distribution and other resources than the Resulting Issuer does. The Resulting Issuer's competitors may be able to achieve and maintain brand awareness and market share more quickly and effectively than it. The Resulting Issuer's competitors may also be able to increase sales in their new and existing markets faster than it does by emphasizing different distribution channels than it does.

The markets in which the Resulting Issuer operates are highly competitive. Competition may result in pricing pressures, reduced profit margins, lost market share (or a failure to grow the Resulting Issuer's market share), any of which could substantially harm its business and results of operations.

*Economic Conditions and Consumer Spending*

In the chemical space, the Resulting Issuer's customer base consists of national and international retailers, independent stores, and boutiques. The success of the Resulting Issuer is dependent on customers perpetually replenishing their distribution channels with the Resulting Issuer's merchandise, as well as ongoing commitments and purchase orders. The Resulting Issuer's ability to achieve the expected volume and price points of sales indirectly depends on the retailer’s continuous ability to sell the Resulting Issuer's products to their end-use consumers. The retail chemical industry is highly sensitive to adverse economic factors, such as consumer debt levels, interest rates, social media reviews, consumer preferences and unemployment rates. Adverse economic conditions can have a negative impact on the volume of sales and gross margins that the Resulting Issuer expects to achieve in the retail industry. Further, the loss of a key client could materially affect future revenues and profitability.

*Key Personnel*

The senior officers of the Resulting Issuer are critical to its success. In the event of the departure of a senior officer, the Resulting Issuer believes it will be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as the Resulting Issuer grows is critical to its success. As the Resulting Issuer’s business activities grow, it will require additional key financial, administrative and technical personnel as well as additional operations staff. If the Resulting Issuer is not successful in attracting and retaining qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on the Resulting Issuer’s future cash flows, earnings, results of operations and financial condition.

*Intellectual Property*

The Resulting Issuer believes that its trademarks, patents and regulatory registrations are important to its competitive position. A substantial element of the Resulting Issuer’s marketing strategy involves the creation of brand awareness in respect of its trademarks and patented products. The success of the Resulting Issuer will depend, in part, on its ability to maintain proprietary protection over its intellectual property and operate without infringing the proprietary rights of third parties. Despite precautions, it may be possible for a third party to copy or otherwise obtain and use the Resulting Issuer’s technologies without authorization. There can be no assurance that any steps taken by the Resulting Issuer will prevent misappropriation of its intellectual property. In addition, intellectual property protection may be unavailable or limited in some foreign jurisdictions where laws or law enforcement practices may not offer the same level of intellectual property protection as the United States or Canada, and it may be more difficult for the Resulting Issuer to successfully register its intellectual property or challenge the use of its intellectual property by other parties in these jurisdictions. If the Resulting Issuer fails to protect and maintain its intellectual property rights, the value of its brands could be diminished, and the Resulting Issuer’s competitive position may suffer.

If any of the Resulting Issuer’s intellectual property is successfully challenged, the Resulting Issuer could be forced to rebrand or re-engineer its products, which could result in loss of brand recognition and could require the Resulting Issuer to devote resources to new product development and advertising and marketing of new brands, and the Resulting Issuer’s competitive position may suffer, which could have a material adverse effect on its financial condition.

Litigation may be necessary to protect and enforce the Resulting Issuer’s intellectual property rights, or to defend against claims brought by third parties. Although the Resulting Issuer is not aware of any current claims, the Resulting Issuer’s products may, or may in the future be claimed to violate intellectual property rights of third parties. Although the Resulting Issuer cannot currently estimate the likely outcome of any intellectual property-related claims or lawsuits, any such litigation or claims brought by or against the Resulting Issuer could result in substantial costs and diversion of resources, which could have an adverse effect on the Resulting Issuer’s business, financial condition and results of operations. If disputes arise in the future, the Resulting Issuer may not be able to successfully resolve these types of conflicts to its satisfaction.

*Government Regulation, Regulatory Approvals and Compliance with Laws*

The Resulting Issuer has secured a COVID-19 Site Licence (COV2095). This COVID-19 Site Licence is issued for the sole purpose of manufacturing and/or importing antiseptic skin cleansers (i.e. hand sanitizers) as an interim measure and is valid only for the duration of the COVID-19 emergency response. Should a member of the Resulting Issuer's team contract COVID-19, it may face a temporary facility closure as ordered by Alberta Health Services (AHS), the Provincial Government, or the Federal Government. If a facility closure would present itself, on either side of the border, its third-party supply chain is sufficiently robust to fulfill shipments.

In addition, cross border shipments involved in international trade may be hindered should the Federal Government elect to impose shipping restrictions. As the Resulting Issuer formulates on both sides of the Canada/USA border, with third party supply chains sourced locally, this risk is minimized. From the following website, U.S.-Canada Joint Initiative: Temporary Restriction of Travellers Crossing the U.S.-Canada Border for Non-Essential Purposes (cbsa-asfc.gc.ca), trade is permitted between US and Canada, however, non-essential travel for tourism or recreation is restricted. Supply chains, including trucking, are not restricted, with negligible risk.

The Resulting Issuer has established DIN numbers, as stated earlier in this Listing Statement and approvals must be maintained, as required, by Health Canada and US FDA. Labelling shall be maintained to Federal requirements on both sides of the border. With the Resulting Issuer having Health Canada and FDA approvals for the its product line, there is risk of the approvals being revoked, but management of the Resulting Issuer are of the view that the risk is negligible.

The Resulting Issuer has maintained compliance with regulators since inception and it will continue to maintain regulatory compliance with governing law into the future.

*Geo-Political Events, Natural Disasters, Extreme Weather etc.*

Unstable political conditions or civil unrest, including terrorist activities, military and domestic disturbances and conflicts, engineering hazards, human made fire, and mass power outages may disrupt commerce, the Resulting Issuer's supply chain operations or result in political or economic instability and could have a material adverse effect on its business and results of operations, The mentioned conditions, hazards, or events could result in a reduction in the trading price of the Resulting Issuer Shares.

The Resulting Issuer's offices, warehouses, distribution centers and digital operations, as well as the operations of the Resulting Issuer's vendors and manufacturers, are vulnerable to disruption from natural disasters, extreme and/or unusual weather, wildfires, global health crises, disease outbreaks (including COVID-19), and other unexpected events.

These events could cause, and in the case of COVID-19, have already caused and are expected to continue to cause for the foreseeable future, disruptions in the operations of the Resulting Issuer's corporate offices and supply chain and those of the Resulting Issuer's vendors and manufacturers. These events could reduce the availability and quality of raw materials used to manufacture the Resulting Issuer's products, which could result in delays in responding to consumer demand resulting in the potential loss of customers and revenues, or the Resulting Issuer may incur increased costs to meet demand and may not be able to pass all or a portion of higher costs on to customers, which could adversely affect gross margin and results of operations.

*Suppliers*

The Resulting Issuer enjoys strong relationships with its suppliers, some of which have supplied the Resulting Issuer for many years. Its suppliers are generally sourced from the local market, whether in Canada or the United States. The Resulting Issuer's arrangements with its suppliers are subject to the normal risks incurred when dealing with vendors such as fluctuations in demand, vendor supply issues, environmental risks (economic, social, governmental, climate factors), vendor business issues (financial or management stability, purchase and sale of vendors) and physical plant risks (condition of physical facilities and regulatory compliance). The Resulting Issuer's risks in arrangement with its suppliers also involves sourcing products from abroad, including changing import duties, custom clearances and port of entry strikes or inefficiencies, late deliveries from suppliers, and fluctuations in exchange rates. The Resulting Issuer endeavours to minimize its potential exposure to these risks by continually monitoring duty and tariff developments, placing orders well in advance of anticipated delivery dates to its customers, and by entering into forward exchange contracts.

In addition, the Resulting Issuer continually evaluates opportunities to source products from alternate suppliers to guard against the possibility that any of the Resulting Issuer's current suppliers are unable to manufacture and deliver products.

Please see Section 4 Narrative Description of the Business - "*Raw Products and Manufacturing*". CleanGo has partnered with professionals in the chemical industry (Pilot, Ostrem, SBS, Brenntag and Colorful Products).

*Litigation Risk*

The Resulting Issuer faces the potential risk of litigation and other claims against it. Litigation and other claims may arise in the ordinary course of business and include employee and customer claims, commercial disputes, landlord-tenant disputes, intellectual property issues, product- oriented allegations and personal injury claims. These claims can raise complex factual and legal issues that are subject to risks and uncertainties and could require significant management time, attention and resources. In addition, litigation claims can divert management attention from its business objectives and result in business losses in the event of a successful adverse claim. While the Resulting Issuer has a Calgary-based facility, the Resulting Issuer sells products that are produced by third-party manufacturers. These products may expose the Resulting Issuer to various claims, including class action claims relating to merchandise that is subject to a product recall or liability claim. Litigation and other claims against the Resulting Issuer could result in unexpected expenses and liabilities, which could materially adversely affect the Resulting Issuer's operations and reputation.

*Insurance Related Risks*

The Resulting Issuer believes that it maintains insurance customary for businesses of its size and type, including liability insurance, property and business interruption insurance and directors' and officers' insurance, with deductibles, limits of liability and similar provisions. However, there is no guarantee that such insurance coverage will be sufficient, or that insurance proceeds will be paid to the Resulting Issuer on a timely basis. In addition, there are types of losses the Resulting Issuer may incur but against which it cannot be insured or which it believes are not economically reasonable to insure. If the Resulting Issuer incurs these losses and they are material, its business, financial condition and results of operations may be adversely affected. Also, certain material events may result in sizable losses for the insurance industry and materially adversely impact the availability of adequate insurance coverage or result in significant premium increases. Accordingly, the Resulting Issuer may elect to self-insure, accept higher deductibles or reduce the amount of coverage in response to such market changes.

*Anticipating Consumer Preferences and Developing New, Innovative and Updated Products*

The Resulting Issuer's success depends on its ability to identify and originate product trends as well as to anticipate and react to changing consumer demands in a timely manner. Many of the Resulting Issuer's products are subject to changing consumer preferences that cannot be predicted with certainty. If the Resulting Issuer is unable to introduce new products or novel technologies in a timely manner or its new products or technologies are not accepted by its customers, the Resulting Issuer's competitors may introduce similar products in a timelier fashion, which could have an adverse effect on the Resulting Issuer's performance. Failure to anticipate and respond in a timely manner to changing consumer preferences could lead to, among other things, lower sales, excess inventory levels, and deterioration of operating results. Even if the Resulting Issuer is successful in anticipating consumer preferences, its ability to adequately react to and address those preferences will in part depend upon the Resulting Issuer's continued ability to develop and introduce innovative, high-quality products. The Resulting Issuer's failure to effectively introduce new products that are accepted by consumers could result in a decrease in net revenue and excess inventory levels, which could have a material adverse effect on the Resulting Issuer's financial condition.

*Reliance on Third Parties*

The Resulting Issuer relies on third-party suppliers to fulfill some of its supply chain requirements. The Resulting Issuer has no long-term contracts with these suppliers or manufacturing sources, and it competes with other companies for raw materials, a component of its product, and import quota capacity. There is risk to third party packaging and fulfillment services.

The Resulting Issuer may receive shipments of products that fail to conform to its quality control standards. The Resulting Issuer has also received, and may in the future continue to receive, products that meet its technical specifications but that are nonetheless unacceptable to the Resulting Issuer. Under these circumstances, unless the Resulting Issuer is able to obtain replacement products in a timely manner, it risks the loss of net revenue resulting from an inability to sell those products and related increased administrative and shipping costs. Additionally, if defects in the manufacture of the Resulting Issuer's products are not discovered until after such products are purchased by its customers, the Resulting Issuer's customers could lose confidence in the technical attributes of its products and its results of operations could suffer and its business could be harmed.

The Resulting Issuer has multiple avenues for raw product formulation as set forth under Section 4 Narrative Description of the Business - "*Raw Products and Manufacturing*". Raw product demands can be shifted as the situation merits. There is also an inventory of blended product in the Resulting Issuer's facility ready to bottle as sales contracts are finalized. As such, this risk is minimized.

*Imposition of Trade Restrictions or Duties*

The Resulting Issuer’s ability to source its merchandise profitably or at all could be hurt if new trade restrictions are imposed or existing trade restrictions become more burdensome. Canada or the United States may impose additional quotas, duties, tariffs, or other restrictions or regulations, or may adversely adjust prevailing quota, duty or tariff levels. Countries impose, modify and remove tariffs and other trade restrictions in response to a diverse array of factors, including global and national economic and political conditions, which make it impossible for the Resulting Issuer to predict future developments regarding tariffs and other trade restrictions. Trade restrictions, including tariffs, quotas, embargoes, safeguards and customs restrictions, could increase the cost or reduce the supply of products available to the Resulting Issuer or may require the Resulting Issuer to modify its supply chain organization or other current business practices, any of which could harm its business, financial condition and results of operations.

*Information Technology Systems*

The Resulting Issuer’s business is dependent on the successful and uninterrupted functioning of its information technology systems setup by third-party providers, as it outsources many of its major systems. The Resulting Issuer relies on the controls of these providers in lieu of controls setup by the Resulting Issuer. The failure of these systems, or the termination of a third-party software licence or service agreement on which any of these systems is based, could interrupt the Resulting Issuer’s operations. Because the Resulting Issuer’s information technology and telecommunications systems interface with and depend on third-party systems, the Resulting Issuer could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. The Resulting Issuer could also face risks associated with a cybersecurity attack, the loss of customer information and potential damage from litigation resulting from these events.

*Centralized Management*

Many of the Resulting Issuer’s business functions are centralized at its head office location. Disruptions to the operations at that location could have an adverse effect on the Resulting Issuer’s business. The Resulting Issuer’s head office is located in Calgary, Alberta. The Resulting Issuer has centralized a large number of business functions at this location, including logistics, fulfillment, marketing, and research and development. Most of the Resulting Issuer's senior management and critical resources dedicated to product development, merchandizing, financial and administrative functions, are located at the head office. If the Resulting Issuer were required to shut down the support office location for any reason, including fire, natural disasters, global hostilities, global health crises, disease outbreaks (including COVID-19) or civil disruptions, its management and its operations staff would continue to work from home, but, should an alternative location be required, significant disruption and expense to the Resulting Issuer's business and operations.

*Counterparty Risk*

The Resulting Issuer is party to contracts, transactions and business relationships with various third-party purchasers, pursuant to which such third parties have performance, payment and other obligations to the Resulting Issuer. If any of these third parties were to become subject to bankruptcy, receivership or similar proceedings, the Resulting Issuer’s rights and benefits in relation to the contracts, transactions and business relationships with such third parties could be terminated, modified in a manner adverse to the Resulting Issuer, or otherwise impaired. The Resulting Issuer cannot make any assurances that it would be able to arrange for alternate or replacement contracts, transactions or business relationships on terms as favorable as its existing contracts, transactions or business relationships, if at all. Any inability on the Resulting Issuer's part to do so could have a material adverse effect on its business and results of operations.

*Trading Price Volatility*

The market price of the Resulting Issuer Shares could be subject to significant fluctuations which could materially reduce the market price of the Resulting Issuer Shares regardless of the Resulting Issuer's operating performance. In addition to the other risk factors described in this section of the Listing Statement, such factors include actual or anticipated changes or fluctuations in operating results, adverse market reaction to any indebtedness the Resulting Issuer may incur or securities it may issue in the future, litigation or regulatory action, significant acquisitions, business combinations or other strategic actions or capital commitments by or involving the Resulting Issuer or its competitors, recruitment or departure of key personnel and investors' general perception and reactions to the Resulting Issuer's public disclosure and filings. In addition, broad market and industry factors may harm the market price of the Resulting Issuer Shares. As a result, the market price of the Resulting Issuer Shares may fluctuate based upon factors external to the Resulting Issuer and that may have little or nothing to do with the Resulting Issuer, including expectations of market analysts, positive or negative recommendations or withdrawal of research coverage by analysts, publication of research reports or news stories about the Resulting Issuer, competitors or the industry and changes in general political, economic, industry and market conditions and trends.

*Costs of Raw Materials*

The Resulting Issuer's sales and profitability may decline as a result of increasing product costs and decreasing selling prices. The Resulting Issuer's business is subject to significant pressure on pricing and costs caused by many factors, including competition, constrained sourcing capacity and related inflationary pressure, pressure from consumers to reduce the prices it charges for its products and changes in consumer demand. These factors may cause the Resulting Issuer to experience increased costs, reduce its sales prices to consumers or experience reduced sales in response to increased prices, any of which could cause its operating margin to decline if the Resulting Issuer is unable to offset these factors with reductions in operating costs and could have a material adverse effect on its financial conditions, operating results and cash flows.

*Liquidity Risk*

Liquidity risk is the risk that the Resulting Issuer will encounter difficulties in meeting its obligations associated with its financial liabilities. The Resulting Issuer is exposed to this risk mainly with respect to its related party loans, loans payable and accounts payable and accrued liabilities. The Resulting Issuer reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and repays long term debt interest and principal as it becomes due using cash generated from operations. It is likely that the Resulting Issuer will require additional financing to fund future expansions. There can be no assurance that the Resulting Issuer will be able to obtain adequate financing in the future, or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of development of certain aspects of the Resulting Issuer's business, and therefore affect its future cash flows, earnings, results of operations and financial condition. The Resulting Issuer believes that it has sufficient debt and equity financing opportunities available, and together with its projected future cash flows and existing unutilized credit facilities, feels that it will be able to satisfy its obligations to meet financial liabilities in the future.

*Credit Risk*

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Resulting Issuer routinely assesses the financial strength of its customers to mitigate its exposure to credit risk. Management of the Resulting Issuer monitors the credit worthiness of its customers by performing background checks on all new customers focusing on publicity, reputation in the market and relationships with customers and other vendors. Further, the Resulting Issuer reviews forward-looking information such as indications of customers going through financial difficulties that may create doubt over the receipt of funds.

*Financial Controls*

The Resulting Issuer is responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. Due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, including as a result of COVID-19, or that the degree of compliance with the policies or procedures may deteriorate. A failure to prevent or detect errors or misstatements may result in a decline in the price of the Resulting Issuer Shares and harm the Resulting Issuer 's ability to raise capital in the future.

If management is unable to certify the effectiveness of the Resulting Issuer’s internal controls or if material weaknesses in the internal controls are identified, the Resulting Issuer could be subject to regulatory scrutiny and a loss of public confidence, which could harm its business and cause a decline in the price of the Resulting Issuer Shares. In addition, if the Resulting Issuer does not maintain adequate financial and management personnel, processes and controls, it may not be able to accurately report its financial performance on a timely basis. It is also possible that individuals may become unable to perform control duties due to absences caused by COVID-19 or other pandemics or similar crises. If any existing control cannot be performed, management may need to identify alternative appropriately designed controls to compensate, which could divert management resources. All of the foregoing which could cause a decline in the price of the Resulting Issuer Shares and harm the Resulting Issuer’s ability to raise capital.

Failure to accurately report the Resulting Issuer’s financial performance on a timely basis could also jeopardize its listing on the stock exchange in which the Resulting Issuer Shares may be listed. Delisting of the Resulting Issuer Shares on any exchange would reduce the liquidity of the market for the Resulting Issuer Shares, which would reduce the price of and increase the volatility of the price of the Resulting Issuer Shares.

The Resulting Issuer does not expect that its disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well- designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If the Resulting Issuer cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely affected, which could also cause investors to lose confidence in the Resulting Issuer’s reported financial information, which in turn could result in a reduction in the trading price of the Resulting Issuer Shares.

*Equity financing*

The issuance of a substantial number of the Resulting Issuer Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of the Resulting Issuer Shares intend to sell the Resulting Issuer Shares, could significantly reduce the market price of the Resulting Issuer Shares and the market price could decline. The Resulting Issuer cannot predict the effect, if any, that future public sales of these securities or the availability of these securities for sale will have on the market price of the Resulting Issuer Shares. If the market price of the Resulting Issuer Shares was to drop as a result, this might impede the Resulting Issuer’s ability to raise additional capital and might cause remaining shareholders to lose all or part of their investments.

*Dilution*

The Resulting Issuer will be authorized to issue an unlimited number of the Resulting Issuer Shares or other securities for such consideration and on such terms and conditions as may be established by the Resulting Issuer, without the approval of the Resulting Issuer Shareholders. In addition, it is currently anticipated that the Resulting Issuer will be required to conduct additional equity financings to develop the business of the Resulting Issuer as currently planned by the Resulting Issuer and envisioned by management of the Resulting Issuer. Any further issuance of the Resulting Issuer Shares pursuant to such equity financings may further dilute the interests of existing shareholders.

*COVID-19*

Given the impacts of COVID-19 and resulting ongoing uncertainty, there can be no assurances regarding: (a) the COVID-19 related impacts on the Resulting Issuer's business, operations and performance, (b) the Resulting Issuer's ability to mitigate such impacts; (c) credit, market, currency, operational, and liquidity risks generally; and (d) other risks inherent to the Resulting Issuer's business and/or factors beyond its control which could have a material adverse effect on the Resulting Issuer.

To date, the Resulting Issuer has not experienced a COVID-19 outbreak. The Resulting Issuer has adjusted its business culture to encompass all necessary health standards (be it face masks, gloves, distanced workstations, work from home) if there is any onset of illness in any capacity (not just COVID-19). As such, this risk is minimized. If COVID-19 does force a facility shut down, the Resulting Issuer would quarantine infected persons per State or Provincial standards, fog its facility and offices, seek a regulatory inspection and resume operations when safe to do so. The protocol is the same on either side of the Canadian/ United States border, with uninfected distribution centers fulfilling orders as required.

California Protocols: https://covid19.ca.gov/safely-reopening/#continuing-safety-measures

Alberta Protocols: https://www.alberta.ca/coronavirus-info-for-albertans.aspx.

By and large, both Alberta and California are largely reopened for business, although COVID-19 always poses a risk to the Resulting Issuer's operations.

*Foreign Currency Risk*

The Resulting Issuer conducts a portion of its operations in U.S. Dollars ("USD"). Fluctuations in the exchange rate between the USD and the Canadian Dollar may have adverse effects on the Resulting Issuer's gross margins. While some of these effects are mitigated by the fact that a significant portion of the Resulting Issuer's sales are also denominated in USD, the different timing of purchasing merchandise, delivering goods to customers, and ultimate collection of receivables may negatively affect the Resulting Issuer's gross margins, earnings, cash flows and financial position. The Resulting Issuer may mitigate the foreign currency risks by entering into foreign exchange forward contracts from time to time, although it is not currently doing so.

## 18. PROMOTERS

### 18.1 Promoters

Anthony Sarvucci is considered to be the promoter of the Resulting Issuer. Anthony Sarvucci has ownership and control of 8,137,500 Resulting Issuer Shares, representing 18.5% of the issued and outstanding shares of the Resulting Issuer as of the date of this Listing Statement. Anthony Sarvucci does not beneficially own, directly or indirectly, or exercise control over, any voting or equity securities in any subsidiaries of the Issuer.

No asset was acquired within the two years before the date of the Listing Statement or thereafter, or is to be acquired, by the Resulting Issuer or by a subsidiary of the Resulting Issuer from Anthony Sarvucci.

For further information regarding Anthony Sarvucci, please refer to Section 13 – *Directors and Officers* and Section 15 – *Executive Compensation*.

## 19. LEGAL PROCEEDINGS

### 19.1 Legal Proceedings

There are no legal proceedings material to the Resulting Issuer to which the Resulting Issuer or a subsidiary of the Resulting Issuer is a party or of which any of their respective property is the subject matter and the Resulting Issuer is not aware of any such proceedings known to be contemplated.

### 19.2 Regulatory actions

As at the date of this Listing Statement, the Resulting Issuer is not a party to any:

(a) penalties or sanctions imposed against the Resulting Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;

(b) other penalties or sanctions imposed by a court or regulatory body against the Resulting Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and

(c) settlement agreements the Resulting Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

## 20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

**20.1** Interest of Management and Others in Material Transactions

No director or executive officer of the Resulting Issuer or any person or company that is the director or indirect beneficial owners of, or who exercises control or direction over, more than 10 percent of any class of the Resulting Issuer's outstanding voting securities, or an associate or affiliate of any persons or companies referred to in this paragraph, has or had any material interest, direct or indirect, in any transaction within the three years before the date of this Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Resulting Issuer or a subsidiary of the Resulting Issuer.

## 21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

**21.1** Auditor

The Resulting Issuer's auditor is MNP LLP, #1500, 640-5th Avenue SW, Calgary, Alberta, T2P 3G4.

**21.2** Transfer Agent and Registrar

The Resulting Issuer's transfer agent and registrar is TSX Trust Company, at 650 West Georgia Street, Suite 2700, Vancouver, BC V6B 4N9

## 22. MATERIAL CONTRACTS

**22.1** Material Contracts

1. Arrangement Agreement dated November 20, 2020 between Softlab9 and CleanGo.

2. Escrow Agreement dated August 27, 2021 among TSX Trust Company, the Resulting Issuer and security holders of the Resulting Issuer.

## 23. INTEREST OF EXPERTS

No person or company whose profession or business gives authority to a statement made by the person or company and who is named in this Listing Statement as having prepared or certified a part of the Listing Statement or a report or valuation described or included in this Listing Statement has received or shall receive any interest, direct or indirect, in the property of the Resulting Issuer or of a Related Person and no such person holds any beneficial ownership, direct or indirect, in any securities of the Resulting Issuer or of a Related Person of the Resulting Issuer.

## 24. OTHER MATERIAL FACTS

There are no other material facts about the Resulting Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Resulting Issuer and its securities.

## 25. FINANCIAL STATEMENTS

### *Softlab9*

The following financial statements have been posted on the Softlab9's disclosure page on the CSE website, are available under the Softlab9's profile on SEDAR at www.sedar.com and are attached as Appendices to this Listing Statement:

(i) Unaudited interim financial statements of Softlab9 for the period ended March 31, 2021 (**Appendix "A"**);

(ii) Audited annual consolidated financial statements of Softlab9 including the auditor's report for the financial year ended December 31, 2020 (**Appendix "B"**);

(iii) Audited annual consolidated financial statements of Softlab9 including the auditor's report for the financial year ended December 31, 2019 (**Appendix "C"**);

(iv) Management Discussion and Analysis for Softlab9 for the period ended March 31, 2021 (**Appendix "D"**);

(v) Management Discussion and Analysis for Softlab9 for the financial year ended December 31, 2020 (**Appendix "E"**); and

(vi) Management Discussion and Analysis for Softlab9 for the financial year ended December 31, 2019 (**Appendix "F"**).

### *CleanGo*

The following financial statements are attached as Appendices to this Listing Statement:

(i) Unaudited interim financial statements of CleanGo for the period ended June 30, 2021 (**Appendix "G"**);

(ii) Audited annual consolidated financial statements of CleanGo including the auditor's report for the financial year ended December 31, 2020 (**Appendix "H");**

(iii) Audited annual consolidated financial statements of CleanGo including the auditor's report for the financial year ended December 31, 2019 (**Appendix "I"**);

(iv) Pro Forma financial statements as of June 30, 2021 (**Appendix "J"**);

(v) Management Discussion and Analysis for CleanGo for the period ended June 30, 2021 (**Appendix "K"**);

(vi) Management Discussion and Analysis for CleanGo for the financial year ended December 31, 2020 (**Appendix "L"**); and

(vii) Management Discussion and Analysis for CleanGo for the financial year ended December 31, 2019 (**Appendix “M”**).

# APPENDIX "A"

# UNAUDITED INTERIM FINANCIAL STATEMENTS OF SOFTLAB9 FOR THE PERIOD ENDED MARCH 31, 2021

# SOFTLAB9 TECHNOLOGIES INC.

(formerly SoftLab9 Software Solutions Inc.)

Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

**Softlab9 Technologies Inc.**
(formerly SoftLab9 Software Solutions Inc.)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

| | March 31, 2021 $ | December 31, 2020 $ |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | 48,126 | 141,134 |
| Amounts receivable | 117,854 | 109,702 |
| Prepaid expenses and deposits | 29,450 | 37,000 |
| Loans receivable (Note 4) | 968,101 | 948,426 |
| TOTAL ASSETS | 1,163,531 | 1,236,262 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 3, 9) | 882,073 | 770,419 |
| Loans payable (Note 5) | 99,730 | 99,730 |
| Due to related parties (Note 9) | 28,031 | 28,031 |
| TOTAL LIABILITIES | 1,009,834 | 898,180 |
| SHAREHOLDERS' EQUITY (DEFICIT) | | |
| Share capital (Note 6) | 8,818,762 | 8,818,762 |
| Share subscriptions receivable (Note 6) | (240) | (240) |
| Shares issuable (Note 6) | 85,581 | 80,956 |
| Share-based payment reserve | 1,337,829 | 1,337,829 |
| Deficit | (10,015,996) | (9,826,986) |
| TOTAL SOFTLAB9 TECHNOLOGIES INC. SHAREHOLDERS' EQUITY | 225,936 | 410,321 |
| Non-controlling interest | (72,239) | (72,239) |
| TOTAL SHAREHOLDERS' EQUITY | 153,697 | 338,082 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,163,531 | 1,236,262 |

Nature of operations (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on May 27, 2021:

*/s/ "Rahim Mohamed"*
Rahim Mohamed, Director

*/s/ "Derrick Lewis"*
Derrick Lewis, Director

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

**Softlab9 Technologies Inc.**
(formerly SoftLab9 Software Solutions Inc.)
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

| | Three months ended March 31, 2021 $ | Three months ended March 31, 2020 $ |
|---|---|---|
| EXPENSES | | |
| Consulting and management fees (Note 9) | 97,000 | 81,680 |
| General and administrative | 35 | 1,247 |
| Professional fees (Note 9) | 80,469 | 6,038 |
| Transfer agent and filing fees | 11,506 | 6,748 |
| TOTAL EXPENSES | 189,010 | 95,713 |
| NET LOSS AND COMPREHENSIVE LOSS | (189,010) | (95,713) |
| Less: net loss attributable to the non-controlling interest | - | - |
| NET LOSS ATTRIBUTABLE TO SOFTLAB9 TECHNOLOGIES INC. | (189,010) | (95,713) |
| Loss per share attributed to Softlab9 Technologies Inc., basic and diluted | (0.01) | (0.01) |
| Weighted average number of common shares outstanding | 17,496,852 | 8,251,565 |

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

**Softlab9 Technologies Inc.**
(formerly SoftLab9 Software Solutions Inc.)
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited - Expressed in Canadian dollars)

| | Common Shares | Amount | Share subscriptions receivable | Shares issuable | Reserves | Deficit | Non-controlling interest | Total Shareholders' Equity (Deficiency) |
|---|---|---|---|---|---|---|---|---|
| | # | $ | $ | $ | $ | $ | $ | $ |
| Balance, December 31, 2019 | 8,251,565 | 5,640,025 | (16,800) | 1,147 | 1,232,253 | (7,474,729) | (72,239) | (690,343) |
| | | | | | | | | - |
| Net loss for the period | - | - | - | - | - | (95,713) | - | (95,713) |
| **Balance, March 31, 2020** | **8,251,565** | **5,640,025** | **(16,800)** | **1,147** | **1,232,253** | **(7,570,442)** | **(72,239)** | **(786,056)** |
| Shares issued for private placement | 7,137,260 | 2,498,041 | - | - | - | - | - | 2,498,041 |
| Share issuance cost | 76,025 | (82,905) | - | - | - | - | - | (82,905) |
| Shares issued to settle debt | 1,526,202 | 570,253 | - | - | - | - | - | 570,253 |
| Shares issued for consulting fees | 300,000 | 132,000 | - | - | - | - | - | 132,000 |
| Shares subscription received | - | - | 16,800 | 67,250 | - | - | - | 84,050 |
| Shares issued for exercise of stock options | 182,000 | 41,350 | (240) | - | (19,510) | - | - | 21,600 |
| Shares issued to pay expenses on behalf of CleanGo GreenGo | 16,656 | 15,712 | - | - | - | - | - | 15,712 |
| Shares issued for exercise of warrants | 7,143 | 4,286 | - | - | - | - | - | 4,286 |
| Fair value of stock options granted | - | - | - | - | 125,086 | - | - | 125,086 |
| Shares issuable for settlement of debt | - | - | - | 12,559 | - | - | - | 12,559 |
| Net loss | - | - | - | - | - | (2,256,544) | - | (2,256,544) |
| Balance, December 31, 2020 | 17,496,851 | 8,818,762 | (240) | 80,956 | 1,337,829 | (9,826,986) | (72,239) | 338,082 |
| Shares issuable for settlement of debt | | | | 4,625 | | | | 4,625 |
| Net loss for the period | - | - | - | | - | (189,010) | - | (189,010) |
| **Balance, March 31, 2021** | **17,496,851** | **8,818,762** | **(240)** | **85,581** | **1,337,829** | **(10,015,996)** | **(72,239)** | **153,697** |

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

**Softlab9 Technologies Inc.**
(formerly SoftLab9 Software Solutions Inc.)
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

| | Three months ended March 31, 2021 | Three months ended March 31, 2020 |
|---|---|---|
| | $ | $ |
| OPERATING ACTIVITIES | | |
| Net loss for the year | (185,477) | (95,713) |
| Change in non-cash working capital items: | | |
| Amounts receivable | (8,152) | (4,238) |
| Prepaid expenses and deposits | 7,550 | 10,000 |
| Accounts payable and accrued liabilities | 111,654 | 82,108 |
| Due to related parties | – | 615 |
| Net cash used in operating activities | (77,958) | (7,228) |
| INVESTING ACTIVITIES | | |
| Loans receivable advances | (15,050) | – |
| Net cash provided by (used in) investing activities | (15,050) | – |
| Change in cash | (93,008) | (7,228) |
| Cash, beginning of year | 141,134 | 7,148 |
| Cash (bank indebtedness) end of year | 48,126 | (80) |

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

## 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 interim consolidated financial statements have been prepared on the assumption the Company will continue as a going concern. During the period ended March 31, 2021, the Company has not generated any revenues and incurred negative cash flows from operations. As at March 31, 2021, the Company has an accumulated deficit of $10,015,996. 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 interim consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

## 2. 2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These condensed interim 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, 2020.

These condensed interim 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, 2020. Interim results are not necessarily indicative of the results expected for the fiscal year.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Principles of Consolidation

These condensed interim 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

The following IFRS standard has been recently issued by the IASB. Pronouncements that are not expected to have a significant impact have been excluded.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendments to IAS 1 clarify the requirements relating to determining whether a liability should be presented as current or non-current in the statement of financial position. Under the new requirements, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2022. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

## 3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable includes amounts owing for consulting and general corporate expenditures. Accrued liabilities include an accrual of settlement amounts to former consultants.

## 4. LOANS RECEIVABLE

(a) As at March 31, 2021, the Company has advanced $50,000 (2020 - $50,000) to Kosan Medical Company Ltd. The loan is non-interest bearing, secured by a general security agreement, and due within 180 days on demand.

(b) As at March 31, 2021, the Company has advanced $918,101 (2020 – 898,426) to Cleango Greengo Inc. ("Cleango"). The loan will be forgiven upon closing the arrangement agreement with Cleango. Refer to Note 11. 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.

## 5. LOANS PAYABLE

(a) As at March 31, 2021, the amount of $24,730 (2020 - $24,730) is owed to a non-related company which is non-interest bearing, unsecured, and due on demand.

(b) As at March 31, 2021, the amount of $50,000 (2020 - $50,000) is owed to a non-related party which is non-interest bearing, unsecured, and due on demand.

(c) As at March 31, 2021, the amount of $25,000 (2020 - $25,000) is owed to the father of a former director of the Company which is non-interest bearing, unsecured, and due on demand.

## 6. SHARE CAPITAL

Share transactions during the three months ended March 31, 2021:

(a) On March 3, 2021, the Company signed a debt settlement agreement on behalf of CleanGo. The Company settled a debt of $4,625 through issuance of 11,563 units at $0.40 per unit. Each unit consisted of one common share and one-half of a transferrable common share purchase warrant at $0.70 per share. As at March 31, 2021, the Company has not yet issued the units.

Share transactions during the year ended December 31, 2020:

(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 and issued 32,050 common shares with a fair value of $37,819.

(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 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.

(d) 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.

(e) On September 17, 2020, the Company issued 7,770 common shares with a fair value of $7,537 to settle accounts payable on behalf of Cleango. Refer to Note 4.

(f) On October 5, 2020, the Company issued 51,546 common shares with a fair value of $54,123 to settle accrued liabilities of $50,000, resulting to a loss on settlement of $4,123.

(g) On October 7, 2020, the Company issued 7,143 common shares for proceeds of $4,286 pursuant to the exercise of share purchase warrants.

(h) On October 9, 2020, the Company issued 8,886 common shares with a fair value of $8,715 to settle accounts payable on behalf of Cleango. Refer to Note 4.

(i) On October 16, 2020, the Company issued 25,175 common shares with fair value of $17,874 as a finder's fee in relation to the June 18, 2020 private placement.

(j) On October 28, 2020, the Company issued 300,000 common shares with fair value of $132,000 to a consultant pursuant to a consulting agreement.

(k) On October 29, 2020, the Company issued 12,800 common shares with fair value of $5,632 as a finder's fees in relation to the June 18, 2020 private placement.

(l) During the year ended December 31, 2020, the Company issued 182,000 stock options for proceeds of $38,400 pursuant to the exercise of stock options. The fair value of $19,510 for the stock options exercised was transferred to share capital from share-based payment reserve.

(Unaudited - Expressed in Canadian dollars)

## 6. SHARE CAPITAL (continued)

(m) As at December 31, 2020, the Company has shares issuable of $80,956 which includes shares to be issued to a company controlled by the former CFO of the Company to settle outstanding accounts payable of $12,559 and share subscriptions received of $68,397.

## 7. 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 |
| Exercised | (7,143) | 0.60 |
| Balance, December 31, 2020 | 4,298,823 | 0.60 |
| Issued | – | – |
| Exercised | – | – |
| Balance, March 31, 2021 | 4,298,823 | 0.60 |

As at March 31, 2021, the following share purchase warrants were outstanding:

| Number of warrants outstanding | Exercise price $ | Expiry date |
|---|---|---|
| 1,589,610 | 0.60 | June 18, 2022 |
| 2,709,213 | 0.60 | July 21, 2022 |
| 4,298,823 | | |

(Unaudited - Expressed in Canadian dollars)

## 8. 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, December 31, 2020 | 308,000 | 0.65 |
| Granted | – | – |
| Exercised | – | – |
| Balance, March 31, 2021 | 308,000 | 0.65 |

During the three months ended March 31, 2021, the Company recognized $nil (2020 - $125,086) in share-based compensation. The weighted average grant date fair value of stock options granted during the three months ended March 31, 2021 was $nil (2020 - $0.83) 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:

| | 2021 | 2020 |
|---|---|---|
| Risk-free interest rate | – | 0.27% |
| Expected volatility | – | 199% |
| Expected option life (in years) | – | 1 |

Additional information regarding stock options outstanding as at March 31, 2021, is as follows:

| | Outstanding and exercisable | | |
|---|---|---|---|
| Range of exercise prices $ | Number of options | Weighted average remaining contractual life (years) | Weighted average exercise price $ |
| 0.12 | 158,000 | 0.8 | 0.12 |
| 1.20 | 150,000 | 0.4 | 1.20 |
| | 308,000 | 0.6 | 0.65 |

## 9. RELATED PARTY TRANSACTIONS

(a) During the three months ended March 31, 2021, the Company incurred $45,000 (2020 - $180,000) in consulting and management fees to a company controlled by the Chief Executive Officer of the Company ("CEO"). As at March 31, 2021, the Company owed $142,184 (2020 - $94,934) to companies controlled by the CEO which are included in accounts payable, accrued liabilities and due to related parties. As at March 31, 2021, the Company also owed $500 (2020 - $500) to the CEO. The amounts owed are non-interest bearing, unsecured, and due on demand.

(b) During the three months ended March 31, 2021, the Company incurred $nil (2020 - $17,500) in consulting and management fees and $10,500 (2020 - $31,528) in professional fees to a company controlled by the Chief Financial Officer ("CFO") of the Company. As at March 31, 2021, the Company owed $11,025 (2020 - $3,675) 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.

(c) As at March 31, 2021, the Company owed $27,531 (2020 - $27,531) to the former President of the Company. The amount owed is non-interest bearing, unsecured, and due on demand.

## 10. MANAGEMENT OF CAPITAL

The Company's objectives in managing capital are to ensure sufficient liquidity to finance its corporate administration and working capital. The Company manages its liquidity to minimize shareholder dilution whenever possible. The Company manages its capital through regular board meetings and ongoing review of consolidated financial information. The Company considers its capital as all components of shareholders' equity.

The Company's sources of capital have consisted of the sale of equity securities. In order for the Company to carry out planned acquisition, the Company will spend its working capital and expects to raise additional amounts externally as needed.

## 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which includes cash, amounts receivable, loans receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

## 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at March 31, 2021, the Company's exposure to credit risk is the carrying value of cash and amounts receivable. The Company reduces its credit risk by holding its cash at a major Canadian financial institution. Amounts receivable mainly consists of GST receivable due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To secure the additional capital necessary to pursue these plans, the Company may have to raise additional funds through equity or debt financing.

As at March 31, 2021, the Company had cash of $48,126 and accounts payable and accrued liabilities of $882,073. All accounts payable and accrued liabilities are due within 90 days.

(d) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate risk.

(e) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

## 12. Proposed Transaction

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.

## 13. Subsequent Events

(a) On April 2, 2021, the Company signed a debt settlement agreement on behalf of CleanGo. The Company settled a debt of $6,900 through issuance of 17,250 units at $0.40 per unit. Each unit consisted of one common share and one-half of a transferrable common share purchase warrant at $0.70 per share. As at May 27, 2021, the Company has not yet issued the units.

# APPENDIX "B"

# AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF SOFTLAB9 INCLUDING THE AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2020

# SOFTLAB9 TECHNOLOGIES INC.

(formerly SoftLab9 Software Solutions Inc.)

Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Softlab9 Technologies Inc. (formerly SoftLab9 Software Solutions Inc.)**

## Opinion

We have audited the consolidated financial statements of Softlab9 Technologies Inc. (formerly SoftLab9 Software Solutions Inc.) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has not generated any revenues and incurred negative cash flow from operations during the year ended December 31, 2020 and, as of that date, the Company has an accumulated deficit of $9,826,986. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance consolidated conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Lonny Wong.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

April 28, 2021

**Softlab9 Technologies Inc.**
(formerly SoftLab9 Software Solutions Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

| | December 31, 2020 $ | December 31, 2019 $ |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | 141,134 | 7,148 |
| Amounts receivable | 109,702 | 140,598 |
| Prepaid expenses and deposits | 37,000 | 25,000 |
| Loans receivable (Note 4) | 948,426 | – |
| TOTAL ASSETS | 1,236,262 | 172,746 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 9) | 770,419 | 705,463 |
| Loans payable (Note 5) | 99,730 | 125,000 |
| Due to related parties (Note 9) | 28,031 | 32,626 |
| TOTAL LIABILITIES | 898,180 | 863,089 |
| SHAREHOLDERS' EQUITY (DEFICIT) | | |
| Share capital (Note 6) | 8,818,762 | 5,640,025 |
| Share subscriptions receivable (Note 6) | (240) | (16,800) |
| Shares issuable (Note 6) | 80,956 | 1,147 |
| Share-based payment reserve | 1,337,829 | 1,232,253 |
| Deficit | (9,826,986) | (7,474,729) |
| TOTAL SOFTLAB9 TECHNOLOGIES INC. SHAREHOLDERS' EQUITY (DEFICIT) | 410,321 | (618,104) |
| Non-controlling interest | (72,239) | (72,239) |
| TOTAL SHAREHOLDERS' EQUITY (DEFICIT) | 338,082 | (690,343) |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT) | 1,236,262 | 172,746 |

Nature of operations (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on April 28, 2021:

| | |
|---|---|
| */s/ "Rahim Mohamed"* | */s/ "Derrick Lewis"* |
| Rahim Mohamed, Director | Derrick Lewis, Director |

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

**Softlab9 Technologies Inc.**
(formerly SoftLab9 Software Solutions Inc.)
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

| | Year ended December 31, 2020 $ | Year ended December 31, 2019 $ |
|---|---|---|
| EXPENSES | | |
| Amortization | – | 15,000 |
| Consulting and management fees (Note 9) | 396,410 | 647,518 |
| General and administrative | 27,653 | 139,142 |
| Investor relations | 1,416,384 | 72,014 |
| Professional fees (Note 9) | 296,288 | 21,793 |
| Research and development costs (Note 9) | – | 64,667 |
| Share-based compensation (Note 8) | 125,086 | 970,832 |
| Transfer agent and filing fees | 87,280 | 45,160 |
| Travel | – | 3,766 |
| TOTAL EXPENSES | 2,349,101 | 1,979,892 |
| LOSS BEFORE OTHER EXPENSES | (2,349,101) | (1,979,892) |
| OTHER EXPENSES | | |
| Impairment of property and equipment (Note 3) | – | (10,555) |
| Loss on disposal of property and equipment (Note 3) | – | (75,459) |
| Loss on settlement of debt (Note 6) | (3,156) | (85,872) |
| NET LOSS AND COMPREHENSIVE LOSS | (2,352,257) | (2,151,778) |
| Less: net loss attributable to the non-controlling interest | – | – |
| NET LOSS ATTRIBUTABLE TO SOFTLAB9 TECHNOLOGIES INC. | (2,352,257) | (2,151,778) |
| Loss per share attributed to Softlab9 Technologies Inc., basic and diluted | (0.19) | (0.37) |
| Weighted average number of common shares outstanding | 12,529,019 | 5,872,963 |

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

**Softlab9 Technologies Inc.**
(formerly SoftLab9 Software Solutions Inc.)
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 |
| Share issuance costs | 76,025 | (82,905) | – | – | – | – | – | (82,905) |
| Shares issued to settle debt | 1,526,202 | 570,253 | – | – | – | – | – | 570,253 |
| Shares issued for consulting fees | 300,000 | 132,000 | – | – | – | – | – | 132,000 |
| Share subscriptions received | – | – | 16,800 | 67,250 | – | – | – | 84,050 |
| Shares issued for exercise of stock options | 182,000 | 41,350 | (240) | – | (19,510) | – | – | 21,600 |
| Shares issued to pay expenses on behalf of Cleango Greengo Inc. | 16,656 | 15,712 | – | – | – | – | – | 15,712 |
| Shares issued for exercise of share purchase warrants | 7,143 | 4,286 | – | – | – | – | – | 4,286 |
| Fair value of stock options granted | – | – | – | – | 125,086 | – | – | 125,086 |
| Shares issuable for settlement of debt | – | – | – | 12,559 | – | – | – | 12,559 |
| Net loss for the year | – | – | – | – | – | (2,352,257) | – | (2,352,257) |
| Balance, December 31, 2020 | 17,496,851 | 8,818,762 | (240) | 80,956 | 1,337,829 | (9,826,986) | (72,239) | 338,082 |

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

**Softlab9 Technologies Inc.**
(formerly SoftLab9 Software Solutions Inc.)
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, 2018 | 5,656,547 | 5,083,726 | – | – | 294,931 | (5,322,951) | (72,239) | (16,533) |
| Shares issued to settle debt | 3,870,744 | 464,489 | – | – | – | – | – | 464,489 |
| Shares issued for exercise of stock options | 255,385 | 74,310 | (16,800) | – | (33,510) | – | – | 24,000 |
| Share subscriptions received | – | – | – | 1,147 | – | – | – | 1,147 |
| Shares issued for services | 19,231 | 17,500 | – | – | – | – | – | 17,500 |
| Shares returned and cancelled | (1,550,342) | – | – | – | – | – | – | – |
| Fair value of stock options granted | – | – | – | – | 970,832 | – | – | 970,832 |
| Net loss for the year | – | – | – | – | – | (2,151,778) | – | (2,151,778) |
| Balance, December 31, 2019 | 8,251,565 | 5,640,025 | (16,800) | 1,147 | 1,232,253 | (7,474,729) | (72,239) | (690,343) |

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

(Expressed in Canadian dollars)

| | Year ended December 31, 2020 $ | Year ended December 31, 2019 $ |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Net loss for the year | (2,352,257) | (2,151,778) |
| Items not involving cash: | | |
| Amortization | – | 15,000 |
| Impairment of property and equipment | – | 10,555 |
| Loss on disposal of property and equipment | – | 75,459 |
| Loss on settlement of debt | 3,156 | 85,872 |
| Shares issued for services | 132,000 | 17,500 |
| Share-based compensation | 125,086 | 970,832 |
| Change in non-cash working capital items: | | |
| Amounts receivable | 30,896 | 17,552 |
| Prepaid expenses and deposits | (12,000) | 91,685 |
| Accounts payable and accrued liabilities | 619,342 | 612,459 |
| Due to related parties | (4,595) | 32,626 |
| Net cash used in operating activities | (1,458,372) | (222,238) |
| INVESTING ACTIVITIES | | |
| Loans receivable advances | (932,714) | – |
| Repayment of loan receivable | – | 20,165 |
| Net cash provided by (used in) investing activities | (932,714) | 20,165 |
| FINANCING ACTIVITIES | | |
| Proceeds from loans payable | – | 125,000 |
| Proceeds from issuance of common shares / share subscriptions received | 2,607,977 | 25,147 |
| Share issuance costs | (82,905) | – |
| Net cash provided by financing activities | 2,525,072 | 150,147 |
| Change in cash | 133,986 | (51,926) |
| Cash, beginning of year | 7,148 | 59,074 |
| Cash, end of year | 141,134 | 7,148 |
| Non-cash investing and financing activities: | | |
| Fair value of stock options exercised transferred to share capital | 19,510 | 33,510 |
| Shares issued to settle accounts payable and accrued liabilities | 554,386 | 464,489 |
| Shares issued to settle loans payable | 25,270 | – |
| Shares issued to pay expenses on behalf of Cleango Greengo Inc. included in loans receivable | 15,712 | – |

## 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 1100, 1111 Melville Street, Vancouver, BC, V6E 3V6.

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 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") which 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 consolidated financial statements have been prepared on the assumption the Company will continue as a going concern. During the year ended December 31, 2020, the Company has not generated any revenues and incurred negative cash flows from operations. As at December 31, 2020, the Company has an accumulated deficit of $9,826,986. 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 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) Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Presentation

These 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.

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information and are presented in Canadian dollars, which is the Company's functional and reporting currency.

(c) Significant Accounting Judgments and Estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions that effect the amounts reported in the consolidated financial statements and notes thereto. Actual amounts could differ from these estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. The impact of changes to estimates are recognized in the year estimates are revised and may impact future periods.

*Critical Accounting Judgments:*

Going Concern Assumption

Management is required to determine whether or not the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future including the availability of financing and revenue projection, as well as current working capital balance and future commitments of the Company.

*Critical Accounting Estimates:*

Unrecognized Deferred Income Tax Assets

Unrecognized deferred income tax assets are made using the best estimate of the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred income tax assets are recognized to the extent that it is probable that the assets can be recovered.

Loans Receivable

The Company assesses for indicators of impairment at the end of each reporting period.

Fair Values of Share-based Compensation

The Company is required to recognize at the acquisition date the fair values of share-based compensation for assets acquired based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable and which involves estimates.

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property and Equipment

Property and equipment is recorded at cost. The Company depreciates the cost of property and equipment over their estimated useful lives.

Residual values and useful economic lives are reviewed at least annually, and adjusted if appropriate, at each reporting date. Subsequent expenditure relating to an item of property and equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expenses during the period in which they are incurred. Gains and losses on disposal of equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized net within other income in the consolidated statement of operations.

(f) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statement of operations.

Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss (“FVTPL”) or amortized cost.

The Company has made the following classifications:

| | |
|---|---|
| Cash | Amortized cost |
| Loans receivable | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Loans payable | Amortized cost |
| Due to related parties | Amortized cost |

*Financial assets*

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

*Financial assets at FVTPL*

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Instruments (continued)

*Financial assets at amortized cost*

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

*Impairment of financial assets*

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

*Financial liabilities and equity instruments*

*Classification as debt or equity*

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

*Other financial liabilities*

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Instruments (continued)

*Financial liabilities and equity instruments* (continued)

*Other financial liabilities (continued)*

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(g) Income Taxes

*Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred income tax*

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(h) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statements of operations.

(i) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at December 31, 2020, the Company had 4,606,823 (2019 – 340,000) potentially dilutive shares outstanding.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Comprehensive Loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the consolidated statement of operations.

(k) Recent Accounting Pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2020, and have not been applied in preparing these 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. PROPERTY AND EQUIPMENT

During the year ended December 31, 2019, the Company recognized an impairment of $10,555 for its leasehold improvements as it left its office premises. During the year ended December 31, 2019, the Company disposed of property and equipment with a net carrying value of $75,459 as part of the release agreements signed with former officers of the Company.

## 4. LOANS RECEIVABLE

(a) As at December 31, 2020, the Company has advanced $50,000 to Kosan Medical Company Ltd. The loan is non-interest bearing, secured by a general security agreement, and due within 180 days on demand.

(b) As at December 31, 2020, the Company has advanced $898,426 to Cleango Greengo Inc. ("Cleango"). The loan will be forgiven upon closing the arrangement agreement with Cleango. Refer to Note 13. 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.

## 5. LOANS PAYABLE

(a) As at December 31, 2020, the amount of $24,730 (2019 - $50,000) is owed to a non-related company which is non-interest bearing, unsecured, and due on demand.

(b) As at December 31, 2020, the amount of $50,000 (2019 - $50,000) is owed to a non-related party which is non-interest bearing, unsecured, and due on demand.

(c) As at December 31, 2020, the amount of $25,000 (2019 - $25,000) is owed to the father of a former director of the Company which is non-interest bearing, unsecured, and due on demand.

## 6. SHARE CAPITAL

Share transactions during the year ended December 31, 2020:

(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 and issued 32,050 common shares with a fair value of $37,819.

**6. SHARE CAPITAL** (continued)

Share transactions during the year ended December 31, 2020 (continued):

(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 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.

(d) 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.

(e) On September 17, 2020, the Company issued 7,770 common shares with a fair value of $7,537 to settle accounts payable on behalf of Cleango. Refer to Note 4.

(f) On October 5, 2020, the Company issued 51,546 common shares with a fair value of $54,123 to settle accrued liabilities of $50,000, resulting to a loss on settlement of $4,123.

(g) On October 7, 2020, the Company issued 7,143 common shares for proceeds of $4,286 pursuant to the exercise of share purchase warrants.

(h) On October 9, 2020, the Company issued 8,886 common shares with a fair value of $8,715 to settle accounts payable on behalf of Cleango. Refer to Note 4.

(i) On October 16, 2020, the Company issued 25,175 common shares with fair value of $17,874 as a finder's fee in relation to the June 18, 2020 private placement.

(j) On October 28, 2020, the Company issued 300,000 common shares with fair value of $132,000 to a consultant pursuant to a consulting agreement.

(k) On October 29, 2020, the Company issued 12,800 common shares with fair value of $5,632 as a finder's fees in relation to the June 18, 2020 private placement.

(l) During the year ended December 31, 2020, the Company issued 182,000 stock options for proceeds of $21,840 pursuant to the exercise of stock options. The fair value of $19,510 for the stock options exercised was transferred to share capital from share-based payment reserve.

(m) As at December 31, 2020, the Company has shares issuable of $80,956 which includes shares to be issued to a company controlled by the former CFO of the Company to settle outstanding accounts payable of $12,559 and share subscriptions received of $68,397.

Share transactions during the year ended December 31, 2019:

(n) On March 11, 2019, the Company consolidated its common shares on the basis of 1 new common share for every 1.5 existing common shares. All share and per share numbers were retroactively restated.

(o) On March 14, 2019, the Company issued 19,231 common shares with a fair value of $17,500 for consulting services rendered.

(Expressed in Canadian dollars)

## 6. SHARE CAPITAL (continued)

Share transactions during the year ended December 31, 2019 (continued):

(p) On May 16, 2019, 1,550,342 common shares were returned to the Company from former officers of the Company and cancelled.

(q) On August 28, 2019, the Company consolidated its common shares on the basis of 1 new common share for every 13 existing common shares. All share and per share numbers were retroactively restated.

(r) On September 2, 2019, the Company issued 2,862,411 common shares with a fair value of $343,489 to settle debt of $257,617 resulting in a loss of $85,872. Included in this issuance were 555,000 common shares to settle debt of $50,000 owed to the former CFO of the Company, 398,890 common shares to settle debt of $35,900 owed to a director of the Company, and 1,441,300 common shares issued to settle debt of $129,717 owed to a company controlled by the CEO of the Company.

(s) On October 22, 2019, the Company issued 1,008,333 common shares with a fair value of $121,000 to settle debt of $121,000.

(t) During the year ended December 31, 2019, the Company issued 255,385 common shares for proceeds of $40,800 pursuant to the exercise of stock options, of which $16,800 was receivable as at December 31, 2019. The fair value of $33,510 for the stock options exercised was transferred to share capital from share-based payment reserve.

## 7. SHARE PURCHASE WARRANTS

The following table summarizes the continuity of share purchase warrants:

| | Number of warrants | Weighted average exercise price $ |
|---|---|---|
| Balance, December 31, 2018 | 10,256 | 4.88 |
| Expired | (10,256) | 4.88 |
| Balance, December 31, 2019 | – | – |
| Issued | 4,305,966 | 0.60 |
| Exercised | (7,143) | 0.60 |
| Balance, December 31, 2020 | 4,298,823 | 0.60 |

As at December 31, 2020, the following share purchase warrants were outstanding:

| Number of warrants outstanding | Exercise price $ | Expiry date |
|---|---|---|
| 1,589,610 | 0.60 | June 18, 2022 |
| 2,709,213 | 0.60 | July 21, 2022 |
| 4,298,823 | | |

(Expressed in Canadian dollars)

## 8. STOCK OPTIONS

The following table summarizes the continuity of stock options:

| | Number of options | Weighted average exercise price $ |
|---|---|---|
| Balance, December 30, 2019 | 405,977 | 3.90 |
| Issued | 1,595,385 | 0.71 |
| Exercised | (255,385) | 0.18 |
| Cancelled | (1,405,977) | 1.85 |
| Balance, December 30, 2019 | 340,000 | 0.12 |
| Granted | 150,000 | 1.20 |
| Exercised | (182,000) | 0.12 |
| Balance, December 31, 2020 | 308,000 | 0.65 |

During the year ended December 31, 2020, the Company recognized $125,086 (2019 - $970,832) in share-based compensation. The weighted average grant date fair value of stock options granted during the year ended December 31, 2020 was $0.83 (2019 - $0.65) 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% | 1.71% |
| Expected volatility | 199% | 224% |
| Expected option life (in years) | 1 | 1.4 |

Additional information regarding stock options outstanding as at December 31, 2020, is as follows:

| | Outstanding and exercisable | | |
|---|---|---|---|
| Range of exercise prices $ | Number of options | Weighted average remaining contractual life (years) | Weighted average exercise price $ |
| 0.12 | 158,000 | 0.8 | 0.12 |
| 1.20 | 150,000 | 0.4 | 1.20 |
| | 308,000 | 0.6 | 0.65 |

## 9. RELATED PARTY TRANSACTIONS

(a) During the year ended December 31, 2020, the Company incurred $180,000 (2019 - $125,000) in consulting and management fees to a company controlled by the Chief Executive Officer of the Company (“CEO”). As at December 31, 2020, the Company owed $94,934 (2019 - $47,250) to companies controlled by the CEO which are included in accounts payable, accrued liabilities and due to related parties. As at December 31, 2020, the Company also owed $500 (2019 - $5,710) to the CEO. The amounts owed are non-interest bearing, unsecured, and due on demand.

## 9. RELATED PARTY TRANSACTIONS (continued)

(b) During the year ended December 31, 2020, the Company incurred $17,500 (2019 - $nil) in consulting and management fees and $31,538 (2019 -$nil) in professional fees to a company controlled by the Chief Financial Officer ("CFO") of the Company. As at December 31, 2020, the Company owed $3,675 (December 31, 2019 - $nil) 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.

(c) During the year ended December 31, 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 December 31, 2020, the Company owed $nil (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 December 31, 2020, the Company owed $27,531 (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 year ended December 31, 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 December 31, 2020, the Company owed $nil (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.

(f) During the year ended December 31, 2020, the Company incurred $nil (2019 - $196,407) of share-based compensation to officers and directors of the Company.

## 10. MANAGEMENT OF CAPITAL

The Company's objectives in managing capital are to ensure sufficient liquidity to finance its corporate administration and working capital. The Company manages its liquidity to minimize shareholder dilution whenever possible. The Company manages its capital through regular board meetings and ongoing review of consolidated financial information. The Company considers its capital as all components of shareholders' equity.

The Company's sources of capital have consisted of the sale of equity securities. In order for the Company to carry out planned acquisition, the Company will spend its working capital and expects to raise additional amounts externally as needed.

## 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which includes cash, loans receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(Expressed in Canadian dollars)

## 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at December 31, 2020 and 2019, the Company's exposure to credit risk is the carrying value of cash and loans receivable. The Company reduces its credit risk by holding its cash at a major Canadian financial institution. Loans receivable consist of advances made for potential business acquisitions and are secured by general security agreements. The carrying amount of financial assets represents the maximum credit exposure.

(c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To secure the additional capital necessary to pursue these plans, the Company may have to raise additional funds through equity or debt financing.

As at December 31, 2020, the Company had cash of $141,134 and accounts payable and accrued liabilities of $770,419. All accounts payable and accrued liabilities are due within 90 days.

(d) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate risk.

(e) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

## 12. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Canadian statutory income tax rate | 27% | 27% |
| Income tax recovery at statutory rate | (635,109) | (580,980) |
| Tax effect of: | | |
| Permanent differences and other | (4,533) | 262,124 |
| True up of prior year difference | – | 61,516 |
| Change in unrecognized deferred income tax asset | 639,642 | 257,340 |
| Income tax provision | – | – |

The significant components of deferred income tax assets and liabilities are as follows:

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Deferred income tax assets | | |
| Non-capital losses carried forward | 1,972,173 | 1,348,883 |
| Intangible assets | 140,096 | 140,096 |
| Share issuance costs | 62,117 | 45,765 |
| Unrecognized deferred income tax asset | (2,174,386) | (1,534,744) |
| Income tax provision | – | – |

(Expressed in Canadian dollars)

## 12. INCOME TAXES (continued)

As at December 31, 2020, the Company has non-capital losses carried forward of $7,304,345, which is available to offset future years' taxable income. These losses expire as follows:

| | $ |
|---|---|
| 2033 | 497,347 |
| 2034 | 9,139 |
| 2035 | 72,876 |
| 2036 | 181,890 |
| 2037 | 503,095 |
| 2038 | 2,147,540 |
| 2039 | 1,583,975 |
| 2040 | 2,308,483 |
| | 7,304,345 |

## 13. PROPOSED TRANSACTION

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.

## APPENDIX "C"

## AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF SOFTLAB9 INCLUDING THE AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

# SOFTLAB9 SOFTWARE SOLUTIONS INC.

Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

(Expressed in Canadian dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

# INDEPENDENT AUDITORS' REPORT

**To the Shareholders of SoftLab9 Software Solutions Inc.**

## Opinion

We have audited the consolidated financial statements of SoftLab9 Software Solutions Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has not generated any revenues and incurred negative cash flow from operations during the year ended December 31, 2019 and, as of that date, the Company has a working capital deficit of $690,343 and an accumulated deficit of $7,474,729. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance consolidated conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Lonny Wong.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

June 15, 2020

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

| | December 31, 2019 $ | December 31, 2018 $ |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | 7,148 | 59,074 |
| Amounts receivable | 140,598 | 158,150 |
| Prepaid expenses and deposits | 25,000 | 116,685 |
| Loan receivable | – | 20,165 |
| TOTAL CURRENT ASSETS | 172,746 | 354,074 |
| NON-CURRENT ASSETS | | |
| Property and equipment (Note 5) | – | 101,014 |
| TOTAL ASSETS | 172,746 | 455,088 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 11) | 705,463 | 471,621 |
| Loans payable (Note 6) | 125,000 | – |
| Due to related parties (Note 11) | 32,626 | – |
| TOTAL LIABILITIES | 863,089 | 471,621 |
| SHAREHOLDERS' DEFICIT | | |
| Share capital | 5,640,025 | 5,083,726 |
| Share subscriptions receivable (Note 7) | (15,653) | – |
| Share-based payment reserve | 1,232,253 | 294,931 |
| Deficit | (7,474,729) | (5,322,951) |
| TOTAL SOFTLAB9 SOFTWARE SOLUTIONS INC. SHAREHOLDERS' EQUITY (DEFICIT) | (618,104) | 55,706 |
| Non-controlling interest | (72,239) | (72,239) |
| TOTAL SHAREHOLDERS' DEFICIT | (690,343) | (16,533) |
| TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT | 172,746 | 455,088 |

Nature of operations (Note 1)
Subsequent events (Note 16)

Approved and authorized for issuance on behalf of the Board of Directors on June 15, 2020:

*/s/ "Rahim Mohamed"*
Rahim Mohamed, Director

*/s/ "Derrick Lewis"*
Derrick Lewis, Director

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

**SoftLab9 Software Solutions Inc.**
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

| | Year ended December 31, 2019 $ | Year ended December 31, 2018 $ |
|---|---|---|
| REVENUE | – | 44 |
| EXPENSES | | |
| Advertising and marketing fees (Note 11) | 72,014 | 306,544 |
| Amortization (Note 5) | 15,000 | 30,231 |
| Consulting and management fees (Note 11) | 647,518 | 562,862 |
| General and administrative (Note 11) | 139,142 | 452,838 |
| Professional fees | 21,793 | 263,386 |
| Research and development costs (Note 11) | 64,667 | 663,340 |
| Share-based compensation (Note 10) | 970,832 | 294,931 |
| Transfer agent and filing fees | 45,160 | 74,279 |
| Travel | 3,766 | 73,162 |
| TOTAL EXPENSES | 1,979,892 | 2,721,573 |
| LOSS BEFORE OTHER INCOME (EXPENSE) | (1,979,892) | (2,721,529) |
| OTHER INCOME (EXPENSE) | | |
| Forgiveness of related party debt (Note 11) | – | 275,180 |
| Impairment of property and equipment (Note 5) | (10,555) | (318,512) |
| Impairment of intangible assets (Note 4) | – | (408,589) |
| Impairment of goodwill (Notes 3 and 7) | – | (1,960,962) |
| Loss on disposal of property and equipment (Note 5) | (75,459) | – |
| Loss on settlement of debt (Note 7) | (85,872) | – |
| NET LOSS AND COMPREHENSIVE LOSS | (2,151,778) | (5,134,412) |
| Less: net loss attributable to the non-controlling interest | – | 83,501 |
| NET LOSS ATTRIBUTABLE TO SOFTLAB9 SOFTWARE SOLUTIONS INC. | (2,151,778) | (5,050,911) |
| Loss per share attributed to Softlab9 Software Solutions Inc., basic and diluted | (0.37) | (1.23) |
| Weighted average number of common shares outstanding | 5,872,963 | 4,119,808 |

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

**SoftLab9 Software Solutions Inc.**
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

| | 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 to settle debt | 3,870,744 | 464,489 | – | – | – | – | 464,489 |
| Shares issued pursuant to stock options exercised | 255,385 | 74,310 | (15,653) | (33,510) | – | – | 25,147 |
| Shares issued for services | 19,231 | 17,500 | – | – | – | – | 17,500 |
| Shares returned and cancelled | (1,550,342) | – | – | – | – | – | – |
| Fair value of stock options granted | – | – | – | 970,832 | – | – | 970,832 |
| Net loss for the year | – | – | – | – | (2,151,778) | – | (2,151,778) |
| Balance, December 31, 2019 | 8,251,565 | 5,640,025 | (15,653) | 1,232,253 | (7,474,729) | (72,239) | (690,343) |

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

**SoftLab9 Software Solutions Inc.**
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

| | Number of common shares | Share capital $ | Special warrants $ | Warrant reserve $ | Share-based payment reserve $ | Deficit $ | Non-controlling interest $ | Total $ |
|---|---|---|---|---|---|---|---|---|
| Balance, December 31, 2017 | 6 | 150 | – | – | – | (272,040) | – | (271,890) |
| Shares issued for share exchange agreement | 3,763,190 | 2,146,667 | – | – | – | – | 11,262 | 2,157,929 |
| Shares issued as finder's fees for acquisition | 144,872 | 282,500 | – | – | – | – | – | 282,500 |
| Special warrants issued for cash | – | – | 1,930,000 | – | – | – | – | 1,930,000 |
| Special warrants issuance costs | 5,128 | 10,000 | (217,358) | – | – | – | – | (207,358) |
| Finder's warrants issued | – | – | (132,583) | 132,583 | – | – | – | – |
| Conversion of special warrants | 1,374,923 | 1,930,000 | (1,930,000) | – | – | – | – | – |
| Conversion of special warrants issuance costs | – | (349,941) | 349,941 | – | – | – | – | – |
| Shares issued pursuant to warrant exercises | 94,923 | 317,683 | – | (132,583) | – | – | – | 185,100 |
| Shares issued for services | 17,095 | 46,667 | – | – | – | – | – | 46,667 |
| Shares issued for share exchange agreement | 256,410 | 700,000 | – | – | – | – | – | 700,000 |
| Share based payments | – | – | – | – | 294,931 | – | – | 294,931 |
| Net loss for the year | – | – | – | – | – | (5,050,911) | (83,501) | (5,134,412) |
| Balance, December 31, 2018 | 5,656,547 | 5,083,726 | – | – | 294,931 | (5,322,951) | (72,239) | (16,533) |

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

**SoftLab9 Software Solutions Inc.**
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

| | Year ended December 31, 2019 $ | Year ended December 31, 2018 $ |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Net loss for the year | (2,151,778) | (5,134,412) |
| Items not involving cash: | | |
| Amortization | 15,000 | 30,231 |
| Forgiveness of related party debt | – | (275,180) |
| Impairment of goodwill | – | 1,960,962 |
| Impairment of intangible assets | – | 408,589 |
| Impairment of property and equipment | 10,555 | 318,512 |
| Loss on disposal of property and equipment | 75,459 | – |
| Loss on settlement of debt | 85,872 | – |
| Shares issued for services | 17,500 | 46,667 |
| Share-based compensation | 970,832 | 294,931 |
| Change in non-cash working capital items: | | |
| Amounts receivable | 17,552 | (124,647) |
| Prepaid expenses | 91,685 | (13,485) |
| Accounts payable and accrued liabilities | 612,459 | 314,869 |
| Due to related parties | 32,626 | – |
| Net cash used in operating activities | (222,238) | (2,172,963) |
| INVESTING ACTIVITIES | | |
| Cash acquired on acquisition | – | 806,319 |
| Loan receivable advance | – | (20,165) |
| Repayment of loan receivable | 20,165 | – |
| Purchase of equipment | – | (446,859) |
| Net cash provided by investing activities | 20,165 | 339,295 |
| FINANCING ACTIVITIES | | |
| Proceeds from loans payable | 125,000 | – |
| Repayment of loan payable | – | (15,000) |
| Proceeds from issuance of special warrants | – | 1,930,000 |
| Special warrants issuance costs | – | (207,358) |
| Proceeds from exercise of share purchase warrants | – | 185,100 |
| Proceeds from exercise of stock options | 25,147 | – |
| Net cash provided by financing activities | 150,147 | 1,892,742 |
| Change in cash | (51,926) | 59,074 |
| Cash, beginning of year | 59,074 | – |
| Cash, end of year | 7,148 | 59,074 |
| Non-cash investing and financing activities: | | |
| Shares issued pursuant to reverse takeover transaction | – | 2,146,667 |
| Shares issued for finder's fee | – | 10,000 |
| Conversion of special warrants into shares | – | 1,580,059 |
| Fair value of warrants exercised transferred to share capital | – | 132,583 |
| Fair value of stock options exercised transferred to share capital | 33,510 | – |
| Shares issued pursuant to share exchange agreement | – | 700,000 |
| Shares issued to settle debt | 464,489 | – |
| Share purchase warrants issued as finder's fees | – | 132,583 |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Softlab9 Software Solutions Inc. (formerly Appx Group Holdings 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 APPX. Refer to Note 3.

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 is not currently determinable, but management continues to monitor the situation.

These consolidated financial statements have been prepared on the assumption the Company will continue as a going concern. During the year ended, the Company has not generated any revenues and incurred negative cash flows from operations. As at December 31, 2019, the Company has a working capital deficit of $690,343, and an accumulated deficit of $7,474,729. Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuances. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These factors indicate existence of a material uncertainty that may cast doubt on the Company's ability to continue as a going concern. These 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) Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

(b) Basis of Presentation

These 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.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

(b) Basis of Presentation (continued)

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information and are presented in Canadian dollars, which is the Company's functional and reporting currency.

(c) Application of New IFRS

*IFRS 16 Leases*

On January 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less), leases with certain variable lease payments, and leases of low-value assets.

The Company adopted IFRS 16 on January 1, 2019 using the modified retrospective method, with no significant impact on the Company's consolidated financial statements. The Company left its office premises in early 2019.

(d) Significant Accounting Judgments and Estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions that effect the amounts reported in the consolidated financial statements and notes thereto. Actual amounts could differ from these estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. The impact of changes to estimates are recognized in the year estimates are revised and may impact future periods.

*Critical Accounting Judgments:*

Categories of Financial Instruments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy, which involves judgments or assessments made by management.

Going Concern Assumption

Management is required to determine whether or not the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future including the availability of financing and revenue projection, as well as current working capital balance and future commitments of the Company.

*Critical Accounting Estimates:*

Unrecognized Deferred Income Tax Assets

Unrecognized deferred income tax assets are made using the best estimate of the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred income tax assets are recognized to the extent that it is probable that the assets can be recovered.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant Accounting Judgments and Estimates (continued)

Fair Values of Assets and Liabilities Acquired in Business Combinations

The Company is required to recognize separately, at the acquisition date, the identifiable assets, liabilities and contingent liabilities acquired or assumed in a business combination at their fair values, which involves estimates. Such estimates are based on valuation techniques, which require considerable judgment in forecasting future cash flows and developing other assumptions.

Fair Values of Share-based Compensation

The Company is required to recognize at the acquisition date the fair values of share-based compensation for assets acquired based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable and which involves estimates.

Useful Life of Property and Equipment

Property and equipment is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is calculated using management's best estimate on the useful life of the equipment. The Company reviews its estimate of the useful life of depreciable assets at each reporting date.

Recoverability of Intangible Assets

The Company assesses the carrying values of its intangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of the assets cannot be recovered, the unrecoverable amounts are charged against net loss. Recoverability is dependent upon assumptions and judgments regarding market conditions, costs of production, and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates, future cash flows, and profit margins. A material change in assumptions may significantly impact the potential impairment of these assets.

(e) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(f) Property and Equipment

Property and equipment is recorded at cost. The Company depreciates the cost of property and equipment over their estimated useful lives at the following rates:

| | |
|---|---|
| Computer equipment | 2 years straight-line |
| Furniture and equipment | 5 years straight-line |
| Leasehold improvements | 5 years straight-line |

Residual values and useful economic lives are reviewed at least annually, and adjusted if appropriate, at each reporting date. Subsequent expenditure relating to an item of property and equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expenses during the period in which they are incurred. Gains and losses on disposal of equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized net within other income in the statement of operations.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

(g) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statement of operations.

Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss (“FVTPL”) or amortized cost.

The Company has made the following classifications:

| | |
|---|---|
| Cash | Amortized cost |
| Amounts receivable | Amortized cost |
| Loan receivable | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Loans payable | Amortized cost |
| Due to related parties | Amortized cost |

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

*Financial assets at FVTPL*

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

*Financial assets at amortized cost*

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments (continued)

*Impairment of financial assets*

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(h) Financial Liabilities and Equity Instruments

*Classification as debt or equity*

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

*Other financial liabilities*

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

(i) Income Taxes

*Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred income tax*

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(j) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the consolidated statement of operations.

(k) Research and Development

Research and development costs are charged to the consolidated statement of operations as incurred.

(l) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at December 31, 2019, the Company had 340,000 (2018 – 416,233) of potentially dilutive shares relating to stock options and share purchase warrants.

(m) Comprehensive Loss

Comprehensive income (loss) is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that are not included in the consolidated statement of operations.

(Expressed in Canadian dollars)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Accounting Standards Issued But Not Yet Effective

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. ACQUISITION OF REWARDDROP SOFTWARE INC.

On March 2, 2018, the Company completed the Transaction with RSI. Upon closing of the Transaction, the former shareholders of RSI owned 68.2% of the combined entity, APPx's board of directors and senior management were reconstituted and consist of the directors and senior management of RSI. Given the majority ownership of the common shares of the Company and the representation on the Company's Board of Directors and senior management are held by the former shareholders of RSI, RSI has the power to govern the financial and operating policies so as to obtain benefits from the activities of the Company. The Transaction constitutes a reverse acquisition where RSI is considered the accounting acquirer of APPX.

The acquisition is constituted a reverse takeover ("RTO") under IFRS 3, *Business Combinations* by RSI for the net assets of the APPX, as a result of reverse acquisition accounting, these consolidated financial statements represent a continuation of RSI's financial statements and the acquisition of the Company.

The fair value of the 70 common shares of the Company that were deemed to have been issued and retained by the former shareholders of the Company was $2,146,667 which was determined based on the fair value of RSI as determined by a third-party valuator on the date of the Transaction as follows:

| | $ |
|---|---|
| Fair value of RSI, at date of acquisition | 4,600,000 |
| Number of shares issued and outstanding of RSI, at date of acquisition | 150 |
| Per share value of RSI, at date of acquisition | 30,667 |
| Number of RSI shares issued to former shareholders of APPX | 70 |
| Fair value of RSI shares issued to former shareholders of APPX | 2,146,667 |

The fair value of all consideration given up to acquire APPX is as follows:

| | $ |
|---|---|
| Fair value of RSI shares issued to former shareholders of APPX | 2,146,667 |
| Finders shares - 1,883,333 shares at $0.15 per share | 282,500 |
| Fair value of RSI shares issued to former shareholders of APPX | 2,429,167 |
| Plus: Non-controlling interest held in APPX | 11,262 |
| Fair value of consideration given up to acquire APPX | 2,440,429 |
| Less fair value of identifiable assets and liabilities of APPX acquired: | |
| Cash | 806,319 |
| Amounts receivable | 10,107 |
| Prepaid expenses | 88,200 |
| Intangible assets | 411,487 |
| Loan receivable | 23,396 |
| Accounts payable and accrued liabilities | (145,042) |
| Loan payable | (15,000) |
| Net assets acquired | 1,179,467 |
| Goodwill on acquisition | 1,260,962 |

During the year ended December 31, 2019, the Company recognized a $nil (2018 - $1,260,962) impairment of goodwill due to the uncertainty of future cash flows.

(Expressed in Canadian dollars)

## 4. INTANGIBLE ASSETS

During the year ended December 31, 2018, the Company recorded an impairment on intangible assets of $408,589 due to the inability of the Company to generate significant revenues and it no longer appears that there is a market to sell these particular mobile applications.

## 5. PROPERTY AND EQUIPMENT

| | Crypto Mining Equipment $ | Computer Equipment $ | Furniture and Equipment $ | Leasehold Improvements $ | Total $ |
|---|---|---|---|---|---|
| Cost: | | | | | |
| Balance, December 31, 2017 | – | – | – | – | – |
| Additions | 318,512 | 70,545 | 41,416 | 16,386 | 446,859 |
| Impairment | (318,512) | – | – | – | (318,512) |
| Balance, December 31, 2018 | – | 70,545 | 41,416 | 16,386 | 128,347 |
| Additions | – | – | – | – | – |
| Impairment/disposal | – | (70,545) | (41,416) | (16,386) | (128,347) |
| Balance, December 31, 2019 | – | – | – | – | – |
| Accumulated amortization: | | | | | |
| Balance, December 31, 2017 | – | – | – | – | – |
| Additions | – | 18,744 | 4,810 | 3,779 | 27,333 |
| Balance, December 31, 2018 | – | 18,744 | 4,810 | 3,779 | 27,333 |
| Additions | – | 11,502 | 1,446 | 2,052 | 15,000 |
| Impairment/disposal | – | (30,246) | (6,256) | (5,831) | (42,333) |
| Balance, December 31, 2019 | – | – | – | – | – |
| Carrying amounts: | | | | | |
| As at December 31, 2018 | – | 51,801 | 36,606 | 12,607 | 101,014 |
| As at December 31, 2019 | – | – | – | – | – |

During the year ended December 31, 2019, the Company recognized an impairment of $10,555 for its leasehold improvements as it left its office premises. During the year ended December 31, 2019, the Company disposed of property and equipment with a net carrying value of $75,459 for $nil as part of the release agreements signed with former officers of the Company.

As at December 31, 2018, the Company recognized an impairment of $318,512 for its crypto currency mining equipment due to the significant decline in the crypto currency market during the year which resulted in the Company halting its planned operations in this area.

## 6. LOANS PAYABLE

(e) As at December 31, 2019, the amount of $50,000 (2018 - $nil) is owed to a non-related company which is non-interest bearing, unsecured, and due on demand.

(f) As at December 31, 2019, the amount of $50,000 (2018 - $nil) is owed to a non-related party which is non-interest bearing, unsecured, and due on demand.

(g) As at December 31, 2019, the amount of $25,000 (2018 - $nil) is owed to the father of a director of the Company which is non-interest bearing, unsecured, and due on demand.

## 7. SHARE CAPITAL

Share transactions during the year ended December 31, 2019:

(a) On March 11, 2019, the Company consolidated its common shares on the basis of 1 new common share for every 1.5 existing common shares. All share and per share numbers have been retroactively restated.

(b) On March 14, 2019, the Company issued 19,231 common shares with a fair value of $17,500 for consulting services rendered.

(c) On May 16, 2019, 1,550,342 common shares were returned to the Company from former officers of the Company and cancelled.

(d) On August 28, 2019, the Company consolidated its common shares on the basis of 1 new common share for every 13 existing common shares. All share and per share numbers have been retroactively restated.

(e) On September 2, 2019, the Company issued 2,862,411 common shares with a fair value of $343,489 to settle debt of $257,617 resulting in a loss of $85,872. Included in this issuance were 555,000 common shares to settle debt of $50,000 owed to the former CFO of the Company, 398,890 common shares to settle debt of $35,900 owed to a director of the Company, and 1,441,300 common shares issued to settle debt of $129,717 owed to a company controlled by the CEO of the Company.

(f) On October 22, 2019, the Company issued 1,008,333 common shares with a fair value of $121,000 to settle debt of $121,000.

(g) During the year ended December 31, 2019, the Company issued 255,385 common shares for proceeds of $40,800 pursuant to the exercise of stock options, of which $15,653 was receivable as at December 31, 2019. The fair value of $33,510 for the stock options exercised was transferred to share capital from share-based payment reserve.

Share transactions during the year ended December 31, 2018:

(h) On March 2, 2018, RSI issued 48,921,478 common shares pursuant to the merger with the Company. The Company issued 144,872 common shares with a fair value of $282,500 as a finder's fee on the transaction. Refer to Note 4.

(i) On March 13, 2018, the Company issued 5,128 common shares with a fair value of $10,000 pursuant to an agency agreement.

(j) On July 5, 2018 and July 30, 2018, the Company converted 1,374,923 special warrants into common shares of the Company. Refer to Notes 8(a) and (b).

(k) On November 9, 2018, the Company issued 17,094 common shares with a fair value of $46,667 for consulting services.

(l) On November 9, 2018, the Company issued 256,410 common shares with a fair value of $700,000 pursuant to the acquisition of Santos Torres Ltd. During the year ended December 31, 2018, the Company recognized a $700,000 impairment of goodwill due to the uncertainty of recoverability as the acquired company has no assets or liabilities.

(m) On November 13, 2018, the Company issued 94,923 common shares for proceeds of $185,100 pursuant to the exercise of share purchase warrants. The fair value of the share purchase warrants of $132,853 was transferred from warrant reserve to share capital.

Shares issued by the Company prior to the reverse takeover acquisition:

(n) On January 10, 2018, the Company issued 46,174 common shares to settle accounts payable of $90,039.

## 7. SHARE CAPITAL (continued)

Shares issued by the Company prior to the reverse takeover acquisition:

(o) On February 27, 2018, the Company completed a non-brokered private placement of 385,179 special warrants in the capital of the Company at a price of $1.95 per special warrant for proceeds of $751,100, of which $64,045 was received as at December 31, 2017. The special warrants are exercisable by the holders thereof at any time after February 27, 2018 for no additional consideration and all unexercised special warrants will be deemed to be exercised without any further action on the part of the holder on the earlier of: (a) June 28, 2018, and (b) the third business day after a receipt is issued for a final prospectus by the securities regulatory authorities in each of the provinces of Canada where the special warrants are sold, qualifying the common shares to be issued upon the exercise or deemed exercise of the special warrants. In connection with this private placement of special warrants, the Company issued 23,786 common shares and 10,256 share purchase warrants with each warrant entitling the holder to purchase one additional common share exercisable at $4.88 per share until February 28, 2019.

(p) On February 27, 2018, the Company issued 31,621 common shares to settle debt of $61,661.

## 8. SPECIAL WARRANTS

Special warrants transactions after the reverse asset acquisition:

(a) On March 13, 2018, the Company closed a brokered private placement of 989,744 special warrants at a price of $1.95 per special warrant for gross proceeds of $1,930,000. Each special warrant is exercisable by the holder to receive one common share of the Company for no additional consideration, and all unexercised special warrants will be deemed to be exercised without any further action on the earlier of: (a) July 14, 2018, and (b) the third business day after a receipt is issued for a final prospectus by the securities regulatory authorities in each province where the special warrants were sold, qualifying the common shares to be issued upon the exercise of the special warrants. These were converted to common shares on July 30, 2018.

Pursuant to an agency agreement entered into between the Company and the Agent, an aggregate of 69,282 share purchase warrants were issued to the Agent, representing 7% of the special warrants sold. An additional 25,641 share purchase warrants were issued to the Agent in consideration of advisory services rendered under the agreement. Each warrant issued to the Agent is exercisable at a price of $1.95 per share for a period of two years. The share purchase warrants issued were fair valued at $132,583 using the Black-Scholes option pricing model assuming no expected dividends, no forfeitures, a risk-free rate of 1.79%, expected volatility of 150%, and expected life of two years The Company paid the Agent $135,100 and incurred share issuance costs of $72,258. In addition, the Company issued 5,128 common shares with a fair value of $10,000 pursuant to the agency agreement.

Special warrants transactions before the reverse asset acquisition:

(b) On February 27, 2018, the Company completed a non-brokered private placement of 385,179 special warrants in the capital of the Company at a price of $1.95 per special warrant for proceeds of $751,100, of which $64,045 was received as at December 31, 2017.

The special warrants are exercisable by the holders thereof at any time after February 27, 2018 for no additional consideration and all unexercised special warrants will be deemed to be exercised without any further action on the part of the holder on the earlier of: (a) June 28, 2018, and (b) the third business day after a receipt is issued for a final prospectus by the securities regulatory authorities in each of the provinces of Canada where the special warrants are sold, qualifying the common shares to be issued upon the exercise or deemed exercise of the special warrants. In connection with this private placement of special warrants, the Company issued 23,786 common shares and 10,256 share purchase warrants with each warrant entitling the holder to purchase one additional common share exercisable at $4.88 per share until February 28, 2019. These special warrants were converted to common shares on July 5, 2018.

(Expressed in Canadian dollars)

## 9. SHARE PURCHASE WARRANTS

The following table summarizes the continuity of share purchase warrants:

| | Number of warrants | Weighted average exercise price $ |
|---|---|---|
| Balance, December 31, 2017 | – | – |
| Issued | 1,480,102 | 1.97 |
| Exercised | (1,469,846) | 1.95 |
| Balance, December 31, 2018 | 10,256 | 4.88 |
| Expired | (10,256) | 4.88 |
| Balance, December 31, 2019 | – | – |

## 10. STOCK OPTIONS

The following table summarizes the continuity of stock options:

| | Number of options | Weighted average exercise price $ |
|---|---|---|
| Balance, December 31, 2017 | – | – |
| Issued | 405,977 | 3.90 |
| Balance, December 31, 2018 | 405,977 | 3.90 |
| Issued | 1,595,385 | 0.71 |
| Exercised | (255,385) | 0.18 |
| Cancelled | (1,405,977) | 1.85 |
| Balance, December 31, 2019 | 340,000 | 0.12 |

During the year ended December 31, 2019, the Company recognized $970,832 (2018 - $294,931) in share-based compensation. The weighted average grant date fair value of stock options granted during the year ended December 31, 2019 was $0.65 (2018 - $1.82) 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:

| | 2019 | 2018 |
|---|---|---|
| Risk-free interest rate | 1.71% | 2.16% |
| Expected volatility | 224% | 150% |
| Expected option life (in years) | 1.4 | 2 |

Additional information regarding stock options outstanding as at December 31, 2019, is as follows:

| | Outstanding and exercisable | | |
|---|---|---|---|
| Range of exercise prices $ | Number of options | Weighted average remaining contractual life (years) | Weighted average exercise price $ |
| 0.12 | 340,000 | 1.8 | 0.12 |

## 11. RELATED PARTY TRANSACTIONS

(a) During the year ended December 31, 2019, the Company incurred $125,000 (2018 - $100,000) in consulting and management fees to companies controlled by the Chief Executive Officer of the Company ("CEO"). As at December 31, 2019, the Company owed $47,250 (2018 - $5,250) to a company controlled by the CEO and $4,260 (2018 - $799) to the CEO which are included in accounts payable and accrued liabilities. As at December 31, 2019, the Company also owed $5,710 (2018 - $nil) to the CEO which is included in due to relate parties. The amounts owed are non-interest bearing, unsecured, and due on demand.

(b) During the year ended December 31, 2019, the Company incurred $15,000 (2018 - $48,000) in consulting and management fees, $15,000 (2018 -$57,178) in research and development fees and $nil (2018- $14,875) in advertising and marketing fees to a company controlled by the former President of the Company. As at December 31, 2019, the Company owed $6,970 (2018 - $ nil) 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. During year ended December 31, 2018, the amount of $50,032 owed to this company was forgiven.

(c) As at December 31, 2019, the Company owed $26,916 (2018 - $17,207) to the former President of the Company, of which $nil (2018 - $17,207) is included in accounts payable and accrued liabilities. The amounts owed are non-interest bearing, unsecured, and due on demand. During the year ended December 31, 2018, the amount of $79,349 owed to the former President of the Company was forgiven pursuant to a debt settlement agreement.

(d) During the year ended December 31, 2019, the Company incurred $nil (2018 - $45,000) in research and development fees and $nil (2108 - $45,000) in general and administrative costs to the former Chief Technology Officer ("CTO") of the Company. During year ended December 31, 2018, the amount of $54,150 owed to the former CTO of the Company was forgiven pursuant to a debt settlement agreement.

(e) During the year ended December 31, 2019, the Company incurred $30,000 (2018 - $nil) in consulting fees to a director of the Company.

(f) During the year ended December 31, 2019, the Company incurred $nil ($2018 - $25,000) in research and development fees and $nil (2018 - $5,000) in advertising and promotion fees to the former Chief Information Officer ("CIO") of the Company. During the year ended December 31, 2018, the amount of $91,650 owed to the former CIO of the Company was forgiven.

(g) During the year ended December 31, 2019, the Company incurred $74,000 (2018 - $40,000) in consulting and management fees to a company controlled by the former Chief Financial Officer ("CFO") of the Company. As at December 31, 2019, the Company owed $23,738 (2018 - $nil) 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.

(h) During the year ended December 31, 2019, the Company incurred $196,407 (2017 - $98,991) of share-based compensation to officers and directors of the Company.

## 12. SEGMENTED REPORTING

The Company has one main operating segment specializing in launching, acquiring, and vertically integrating technology companies and all assets of the Company are located in Canada.

## 13. MANAGEMENT OF CAPITAL

The Company's objectives in managing capital are to ensure sufficient liquidity to finance its corporate administration and working capital. The Company manages its liquidity to minimize shareholder dilution whenever possible. The Company manages its capital through regular board meetings and ongoing review of consolidated financial information. The Company considers its capital as all components of shareholders' equity.

The Company's primary objective with respect to its capital management is to ensure that is has sufficient cash resources to carry out its strategic business objectives to acquire and/or partner with leading personal-driven social media firms and complete an exchange listing application. In order to maximize ongoing development efforts, the Company does not pay out dividends. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this financing.

## 14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments, which include amounts receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at December 31, 2019 and 2018, the Company's exposure to credit risk is the carrying value of cash and amounts receivable. The Company reduces its credit risk by holding its cash at a major Canadian financial institution. Amounts receivable mainly consists of GST and QST receivable due from the Government of Canada and Revenue Quebec. The carrying amount of financial assets represents the maximum credit exposure.

(c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To secure the additional capital necessary to pursue these plans, the Company may have to raise additional funds through equity or debt financing.

As at December 31, 2019, the Company had cash of $7,148 and accounts payable and accrued liabilities of $705,463. All accounts payable and accrued liabilities are due within 90 days.

(d) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate risk.

(e) Interest Rate Risk

The Company is not exposed to any significant interest rate risk.

(Expressed in Canadian dollars)

## 15. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Canadian statutory income tax rate | 27% | 27% |
| Income tax recovery at statutory rate | (580,980) | (1,363,746) |
| Tax effect of: | | |
| Permanent differences and other | 262,124 | 381,469 |
| Losses assumed on reverse acquisition | – | (267,923) |
| Change in enacted tax rates | – | 23,123 |
| True up of prior year difference | 61,516 | – |
| Change in unrecognized deferred income tax asset | 257,340 | 1,227,077 |
| Income tax provision | – | – |

The significant components of deferred income tax assets and liabilities are as follows:

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Deferred income tax assets | | |
| Non-capital losses carried forward | 1,348,883 | 921,209 |
| Intangible assets | 140,096 | 140,096 |
| Property and equipment | – | 93,378 |
| Share issuance costs | 45,765 | 122,721 |
| Unrecognized deferred income tax asset | (1,534,744) | (1,277,404) |
| Income tax provision | – | – |

As at December 31, 2019, the Company has non-capital losses carried forward of $4,995,862, which is available to offset future years' taxable income. These losses expire as follows:

| | $ |
|---|---|
| 2033 | 497,347 |
| 2034 | 9,139 |
| 2035 | 72,876 |
| 2036 | 181,890 |
| 2037 | 503,095 |
| 2038 | 2,147,540 |
| 2039 | 1,583,975 |
| | 4,995,862 |

## 16. SUBSEQUENT EVENTS

(a) On April 17, 2020, 40,000 stock options were exercised for proceeds of $4,800.

(b) Subsequent to December 31, 2019, the Company received proceeds of $485,776 for 1,387,930 units to be issued at $0.35 per unit. Each unit will consist of one common share and one half of one transferable share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share at an exercise price of $0.60 per share expiring two years from the date of issuance. As part of this private placement, the Company will also issue 693,886 units to settle debt of $242,860.

## APPENDIX “D”

## MANAGEMENT DISCUSSION AND ANALYSIS FOR SOFTLAB9
## FOR THE PERIOD ENDED MARCH 31, 2021

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*as of May 27, 2021*

**For the three months ended March 31, 2021**

This management's discussion and analysis ("**MD&A**") of Softlab9 Technologies Inc. (formerly APPx Group Holdings Inc.) (the "**Company**" or "**SOFT**") is for the three months ended March 31, 2021 and is prepared by management using information available as of May 27, 2021. We have prepared this MD&A with reference to National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020, and the related notes thereto ("**Annual Financial Statements**"). The Company's Interim Financial Statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") and International Accounting Standards 34 ("IAS 34"), "Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and the interpretations Committee ("IFRIC") . All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this MD&A include but are not limited to statements relating to:

- our ability to obtain funding for our operations, including funding for research and commercial activities;
- the initiation, timing, cost, progress and success of our research and development programs;
- our business model and strategic plans;
- our ability to develop and commercialize mobile and/or blockchain applications candidates to market;
- our ability to recruit sufficient numbers of programmers and developers;
- our ability to achieve profitability;
- our ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise and the benefits to be derived from such collaborative efforts;
- the implementation of our business model and strategic plans;
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;
- our expectations regarding federal, provincial and foreign regulatory requirements;
- whether we will receive, and the timing and costs of obtaining, regulatory approvals in the United States, Canada, the European Union and other jurisdictions;
- the accuracy of our estimates of the size and characteristics of the markets that may be addressed by our development projects;
- the rate and degree of market acceptance of our future marketed applications, if any;
- the timing of, and our ability and our collaborators' ability, if any, to obtain and maintain regulatory approvals for our product candidates;
- our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;
- our ability to engage and retain the employees required to grow our business;
- the compensation that is expected to be paid to employees and consultants of the Company;
- our future financial performance and projected expenditures;
- developments relating to our competitors and our industry, including the success of competing applications that are or become available; and

- estimates of our expenses, capital requirements and our needs for additional financing.

Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by SOFT, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, *performance or achievements to be* materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including, but not limited to: (i) obtaining positive results from testing; (ii) obtaining enough customers to create market; (iii) general business and economic conditions; (iv) the availability of financing on reasonable terms; (v) the Company's ability to attract and retain skilled staff; (vi) market competition; (vii) the products and technology offered by the Company's competitors; and (viii) the Company's ability to protect proprietary rights

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the heading "Financial Instruments and Risks". Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

## OVERVIEW

SOFT is a public company listed on the Canadian Securities Exchange as of November 1, 2018 under the stock symbol "SOFT" and on the Frankfurt Stock Exchange effective November 29, 2018 under the stock symbol "APO1". The Company is a 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 605 – 815 Hornby Street, Vancouver, B.C. V6Z 2E6

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 73,859 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, SOFT entered into a share exchange agreement (the "**Exchange**") with Appature Technologies Inc. ("**ATI**").

Under the terms of the Exchange, The Company issued 1,023,651 common shares in exchange for the equivalent number of issued and outstanding shares of ATI, which represents 90.56% ownership of ATI. As a result of the Exchange, the shareholders of ATI own 93.3% of SOFT. SOFT's board of directors and senior management were reconstituted and consist of the directors and senior management of ATI. Given the majority ownership of the common shares of the Company and the majority representation on the Company's Board of Directors are held by the former shareholders of ATI, ATI has the power to govern the financial and operating policies so as to obtain benefits from the activities of the Company. The Exchange constitutes a reverse acquisition where ATI is considered the accounting acquirer of SOFT.

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. The Transaction constitutes a reverse acquisition where RSI is considered the accounting acquirer of SOFT. As a result of reverse acquisition accounting, the financial information contained herein represent a continuation of RSI’s financial statements and the acquisition of the Company

Under the terms of the Transaction, the Company issued 2,564,103 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 own 68.2% of SOFT.

## GROWTH STRATEGY

The Company has identified a target Company, as stated below, to fuel its growth and maximize shareholder value.

On May 21, 2020, the announces that its letter of intent dated November 18, 2019 with GEMX Exchange Ltd. has been cancelled in accordance with its terms. Pursuant to the LOI, the Company and GEMX were to complete a business combination that would result in a Change of Business of the Company under the policies of the Canadian Securities Exchange.

On May 21, 2020, the Company entered into a letter of intent (LOI) to acquire CleanGo GreenGo Inc.(“CleanGo”), a privately held Alberta company that is the developer of a long-lasting disinfectant technology that is ecofriendly and biodegradable. The proposed transaction, if completed, will constitute a change of business of the company, within the meaning of the policies of the Canadian Securities Exchange, and will be subject to CSE and shareholder approval. The final structure of the Transaction will be determined by the parties following the receipt of tax, corporate and securities law advice. The Transaction is an arm's length transaction and pursuant to the provisions of the LOI, the parties intend to sign a definitive agreement (the "Definitive Agreement") in respect of the Transaction on or before August 20, 2020, with an expected closing by the end of October 2020.

Under the terms of the LOI, all of the issued and outstanding common stock in the capital of CleanGo (the "CleanGo Shares") will be exchanged for common shares in the capital of the Company. On closing, existing holders of CleanGo Shares will be issued an aggregate 8,500,000 common shares and CleanGo will be a wholly owned subsidiary of the Company.

Contingent upon CleanGo achieving specified sales milestones over the 2020, 2021, and 2022 financial years, SOFT may issue up to an additional 6,000,000 common shares to the selling CleanGo shareholders.

Effective on the closing of the Transaction, two current members of the board of directors of CleanGo will join the board of directors of the Company.

Completion of the Transaction is subject to a number of conditions, including but not limited to the following key conditions:

- Completion of mutually satisfactory due diligence;
- Completion of the Private Placement (see herein);
- Execution of the Definitive Agreement;
- 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.

On May 21, 2020, the Company intends to complete a non-brokered private placement (the "Private Placement") of up to 6,000,000 units (the "Units") at a price of C$0.35 per Unit, for gross proceeds of $2,000,000, with an additional over allotment of up to 50%. Each Unit will be comprised of one common share and one-half common share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share in the capital of the Company at a price of $0.60 per share, for a period of two years from the date the Units are issued.

On May 21, 2020, the Company announces the resignation of Jay Ruckenstein as a director.

On June 17, 2020, Softlab9 Technologies Inc. has completed a partial closing with gross proceeds of $1,105,725 of its non-brokered private placement offering.

The securities sold pursuant to this agreement consist of 3,159,215 units of the issuer at a price of $0.35 s per unit. Each unit consists of one common share and one-half of a transferable common share purchase warrant. Each half warrant will entitle the holder to purchase, for a period of two years from the date of issue, one additional common share of the issuer at an exercise price of $0.60 per whole warrant. In this agreement, as the context requires securities include any shares issued on exercise of the warrants.

The net proceeds from the offering will be used to working capital purposes.

On July 7, 2020, the Company announced a change of name from Softlab9 Software Solutions Inc. to Softlab9 Technologies Inc. subject to the approval of the Canadian Securities Exchange.

On July 21, 2020, the Company announced the closing of $0.35 per unit round of private placement for gross proceeds of $2,681,091 which comprises of 5,621,415 units issued. Each unit consists of one common share of the company and one-half of one transferable share purchase warrant. Each warrant will entitle the holder thereof to acquire one additional share at a price of 60 cents for a term of two years following closing, being July 21, 2022, subject to acceleration. Of the units, 172,000 were issued as securities for debt to current creditors. In addition, the company settled $404,130 of existing debt into the private placement.

On September 11, 2020, the Company announced has received an extension from the Alberta Securities Commission to complete its acquisition of CleanGo GreenGo Inc.

The company's acquisition of CleanGo is progressing and the parties have entered into an agreement amending their letter of intent to extend the timeline. The parties expect to sign a definitive agreement on or before Oct. 15, 2020.

On October 5, 2020, the company issued 51,545 common shares as payment for debt with total value of $50,000.

Subsequent to the period ended September 30, 2020, the company issued 7,143 common shares pursuant to a warrant exercise for proceeds of $4,286.

On October 19, 2020, the Company announced that it has signed a letter of intent (LOI) for the arm's-length acquisition of Kosan Medical Company Ltd., a provider of medical-grade protective apparel and gear (PPE (personal protective equipment)).

Kosan Medical, a wholly owned subsidiary of Kosan Travel Co., has an established network of global suppliers and manufacturing partners of medical-grade PPE, as well as producing its own masks and gowns in Vancouver, B.C. In addition, Softlab9 will also acquire Kosan's existing website, Masks & Equipment, which will provide a platform where businesses and consumers alike can purchase high-quality, medical-grade PPE gear. Many of the products are produced in facilities that are Food and Drug Administration certified, and all products undergo stringent testing to ensure the quality of the goods. Kosan Medical intends to apply for Health Canada approval for all of its products.

The LOI stipulates that Softlab9 will have access to any current production and inventory, as well as new products or services that Kosan Medical develops during final negotiations.

In conjunction with the LOI, the company has provided a secured $50,000 loan to Kosan Medical and intends to complete due diligence in the coming weeks and have a definitive agreement before the end of October, 2020, that will encompass the full inventory, technology, machinery and rights of Kosan Medical.

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.

On February 1, 2021, the Company has arranged a non-brokered private placement of up to 7.5 million units at a price of 40 cents per unit for gross proceeds of $3-million. Each unit comprises one common share of the company and one-half common share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share at a price of 70 cents per share for a period of 18 months from issuance. Following the expiry of the resale restrictions on the units, if the closing price of the common shares on the Canadian Securities Exchange for 10 consecutive trading days (or the average of the bid and ask prices if not traded) is equal to or greater than $1 per share, the company may accelerate the expiry time of the warrants by giving written notice within 10 days to warrant holders that the warrants will expire 30 days from the effective date of the notice.

On April 2, 2021, the Company signed a debt settlement agreement on behalf of CleanGo. The Company settled a debt of $6,900 through issuance of 17,250 units at $0.40 per unit. Each unit consisted of one common share and one-half of a transferrable common share purchase warrant at $0.70 per share. As at May 27, 2021, the Company has not yet issued the units.

## OVERALL PERFORMANCE

Since inception, the Company has an accumulated a deficit of $10,015,996 as at March 31, 2021. SOFT expects its operating losses to reduce as it combines the operations of CleanGo.

The Company has funded its operations with proceeds from equity financings and expects to seek additional funding through equity financings to finance its growth initiatives. However, if SOFT does not complete the acquisition of Clean Go, or if capital market conditions in general or with respect to the sector or development stage companies such as SOFT are unfavorable, its ability to obtain additional funding will be adversely affected.

## SELECTED ANNUAL INFORMATION

The following table sets forth selected financial information for the fiscal year ended December 31, 2020 (“**Fiscal 2020**”), and comparable period year ending December 31, 2019 (“**Fiscal 2019**”).The selected financial information set out below has been derived from the Annual Audited Consolidated Financial Statements and accompanying notes, prepared in accordance with IFRS. The selected financial information set out below may not be indicative of the Company’s future performance.

| | **Fiscal 2020 $** | **Fiscal 2019 $** | **Fiscal 2018 $** |
|---|---|---|---|
| Total revenue | - | - | 44 |
| Net loss for the fiscal period | (2,352,257) | (2,151,778) | (5,050,911) |
| Loss per share, basic and fully diluted | (0.19) | (0.37) | (1.23) |
| Total assets | 1,236,262 | 172,746 | 455,088 |
| Total non-curent financial liabilities | -- | -- | -- |

## QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected unaudited consolidated financial data for each of the last eight fiscal quarters, prepared in accordance with IFRS:

| Quarter ended | Revenue $ | Net Income (Loss) $ | Loss per share $ |
|---|---|---|---|
| March 31, 2019 ("**Q1 2019**") | -- | (927,670) | (0.16) |
| June 30, 2019 ("**Q2 2019**") | -- | (298,072) | (0.07) |
| September 30, 2019 ("**Q3 2019**") | -- | (149,770) | (0.02) |
| December 31, 2019 ("**Q4, 2019**") | -- | (776,266) | (0.09) |
| March 31, 2020 ("**Q1, 2020**") | -- | (95,713) | (0.01) |
| June 30, 2020 ("**Q2, 2020**") | -- | (552,227) | (0.06) |
| September 30, 2020 ("**Q3, 2020**") | -- | (980,144) | (0.06) |
| December 31, 2020 ("Q4, 2020") | -- | (635,300) | (0.05) |
| March 31, 2021 ("Q1, 2021") | -- | (189,010) | (0.01) |

The Company incurred an impairment on goodwill during Q2 2018 and Q4 2018 on share exchange agreements it entered into. Q2 to Q4 2018 spend consisted of mainly research and development related spend.

## DISCUSSION OF OPERATIONS

**Three Months Ended March 31, 2021**

The Company recorded a net loss for the three-months ended March 31, 2021 of $189,010 (2020: $(95,713). The significant items that contributed to the net loss for the three-months ended March 31, 2021 were;

- Consulting and management fees - $97,000 (2020: $81,680)
    - Includes fees paid to senior management, consulting fees regarding investor communications and promotional activities.
- Transfer agent and filing fees - $11,506 (2020: $6,748)
    - The Company incurred filing and transfer agent fees due to regulatory filings.
- Professional fees - $80,469 (2019: $6,038)
    - The Company incurred legal fees related to various legal work and the preparation of an information circular.

**Sources and Uses of Cash**

| | YTD 2021<br>$ | YTD 2020<br>$ |
|---|---|---|
| Cash used in operating activities | (77,958) | (7,228) |
| Cash provided by investing activities | (15,050) | - |
| Cash provided by financing activities | - | - |
| Net (decrease) increase in cash | (93,008) | (7,228) |

As at March 31, 2021 the Company had cash of $48,126 compared to $141,134 as at December 31, 2020.

The Company had a working capital surplus of $153,697 at March 31, 2021 compared to a working capital surplus of $338,082 as at December 31, 2020. The decrease in working capital is mainly due to cash used by operating activities of $77,958 and investing activities of $15,050.

The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes that the Company will require additional working capital to meet its primary business objectives over the next 12 months.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on fiscal management and funding through future equity issuances and through short-term borrowing in order to fund ongoing operations and to meet its obligations. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

An analysis of material components of the Company's general and administrative expenses is disclosed in the notes to the consolidated financial statements for the three months ended March 31, 2021 to which this MD&A relates.

## OUTSTANDING SHARE CAPITAL

As of May 27, 2021, there were 17,496,851 Common Shares issued and outstanding and other securities convertible into Common Shares as summarized in the following table.

| | Number Outstanding as of March 31, 2021 | Number Outstanding as of December 31, 2020 |
|---|---|---|
| Common Shares issued and outstanding | 17,496,851 | 17,496,851 |
| Stock options | 308,000 | 308,000 |
| Warrants | 4,298,823 | 4,298,823 |

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

## RELATED PARTY TRANSACTIONS

(a) During the three months ended March 31, 2021, the Company incurred $45,000 (2020 - $180,000) in consulting and management fees to a company controlled by the Chief Executive Officer of the Company ("CEO"). As at March 31, 2021, the Company owed $142,184 (2020 - $94,934) to companies controlled by the CEO which are included in accounts payable, accrued liabilities and due to related parties. As at March 31, 2021, the Company also owed $500 (2020 - $500) to the CEO. The amounts owed are non-interest bearing, unsecured, and due on demand.

(b) During the three months ended March 31, 2021, the Company incurred $nil (2020 - $17,500) in consulting and management fees and $10,500 (2020 - $31,528) in professional fees to a company controlled by the Chief Financial Officer ("CFO") of the Company. As at March 31, 2021, the Company owed $11,025 (2020 - $3,675) 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.

(c) As at March 31, 2021, the Company owed $27,531 (2020 - $27,531) to the former President of the Company. The amount owed is non-interest bearing, unsecured, and due on demand.

## FINANCIAL INSTRUMENTS AND RISKS

The fair value of financial instruments, which includes cash, amounts receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company's financial instruments are exposed to the following risks:

*Fair Values*

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which includes cash, amounts receivable, loans receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

*Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at March 31, 2021, the Company's exposure to credit risk is the carrying value of cash and amounts receivable. The Company reduces its credit risk by holding its cash at a major Canadian financial institution. Amounts receivable mainly consists of GST receivable due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

*Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To secure the additional capital necessary to pursue these plans, the Company may have to raise additional funds through equity or debt financing.

As at March 31, 2021, the Company had cash of $48,126 and accounts payable and accrued liabilities of $882,073. All accounts payable and accrued liabilities are due within 90 days.

*Foreign Exchange Rate Risk*

The Company is not exposed to any significant foreign exchange rate risk.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

**Additional risk factors**

*Coronavirus Pandemic*

The current outbreak of COVID-19 and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions, which may adversely impact the Company's operations, and the operations of its suppliers, contractors and service providers, the ability to obtain financing and maintain necessary liquidity. The outbreak of COVID-19 and political upheavals in various countries have caused significant volatility. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Travel bans and other government restrictions may also adversely impact the Company's operations.

*Liquidity of common shares*

There is no guarantee that there will be a resale market for the common shares. The common shares are not listed on a public stock exchange and therefore, are not as readily available to liquidate in the event a shareholder would like to sell as a common share for a public company listed on a stock exchange.

*Positive Return in an Investment in the Common Shares of the Company is Not Guaranteed*

There is no guarantee that an investment in the Company will earn any positive return in the short term or long term. A purchase of the shares involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Common Shares is appropriate only for purchasers who have the capacity to absorb a loss of some or all of their investment.

*Dilution*

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares and Class A preferred shares. The Company's shareholders do not have pre-emptive rights in connection with any future issuances of securities by the Company. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of stock options under the Company's stock option plan and upon the exercise of outstanding warrants.

*Negative Cash Flow from Operations*

During three months ended March 31, 2021, the Company had negative cash flows from operating activities. To the extent that the Company has negative cash flow in any future period, the net proceeds from future financings may be used to fund such negative cash flow from operating activities.

*Dependence on Key Personnel*

The Company strongly depends on the business and technical expertise of its management and it is unlikely that this dependence will decrease in the near term. Loss of the Company's key personnel could slow the Company's ability to innovate, although the effect on ongoing operations would be manageable as experienced key operations personnel could be put in place. As the Company's operations expand, additional general management resources will be required.

If the Company expands its operations, the ability of the Company to recruit, train, integrate and manage a large number of new employees is uncertain and failure to do so would have a negative impact on the Company's business plans.

*Conflicts of Interest*

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") in dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

*Intellectual Property*

Our success depends on our ability to protect our proprietary rights and operate without infringing the proprietary rights of others; we may incur significant expenses or be prevented from developing and/or commercializing products as a result of an intellectual property infringement claim.

Our success will depend in part on our ability and that of our corporate collaborators to obtain and enforce patents and maintain trade secrets, both in the United States and in other countries.

The patent positions of biotechnology and biopharmaceutical companies, including us, is highly uncertain and involves complex legal and technical questions for which legal principles are not firmly established. The degree of future protection for our proprietary rights, therefore, is highly uncertain. In this regard there can be no assurance that patents will issue from any of the pending patent applications. In addition, there may be issued patents and pending applications owned by others directed to technologies relevant to our or our corporate collaborators' research, development and commercialization efforts. There can be no assurance that our or our corporate collaborators' technology can be developed and commercialized without a license to such patents or that such patent applications will not be granted priority over patent applications filed by us or one of our corporate collaborators.

Our commercial success depends significantly on our ability to operate without infringing the patents and proprietary rights of third parties, and there can be no assurance that our and our corporate collaborators' technologies and products do not or will not infringe the patents or proprietary rights of others.

There can be no assurance that third parties will not independently develop similar or alternative technologies to ours duplicate any of our technologies or the technologies of our corporate collaborators or our licensors, or design around the patented technologies developed by us, our corporate collaborators or our licensors. The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations.

Litigation may also be necessary to enforce patents issued or licensed to us or our corporate collaborators or to determine the scope and validity of a third party's proprietary rights. We could incur substantial costs if litigation is required to defend ourselves in patent suits brought by third parties, if we participate in patent suits brought against or initiated by our corporate collaborators or if we initiate such suits, and there can be no assurance that funds or resources would be available in the event of any such litigation. An adverse outcome in litigation or an interference to determine priority or other proceeding in a court or patent office could subject us to significant liabilities, require disputed rights to be licensed from other parties or require us or our corporate collaborators to cease using certain technology or products, any of which may have a material adverse effect on our business, financial condition and results of operations.

The reader is encouraged to review the Company's statutory filings on www.sedar.com.

## APPENDIX "E"

## MANAGEMENT DISCUSSION AND ANALYSIS FOR SOFTLAB9 FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2020

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**For the year ended December 31, 2020**

This management's discussion and analysis ("**MD&A**") of Softlab9 Technologies Inc. (formerly Softlab9 Software Solutions Inc.) (the "**Company**" or "**SOFT**") is for the year ended December 31, 2020 and is prepared by management using information available as of April 28, 2021. We have prepared this MD&A with reference to National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020, and the related notes thereto ("**Annual Financial Statements**"). The Company's Annual Financial Statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this MD&A include but are not limited to statements relating to:

- our ability to obtain funding for our operations, including funding for research and commercial activities;
- the initiation, timing, cost, progress and success of our research and development programs;
- our business model and strategic plans;
- our ability to develop and commercialize mobile and/or blockchain applications candidates to market;
- our ability to recruit sufficient numbers of programmers and developers;
- our ability to achieve profitability;
- our ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise and the benefits to be derived from such collaborative efforts;
- the implementation of our business model and strategic plans;
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;
- our expectations regarding federal, provincial and foreign regulatory requirements;
- whether we will receive, and the timing and costs of obtaining, regulatory approvals in the United States, Canada, the European Union, and other jurisdictions;
- the accuracy of our estimates of the size and characteristics of the markets that may be addressed by our development projects;
- the rate and degree of market acceptance of our future marketed applications, if any;
- the timing of, and our ability and our collaborators' ability, if any, to obtain and maintain regulatory approvals for our product candidates;
- our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;
- our ability to engage and retain the employees required to grow our business;
- the compensation that is expected to be paid to employees and consultants of the Company;
- our future financial performance and projected expenditures;
- developments relating to our competitors and our industry, including the success of competing applications that are or become available; and
- estimates of our expenses, capital requirements and our needs for additional financing.

Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by SOFT, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, *performance or achievements to be* materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including, but not limited to: (i) obtaining positive results from testing; (ii) obtaining enough customers to create market; (iii) general business and economic conditions; (iv) the availability of financing on reasonable terms; (v) the Company's ability to attract and retain skilled staff; (vi) market competition; (vii) the products and technology offered by the Company's competitors; and (viii) the Company's ability to protect proprietary rights

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the heading "Financial Instruments and Risks". Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

## OVERVIEW

SOFT is a public company listed on the Canadian Securities Exchange as of November 1, 2018 under the stock symbol "SOFT" and on the Frankfurt Stock Exchange effective November 29, 2018 under the stock symbol "APO1". The Company is a 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 1100 – 1111 Melville Street, Vancouver, B.C. V6Z 2E6

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 73,859 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, SOFT entered into a share exchange agreement (the "**Exchange**") with Appature Technologies Inc. ("**ATI**").

Under the terms of the Exchange, The Company issued 1,023,651 common shares in exchange for the equivalent number of issued and outstanding shares of ATI, which represents 90.56% ownership of ATI. As a result of the Exchange, the shareholders of ATI own 93.3% of SOFT. SOFT's board of directors and senior management were reconstituted and consist of the directors and senior management of ATI. Given the majority ownership of the common shares of the Company and the majority representation on the Company's Board of Directors are held by the former shareholders of ATI, ATI has the power to govern the financial and operating policies so as to obtain benefits from the activities of the Company. The Exchange constitutes a reverse acquisition where ATI is considered the accounting acquirer of SOFT.

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. The Transaction constitutes a reverse acquisition where RSI is considered the accounting acquirer of SOFT. As a result of reverse acquisition accounting, the financial information contained herein represent a continuation of RSI’s financial statements and the acquisition of the Company

Under the terms of the Transaction, the Company issued 2,564,103 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 own 68.2% of SOFT.

## GROWTH STRATEGY

The Company has identified target companies, as stated below, to fuel its growth and maximize shareholder value.

On May 21, 2020, the announced that its letter of intent dated November 18, 2019 with GEMX Exchange Ltd. was cancelled in accordance with its terms. Pursuant to the LOI, the Company and GEMX were to complete a business combination that would have resulted in a Change of Business of the Company under the policies of the Canadian Securities Exchange.

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.

On July 14, 2020, the Company changed its name from Softlab9 Software Solutions Inc. to Softlab9 Technologies Inc.

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.

On October 19, 2020, the Company announced that it has signed a letter of intent (LOI) for the arm's-length acquisition of Kosan Medical Company Ltd., a provider of medical-grade protective apparel and gear (PPE (personal protective equipment)).

Kosan Medical, a wholly owned subsidiary of Kosan Travel Co., has an established network of global suppliers and manufacturing partners of medical-grade PPE, as well as producing its own masks and gowns in Vancouver, B.C. In addition, Softlab9 will also acquire Kosan's existing website, Masks & Equipment, which will provide a platform where businesses and consumers alike can purchase high-quality, medical-grade PPE gear. Many of the products are produced in facilities that are Food and Drug Administration certified, and all products undergo stringent testing to ensure the quality of the goods. Kosan Medical intends to apply for Health Canada approval for all of its products.

The LOI stipulates that Softlab9 will have access to any current production and inventory, as well as new products or services that Kosan Medical develops during final negotiations.

In conjunction with the LOI, the Company has provided a secured $50,000 loan to Kosan Medical and intends to complete due diligence and have a definitive agreement in place that will encompass the full inventory, technology, machinery, and rights of Kosan Medical.

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.

## OVERALL PERFORMANCE

Since inception, the Company has an accumulated a deficit of $9,826,986 as at December 31, 2020. SOFT expects its operating losses to be reduced as it combines the operations of CleanGO.

The Company has funded its operations with proceeds from equity financings and expects to seek additional funding through equity financings to finance its growth initiatives. However, if SOFT does not complete the acquisition of Clean Go, or if capital market conditions in general or with respect to the sector or development stage companies such as SOFT are unfavorable, its ability to obtain additional funding will be adversely affected.

## SELECTED ANNUAL INFORMATION

The following table sets forth selected financial information for the past 3 fiscal years ended December 31. The selected financial information set out below has been derived from the Annual Audited Consolidated Financial Statements and accompanying notes, prepared in accordance with IFRS. The selected financial information set out below may not be indicative of the Company’s future performance.

| | **2020**<br>**$** | **2019**<br>**$** | **2020**<br>**$** |
|---|---|---|---|
| Net loss for the year | (2,352,257) | (2,151,778) | (5,134,412) |
| Loss per share, basic and fully diluted | (0.19) | (0.37) | (1.23) |
| Total assets | 1,236,262 | 172,746 | 455,088 |

## QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected unaudited consolidated financial data for each of the last eight fiscal quarters, prepared in accordance with IFRS:

| Quarter ended | Revenue<br>$ | Net Income (Loss)<br>$ | Loss per share<br>$ |
|---|---|---|---|
| March 31, 2019 (“**Q1 2019**”) | -- | (927,670) | (0.16) |
| June 30, 2019 (“**Q2 2019**”) | -- | (298,072) | (0.07) |
| September 30, 2019 (“**Q3 2019**”) | -- | (149,770) | (0.02) |
| December 31, 2019 (“**Q4, 2019**”) | -- | (776,266) | (0.09) |
| March 31, 2020 (“**Q1, 2020**”) | -- | (95,713) | (0.01) |
| June 30, 2020 (“**Q2, 2020**”) | -- | (552,227) | (0.06) |
| September 30, 2020 (“**Q3, 2020**”) | -- | (1,069,017) | (0.07) |
| December 31, 2020 (“**Q4, 2020**”) | -- | (635,300) | (0.04) |

In Q3 2020, included in operating expenses are investor relations fees paid mainly for market awareness which assisted in the ability for the Company to raise equity financing.

## DISCUSSION OF OPERATIONS

### Year Ended December 31, 2020

The Company recorded a net loss for the year ended December 31, 2020 of $2,352,257 (2019: $2,151,778). The significant items that contributed to the net loss for the year ended December 31, 2020 were:

- Consulting and management fees - $396,410 (2019 – $647,518)
  - Decreased from the prior year due to consultants no longer required.
- Research and development costs – $nil (2019 - $64,667)
  - The Company had no research and development activities during the year ending December 31, 2020.
- Transfer agent and filing fees - $87,280 (2019: $45,160)
  - The Company incurred increased filing and transfer agent fees due to the issuance of shares due to private placements and debt settlements.
- Shared based compensation – $125,086 (2019 - $970,832)
  - The Company granted 150,000 stock options during the year ending December 31, 2020. In the prior year 1,595,385 stock options were granted. The Company values its stock options using the Black-Scholes method.
- Professional fees - $296,288 (2019: $21,793)
  - The Company incurred legal fees related to the preparation of the information circular, private placements, and the CleanGo transaction as well as accounting fees to a company controlled by the CFO.
- Investor relations - $1,416,384 (2019: $72,014)
  - The Company incurred amounts paid for investor communications and promotional activities. The increase in investor communication and market awareness activities helped to contribute to raising proceeds of $2,498,041 from private placements for the Company during the year.

### Sources and Uses of Cash

| | **YTD 2020** | **YTD 2019** |
|---|---|---|
| | **$** | **$** |
| Cash used in operating activities | (1,458,372) | (222,238) |
| Cash provided by (used in) investing activities | (932,714) | 20,165 |
| Cash provided by financing activities | 2,525,072 | 150,147 |
| Net (decrease) increase in cash | 133,986 | (51,926) |

As at December 31, 2020 the Company had cash of $141,134 compared to $7,148 as at December 31, 2019. As at December 31, 2020, the Company had working capital of $338,082 compared to a working capital deficit of $690,343 as at December 31, 2019. The increase in working capital is due to net cash provided by financing activities of $2,525,072 offset by payment of operating expenditures.

The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes that the Company will require additional working capital to meet its primary business objectives over the next 12 months.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on fiscal management and funding through future equity issuances and through short-term borrowing in order to fund ongoing operations and to meet its obligations. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

## FOURTH QUARTER

See Summary of Quarterly Results.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2020, and have not been early adopted in preparing these consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

An analysis of material components of the Company's general and administrative expenses is disclosed in the notes to the consolidated financial statements for the year ended December 31, 2020 to which this MD&A relates.

## DISCLOSURE OF OUTSTANDING SHARE DATA

As of April 28, 2021, the common shares issued and outstanding and other securities convertible into common shares are as summarized in the following table:

| | |
|---|---|
| Common shares issued and outstanding | 17,496,851 |
| Stock options | 308,000 |
| Share purchase warrants | 4,298,823 |

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

## RELATED PARTY TRANSACTIONS

During the year ended December 31, 2020, the Company incurred $180,000 (2019 - $125,000) in consulting and management fees to a company controlled by the Chief Executive Officer of the Company ("CEO"). As at December 31, 2020, the Company owed $94,934 (2019 - $47,250) to companies controlled by the CEO which are included in accounts payable, accrued liabilities and due to related parties. As at December 31, 2020, the Company also owed $500 (2019 - $5,710) to the CEO. The amounts owed are non-interest bearing, unsecured, and due on demand.

During the year ended December 31, 2020, the Company incurred $17,500 (2019 - $nil) in consulting and management fees and $31,528 (2019 -$nil) in professional fees to a company controlled by the Chief Financial Officer ("CFO") of the Company. As at December 31, 2020, the Company owed $3,675 (December 31, 2019 - $nil) 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.

During the year ended December 31, 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 December 31, 2020, the Company owed $nil (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.

As at December 31, 2020, the Company owed $27,531 (2019 - $26,916) to the former President of the Company. The amount owed is non-interest bearing, unsecured, and due on demand.

During the year ended December 31, 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 December 31, 2020, the Company owed $nil (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.

During the year ended December 31, 2020, the Company incurred $nil (2019 - $196,407) of share-based compensation to officers and directors of the Company.

## FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments are exposed to the following risks:

*Fair Values*

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which includes cash, loans receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

*Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at December 31, 2020 and 2019, the Company's exposure to credit risk is the carrying value of cash and loans receivable. The Company reduces its credit risk by holding its cash at a major Canadian financial institution. Loans receivable are either secured by assets or related to the Company's pending acquisition. The carrying amount of financial assets represents the maximum credit exposure.

*Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To secure the additional capital necessary to pursue these plans, the Company may have to raise additional funds through equity or debt financing.

As at December 31, 2020, the Company had cash of $141,134 and accounts payable and accrued liabilities of $770,419. All accounts payable and accrued liabilities are due within 90 days.

*Foreign Exchange Rate Risk*

The Company is not exposed to any significant foreign exchange rate risk.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

**Additional risk factors**

*Coronavirus Pandemic*

The current outbreak of COVID-19 and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions, which may adversely impact the Company's operations, and the operations of its suppliers, contractors and service providers, the ability to obtain financing and maintain necessary liquidity. The outbreak of COVID-19 and political upheavals in various countries have caused significant volatility. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Travel bans and other government restrictions may also adversely impact the Company's operations.

*Liquidity of common shares*

There is no guarantee that there will be a resale market for the common shares. The common shares are not listed on a public stock exchange and therefore, are not as readily available to liquidate in the event a shareholder would like to sell as a common share for a public company listed on a stock exchange.

*Positive Return in an Investment in the Common Shares of the Company is Not Guaranteed*

There is no guarantee that an investment in the Company will earn any positive return in the short term or long term. A purchase of the shares involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Common Shares is appropriate only for purchasers who have the capacity to absorb a loss of some or all of their investment.

*Dilution*

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares and Class A preferred shares. The Company's shareholders do not have pre-emptive rights in connection with any future issuances of securities by the Company. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of stock options under the Company's stock option plan and upon the exercise of outstanding warrants.

*Negative Cash Flow from Operations*

During year ended December 31, 2020, the Company had negative cash flows from operating activities. To the extent that the Company has negative cash flow in any future period, the net proceeds from future financings may be used to fund such negative cash flow from operating activities.

*Dependence on Key Personnel*

The Company strongly depends on the business and technical expertise of its management and it is unlikely that this dependence will decrease in the near term. Loss of the Company's key personnel could slow the Company's ability to innovate, although the effect on ongoing operations would be manageable as experienced key operations personnel could be put in place. As the Company's operations expand, additional general management resources will be required.

If the Company expands its operations, the ability of the Company to recruit, train, integrate and manage a large number of new employees is uncertain and failure to do so would have a negative impact on the Company's business plans.

*Conflicts of Interest*

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") in dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

*Intellectual Property*

Our success depends on our ability to protect our proprietary rights and operate without infringing the proprietary rights of others; we may incur significant expenses or be prevented from developing and/or commercializing products as a result of an intellectual property infringement claim.

Our success will depend in part on our ability and that of our corporate collaborators to obtain and enforce patents and maintain trade secrets, both in the United States and in other countries.

The patent positions of biotechnology and biopharmaceutical companies, including us, is highly uncertain and involves complex legal and technical questions for which legal principles are not firmly established. The degree of future protection for our proprietary rights, therefore, is highly uncertain. In this regard there can be no assurance that patents will issue from any of the pending patent applications. In addition, there may be issued patents and pending applications owned by others directed to technologies relevant to our or our corporate collaborators' research, development and commercialization efforts. There can be no assurance that our or our corporate collaborators' technology can be developed and commercialized without a license to such patents or that such patent applications will not be granted priority over patent applications filed by us or one of our corporate collaborators.

Our commercial success depends significantly on our ability to operate without infringing the patents and proprietary rights of third parties, and there can be no assurance that our and our corporate collaborators' technologies and products do not or will not infringe the patents or proprietary rights of others.

There can be no assurance that third parties will not independently develop similar or alternative technologies to ours duplicate any of our technologies or the technologies of our corporate collaborators or our licensors, or design around the patented technologies developed by us, our corporate collaborators or our licensors. The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations.

Litigation may also be necessary to enforce patents issued or licensed to us or our corporate collaborators or to determine the scope and validity of a third party's proprietary rights. We could incur substantial costs if litigation is required to defend ourselves in patent suits brought by third parties, if we participate in patent suits brought against or initiated by our corporate collaborators or if we initiate such suits, and there can be no assurance that funds or resources would be available in the event of any such litigation. An adverse outcome in litigation or an interference to determine priority or other proceeding in a court or patent office could subject us to significant liabilities, require disputed rights to be licensed from other parties or require us or our corporate collaborators to cease using certain technology or products, any of which may have a material adverse effect on our business, financial condition and results of operations.

## OTHER

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

# APPENDIX “F”

# MANAGEMENT DISCUSSION AND ANALYSIS FOR SOFTLAB9 FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*as of June 15, 2020*

**For the year ended December 31, 2019**

This management's discussion and analysis ("**MD&A**") of Softlab9 Software Solutions Inc. (formerly APPx Group Holdings Inc.) (the "**Company**" or "**SOFT**") is for the year ended December 31, 2019 and is prepared by management using information available as of June 15, 2020. We have prepared this MD&A with reference to National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019, and the related notes thereto ("**Annual Financial Statements**"). The Company's Annual Financial Statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this MD&A include but are not limited to statements relating to:

- our ability to obtain funding for our operations, including funding for research and commercial activities;
- the initiation, timing, cost, progress and success of our research and development programs;
- our business model and strategic plans;
- our ability to develop and commercialize mobile and/or blockchain applications candidates to market;
- our ability to recruit sufficient numbers of programmers and developers;
- our ability to achieve profitability;
- our ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise and the benefits to be derived from such collaborative efforts;
- the implementation of our business model and strategic plans;
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;
- our expectations regarding federal, provincial and foreign regulatory requirements;
- whether we will receive, and the timing and costs of obtaining, regulatory approvals in the United States, Canada, the European Union and other jurisdictions;
- the accuracy of our estimates of the size and characteristics of the markets that may be addressed by our development projects;
- the rate and degree of market acceptance of our future marketed applications, if any;
- the timing of, and our ability and our collaborators' ability, if any, to obtain and maintain regulatory approvals for our product candidates;
- our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;
- our ability to engage and retain the employees required to grow our business;
- the compensation that is expected to be paid to employees and consultants of the Company;
- our future financial performance and projected expenditures;
- developments relating to our competitors and our industry, including the success of competing applications that are or become available; and
- estimates of our expenses, capital requirements and our needs for additional financing.

Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by SOFT, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, *performance or achievements to be* materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including, but not limited to: (i) obtaining positive results from testing; (ii) obtaining enough customers to create market; (iii) general business and economic conditions; (iv) the availability of financing on reasonable terms; (v) the Company's ability to attract and retain skilled staff; (vi) market competition; (vii) the products and technology offered by the Company's competitors; and (viii) the Company's ability to protect proprietary rights

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the heading "Financial Instruments and Risks". Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

## OVERVIEW

SOFT is a public company listed on the Canadian Securities Exchange as of November 1, 2018 under the stock symbol "SOFT" and on the Frankfurt Stock Exchange effective November 29, 2018 under the stock symbol "APO1". The Company is a 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 605 – 815 Hornby Street, Vancouver, B.C. V6Z 2E6

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 73,859 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.

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Under the terms of the Exchange, The Company issued 1,023,651 common shares in exchange for the equivalent number of issued and outstanding shares of ATI, which represents 90.56% ownership of ATI. As a result of the Exchange, the shareholders of ATI own 93.3% of SOFT. SOFT's board of directors and senior management were reconstituted and consist of the directors and senior management of ATI. Given the majority ownership of the common shares of the Company and the majority representation on the Company's Board of Directors are held by the former shareholders of ATI, ATI has the power to govern the financial and operating policies so as to obtain benefits from the activities of the Company. The Exchange constitutes a reverse acquisition where ATI is considered the accounting acquirer of SOFT.

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Under the terms of the Transaction, the Company issued 2,564,103 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 own 68.2% of SOFT.

## GROWTH STRATEGY

The Company has identified a target Company, as stated below, to fuel its growth and maximize shareholder value.

## HIGHLIGHTS

On January 2, 2019, the Company announced the appointment of two new members to its Advisory Board, Paul Platte and Benjamin Laurendeau.

On March 1, 2019 the Company announced it will be completing a share consolidation on the basis of 1 post-consolidation common share for every 1.5 pre-consolidation common shares. The Company also announced that it has changed its name to Softlab9 Software Solutions Inc. and its CSE symbol to "SOFT". The Company continues to be a Fintech incubator as well as a Software Development company and has moved away from the crypto and blockchain space.

On March 6, 2019, the Company announced the effective date of the share consolidation and name change effective at the opening of trading hours on March 6, 2019.

On March 12, 2019, the Company announced it has signed an agreement to develop an Information Technology Mobile App with cybersecurity expert, Terry Cutler.

On May 15, 2019, the former Chief Information Officer and Chief Technology Officer voluntarily cancelled all of the common shares held in each of their names. A total number of 1,550,342 common shares were cancelled.

On June 5, 2019, the Company announced it entered into an Exclusivity Agreement with A&R Development Ltd. Please see Growth Strategy for more details.

On August 29, 2019, the Company announced the effective date of the share consolidation effective at the opening of trading hours on August 29, 2019.

On September 3, 2019, the Company announced it will no longer be proceeding with the potential transactions with A&R Development Ltd.

On September 3, 2019, the Company entered into debt settlement agreements with two non-arm's-length creditors of the company and two arm's-length creditors of the company to settle $257,617 of debt in consideration of the issuance of 2,862,411 common shares.

On October 22, 2019, the Company entered into debt settlement agreements with two arm's-length creditors of the company to settle $121,000 of debt in consideration of the issuance of 1,008,333 common shares.

On December 3, 2019, the Company entered into a letter of intent dated Nov. 18, 2019, with GEMX Exchange Ltd., related to the proposed acquisition of GEMX's business by SoftLab9. GEMX is a British Columbia-based mining and marketing company engaged in the mining of gemstones and fossils in Alberta, for production, cutting and resale of gemstones, jewelry and finished gemstone-bearing fossils. The terms of the LOI provide for Soft to acquire a 100-per-cent interest in GEMX's mineral claims and variety of gemstone and fossil inventory at various stages of production, and to absorb GEMX's development program and key personnel into its operations.

The proposed terms require Soft to raise between a minimum $1-million and up to maximum of $3-million prior to the closing, and issue to GEMX up to 22,955,655 Soft common shares at the closing at a deemed price of 40 cents per share for a total acquisition value of $9,142,262.00. A National Instrument 43-101 report conducted on one of the three mineral claims that are a part of the acquisition will be updated as part of the closing conditions.

On May 21, 2020, the announces that its letter of intent dated November 18, 2019 with GEMX Exchange Ltd. has been cancelled in accordance with its terms. Pursuant to the LOI, the Company and GEMX were to complete a business combination that would result in a Change of Business of the Company under the policies of the Canadian Securities Exchange.

On May 21, 2020, the Company entered into a letter of intent (LOI) to acquire CleanGo GreenGo Inc., a privately held Alberta company that is the developer of a long-lasting disinfectant technology that is ecofriendly and biodegradable. The proposed transaction, if completed, will constitute a change of business of the company, within the meaning of the policies of the Canadian Securities Exchange, and will be subject to CSE and shareholder approval. The final structure of the Transaction will be determined by the parties following the receipt of tax, corporate and securities law advice. The Transaction is an arm's length transaction and pursuant to the provisions of the LOI, the parties intend to sign a definitive agreement (the "Definitive Agreement") in respect of the Transaction on or before August 20, 2020, with an expected closing by the end of October 2020.

Under the terms of the LOI, all of the issued and outstanding common stock in the capital of CleanGo (the "CleanGo Shares") will be exchanged for common shares in the capital of the Company. On closing, existing holders of CleanGo Shares will be issued an aggregate 8,500,000 common shares and CleanGo will be a wholly owned subsidiary of the Company.

Contingent upon CleanGo achieving specified sales milestones over the 2020, 2021, and 2022 financial years, SOFT may issue up to an additional 6,000,000 common shares to the selling CleanGo shareholders.

Effective on the closing of the Transaction, two current members of the board of directors of CleanGo will join the board of directors of the Company.

Completion of the Transaction is subject to a number of conditions, including but not limited to the following key conditions:

- Completion of mutually satisfactory due diligence;
- Completion of the Private Placement (see herein);
- Execution of the Definitive Agreement;
- 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.

On May 21, 2020, the Company intends to complete a non-brokered private placement (the "Private Placement") of up to 6,000,000 units (the "Units") at a price of C$0.35 per Unit, for gross proceeds of $2,000,000, with an additional over allotment of up to 50%. Each Unit will be comprised of one common share and one-half common share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share in the capital of the Company at a price of $0.60 per share, for a period of two years from the date the Units are issued.

On May 21, 2020, the Company announces the resignation of Jay Ruckenstein as a director.

## OVERALL PERFORMANCE

Since inception, the Company has an accumulated a deficit of $7,474,729 as at December 31, 2019. SOFT expects its operating losses to continue into the next fiscal year as it continues to develop its portfolio of technologies.

The Company has funded its operations with proceeds from equity financings and expects to seek additional funding through equity financings to finance its growth initiatives. However, if SOFT application development and ability to commercialize applications does not show progress, or if capital market conditions in general or with respect to the sector or development stage companies such as SOFT are unfavorable, its ability to obtain additional funding will be adversely affected.

## SELECTED ANNUAL INFORMATION

The following table sets forth selected financial information for the fiscal year ended December 31, 2019 ("**Fiscal 2019**"), and comparable period year ending December 31, 2018 ("**Fiscal 2018**").The selected financial information set out below has been derived from the Annual Audited Consolidated Financial Statements and accompanying notes, prepared in accordance with IFRS. The selected financial information set out below may not be indicative of the Company's future performance.

| | **Fiscal 2019 $** | **Fiscal 2018 $** | **Fiscal 2017 $** |
|---|---|---|---|
| Total revenue | - | 44 | -- |
| Net loss for the fiscal period | (2,151,778) | (5,050,911) | (272,040) |
| Loss per share, basic and fully diluted | (0.37) | (1.23) | (2,720.40) |
| Total assets | 172,746 | 455,088 | 15,000 |
| Total non-current financial liabilities | -- | -- | -- |

## QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected unaudited consolidated financial data for each of the last eight fiscal quarters, prepared in accordance with IFRS:

| Quarter ended | Revenue $ | Net Income (Loss) $ | Loss per share $ |
|---|---|---|---|
| March 31, 2018 (“**Q1 2018**”) | -- | 101,444 | 0.03 |
| June 30, 2018 (“**Q2 2018**”) | 11 | (1,726,918) | (0.44) |
| September 30, 2018 (“**Q3 2018**”) | 33 | (614,613) | (0.12) |
| December 31, 2018 (“**Q4 2018**”) | -- | (2,810,823) | (0.50) |
| March 31, 2019 (“**Q1 2019**”) | -- | (927,670) | (0.16) |
| June 30, 2019 (“**Q2 2019**”) | -- | (298,072) | (0.07) |
| September 30, 2019 (“**Q3 2019**”) | -- | (149,770) | (0.02) |
| December 31, 2019 (“**Q4, 2019**”) | | (776,266) | (0.09) |

The Company has been in operations since August 22, 2017. Subsequent to closing the Transaction and financings in Q1 2018, the Company has invested in research and development projects and administrative support for these projects. Furthermore, the Company has been working on its listing application which has driven professional fee spend through Q1 and Q2 2018. The Company incurred an impairment on goodwill during Q2 2018 and Q4 2018 on share exchange agreements it entered into. Q2 to Q4 2018 spend consisted of mainly research and development related spend. Finally, general and administrative spend has increased as the Company is proceeding with business development spend.

## DISCUSSION OF OPERATIONS

### Three Months Ended December 31, 2019

The Company recorded a net loss for the three-months ended December 31, 2019 of $776,266 (2018: $. 2,813,005). The significant items that contributed to the net loss for the three-months ended December 31, 2019 were;

- Consulting and management fees - $227,849 (2018 – $381,622)
  - Includes fees paid to Chief Executive Officer, former Chief Financial Officer and the former President of the Company as well as other administrative and business development consultants providing support to operations.
- Research and development costs – $2,160 (2018 - $301,887)
  - The Company has curtailed its research and development activities.
- Transfer agent and filing fees - $11,760 (2018: $(110,013))
  - The Company incurred filing and transfer agent fees due to the issuance of shares and stock options.
- Shared based Compensation – $390,317 (2018 - $294,931)
  - The Company granted 580,000 stock options at an exercise price of $0.12 per option causing a shared based compensation expense of $390,317. The Company values its stock options using the Black-Scholes method.

**Year Ended December 31, 2019**

The Company recorded a net loss for the year ended December 31, 2019 of $2,151,778 (2018: $5,050,911). The significant items that contributed to the net loss for the year ended December 31, 2019 were;

- Advertising and promotion - $72,014 (2018 – $306,544)
    - The Company reduced its advertising and marketing budget as it re-evaluated the operations of the Company.
- Consulting and management fees - $647,518 (2018 – $562,862)
    - Includes fees paid to Chief Executive Officer, former Chief Financial Officer and the former President of the Company as well as other administrative and business development consultants providing support to operations.
- General and administrative fees - $139,142 (2018 - $452,838)
    - Includes office costs and administrative overhead as well as wages paid to the former Chief Technology Officer and employees working on business development initiatives. The significant reduction is expense was caused by the Company reducing its activities as it re-evaluated its operations.
- Professional fees - $21,793 (2018 - $263,386)
    - Includes audit and legal costs.
- Research and development costs – $64,667 (2018 - $663,340)
    - Includes fees paid to the former President and current Director, former Chief Technology Officer as well as some mobile application development subcontractors and employees. Expenses relate to internal research and development projects such as Catchcoin and Fin Tech related projects. The expenses were significantly reduced as the Company re-evaluated its operations.
- Share-based compensation costs - $970,832 (2018 - $294,931)
    - The Company issued 1,595,385 (2018: 405,977) stock options at an exercise price of $0.71 per option, realizing a share-based compensation cost of $970,832 (2018: $294,931). The Company uses the Black-Scholes method of calculating the stock-based compensation costs.
- Other Loss - $171,886 (2018 - $2,412,883)
    - The Company realized an impairment of $10,555 (2018: $318,512) on its leasehold improvements, as the Company vacated its office premises; the Company incurred a loss on disposal of property and equipment of $75,459 (2018: $nil); and a loss on settlement of debt of $85,872 (2018: $nil). During the year ended December 31, 2018, the costs includes an impairment of goodwill related to the reclassification of mobile applications from intangible assets to available for sale assets. Furthermore, the available for sale assets were written down to their fair value. These were offset a forgiveness of debt of $275,180.

**Sources and Uses of Cash**

| | YTD 2019<br>$ | YTD 2018<br>$ |
|---|---|---|
| Cash used in operating activities | (222,238) | (2,172,963) |
| Cash provided by investing activities | 20,165 | 339,295 |
| Cash provided by financing activities | 150,147 | 1,892,742 |
| Net (decrease) increase in cash | (51,926) | 59,074 |

As at December 31, 2019 the Company has $7,148 in cash compared to $59,074 as at December 31, 2018.

The Company has a working capital deficit of $690,343 at December 31, 2019 compared to a working capital deficit of $117,547 as at December 31, 2018.

The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes that the Company will require additional working capital to meet its primary business objectives over the next 12 months.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on fiscal management and funding through future equity issuances and through short term borrowing in order to fund ongoing operations and to meet its obligations. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

An analysis of material components of the Company's general and administrative expenses is disclosed in the notes to the audited consolidated financial statements for the year ended December 31, 2019 to which this MD&A relates.

## OUTSTANDING SHARE CAPITAL

As of June 15, 2020, there were 8,251,565 Common Shares issued and outstanding and other securities convertible into Common Shares as summarized in the following table.

| | Number Outstanding as of June 15, 2020 | Number Outstanding as of December 31, 2019 |
|---|---|---|
| Common Shares issued and outstanding (1) | 8,251,565 | 8,251,565 |
| Stock options | 340,000 | 340,000 |

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

**RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2019, the Company incurred $125,000 (2018 - $100,000) in consulting and management fees to companies controlled by the Chief Executive Officer of the Company (“CEO”). As at December 31, 2019, the Company owed $47,250 (2018 - $5,250) to a company controlled by the CEO and $4,260 (2018 - $799) to the CEO which are included in accounts payable and accrued liabilities. As at December 31, 2019, the Company also owed $5,710 (2018 - $nil) to the CEO which is included in due to relate parties. The amounts owed are non-interest bearing, unsecured, and due on demand.

During the year ended December 31, 2019, the Company incurred $15,000 (2018 - $48,000) in consulting and management fees, $15,000 (2018 -$57,178) in research and development fees and $nil (2018- $14,875) in advertising and marketing fees to a company controlled by the former President of the Company. As at December 31, 2019, the Company owed $6,970 (2018 - $ nil) 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. During year ended December 31, 2018, the amount of $50,032 owed to this company was forgiven.

As at December 31, 2019, the Company owed $26,916 (2018 - $17,207) to the former President of the Company, of which $nil (2018 - $17,207) is included in accounts payable and accrued liabilities. The amounts owed are non-interest bearing, unsecured, and due on demand. During the year ended December 31, 2018, the amount of $79,349 owed to the former President of the Company was forgiven pursuant to a debt settlement agreement.

During the year ended December 31, 2019, the Company incurred $nil (2018 - $45,000) in research and development fees and $nil (2018 - $45,000) in general and administrative costs to the former Chief Technology Officer (“CTO”) of the Company. During year ended December 31, 2018, the amount of $54,150 owed to the former CTO of the Company was forgiven pursuant to a debt settlement agreement.

During the year ended December 31, 2019, the Company incurred $30,000 (2018 - $nil) in consulting fees to a director of the Company.

During the year ended December 31, 2019, the Company incurred $nil ($2018 - $25,000) in research and development fees and $nil (2018 - $5,000) in advertising and promotion fees to the former Chief Information Officer (“CIO”) of the Company. During the year ended December 31, 2018, the amount of $91,650 owed to the former CIO of the Company was forgiven.

During the year ended December 31, 2019, the Company incurred $74,000 (2018 - $40,000) in consulting and management fees to a company controlled by the former Chief Financial Officer (“CFO”) of the Company. As at December 31, 2019, the Company owed $23,738 (2018 - $nil) 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.

During the year ended December 31, 2019, the Company incurred $196,407 (2017 - $98,991) of share-based compensation to officers and directors of the Company.

**FINANCIAL INSTRUMENTS AND RISKS**

The fair value of financial instruments, which includes cash, amounts receivable, accounts payable and accrued liabilities, loans payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company's financial instruments are exposed to the following risks:

*Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's exposure to credit risk is the carrying value of cash and amounts receivable. The Company reduces its credit risk by holding its cash at a major Canadian financial institution. Amounts receivable consist of GST receivable and QST Receivable from the Government of Canada and Revenue Quebec. The carrying amount of financial assets represents the maximum credit exposure.

*Foreign Exchange Rate Risk*

The Company is not exposed to any significant foreign exchange rate risk.

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To secure the additional capital necessary to pursue these plans, the Company may have to raise additional funds through equity or debt financing.

As at December 31, 2019, the Company had cash of $7,148 and accounts payable and accrued liabilities of $863,089. All accounts payable and accrued liabilities are due within 90 days.

*Interest Rate Risk*

The Company is not exposed to any significant interest rate risk.

**Additional risk factors**

*Coronavirus Pandemic*

The current outbreak of COVID-19 and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions, which may adversely impact the Company's operations, and the operations of its suppliers, contractors and service providers, the ability to obtain financing and maintain necessary liquidity. The outbreak of COVID-19 and political upheavals in various countries have caused significant volatility. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Travel bans and other government restrictions may also adversely impact the Company's operations.

*Liquidity of common shares*

There is no guarantee that there will be a resale market for the common shares. The common shares are not listed on a public stock exchange and therefore, are not as readily available to liquidate in the event a shareholder would like to sell as a common share for a public company listed on a stock exchange.

*Positive Return in an Investment in the Common Shares of the Company is Not Guaranteed*

There is no guarantee that an investment in the Company will earn any positive return in the short term or long term. A purchase of the shares involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Common Shares is appropriate only for purchasers who have the capacity to absorb a loss of some or all of their investment.

*Dilution*

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares and Class A preferred shares. The Company's shareholders do not have pre-emptive rights in connection with any future issuances of securities by the Company. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of stock options under the Company's stock option plan and upon the exercise of outstanding warrants.

*Negative Cash Flow from Operations*

During year ended December 31, 2019, the Company had negative cash flows from operating activities. To the extent that the Company has negative cash flow in any future period, the net proceeds from future financings may be used to fund such negative cash flow from operating activities.

*Dependence on Key Personnel*

The Company strongly depends on the business and technical expertise of its management and it is unlikely that this dependence will decrease in the near term. Loss of the Company's key personnel could slow the Company's ability to innovate, although the effect on ongoing operations would be manageable as experienced key operations personnel could be put in place. As the Company's operations expand, additional general management resources will be required.

If the Company expands its operations, the ability of the Company to recruit, train, integrate and manage a large number of new employees is uncertain and failure to do so would have a negative impact on the Company's business plans.

*Conflicts of Interest*

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") in dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

*Intellectual Property*

Our success depends on our ability to protect our proprietary rights and operate without infringing the proprietary rights of others; we may incur significant expenses or be prevented from developing and/or commercializing products as a result of an intellectual property infringement claim.

Our success will depend in part on our ability and that of our corporate collaborators to obtain and enforce patents and maintain trade secrets, both in the United States and in other countries.

The patent positions of biotechnology and biopharmaceutical companies, including us, is highly uncertain and involves complex legal and technical questions for which legal principles are not firmly established. The degree of future protection for our proprietary rights, therefore, is highly uncertain. In this regard there can be no assurance that patents will issue from any of the pending patent applications. In addition, there may be issued patents and pending applications owned by others directed to technologies relevant to our or our corporate collaborators' research, development and commercialization efforts. There can be no assurance that our or our corporate collaborators' technology can be developed and commercialized without a license to such patents or that such patent applications will not be granted priority over patent applications filed by us or one of our corporate collaborators.

Our commercial success depends significantly on our ability to operate without infringing the patents and proprietary rights of third parties, and there can be no assurance that our and our corporate collaborators' technologies and products do not or will not infringe the patents or proprietary rights of others.

There can be no assurance that third parties will not independently develop similar or alternative technologies to ours duplicate any of our technologies or the technologies of our corporate collaborators or our licensors, or design around the patented technologies developed by us, our corporate collaborators or our licensors. The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations.

Litigation may also be necessary to enforce patents issued or licensed to us or our corporate collaborators or to determine the scope and validity of a third party's proprietary rights. We could incur substantial costs if litigation is required to defend ourselves in patent suits brought by third parties, if we participate in patent suits brought against or initiated by our corporate collaborators or if we initiate such suits, and there can be no assurance that funds or resources would be available in the event of any such litigation. An adverse outcome in litigation or an interference to determine priority or other proceeding in a court or patent office could subject us to significant liabilities, require disputed rights to be licensed from other parties or require us or our corporate collaborators to cease using certain technology or products, any of which may have a material adverse effect on our business, financial condition and results of operations.

The reader is encouraged to review the Company's statutory filings on www.sedar.com.

## APPENDIX "G"

## UNAUDITED INTERIM FINANCIAL STATEMENTS OF CLEANGO FOR THE PERIOD ENDED JUNE 30, 2021

**Clean Go Green Go Inc.**

**Condensed Interim Consolidated Financial Statements**

For the three and six months ended June 30, 2021 and 2020

(Expressed in Canadian Dollars)

## Clean Go Green Go Inc.

**Condensed Interim Consolidated Statements of Financial Position**

(Expressed in Canadian dollars)

| *(unaudited)* | Notes | **As at June 30, 2021** | As at December 31, 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | | **$ 53,773** | $ 212,052 |
| Trade and other receivables | 3 | **52,108** | 28,055 |
| Deposits and prepaid expenses | | **9,684** | 12,050 |
| Inventory | 4 | **214,378** | 194,459 |
| | | **329,943** | 446,616 |
| **Non-current assets** | | | |
| Right-of-use assets | 5 | **14,365** | 21,547 |
| Property and equipment | 6 | **85,915** | 84,222 |
| | | **100,280** | 105,769 |
| **Total assets** | | **$ 430,223** | $ 552,385 |
| **LIABILITIES** | | | |
| **Current** | | | |
| Accounts payable and accrued liabilities | | **$ 410,512** | $ 240,482 |
| Related parties payables | 10 | **51,015** | 87,932 |
| Loan from SoftLab | | **928,526** | 898,426 |
| Current portion of lease liabilities | 5 | **15,254** | 13,620 |
| | | **1,405,307** | 1,240,460 |
| **Non-current liabilities** | | | |
| Government loan | 8 | **42,088** | - |
| Loans from related parties | 10 | **546,413** | 475,340 |
| Lease liabilities | 5 | **-** | 8,439 |
| | | **588,501** | 483,779 |
| **Total liabilities** | | **1,993,808** | 1,724,239 |
| **SHAREHOLDERS' DEFICIT** | | | |
| Share capital | 9 | **633,890** | 633,890 |
| Share subscriptions receivable | | **(48,000)** | (48,000) |
| Accumulated other comprehensive loss | | **(8,211)** | (6,395) |
| Deficit | | **(2,141,264)** | (1,751,349) |
| **Total shareholders' deficit** | | **(1,563,585)** | (1,171,854) |
| **Total liabilities and shareholders' deficit** | | **$ 430,223** | $ 552,385 |

Nature and continuance of operations (Note 1)
Going concern (Note 1)

Approved on behalf of the Board on August 24, 2021:

*"Signed"*
Anthony Sarvucci – Director

*"Signed"*
Paula Pearce-Sarvucci – Director

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

# Clean Go Green Go Inc.

**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

For the three and six months ended June 30, 2021 and 2020

(Expressed in Canadian dollars)

| *(unaudited)* | Notes | **Three months ended June 30, 2021** | Three months ended June 30, 2020 | **Six months ended June 30, 2021** | Six months ended June 30, 2020 |
|---|---|---|---|---|---|
| **Revenue** | | **$ 27,199** | $ 61,461 | **$ 69,780** | $ 74,921 |
| Cost of sales | | **(28,777)** | (77,702) | **(54,310)** | (91,244) |
| **Gross Margin** | | **(1,578)** | (16,241) | **15,470** | (16,323) |
| **Expenses** | | | | | |
| Selling and administrative | | **127,265** | 49,857 | **271,763** | 85,695 |
| Depreciation and amortization | 5,6 | **7,016** | 207 | **13,872** | 414 |
| Transaction costs | | **50,000** | - | **132,606** | - |
| Foreign exchange loss / (gain) | | **(3,759)** | (10,745) | **(6,364)** | 12,025 |
| Other (income) expense | 8 | **(18,426)** | - | **(18,426)** | - |
| Finance expense | 7 | **6,195** | 6,724 | **11,934** | 11,604 |
| | | **168,291** | 46,043 | **405,385** | 109,738 |
| **Net loss** | | **(169,869)** | (62,284) | **(389,915)** | (126,061) |
| Translation loss on foreign operations | | **(1,023)** | (2,635) | **(1,816)** | (1,027) |
| **Comprehensive loss** | | **(170,892)** | (64,919) | **(391,731)** | (127,088) |
| **Basic and diluted loss per share** | | **$ (0.01)** | $ (0.00) | **$ (0.01)** | $ (0.00) |
| Weighted average number of common shares outstanding basic and diluted | | 32,000,000 | 31,850,000 | 32,000,000 | 31,811,709 |

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

## Clean Go Green Go Inc.

**Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency**

For the three and six months ended June 30, 2021 and 2020

(Expressed in Canadian dollars)

| *(unaudited)* | Notes | Number of shares | Amount | Share subscriptions receivable | Accumulated other comprehensive loss | Deficit | Total deficit |
|---|---|---|---|---|---|---|---|
| Balance at January 01, 2020 | | 31,797,500 | $ 593,896 | $ (48,000) | $ 128 | $ (1,128,497) | $ (582,473) |
| Net loss for the period | | - | - | - | - | (63,777) | (63,777) |
| Issuance of common shares | | 52,500 | 12,086 | - | - | - | 12,086 |
| Share issue costs | | - | (794) | - | - | - | (794) |
| Translation loss on foreign operations | | - | - | - | 1,608 | - | 1,608 |
| Balance at June 30, 2020 | | 31,850,000 | $ 605,188 | $ (48,000) | $ 1,736 | $ (1,192,274) | $ (633,350) |
| Balance at January 01, 2021 | | 32,000,000 | $ 633,890 | $ (48,000) | $ (6,395) | $ (1,751,349) | $ (1,171,854) |
| Net loss for the period | | - | - | - | - | (389,915) | (389,915) |
| Translation loss on foreign operations | | - | - | - | (1,816) | - | (1,816) |
| **Balance at June 30, 2021** | | **32,000,000** | **$ 633,890** | **$ (48,000)** | **$ (8,211)** | **$ (2,141,264)** | **$ (1,563,585)** |

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

# Clean Go Green Go Inc.

**Condensed Interim Consolidated Statements of Cash Flows**

For the three and six months ended June 30, 2021 and 2020

(Expressed in Canadian dollars)

| *(unaudited)* | Notes | **Three months ended June 30, 2021** | Three months ended June 30, 2020 | **Six months ended June 30, 2021** | Six months ended June 30, 2020 |
|---|---|---|---|---|---|
| **Cash (used in) / provided by:** | | | | | |
| **Operating activities:** | | | | | |
| Net loss | | **$ (169,869)** | $ (62,284) | **$ (389,915)** | $ (126,061) |
| Items not involving cash: | | | | | |
| Depreciation and amortization | 5,6 | **7,016** | 207 | **13,872** | 414 |
| Accretion on government loan | 8 | **514** | - | **514** | - |
| Unrealized foreign exchange (gain) / loss | | **3,582** | 6,534 | **6,124** | (16,279) |
| Non-cash other income | | **(18,426)** | - | **(18,426)** | - |
| | | **(177,183)** | (55,543) | **(387,831)** | (141,926) |
| Net change in non-cash working capital | 14 | **6,702** | 241,313 | **83,682** | 306,769 |
| Cash from / (used in) operations | | **(170,481)** | 185,770 | **(304,149)** | 164,843 |
| **Financing activities:** | | | | | |
| Proceeds from share issuances | | **-** | (2,048) | **-** | 9,244 |
| Increase in loans from related parties | 10 | **22,019** | - | **71,073** | - |
| Increase in government loans | 8 | **60,000** | - | **60,000** | - |
| Repayment of lease liabilities | 5 | **(3,467)** | - | **(6,805)** | - |
| Proceeds from SoftLab loan | | **10,425** | - | **30,100** | - |
| Cash from / (used in) financing activities | | **88,977** | (2,048) | **154,368** | 9,244 |
| **Investing activities:** | | | | | |
| Acquisition of property and equipment | 6 | **(5,850)** | (39,588) | **(8,383)** | (39,588) |
| Cash used in investing activities | | **(5,850)** | (39,588) | **(8,383)** | (39,588) |
| Increase / (decrease) in cash | | **(87,354)** | 144,134 | **(158,164)** | 134,499 |
| Net effect of foreign exchange on cash held in foreign currencies | | **(31)** | 114 | **(115)** | 521 |
| Cash, beginning of period | | **141,158** | 4,673 | **212,052** | 13,901 |
| Cash, end of period | | **$ 53,773** | $ 148,921 | **$ 53,773** | $ 148,921 |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Clean Go Green Go Inc. (the "Company" or "CleanGo") was incorporated on January 23, 2009 and its wholly owned US subsidiary CleanGo GreenGo Inc. ("CleanGo US") was incorporated on May 14, 2018. The head office, principal address and registered and records office of the Company are located at Unit 15 5656 10 Street NE, Calgary, Alberta. The financial results of CleanGo US are consolidated with CleanGo.

The Company's principal business activity is to manufacture and sell cleaning and disinfecting solutions using a proprietary formulation which is non-toxic, biodegradable and uses no harsh chemicals to provide a green cleaning/disinfecting solution to buyers.

On November 20, 2020 the Company entered into an arrangement agreement with SoftLab 9 Technologies Inc. ("SoftLab"), a publicly listed company on the Canadian Securities Exchange (the "CSE"), pursuant to which the Company and SoftLab will complete a transaction pursuant to which SoftLab would acquire the Company. Upon closing, the Company will be issued an aggregate of 24,000,000 SoftLab shares: 18,600,000 shares at closing with another 5,400,000 shares that be issuable to certain shareholders in increments of 1,800,000 on the anniversary date of the closing in 2022, 2023 and 2024. Shareholders of the Company will become shareholders of the combined entity (the "Resulting Company") with the Resulting Company common shares being listed on the CSE. The principal business activity will be the manufacture and sale of disinfecting, cleaning and descaling products. Upon completion of the proposed transaction, the Resulting Company will continue to carry on the business of the Company, under the new name "CleanGo Innovations Inc." or such other name as may be approved by the board of directors of the Resulting Company. The proposed transaction is an arm's length transaction and will constitute a reverse takeover of SoftLab by the Company pursuant to policies of the CSE.

The Company incurred a loss of $391,731 (2020 - $127,088) for the six months ended June 30, 2021 and used cash in operations of $304,149 (2020 - $164,843). As at June 30, 2021, the Company had a history of losses and an accumulated deficit of $2,141,264 (2020 - $1,751,349), and as of that date, the Company's current liabilities exceeded its current assets by $1,075,364 (2020 - $793,844). Consequently, continuing business as a going concern is dependent upon the success of the Company's sale of its products, generation of positive cash flows and the ability of the Company to obtain additional debt or equity financing all of which are uncertain. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

The Company's future capital requirements will depend on many factors, including the costs of developing its products, operating costs, the current capital market environment and global market conditions. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, and ultimately generate profitable operations in the future. The Company has no assurance that it will be successful in its efforts. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the future success of the business could be adversely affected.

These condensed interim consolidated financial statements ("Financial Statements") have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The future impact on the Company is not currently determinable but operating activity in 2020 and 2021 improved as demand for cleaning and disinfecting products has increased. Management continues to monitor the situation.

## 2. BASIS OF PREPARATION

### Statement of Compliance

These Financial Statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting and follow a basis consistent with the accounting, estimation and valuation policies described in the Company's audited Consolidated Financial Statements as at and for the year ended December 31, 2020 (the "Annual Financial Statements").

These Financial Statements have been prepared on a historical cost basis. All financial information is reported in Canadian dollars, unless otherwise noted. Certain information and disclosures normally required to be included in the notes to the Annual Financial Statements prepared in accordance with IFRS have been condensed or omitted. These Financial Statements should be read in conjunction with the Annual Financial Statements.

The timely preparation of the financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses for the reporting period. The judgments, estimates, and assumptions are based on current data and relevant information available to the Company at the time of financial statement preparation. Accordingly, actual reported amounts may differ from estimated amounts as future confirming events occur.

The Financial Statements were authorized for issue by the Company's Board of Directors on August 24, 2021.

### Significant Accounting Policies

#### Government assistance

Government grants are recognized when there is reasonable assurance that the Company will comply with the associated conditions attached to them and the grant will be received.

A forgivable loan from a government is treated as a government grant when there is reasonable assurance that the entity will meet the terms of forgiveness of the loan. As only a portion of the CEBA loan will be eligible for forgiveness, the amount recognized as a grant has been limited to the forgivable portion.

The benefit of a government loan at a below market rate of interest is also treated as a government grant. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the repayable portion determined in accordance with IFRS 9 and the repayable proceeds received. The repayable portion of the CEBA loan (which has been discounted by the amount of government assistance due to its below market interest rate) will be accreted up to the repayable amount from the time the loan is received until December 31, 2022, with a corresponding interest expense recognized.

The Company recognized government assistance as other income in its condensed consolidated statement of loss and comprehensive loss.

(Expressed in Canadian dollars)

## 3. TRADE AND OTHER RECEIVABLES

| | June 30, 2021 | December 31, 2020 |
|---|---|---|
| Trade receivables | $ 85,815 | $ 78,448 |
| Other receivables | 33,300 | 18,440 |
| Allowance for doubtful accounts | (67,007) | (68,833) |
| Ending balance | $ 52,108 | $ 28,055 |

## 4. INVENTORY

| | June 30, 2021 | December 31, 2020 |
|---|---|---|
| Finished goods | $ 211,516 | $ 193,610 |
| Materials and supplies | 69,584 | 68,703 |
| Provision for inventory obsolescence | (66,722) | (67,854) |
| Ending balance | $ 214,378 | $ 194,459 |

## 5. LEASES

In 2020, the Company entered into an office lease which expires in 2022.

Changes in the Company's ROU assets for the period are as follows:

| | ROU assets |
|---|---|
| Balance January 01, 2021 | $ 21,547 |
| Amortization for the period | (7,182) |
| Balance June 30, 2021 | $ **14,365** |

The changes in the Company's lease liability for the period are as follows:

| | Lease liability |
|---|---|
| Balance January 01, 2021 | $ 22,059 |
| Principal payments | (6,805) |
| Balance June 30, 2021 | 15,254 |
| Less: current portion | (15,254) |
| Balance June 30, 2021 | $ - |

(Expressed in Canadian dollars)

## 6. PROPERTY AND EQUIPMENT

| | Machinery and equipment | Furniture and fixtures | Leasehold improve-ments | Vehicles | Computer equipment | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance January 01, 2021 | $ 66,334 | $ 3,367 | $ 5,198 | $ 9,990 | $ 4,456 | **$ 89,345** |
| Additions | 1,144 | - | - | 7,239 | - | **8,383** |
| Balance June 30, 2021 | **$ 67,478** | **$ 3,367** | **$ 5,198** | **$ 17,229** | **$ 4,456** | **$ 97,728** |
| **Depreciation** | | | | | | |
| Balance January 01, 2021 | $ 861 | $ 320 | $ 1,300 | $ 791 | $ 1,851 | **$ 5,123** |
| Depreciation expense | 3,256 | 320 | 1,300 | 1,108 | 706 | **6,690** |
| Balance June 30, 2021 | **$ 4,117** | **$ 640** | **$ 2,600** | **$ 1,899** | **$ 2,557** | **$ 11,813** |
| Net book value | | | | | | |
| June 30, 2021 | **$ 63,361** | **$ 2,727** | **$ 2,598** | **$ 15,330** | **$ 1,899** | **$ 85,915** |

## 7. FINANCE EXPENSE

| | **Three months ended June 30, 2021** | Three months ended June 30, 2020 | **Six months ended June 30, 2021** | Six months ended June 30, 2020 |
|---|---|---|---|---|
| Finance costs | | | | |
| Interest expense | **$ 5,013** | $ 6,724 | **9,956** | $ 11,604 |
| Interest on lease liability | **668** | - | **1,464** | - |
| Accretion on Government loan | **514** | - | **514** | - |
| | **$ 6,195** | $ 6,724 | **$ 11,934** | $ 11,604 |

## 8. GOVERNMENT LOAN

In April 2020, the Company obtained a bank loan under the Canadian Emergency Business Account program ("CEBA Loan") in the amount of $60,000. Under the provision of the loan, if the principal amount of the loan is repaid by December 31, 2022, 25 percent of the loan amount is forgiven ($15,000). In addition, the loan is non-interest bearing until December 31, 2022. In the event the CEBA loan is not repaid by December 31, 2022, no amount will be forgiven, and the lender will automatically extend the loan by three years until December 31, 2025, and during the extension period, interest will be charged on the outstanding amount at a fixed rate of 5 percent. The Company has recognized the forgiveness amount and the interest benefit totalling $18,426 as other income during the period using an interest rate of 7.946 percent to discount the loan. The interest benefit will be accreted on a monthly basis up to the payable amount through interest expense.

## 9. SHARE CAPITAL

### Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value. There were 32,000,000 common shares issued and outstanding at June 30, 2021 and December 31, 2020.

(Expressed in Canadian dollars)

## 10. RELATED PARTY TRANSACTIONS

### Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. $18,000 (2020 - $nil) of key management compensation was paid and another $45,000 of management consulting fees was accrued or unpaid during the six months ending June 30, 2021 (2020: $45,000). Related party transactions are in the normal course of operations and initially measured at fair value. Amounts due to or from related parties are non-interest bearing, due on demand and unsecured, unless specified.

Summary of amounts payable to related parties:

| | June 30, 2021 | December 31, 2020 |
|---|---|---|
| Directors and officers | $ 365,673 | $ 325,791 |
| Companies owned by directors | 231,413 | 231,890 |
| Family member of officer and directors | 342 | 5,591 |
| Ending balance | $ 597,428 | $ 563,272 |

The amounts due to directors and management originated from expenses incurred by the directors and management on the behalf of the Company. The payable to a company owned by directors of $231,413 (2020 - $231,890) is a US dollar denominated payable in the amount of US $186,714 (2020 - $182,132) related to the acquisition of a worldwide licensing agreement in 2014. CleanGo received a waiver from the company whereby the amount owing will not be called before July 1, 2022. Other related parties relate to a family member of the directors. Advances from the CEO/director are unsecured, bear interest at a rate of 5 percent per annum and are due on demand. CleanGo received a waiver from the CEO/director whereby $315,000 of the amount owing will not be called before July 1, 2022.

## 11. SEGMENTED INFORMATION

The Company has two reportable and operating segments which supply cleaning and disinfecting products to customers directly or through online distributers.

The Company operates in two geographical areas, Canada and the United States ("US"). The Company's revenue from external customers and information about non-current assets by location of assets are detailed below:

| | Three months June 30, 2021 | Three months June 30, 2020 | Six months June 30, 2021 | Six months June 30, 2020 |
|---|---|---|---|---|
| Revenue | | | | |
| Canada | $ 24,032 | $ 32,213 | $ 61,026 | $ 45,230 |
| US | 3,167 | 29,248 | 8,754 | 29,691 |
| | $ 27,199 | $ 61,461 | $ 69,780 | $ 74,921 |

(Expressed in Canadian dollars)

## 11. SEGMENTED INFORMATION (cont'd)

| | June 30, 2021 | December 31, 2020 |
|---|---|---|
| Inventory | | |
| Canada | 161,462 | 141,342 |
| US | 52,916 | 53,117 |
| | $ 214,378 | $ 194,459 |
| Non-current assets | | |
| Canada | 85,915 | 84,222 |
| US | - | - |
| | $ 85,915 | $ 84,222 |

## 12. CAPITAL MANAGEMENT

The Company defines capital as consisting of shareholders' deficit. The Company's objectives when managing capital are to support the further advancement of the Company's business objectives and existing product lines, as well as to ensure that the Company is able to meet its financial obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The approach to capital management has not changed since the prior year, and the Company is not subjected to externally imposed capital requirements.

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### a) Fair value risk

The Company's financial instruments consist of cash, trade and other receivables, accounts payable and accrued liabilities, loan payable from SoftLab, lease liabilities, Government loan and amounts due to related parties.

Financial instruments recorded at fair value on the condensed interim consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data

Trade and other receivables, accounts payable and accrued liabilities, loan from SoftLab and amounts due to related parties approximate their fair value due to their short-term maturities. Cash under the fair value hierarchy are based on Level 1 quoted prices in active markets for identical assets or liabilities. The CEBA loan was discounted using level 2 fair value inputs (bond yield).

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

### b) Market risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises two main types of risk: currency risk and interest rate risk and are disclosed as follows:

#### (i) Currency risk

Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company undertakes sales and purchase transactions in foreign currencies and is therefore subject to gains and losses due to fluctuations in foreign currency exchange rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The condensed interim consolidated statements of financial position include the following amounts with respect to financial assets and liabilities for which cash flows are originally denominated in US dollars:

| | | **June 30, 2021** | | December 31, 2020 |
|---|---|---|---|---|
| Cash | **$** | **6,457** | $ | 2,101 |
| Trade and other receivables | **$** | **825** | $ | 2,955 |
| Accounts payable and accrued liabilities | **$** | **(1,606)** | $ | (1,820) |
| Related party payables | **$** | **(221,163)** | $ | (227,816) |

As at June 30, 2021, if a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately $26,700 (as at December 31, 2020 – $28,600) due to the fluctuation, and this would be recorded in the condensed interim consolidated statements of loss and comprehensive loss.

#### (ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates as its loans are non-interest bearing.

### c) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

All the Company's cash is held through a Canadian and American chartered bank and accordingly, the Company's exposure to credit risk is considered to be limited. The Company's trade receivables exposure to credit risk is considered to be limited.

The Company's trade accounts receivables consists of amounts due from various customers. The maximum exposure to credit risk is equal to the carrying value of accounts receivable. The business models of the Company's respective segments require analysis of credit risk specific to each business line. The Company's historic rate of bad debts is low, however there was a $70,647 provision taken in 2020 primarily related to royalties owed to it from a new US customer who was to have white labeled the Company's product and sold it through their distribution network.

The Company applies the simplified approach to providing for ECL's prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the ECL, trade receivables are assessed primarily on days past due combined with the Company's knowledge of past bad debts.

(Expressed in Canadian dollars)

### 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

#### d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At June 30, 2021, the Company's cash balance of $53,773 (2020 - $212,052) is unable to settle current liabilities of $1,427,326 (2020 - $1,240,460). The Company manages its liquidity risk by attempting to maintain sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities, loan from SoftLab and related parties payable are all current. As the Company has limited sources of revenue, it may require additional financing to accomplish its long-term strategic objectives.

### 14. SUPPLEMENTARY CASH FLOW INFORMATION

The change in non-cash working capital comprises the following:

| | **Three months June 30, 2021** | Three months June 30, 2020 | **Six months June 30, 2021** | Six months June 30, 2020 |
|---|---|---|---|---|
| Changes in non-cash working capital | | | | |
| Trade and other receivables | **$ (12,771)** | $ (552) | **$ (24,103)** | $ (4,639) |
| Deposits and prepaid expenses | **4,113** | (8,868) | **2,365** | (12,603) |
| Inventory | **(15,952)** | (83,187) | **(21,368)** | (81,757) |
| Accounts payable and accrued liabilities | **42,971** | 202,331 | **170,069** | 208,188 |
| Related parties payables | **(11,659)** | 131,589 | **(43,281)** | 197,580 |
| | **$ 6,702** | $ 241,313 | **$ 83,682** | $ 306,769 |
| Interest paid | **$ 5,681** | $ 6,724 | **$ 11,420** | $ 11,604 |

### 15. SUBSEQUENT EVENT

The Company has been notified by the CSE that the share structure of the Company does not meet the rules of the securities exchange as the number of shares classified as "builders shares" exceeds the allowable amount. The Company will be required to make a proposal to the CSE that would result in an increase in the cost base of the builders shares or the cancellation of a certain number of builders shares satisfactory to the exchange. The outcome is not known at the present time.

## APPENDIX "H"

## AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF CLEANGO INCLUDING THE AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2020

**Clean Go Green Go Inc.**

**Consolidated Financial Statements**

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

# Independent Auditor's Report

To the Shareholders of Clean Go Green Go Inc.:

## Opinion

We have audited the consolidated financial statements of Clean Go Green Go Inc. and its subsidiary (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss and negative cashflows from operations during the year ended December 31, 2020 and, as of that date, the Company had an accumulated deficit and current liabilities exceed current assets. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on January 14, 2021.

## Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Calgary, Alberta
August 24, 2021

Chartered Professional Accountants

MNP LLP

# Clean Go Green Go Inc.

**Consolidated Statements of Financial Position**

(Expressed in Canadian dollars)

| | Notes | As at December 31, 2020 | As at December 31, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | | **$ 212,052** | $ 13,901 |
| Trade and other receivables | 3 | **28,055** | 1,515 |
| Deposits and prepaid expenses | | **12,050** | - |
| Inventory | 4 | **194,459** | 17,580 |
| | | **446,616** | 32,996 |
| **Non-current assets** | | | |
| Right-of-use assets | 5 | **21,547** | - |
| Property and equipment | 6 | **84,222** | 1,774 |
| | | **105,769** | 1,774 |
| **Total assets** | | **$ 552,385** | $ 34,770 |
| **LIABILITIES** | | | |
| **Current** | | | |
| Accounts payable and accrued liabilities | | **$ 240,482** | $ 47,187 |
| Related parties payables | 10 | **87,932** | 570,056 |
| Loan from SoftLab | 8 | **898,426** | - |
| Current portion of lease liabilities | 5 | **13,620** | - |
| | | **1,240,460** | 617,243 |
| **Non-current liabilities** | | | |
| Loans from related parties | 10 | **475,340** | - |
| Lease liabilities | 5 | **8,439** | - |
| | | **483,779** | - |
| **Total liabilities** | | **1,724,239** | 617,243 |
| **SHAREHOLDERS' DEFICIT** | | | |
| Share capital | 9 | **633,890** | 593,896 |
| Share subscriptions receivable | 9 | **(48,000)** | (48,000) |
| Accumulated other comprehensive income/(loss) | | **(6,395)** | 128 |
| Deficit | | **(1,751,349)** | (1,128,497) |
| **Total shareholders' deficit** | | **(1,171,854)** | (582,473) |
| **Total liabilities and shareholders' deficit** | | **$ 552,385** | $ 34,770 |

Nature and continuance of operations (Note 1)
Going concern (Note 1)
Subsequent event (Note 17)

Approved on behalf of the Board on August 24, 2021:

*"Signed"*
Anthony Sarvucci – Director

*"Signed"*
Paula Pearce-Sarvucci – Director

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

## Clean Go Green Go Inc.

**Consolidated Statements of Loss and Comprehensive Loss**

For the years ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

| | Notes | **Year ended December 31, 2020** | Year ended December 31, 2019 |
|---|---|---|---|
| **Revenue** | 11 | **190,346** | 29,399 |
| Cost of sales | | **(184,164)** | (99,251) |
| **Gross Margin** | | **6,182** | (69,852) |
| **Expenses** | | | |
| Selling and administrative | 10 | **419,295** | 133,626 |
| Depreciation and amortization | 5,6 | **11,483** | 822 |
| Bad debt expense | | **70,647** | - |
| Transaction costs | | **108,265** | - |
| Foreign exchange gain | | **(4,950)** | (12,461) |
| Finance expense | 7 | **24,294** | 293 |
| | | **629,034** | 122,280 |
| **Net loss** | | **$ (622,852)** | $ (192,132) |
| Translation loss on foreign operations | | **(6,523)** | (3,070) |
| **Comprehensive loss** | | **$ (629,375)** | $ (195,202) |
| **Basic and diluted loss per share** | | **$ (0.02)** | $ (0.01) |
| Weighted average number of common shares outstanding basic and diluted | | 31,840,021 | 31,696,108 |

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

## Clean Go Green Go Inc.

**Consolidated Statements of Changes in Shareholders' Deficiency**

For the years ended December 31, 2020 and 2019

(Expressed in Canadian dollars)

| | Notes | Number of shares | Amount | Share subscriptions receivable | Accumulated other comprehensive loss | Deficit | Total equity |
|---|---|---|---|---|---|---|---|
| Balance at January 01, 2019 | | 31,695,000 | $ 572,659 | $ (48,000) | $ 3,198 | $ (936,365) | $ (408,508) |
| Net loss for the year | | - | - | - | - | (192,132) | (192,132) |
| Issuance of common shares | 9 | 102,500 | 23,275 | - | - | - | 23,275 |
| Share issue costs | | - | (2,038) | - | - | - | (2,038) |
| Translation loss on foreign operations | | - | - | - | (3,070) | - | (3,070) |
| Balance at December 31, 2019 | | 31,797,500 | $ 593,896 | $ (48,000) | $ 128 | $ (1,128,497) | $ (582,473) |
| Balance at January 01, 2020 | | 31,797,500 | $ 593,896 | $ (48,000) | $ 128 | $ (1,128,497) | $ (582,473) |
| Net loss for the year | | - | - | - | - | (622,852) | (622,852) |
| Issuance of common shares | 9 | 202,500 | 42,086 | - | - | - | 42,086 |
| Share issue costs | 9 | - | (2,092) | - | - | - | (2,092) |
| Share based payments | 10 | - | - | - | - | - | - |
| Translation loss on foreign operations | | - | - | - | (6,523) | - | (6,523) |
| **Balance at December 31, 2020** | | **32,000,000** | **$ 633,890** | **$ (48,000)** | **$ (6,395)** | **$ (1,751,349)** | **$ (1,171,854)** |

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

# Clean Go Green Go Inc.

**Consolidated Statements of Cash Flows**
For the years ended December 31, 2020 and 2019
(Expressed in Canadian dollars)

| | Notes | **Year ended December 31, 2020** | Year ended December 31, 2019 |
|---|---|---|---|
| **Cash (used in) / provided by:** | | | |
| **Operating activities:** | | | |
| Net loss | | **$ (622,852)** | $ (192,132) |
| Items not involving cash: | | | |
| Depreciation and amortization | 5,6 | **11,483** | 822 |
| Share based payments | 10 | **29,250** | - |
| Unrealized foreign exchange | | **1,477** | (12,363) |
| Inventory allowance | 4 | **20,777** | 48,549 |
| | | **(559,865)** | (155,124) |
| Net change in non-cash working capital | 15 | **(532,609)** | 140,766 |
| Cash used in operations | | **(1,092,474)** | (14,358) |
| **Financing activities:** | | | |
| Proceeds from share issuances | 9 | **9,994** | 21,237 |
| Increase in loans from related parties | 10 | **475,340** | - |
| Repayment of lease liabilities | 5 | **(6,670)** | - |
| Proceeds from SoftLab loan | 8 | **898,426** | - |
| Cash from financing activities | | **1,377,090** | 21,237 |
| **Investing activities:** | | | |
| Acquisition of property and equipment | 6 | **(86,749)** | - |
| Cash used in investing activities | | **(86,749)** | - |
| Increase in cash | | **197,867** | 6,879 |
| Net effect of foreign exchange on cash held in foreign currencies | | **284** | (232) |
| Cash, beginning of year | | **13,901** | 7,254 |
| Cash, end of year | | **$ 212,052** | $ 13,901 |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Clean Go Green Go Inc. (the "Company" or "CleanGo") was incorporated on January 23, 2009 and its wholly owned US subsidiary CleanGo GreenGo Inc. ("CleanGo US") was incorporated on May 14, 2018. The head office, principal address and registered and records office of the Company are located at Unit 15 5656 10 Street NE, Calgary, Alberta. The financial results of CleanGo US are consolidated with CleanGo.

The Company's principal business activity is to manufacture and sell cleaning and disinfecting solutions using a proprietary formulation which is non-toxic, biodegradable and uses no harsh chemicals to provide a green cleaning/disinfecting solution to buyers.

On November 20, 2020 the Company entered into an arrangement agreement with SoftLab 9 Technologies Inc. ("SoftLab"), a publicly listed company on the Canadian Securities Exchange (the "CSE"), pursuant to which the Company and SoftLab will complete a transaction pursuant to which SoftLab would acquire the Company. Upon closing, the Company will be issued an aggregate of 24,000,000 SoftLab shares: 18,600,000 shares at closing with another 5,400,000 shares that be issuable to certain shareholders in increments of 1,800,000 on the anniversary date of the closing in 2022, 2023 and 2024. Shareholders of the Company will become shareholders of the combined entity (the "Resulting Company") with the Resulting Company common shares being listed on the CSE. The principal business activity will be the manufacture and sale of disinfecting, cleaning and descaling products. Upon completion of the proposed transaction, the Resulting Company will continue to carry on the business of the Company, under the new name "CleanGo Innovations Inc." or such other name as may be approved by the board of directors of the Resulting Company. The proposed transaction is an arm's length transaction and will constitute a reverse takeover of SoftLab by the Company pursuant to policies of the CSE.

The Company incurred a loss of $629,375 (2019 - $195,202) for the year ended December 31, 2020 and used cash in operations of $1,092,474 (2019 - $14,358). As at December 31, 2020, the Company had a history of losses and an accumulated deficit of $1,751,349 (2019 - $1,128,497), and as of that date, the Company's current liabilities exceeded its current assets by $793,844 (2019 - $584,247). Consequently, continuing business as a going concern is dependent upon the success of the Company's sale of its products, generation of positive cash flows and the ability of the Company to obtain additional debt or equity financing all of which are uncertain. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

The Company's future capital requirements will depend on many factors, including the costs of developing its products, operating costs, the current capital market environment and global market conditions. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, and ultimately generate profitable operations in the future. The Company has no assurance that it will be successful in its efforts. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the future success of the business could be adversely affected.

These consolidated financial statements ("Financial Statements") have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The future impact on the Company is not currently determinable but operating activity in 2020 improved as demand for cleaning and disinfecting products has increased. Management continues to monitor the situation.

## 2. BASIS OF PREPARATION

**Basis of consolidation and preparation**

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") for the period presented.

The Financial Statements include the financial statements of the Company and its wholly owned subsidiary. Inter-company accounts and balances are eliminated upon consolidation.

These Financial Statements are authorized for issue by the Board of Directors on August 24, 2021.

**Basis of measurement**
These Financial Statements have been prepared on the historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVTPL") which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except cash flow information.

**Functional and presentation currency**
These Financial Statements are presented in Canadian dollars, which is CleanGo's functional currency. CleanGo US has a US dollar functional currency and has been translated to Canadian dollars at December 31, 2020 and 2019.

Foreign currency transactions are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate at the reporting date. All differences are recorded in the consolidated statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Assets and liabilities of CleanGo US are translated into Canadian dollars at year-end exchange rates and their revenue and expenses are translated at the average exchange rate for the year. The resulting exchange differences are recognized in other comprehensive loss.

**Use of estimates and judgments**
The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. Estimates and associated assumptions applied in determining asset or liability values are based on historical experience and various other factors including other sources that are believed to be reasonable under the circumstances but are not necessarily readily apparent or recognizable at the time such estimate or assumption is made. Actual results may differ from these estimates.

The information about significant areas of estimation uncertainty considered by management in preparing the Financial Statements is as follows:

*Provision for returns and promotional incentives*
The Company estimates the most likely amount payable to each customer for sales discount programs and promotional incentives using expected sales volumes and historical spending patterns.

## 2. BASIS OF PREPARATION (cont'd…)

### Use of estimates and judgments (cont'd…)

*Provision for expected credit losses*
The Company applies a simplified approach for the measurement of expected credit losses ("ECL") on its trade receivables as these are typically short-term in nature. On initial recognition, the Company records a loss equal to the 12 month ECL unless the financial assets are considered credit impaired. The Company measures lifetime ECL's on its credit impaired trade receivables based on historical experience and forecasted economic conditions affecting the counterparties. The amount is shown as an allowance for doubtful accounts.

*Inventories*
Management makes estimates of future customer demand for products when establishing appropriate provisions for inventory obsolescence. In making these estimates management considers the shelf-life of inventory and the expected profitability of sales.

*Functional currency*
The determination of the Company's functional currency requires analyzing facts that are considered primary factors, and if the results are not conclusive, secondary factors. The analysis requires the Company to apply significant judgement since primary and secondary factors may be mixed. In determining its functional currency, the Company analyzes both the primary and secondary factors, including the currency of the Company's expected revenues, operating costs, general and administrative costs and financing proceeds in the countries it operates in.

*Impairment of intangible assets*
The Company performs impairment testing annually for intangible assets as well as when circumstances indicate that there may be impairment for these assets. Management judgement is involved in determining if there are circumstances indicating that testing for impairment is required, and in identifying cash generating units ("CGU") for the purpose of impairment testing. The Company assesses impairment by comparing the recoverable amount of a long-lived asset, CGU, or CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell. The determination of the recoverable amount involves management judgement and estimation. These estimates and assumptions could affect the Company's future results if the current estimates of future performance and fair values change. As at December 31, 2020 the Company has 1 CGU (2019 – 1)

*Income taxes*
Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

The information about significant areas of judgment considered by management in preparing the Financial Statements is as follows:

*Going concern*
The assessment of the Company's ability to continue as a going concern as discussed in Note 1 involves judgment regarding future funding available for its operations and working capital requirements.

## 2. BASIS OF PREPARATION (cont'd…)

### Significant accounting policies

**Cash**
Cash consists of amounts held in banks with limited interest and credit risk.

**Trade receivables**
Trade receivables are recognized and carried at their original invoice amount less an allowance for uncollectible amounts. Balances are written off when the probability of recovery is assessed as being remote.

**Inventory**
The Company values inventories at the lower of cost and net realizable value. Cost includes the costs of purchases net of vendor allowances plus other costs, such as transportation, that are directly incurred to bring the inventories to their present location and condition. The Company uses the weighted average method to determine the cost of inventories. The Company estimates net realizable value as the amount that inventories are expected to be sold while taking into consideration the estimated selling costs. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining market prices. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is apparent evidence of an increase in selling price then the amount of the write-down previously recorded is reversed. Storage costs, indirect administrative overhead, and certain selling costs related to inventories are expensed in the period incurred.

**Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL are included in the initial carrying value of the related instrument and are amortized using the effective interest method.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the consolidated statement of loss and comprehensive loss.

Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: FVTPL or amortized cost.

The Company has made the following classifications:

| | |
|---|---|
| Cash | FVTPL |
| Trade and other accounts receivable | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Related parties payable | Amortized cost |
| Loans from SoftLab | Amortized cost |
| Lease liabilities | Amortized cost |

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are recognized in profit or loss when incurred. Subsequently they are measured at fair value, with gains and losses recognized in profit or loss.

## 2. BASIS OF PREPARATION (cont'd…)

### Significant accounting policies (cont'd…)

Where management has opted or required to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss). Cash is recognized at FVTPL.

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost using the effective interest rate method, less any impairment for financial assets.

*Impairment of financial assets*

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statements of loss and comprehensive loss. Loss allowances are based on the lifetime ECL that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statements of loss and comprehensive loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

*Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

*Financial liabilities*

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss .

## 2. BASIS OF PREPARATION (cont'd…)

### Significant accounting policies (cont'd…)

**Leases**

Under IFRS 16 *Leases*, leases are recognized as a right-of-use ("ROU") asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability (principal) and interest. The interest is charged to the consolidated statements of loss and comprehensive loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROU asset is amortized on a straight-line basis over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Company recognizes a ROU asset at cost consisting of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of any restoration costs and any initial direct costs incurred by the lessee. The provision for any restoration costs is recognized as a separate liability as set out in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The Company recognizes a lease liability equal to the present value of the lease payments during the lease term that are not yet paid. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate. Lease payments to be made under certain extension options are also included in the measurement of the lease liability.

Payments associated with variable lease payments, short-term leases and leases of low value assets are recognized as an expense in the statement of operations. Short-term leases are leases with a lease term of twelve months or less.

**Property and equipment**

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within other income in profit or loss.

The depreciation rates applicable to each category of property and equipment are as follows:

| | | |
|---|---|---|
| Computer equipment | - Straight line | 3 years |
| Manufacturing equipment | - Straight line | 10 years |
| Office equipment | - Straight line | 5 years |
| Vehicles | - Straight line | 5 years |
| Leasehold Improvements | - Straight line | Term of the lease |

## 2. BASIS OF PREPARATION (cont'd…)

### Significant accounting policies (cont'd…)

**Intangible assets**
Intangible assets are stated at cost, less accumulated amortization and any accumulated impairment losses, and consist of product licenses and could also include items such as brand names and customer lists.

An intangible asset considered having an indefinite life are not amortized, but are tested for impairment annually, or more frequently if an impairment indicator is identified, either individually or at the CGU level.

**Income taxes**
Income tax is recognized in profit or loss except to the extent that it relates to equity items, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting profit (loss) nor taxable profit (loss); and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Share capital**
Share issuance costs, which include commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital.

**Net loss per share**
Basic earnings (loss) per share are calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share are calculated using the treasury stock method. This method assumes that common shares are issued for the exercise of options, warrants and convertible securities and that the assumed proceeds from the exercise of options, warrants and convertible securities are used to purchase common shares at the average market price during the period. The difference between the number of shares assumed issued and the number of shares assumed purchased is then added to the basic weighted average number of shares outstanding to determine the fully diluted number of common shares outstanding. No exercise or conversion is assumed during the periods in which a net loss is incurred as the effect is anti-dilutive.

**Related party transactions**
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Parties are also considered to be related if they are subject to common control and related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(Expressed in Canadian dollars)

## 2. BASIS OF PREPARATION (cont'd…)

### Significant accounting policies (cont'd…)

#### Revenue recognition

The Company sells cleaning, disinfecting and descaling products to distributors, retailers and consumers. Revenue is measured at the amount of consideration to which the Company expects to be entitled to, net of incentives given to its customers. For sales to customers, revenues are recognized at a point in time when control of the goods has transferred to the customer, which is dependent on specific shipping terms. Following shipping, a distributor has full discretion over the manner of distribution and has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

For sales to retailers and consumers, revenue is recognized when control of the goods has transferred, which is dependent on the specific shipping terms. Payment of the transaction price is due at the point in which control transfers.

The Company satisfies its performance obligation when the products are delivered to the distributors or customers.

Revenue is shown net of estimated returns and discounts.

#### Cost of sales

Cost of product sales includes the cost of finished goods inventory and costs related to shipping and handling and warehousing and fulfillment and other costs from online retailers.

## 3. TRADE AND OTHER RECEIVABLES

| | | **December 31, 2020** | | December 31, 2019 |
|---|---|---|---|---|
| Trade receivables | **$** | **96,888** | $ | 1,515 |
| Allowance for doubtful accounts | | **(68,833)** | | - |
| Ending balance | **$** | **28,055** | $ | 1,515 |

## 4. INVENTORY

| | | **December 31, 2020** | | December 31, 2019 |
|---|---|---|---|---|
| Finished goods | **$** | **193,610** | $ | 65,513 |
| Materials and supplies | | **68,703** | | - |
| Provision for inventory obsolescence | | **(67,854)** | | (47,933) |
| Ending balance | **$** | **194,459** | $ | 17,580 |

During 2020, the Company recognized a write-down of inventory in the amount of $20,777 (2019 - $48,549) as a result of unsold inventory which was included in cost of sales. Cost of inventory recognized in cost of sales in 2020 was $20,412 (2019 - $5,886).

(Expressed in Canadian dollars)

## 5. LEASES

In 2020, the Company entered into an office lease which expires in 2022.

Changes in the Company's ROU assets for the year are as follows:

| | ROU assets |
|---|---|
| Recognition of office lease at July 1, 2020 | $ 28,729 |
| Amortization for the period | (7,182) |
| Balance December 31, 2020 | $ **21,547** |

The changes in the Company's lease liability for the year are as follows:

| | Lease liability |
|---|---|
| Recognition of office lease at July 1, 2020 | $ 28,729 |
| Principal payments | (6,670) |
| Balance December 31, 2020 | 22,059 |
| Less: current portion | (13,620) |
| Balance December 31, 2020 | $ **8,439** |

## 6. PROPERTY AND EQUIPMENT

| | Machinery and equipment | Furniture and fixtures | Leasehold improve-ments | Vehicles | Computer equipment | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance January 01, 2020 | $ - | $ - | $ - | $ - | $ 2,596 | **$ 2,596** |
| Additions | 66,780 | 3,367 | 5,198 | 9,990 | 1,860 | **87,195** |
| Disposals | (446) | - | - | - | - | **(446)** |
| Balance December 31, 2020 | **$ 66,334** | **$ 3,367** | **$ 5,198** | **$ 9,990** | **$ 4,456** | **$ 89,345** |
| **Depreciation** | | | | | | |
| Balance January 01, 2020 | $ - | $ - | $ - | $ - | $ 822 | **$ 822** |
| Depreciation expense | 861 | 320 | 1,300 | 791 | 1,029 | **4,301** |
| Balance December 31, 2020 | **$ 861** | **$ 320** | **$ 1,300** | **$ 791** | **$ 1,851** | **$ 5,123** |
| Net book value December 31, 2020 | **$ 65,473** | **$ 3,047** | **$ 3,898** | **$ 9,199** | **$ 2,605** | **$ 84,222** |

(Expressed in Canadian dollars)

## 6. PROPERTY AND EQUIPMENT (cont'd…)

| | Machinery and equipment | Furniture and fixtures | Leasehold improve-ments | Vehicles | Computer equipment | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance January 01, 2019 | $ - | $ - | $ - | $ - | $ - | $ - |
| Acquisitions | | | | | 2,596 | 2,596 |
| Balance December 31, 2019 | $ - | $ - | $ - | $ - | $ 2,596 | $ 2,596 |
| **Depreciation** | | | | | | |
| Balance January 01, 2019 | $ - | $ - | $ - | $ - | $ - | $ - |
| Depreciation expense | - | - | - | - | 822 | 822 |
| Balance December 31, 2019 | $ - | $ - | $ - | $ - | $ 822 | $ 822 |
| Net book value December 31, 2019 | $ - | $ - | $ - | $ - | $ 1,774 | $ 1,774 |

## 7. FINANCE EXPENSE

| | **Year ended December 31, 2020** | Year ended December 31, 2019 |
|---|---|---|
| Finance costs | | |
| Interest expense | **$ 22,694** | $ 293 |
| Interest on lease liability | **1,600** | - |
| | **$ 24,294** | $ 293 |

## 8. LOAN FROM SOFTLAB

As at December 31, 2020, the Company has a loan outstanding with SoftLab in the amount of $898,426 (Note 1). The loan is non-interest bearing and is secured by a general security agreement over the assets of the Company. The loan is due on demand if the transaction does not complete for any reason other than a breach by SoftLab of an enforceable provision of the arrangement agreement.

(Expressed in Canadian dollars)

## 9. SHARE CAPITAL

### Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

### Issued share capital

| | Number of shares | | Amount |
|---|---|---|---|
| Balance January 01, 2019 | 31,695,000 | $ | 572,659 |
| Private placement - common shares (a) | 25,000 | | 5,000 |
| Private placement - common shares (b) | 57,500 | | 15,557 |
| Private placement - common shares (c) | 20,000 | | 2,718 |
| Share issuance costs | - | | (2,038) |
| Balance December 31, 2019 | 31,797,500 | | 593,896 |
| Private placement - common shares (d) | 25,000 | | 6,586 |
| Private placement - common shares (e) | 27,500 | | 5,500 |
| Private placement - common shares (f) | 150,000 | | 30,000 |
| Share issuance costs | - | | (2,092) |
| Balance December 31, 2020 | 32,000,000 | $ | **633,890** |

a) In the first quarter of 2019, the Company had a private placement offering to Canadian subscribers for $0.20 per share for gross proceeds of $5,000.
b) In the first quarter of 2019, the Company completed a private placement offering to US subscribers for $0.20 per share for gross proceeds of $15,557.
c) The Company completed a private placement offering to US subscribers that was started in the first half of 2019, for $0.10 USD per share for gross proceeds of $2,718.
d) In the first quarter of 2020, the Company had a private placement offering to US subscribers for $0.20 USD per share for gross proceeds of $6,586.
e) In the first quarter of 2020, the Company had a private placement offering to Canadian subscribers for $0.20 per share for gross proceeds of $5,500.
f) In the last quarter of 2020, 150,000 founders shares were issued for settlement of debt in the amount of $750 owed to a related party (Note 10).
g) During 2017, founders shares were issued to certain key personnel for which the Company has a subscription receivable for in the amount of $48,000.

## 10. RELATED PARTY TRANSACTIONS

### Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. $3,000 (2019 - $nil) of key management compensation was paid and another $96,000 of management consulting fees was accrued or unpaid during the year ended December 31, 2020 (2019: $90,000). The Company recorded share based compensation expense of $29,250 (2019 - $nil) for founders shares issued in the fourth quarter of 2020. Related party transactions are in the normal course of operations and initially measured at fair value. Amounts due to or from related parties are non-interest bearing, due on demand and unsecured, unless specified.

(Expressed in Canadian dollars)

### 10. RELATED PARTY TRANSACTIONS (cont'd…)

Summary of amounts payable to related parties:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Directors and officers | $ 325,791 | $ 320,964 |
| Companies owned by directors | 231,890 | 244,092 |
| Family member of officer and directors | 5,591 | 5,000 |
| Ending balance | $ 563,272 | $ 570,056 |

The amounts due to directors and management originated from expenses incurred by the directors and management on the behalf of the Company. The payable to the company owned by directors of $231,890 (2019 - $244,092) is a US dollar denominated payable in the amount of US $182,132 related to the acquisition of a worldwide licensing agreement in 2014. CleanGo received a waiver from the company whereby the amount owing will not be called before 2022. Other related parties relate to a family member of the directors. Advances from the CEO/director are unsecured, bear interest at a rate of 5 percent per annum and is due on demand. CleanGo received a waiver from the CEO/director whereby $270,000 of the amount owing will not be called before 2022.

### 11. SEGMENTED INFORMATION

The Company has two reportable and operating segments which supply cleaning and disinfecting products to customers directly or through online distributers.

The Company operates in two geographical areas, Canada and the United States ("US"). The Company's revenue from external customers and information about non-current assets by location of assets are detailed below:

| | Year ended December 31, 2020 | Year ended December 31, 2019 |
|---|---|---|
| Revenue | | |
| Canada | $ 59,313 | $ 25,739 |
| US | 131,033 | 3,660 |
| | $ 190,346 | $ 29,399 |

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Inventory | | |
| Canada | 141,342 | 16,594 |
| US | 53,117 | 986 |
| | $ 194,459 | $ 17,580 |
| Non-current assets | | |
| Canada | 84,222 | 1,774 |
| US | - | - |
| | $ 84,222 | $ 1,774 |

The Company's intangible assets are common across all locations. Therefore, management does not classify intangible assets on a location basis.

## 12. CAPITAL MANAGEMENT

The Company defines capital as consisting of shareholders' equity. The Company's objectives when managing capital are to support the further advancement of the Company's business objectives and existing product lines, as well as to ensure that the Company is able to meet its financial obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The approach to capital management has not changed since the prior year, and the Company is not subjected to externally imposed capital requirements.

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### a) Fair value risk

The Company's financial instruments consist of cash, trade and other receivables, accounts payable and accrued liabilities, loan payable from SoftLab, lease liabilities and amounts due to related parties.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data

Trade and other receivables, accounts payable and accrued liabilities, loan from SoftLab and amounts due to related parties approximate their fair value due to their short-term maturities. Cash under the fair value hierarchy are based on Level 1 quoted prices in active markets for identical assets or liabilities.

### b) Market risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises two main types of risk: currency risk and interest rate risk and are disclosed as follows:

#### (i) Currency risk

Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company undertakes sales and purchase transactions in foreign currencies and is therefore subject to gains and losses due to fluctuations in foreign currency exchange rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

### 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

#### Market Risk (cont'd…)

The consolidated statements of financial position include the following amounts with respect to financial assets and liabilities for which cash flows are originally denominated in US dollars:

| | | **December 31, 2020** | | December 31, 2019 |
|---|---|---|---|---|
| Cash | **$** | **2,101** | $ | 11,174 |
| Trade and other receivables | **$** | **2,955** | $ | 778 |
| Accounts payable and accrued liabilities | **$** | **(1,820)** | $ | (1,907) |
| Related party payables | **$** | **(227,816)** | $ | (248,143) |

As at December 31, 2020, if a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately $28,600 (as at December 31, 2019 – $30,900) due to the fluctuation, and this would be recorded in the consolidated statements of loss and comprehensive loss.

**(ii) Interest rate risk**
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates as its loans are non-interest bearing.

**b) Credit risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

All the Company's cash is held through a Canadian and American chartered bank and accordingly, the Company's exposure to credit risk is considered to be limited. The Company's trade receivables exposure to credit risk is considered to be limited.

The Company's accounts receivable consists of amounts due from various customers. The maximum exposure to credit risk is equal to the carrying value of accounts receivable. The business models of the Company's respective segments require analysis of credit risk specific to each business line. The Company's historic rate of bad debts is low, however there was a $70,647 provision taken in 2020 primarily related to royalties owed to it from a new US customer who was to have white labeled the Company's product and sold it through their distribution network.

The Company applies the simplified approach to providing for ECL's prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the ECL, trade receivables are assessed primarily on days past due combined with the Company's knowledge of past bad debts.

**c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At December 31, 2020, the Company's cash balance of $212,052 (2019 - $13,901) is unable to settle current liabilities of $1,240,460 (2019 - $617,243). The Company manages its liquidity risk by attempting to maintain sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities, loan from SoftLab and related parties payable are all current. As the Company has limited sources of revenue, it may require additional financing to accomplish its long-term strategic objectives.

(Expressed in Canadian dollars)

## 14. INCOME TAXES

The income tax provision is as follows:

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Loss before taxes | **$ (622,852)** | $ (192,132) |
| Income tax rate | **24.4%** | 27.0% |
| Expected income tax recovery | **(151,856)** | (51,876) |
| Non-deductible charges | **20,345** | 12,558 |
| Other items | **4,632** | - |
| Effects relating to change in income tax rates | **26,983** | - |
| | **(99,896)** | (39,318) |
| Unrecognized deferred tax assets | **99,896** | 39,318 |
| Income tax (recovery) | **$ -** | $ - |

Significant components of deferred tax assets are as follows:

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Deferred tax (liability) /asset | | |
| Property and equipment | **$ (4,956)** | $ - |
| Other | **-** | - |
| Non-capital losses | **4,956** | - |
| Deferred tax asset (liability) | **$ -** | $ - |

The following provides details of unrecognized deductible temporary differences and unused losses for which no deferred tax asset has been recognized:

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Property and equipment | **$ 69,529** | $ 126,146 |
| Lease obligations | **22,059** | - |
| Allowance for slow moving inventory | **67,854** | 4,460 |
| Share issue costs | **14,580** | 20,110 |
| Non-capital losses carried forward | **1,187,525** | 620,241 |
| Total available tax pools | **$ 1,361,547** | $ 770,957 |

At December 31, 2020, the Company has accumulated non-capital losses of $1,180,974, which are deductible from future years' taxable income and expire between 2030 – 2040.

Deferred tax assets have not been recognized in respect of these items because it is not currently probable that future taxable profit will be available against which the Company can utilize the benefits.

(Expressed in Canadian dollars)

## 15. SUPPLEMENTARY CASH FLOW INFORMATION

The change in non-cash working capital comprises the following:

| | **Year ended December 31, 2020** | | Year ended December 31, 2019 | |
|---|---|---|---|---|
| Changes in non-cash working capital | | | | |
| Trade and other receivables | **$** | **(26,678)** | $ | (490) |
| Deposits and prepaid expenses | | **(12,050)** | | - |
| Inventory | | **(200,489)** | | 5,131 |
| Accounts payable and accrued liabilities | | **193,909** | | 24,903 |
| Related parties payables | | **(487,301)** | | 111,222 |
| | **$** | **(532,609)** | $ | 140,766 |
| Interest paid | **$** | **24,294** | $ | 293 |

## 16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the consolidated financial presentation adopted for the current year.

## 17. SUBSEQUENT EVENT

On February 25, 2021, the SoftLab shareholders approved the “fundamental change of business” (as defined in the policies of the CSE) for SoftLab that will result from its acquisition of CleanGo pursuant to a plan of arrangement (the “Arrangement”) and the continuation of SoftLab from the Province of British Columbia into the Province of Alberta, conditional upon completion of the Arrangement. CleanGo also obtained final approval for the Arrangement from the Court of Queen’s Bench of Alberta. On March 22, 2021, SoftLab filed a copy of its Form 2A with the CSE for review and final approval.

## APPENDIX “I”

## AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF CLEANGO INCLUDING THE AUDITOR’S REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

**Clean Go Green Go Inc.**

**Consolidated Financial Statements**

For the year ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Clean Go Green Go Inc.

### Opinion

We have audited the consolidated financial statements of Clean Go Green Go Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' deficiency for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes conditions and matters that indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DMCL

**DALE MATHESON CARR-HILTON LABONTE LLP**
**CHARTERED PROFESSIONAL ACCOUNTANTS**
Vancouver, BC
January 14, 2021

# Clean Go Green Go Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

| | Notes | December 31, 2019 | December 31, 2018 |
|---|---|---|---|
| ASSETS | | | |
| Current assets | | | |
| Cash | | $ 13,901 | $ 7,254 |
| Trade and other receivables | | 1,515 | 528 |
| Inventory | 4 | 17,580 | 74,729 |
| | | 32,996 | 82,511 |
| Non-current assets | | | |
| Equipment | 5 | 1,774 | 2,596 |
| | | 1,774 | 2,596 |
| | | $ 34,770 | $ 85,107 |
| LIABILITIES | | | |
| Current | | | |
| Accounts payable | | $ 279 | $ 295 |
| Accrued liabilities | | 46,908 | 22,501 |
| Related-party payables | 8 | 570,056 | 470,819 |
| | | 617,243 | 493,615 |
| SHAREHOLDERS' DEFICIENCY | | | |
| Share capital | 7 | 593,896 | 572,659 |
| Share subscriptions receivable | 7 | (48,000) | (48,000) |
| Accumulated other comprehensive income | | 128 | 3,198 |
| Deficit | | (1,128,497) | (936,365) |
| | | (582,473) | (408,508) |
| | | $ 34,770 | $ 85,107 |

Nature of operations (Note 1)
Subsequent events (Note 13)

Approved on behalf of the Board on January 14, 2021:

*/s/ Anthony Sarvucci*
Anthony Sarvucci – Director

*/s/ Paula Sarvucci*
Paula Pearce-Sarvucci – Director

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

# Clean Go Green Go Inc.

Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

| | Notes | Year Ended December 31, 2019 | Year Ended December 31, 2018 |
|---|---|---|---|
| Total revenue | 8 | $ 29,399 | 66,020 |
| Cost of sales | 4 | (99,251) | (26,980) |
| Gross margin | | (69,852) | 39,040 |
| Expenses | | | |
| Selling and administrative | 8 | 133,626 | 519,447 |
| Depreciation and amortization | 5 | 822 | - |
| Foreign exchange loss / (gain) | | (12,461) | 22,617 |
| Finance expense | | 293 | 1,417 |
| | | 122,280 | 543,481 |
| Net loss | | $ (192,132) | $ (504,441) |
| Other comprehensive income / (loss) | | | |
| Translation gain / (loss) on foreign operations | | (3,070) | 3,198 |
| Net and comprehensive loss | | $ (195,202) | $ (501,243) |
| Basic and diluted loss per share | | $ (0.01) | $ (0.02) |
| Weighted average number of common shares outstanding basic and diluted | | 31,719,116 | 30,906,199 |

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

## Clean Go Green Go Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

| | Year Ended December 31, 2019 | Year Ended December 31, 2018 |
|---|---|---|
| Cash (used in) / provided by: | | |
| Operating activities: | | |
| Net loss | $ (192,132) | $ (504,441) |
| Items not involving cash: | | |
| Depreciation and amortization | 822 | - |
| Unrealized foreign exchange | (15,531) | 25,359 |
| Inventory provision | 48,549 | - |
| Change in non-cash working capital: | | |
| Trade receivables | (987) | (528) |
| Inventory | 8,600 | (74,729) |
| Amounts due to related parties | 111,698 | 144,456 |
| Accounts payable and accrued liabilities | 24,391 | 22,764 |
| Cash used in operating activities | (14,590) | (387,119) |
| Investing activities | | |
| Purchase of equipment | - | (2,596) |
| Cash used in investing activities | - | (2,596) |
| Financing activities: | | |
| Proceeds from share issuances, net of issuance costs | 21,237 | 243,318 |
| Cash provided by financing activities | 21,237 | 243,318 |
| Increase / (decrease) in cash | 6,647 | (146,397) |
| Cash, beginning | 7,254 | 153,651 |
| Cash, ending | $ 13,901 | $ 7,254 |

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

# Clean Go Green Go Inc.

Consolidated Statement of Changes in Shareholders' Deficiency
For the years ended December 31, 2019 and 2018
(Expressed in Canadian dollars)

| | Notes | Number of shares | Amount | Share subscriptions receivable | Accumulated other comprehensive loss | Deficit | Total equity |
|---|---|---|---|---|---|---|---|
| Balance January 1, 2018 | | 28,990,000 | $ 291,250 | $ (48,000) | $ - | $ (431,924) | $ (188,674) |
| Net loss | | | - | - | - | (504,441) | (504,441) |
| Issuance of common shares | 7 | 2,705,000 | 312,209 | - | - | - | 312,209 |
| Share issue costs | 7 | | (30,800) | - | - | - | (30,800) |
| Translation gain on foreign operations | | | - | - | 3,198 | - | 3,198 |
| Balance December 31, 2018 | | 31,695,000 | $ 572,659 | $ (48,000) | $ 3,198 | $ (936,365) | $ (408,508) |
| Balance January 1, 2019 | | 31,695,000 | $ 572,659 | $ (48,000) | $ 3,198 | $ (936,365) | $ (408,508) |
| Net loss | | | - | - | - | (192,132) | (192,132) |
| Issuance of common shares | 7 | 102,500 | 23,275 | - | - | - | 23,275 |
| Share issue costs | 7 | | (2,038) | - | - | - | (2,038) |
| Translation loss on foreign operations | | | - | - | (3,070) | - | (3,070) |
| Balance December 31, 2019 | | 31,797,500 | $ 593,896 | $ (48,000) | $ 128 | $ (1,128,497) | $ (582,473) |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Clean Go Green Go Inc. (the "Company" or "CleanGo") was incorporated on January 23, 2009 and its wholly owned US subsidiary CleanGo GreenGo Inc. ("CleanGo US") was incorporated on May 14, 2018. The head office, principal address and registered and records office of the Company are located at Unit 15 5656 10 Street NE, Calgary, Alberta. The financial results of CleanGo US are consolidated with the CleanGo.

The Company's principal business activity is to manufacture and sell cleaning and disinfecting solutions using a proprietary formulation which is non-toxic, biodegradable and uses no harsh chemicals to provide a green cleaning/disinfecting solution to buyers.

The Company incurred a loss of $192,132 for the year ended December 31, 2019 (December 31, 2018 - $504,441). As at December 31, 2019, the Company had a history of losses and an accumulated deficit of $1,128,497 (December 31, 2018 - $936,365), and as of that date, the Company's current liabilities exceeded its current assets by $584,247 (December 31, 2018 - $411,104). Consequently, continuing business as a going concern is dependent upon the success of the Company's sale of its products, generation of positive cash flows and the ability of the Company to obtain additional debt or equity financing all of which are uncertain. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

The Company's future capital requirements will depend on many factors, including the costs of research and developing its products, operating costs, the current capital market environment and global market conditions. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, and ultimately generate profitable operations in the future. The Company has no assurance that it will be successful in its efforts. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the future success of the business could be adversely affected.

These consolidated financial statements ("Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The future impact on the Company is not currently determinable but it did have a positive impact on Company operations in 2020 due to an increased demand for cleaning and disinfecting products. Management will continue to monitor the situation.

## 2. BASIS OF PREPARATION

### Basis of consolidation and preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") for the period presented.

These Financial Statements are authorized for issue by the Board of Directors on January 14, 2021.

2. BASIS OF PREPARATION (cont'd…)

Basis of consolidation and preparation (cont'd…)

Basis of measurement

These Financial Statements have been prepared on the historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVTPL") which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except cash flow information.

Functional and presentation currency

These Financial Statements are presented in Canadian dollars, which is CleanGo's functional currency. CleanGo US has a US dollar functional currency and has been translated to Canadian dollars at December 31, 2019 and 2018.

Foreign currency transactions are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate at the reporting date. All differences are recorded in the consolidated statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Assets and liabilities of CleanGo US are translated into Canadian dollars at year-end exchange rates and their revenue and expenses are translated at the average exchange rate for the year. The resulting exchange differences are recognized in other comprehensive income (loss).

Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. Estimates and associated assumptions applied in determining asset or liability values are based on historical experience and various other factors including other sources that are believed to be reasonable under the circumstances but are not necessarily readily apparent or recognizable at the time such estimate or assumption is made. Actual results may differ from these estimates.

The information about significant areas of estimation uncertainty considered by management in preparing the financial statements is as follows:

*Impairment of intangible assets*

The Company performs impairment testing annually for intangible assets as well as when circumstances indicate that there may be impairment for these assets. Management judgement is involved in determining if there are circumstances indicating that testing for impairment is required, and in identifying cash generating units ("CGU") for the purpose of impairment testing. The Company assesses impairment by comparing the recoverable amount of a long-lived asset, CGU, or CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell. The determination of the recoverable amount involves management judgement and estimation. These estimates and assumptions could affect the Company's future results if the current estimates of future performance and fair values change.

2. BASIS OF PREPARATION (cont'd…)

Use of estimates and judgments (cont'd…)

*Income taxes*

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

The information about significant areas of judgment considered by management in preparing the financial statements is as follows:

*Going concern*

The assessment of the Company's ability to continue as a going concern as discussed in Note 1 involves judgment regarding future funding available for its operations and working capital requirements.

Significant accounting policies

Cash

Cash consists of amounts held in banks and cashable highly liquid investments with limited interest and credit risk.

Trade receivable

Accounts receivable are measured at amortized cost net of allowance for uncollectible amounts. The Company determines its allowance based on several factors, including length of time an account is past due, the customer's previous loss history, and the ability of the customer to pay its obligation to the Company. The Company writes off receivables when they become uncollectible.

Inventory

The Company values inventories at the lower of cost and net realizable value. Cost includes the costs of purchases net of vendor allowances plus other costs, such as transportation, that are directly incurred to bring the inventories to their present location and condition. The Company uses the weighted average method to determine the cost of inventories. The Company estimates net realizable value as the amount that inventories are expected to be sold while taking into consideration the estimated selling costs. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining market prices. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is apparent evidence of an increase in selling price then the amount of the write-down previously recorded is reversed. Storage costs, indirect administrative overhead, and certain selling costs related to inventories are expensed in the period incurred.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method.

2. BASIS OF PREPARATION (cont'd…)

Significant accounting policies (cont'd…)

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statement of loss and comprehensive loss.

Fair value estimates are made at the consolidated statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

| | |
|---|---|
| Cash | FVTPL |
| Amounts receivable | Amortized cost |
| Trade payable | Amortized cost |
| Related-parties payable | Amortized cost |

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are recognized in profit and loss when incurred. Subsequently they are measured at fair value, with gains and losses recognized in profit and loss.

Where management has opted or required to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss). Cash is recognized at FVTPL.

*Financial assets at FVOCI*

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs directly attributable to the asset. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost using the effective interest rate method, less any impairment for financial assets.

*Impairment of financial assets*

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations. Loss allowances are based on the lifetime expected credit losses ("ECL") that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

2. BASIS OF PREPARATION (cont'd…)

Significant accounting policies (cont'd…)

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition
*Financial assets*
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

*Financial liabilities*
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive loss.

Equipment
On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

2. BASIS OF PREPARATION (cont'd…)

Significant accounting policies (cont'd…)

Equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within other income in profit or loss.

The amortization rates applicable to each category of property and equipment are as follows:

| | | |
|---|---|---|
| Computer equipment | - Straight line | 3 years |

Intangible Assets

Intangible assets are stated at cost, less accumulated amortization and any accumulated impairment losses, and consist of product licenses and could also include items such as brand names and customer lists. Amortization is based on the estimated useful life.

An intangible asset with a finite life is amortized over the useful economic life on a straight-line basis. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in the consolidated statements of operations and comprehensive income (loss) over its estimated useful life.

An intangible asset considered having an indefinite life are not amortized, but are tested for impairment annually, or more frequently if an impairment indicator is identified, either individually or at the CGU level.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to equity items, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting profit (loss) nor taxable profit (loss); and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

Share issuance costs, which include commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital.

2. BASIS OF PREPARATION (cont'd…)

Significant accounting policies (cont'd…)

Net loss per share

Basic earnings (loss) per share are calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share are calculated using the treasury stock method. This method assumes that common shares are issued for the exercise of options, warrants and convertible securities and that the assumed proceeds from the exercise of options, warrants and convertible securities are used to purchase common shares at the average market price during the period. The difference between the number of shares assumed issued and the number of shares assumed purchased is then added to the basic weighted average number of shares outstanding to determine the fully diluted number of common shares outstanding. No exercise or conversion is assumed during the periods in which a net loss is incurred as the effect is anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Parties are also considered to be related if they are subject to common control and related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Revenue recognition

Revenue is recognized based on IFRS 15 model which contains the following five-step contract-based analysis of transactions guiding revenue recognition:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

The Company sells cleaning, disinfecting and descaling products to distributors, retailers and consumers. Revenue is measured at the amount of consideration to which the Company expects to be entitled to, net of incentives given to its customers. For sales to customers, revenues are recognized when control of the goods has transferred to the customer, which is dependent on specific shipping terms. Following shipping, the distributor has full discretion over the manner of distribution and has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Company when control of the goods has transferred to the distributor as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sales to retailers and consumers, revenue is recognized when control of the goods has transferred, which is dependent on the specific shipping terms. Payment of the transaction price is due at the point in which control transfers.

The Company satisfies its performance obligation when the products are delivered to the distributors or customers.

Revenue is shown net of returns and discounts.

Cost of sales

Cost of product sales includes the cost of finished goods inventory and costs related to shipping and handling and warehousing.

(Expressed in Canadian dollars)

## 3. CHANGES IN ACCOUNTING POLICIES

The Company adopted IFRS 16 Leases at January 1, 2019. IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The Company did not have leases as at December 31, 2019.

## 4. INVENTORY

At December 31, 2019, the Company had inventory totaling $17,580 (December 31, 2018: $74,729), which consists of finished goods inventory. During 2019, the company also recognized a write-down of inventory in the amount of $48,549 as a result of unsold inventory which was included in cost of sales.

## 5. EQUIPMENT

| | Computer Equipment | Total |
|---|---|---|
| **Cost** | | |
| Balance January 1, 2019 | $ 2,596 | $ 2,596 |
| Additions | - | - |
| Balance December 31, 2019 | $ 2,596 | $ 2,596 |
| **Depreciation** | | |
| Balance January 1, 2019 | $ - | - |
| Depreciation expense | 822 | 822 |
| Balance December 31, 2019 | $ 822 | $ 822 |
| **Net Book Value** | | |
| December 31, 2019 | $ 1,774 | $ 1,774 |

| | Computer Equipment | Total |
|---|---|---|
| **Cost** | | |
| Balance January 1, 2018 | $ - | $ - |
| Additions | 2,596 | 2,596 |
| Balance December 31, 2018 | $ 2,596 | $ 2,596 |
| **Depreciation** | | |
| Balance January 1, 2018 | $ - | $ - |
| Depreciation expense | - | - |
| Balance December 31, 2018 | $ - | $ - |
| **Net Book Value** | | |
| December 31, 2018 | $ 2,596 | $ 2,596 |

(Expressed in Canadian dollars)

## 6. INTANGIBLE ASSETS

The Company incurred licensing fees of $261,878 in 2014 from a related company owned by the inventor and patent holder (note 8). The Company recognized an impairment in the full amount of the cost in 2016 as the value in use was determined to be lower than cost.

## 7. SHARE CAPITAL

### Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

### Issued share capital

| | Number of shares | Amount |
|---|---|---|
| Balance January 1, 2018 | 28,990,000 | $ 291,250 |
| Private placement - common shares (a) | 1,302,000 | 130,200 |
| Common shares issued for debt reduction (b) | 60,000 | 6,000 |
| Common shares issued for debt reduction (c) | 308,000 | 30,800 |
| Private placement - common shares (d) | 912,500 | 117,697 |
| Private placement - common shares (e) | 72,500 | 14,500 |
| Private placement - common shares (f) | 45,000 | 11,721 |
| Common shares issued for debt reduction (g) | 5,000 | 1,291 |
| Share issuance costs | - | (30,800) |
| Balance December 31, 2018 | 31,695,000 | 572,659 |
| Private placement - common shares (e) | 25,000 | 5,000 |
| Private placement - common shares (f) | 57,500 | 15,557 |
| Private placement - common shares (d) | 20,000 | 2,718 |
| Share issuance costs | - | (2,038) |
| Balance December 31, 2019 | 31,797,500 | $ 593,896 |

a) In the first half of 2018 the Company had a private placement offering of 1,302,000 common shares to Canadian subscribers for $0.10 per share for gross proceeds of $130,200.
b) In April 2018, 60,000 common shares at $0.10 per share were issued for settlement of debt in the amount of $6,000 owed to a related party.
c) In April 2018, 308,000 common shares at $0.10 per share were issued for settlement of debt in the amount of $30,800 owed to a related party for share issuance costs.
d) In the first half of 2018, the Company had a private placement offering to US subscribers for $0.10 USD per share for gross proceeds of $120,415.
e) In the last quarter of 2018, the Company had a private placement offering to Canadian subscribers for $0.20 per share for gross proceeds of $19,500.
f) In the last quarter of 2018, the Company began a private placement offering to US subscribers for $0.20 per share for gross proceeds of $27,278.
g) In September 2018, 5,000 common shares at $0.20 USD per share were issued for settlement of debt in the amount of $1,291 owed to a related party.
h) During 2017, founders shares were issued to certain key personnel for which the Company has a subscription receivable for in the amount of $48,000.

(Expressed in Canadian dollars)

## 8. RELATED PARTY TRANSACTIONS

### Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. No key management compensation was paid during the year ended December 31, 2019 (2018: $Nil) although $90,000 per annum was accrued as a management fee in 2019 and 2018. Related party transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties. Amounts due to or from related parties are non-interest bearing and unsecured, unless specified.

Summary of amounts payable to related parties:

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| CEO / Director | $ 320,964 | $ 209,987 |
| Companies owned by directors | 244,092 | 256,308 |
| Family member of officer and directors | 5,000 | 5,000 |
| Ending balance | $ 570,056 | $ 471,295 |

The amounts due to directors and management originated from expenses incurred by the directors and management on the behalf of the Company. The payable to the company owned by directors of $244,082 is a US dollar denominated payable in the amount of US $187,937 (2018: US $187,937) related to the acquisition of a worldwide licensing agreement (note 6). Other related parties relate to a family member of the directors. These amounts are unsecured, non-interests bearing and due on demand.

During the year ended December 31, 2018, the Company earned revenue in the amount of $63,914 from the sale of old inventory to a company owned by a director, in exchange for a reduction in debt owed to the related company. There were no sales to related parties during the year ended December 31, 2019.

In 2018, the Company incurred share issuance costs of $30,800 with an officer of the Company that was settled through the issuance of 308,000 common shares (Note 7).

## 9. SEGMENTED INFORMATION

The Company has two reportable and operating segments which supply cleaning and disinfecting products to customers directly or through online distributers.

The Company operates in two geographical areas, Canada and the United States ("US"). The Company's revenue from external customers and information about non-current assets by location of assets are detailed below:

| | Year Ended December 31, 2019 | Year Ended December 31, 2018 |
|---|---|---|
| Revenue | | |
| Canada | $ 25,739 | $ 63,913 |
| US | 3,660 | 2,107 |
| | $ 29,399 | $ 66,020 |

(Expressed in Canadian dollars)

9. SEGMENTED INFORMATION (cont'd…)

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Non-current assets | | |
| Canada | 1,774 | 2,596 |
| US | - | - |
| | $ 1,774 | $ 2,596 |

The Company's intangible assets are common across all locations. Therefore, management does not classify intangible assets on a location basis.

10. CAPITAL MANAGEMENT

The Company defines capital as consisting of shareholders' equity. The Company's objectives when managing capital are to support the further advancement of the Company's business objectives and existing product lines, as well as to ensure that the Company is able to meet its financial obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The approach to capital management has not changed since the prior year, and the Company is not subjected to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value risk

The Company's financial instruments consist of cash, trade receivables, accounts payable, and related-party payables.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data

Trade receivables, accounts payable, accrued liabilities and related-party payable approximate their fair value due to their short-term maturities. Cash under the fair value hierarchy are based on Level 1 quoted prices in active markets for identical assets or liabilities.

b) Market risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and price risk and are disclosed as follows:

11. F INANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

(i) Currency risk

Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company undertakes sales and purchase transactions in foreign currencies and is therefore subject to gains and losses due to fluctuations in foreign currency exchange rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The consolidated statements of financial position include the following amounts with respect to financial assets and liabilities for which cash flows are originally denominated in US dollars:

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Cash | $ 11,174 | $ 685 |
| Trade and other receivables | $ 778 | $ 528 |
| Trade and other payables | $ (1,907) | $ - |
| Related-party payables | $ (248,130) | $ (256,308) |

As at December 31, 2019, if a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately $30,900 (as at December 31, 2018 – 34,790) due to the fluctuation, and this would be recorded in the consolidated statements of operation and comprehensive income (loss).

(ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates as its loans are non-interest bearing.

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

All the Company's cash is held through a Canadian and American chartered bank and accordingly, the Company's exposure to credit risk is considered to be limited. The Company's trade receivables are small the exposure to credit risk on these amounts are considered to be limited.

The Company's accounts receivable consists of amounts due from various customers. The maximum exposure to credit risk is equal to the carrying value of accounts receivable. The business models of the Company's respective segments require analysis of credit risk specific to each business line. The Company's historic rate of bad debts is low.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables are assessed primarily on days past due combined with the Company's knowledge of past bad debts.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At December 31, 2019, the Company's cash balance of $13,901 is unable to settle current liabilities of $617,243. The Company manages its liquidity risk by attempting to maintain sufficient cash and cash equivalents balances to enable settlement of transactions on the due date. Accounts payable, loans payable and accrued liabilities and amounts payable to related parties are all current. As the Company has limited sources of revenue, it may require additional financing to accomplish its long-term strategic objectives.

(Expressed in Canadian dollars)

## 12. INCOME TAXES

The income tax provision is as follows:

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Loss before taxes | $ (192,132) | $ (504,441) |
| Income tax rate | 27% | 27% |
| Expected income tax recovery | (51,876) | (136,199) |
| Non-deductible items | 13,108 | - |
| Share issuance costs | (550) | - |
| Effect on change of tax rate | - | (197) |
| Change in valuation allowance | 39,318 | 136,396 |
| | $ - | $ - |

Significant components of deferred tax assets are as follows:

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Deferred tax (liability) /asset | | |
| Equipment | $ (62) | $ (105) |
| Share issue costs | 440 | - |
| Non-capital loss carry-forward | 180,464 | 141,629 |
| | 180,842 | 141,524 |
| Valuation allowance | (180,842) | (141,524) |
| Deferred tax asset | $ - | $ - |

At December 31, 2019, the Company has accumulated non-capital losses of $668,384, which are deductible from future years' taxable income and expire between 2037 – 2039.

## 13. SUBSEQUENT EVENTS

a) In the first quarter of 2020, the Company received funds from a private placement offered to Canadian subscribers for $0.20 per share for gross proceeds of $5,500 and issued 27,500 common shares.

b) In the first quarter of 2020, the Company received funds from a private placement offered to US subscribers for $0.20 per share for gross proceeds of $6,586 and issued 25,000 common shares.

c) On November 20, 2020 the Company entered into an Arrangement Agreement with SoftLab 9 Technologies Inc. (“SoftLab 9”), a publicly listed company on the Canadian Securities Exchange (the “CSE”), pursuant to which the Company and SoftLab 9 will complete a transaction pursuant to which SoftLab 9 would acquire the Company. Upon closing, the Company will be issued an aggregate of 24,000,000 SoftLab 9 shares: 18,600,000 shares of SoftLab 9 with another 5,400,000 shares that be issuable to certain shareholders in increments of 1,800,000 on the anniversary date of the closing in 2022, 2023 and 2024. Shareholders of the Company will become shareholders of the combined entity (the “Resulting Company”) with the Resulting Company common shares being listed on the CSE. The principal business activity will be the manufacture and sale of disinfecting, cleaning and descaling products. Upon completion of the Proposed Transaction, the Resulting Company will continue to carry on the business of the Company, under the new name “Clean Go Green Go Innovations.” or such other name as may be approved by the board of directors of the Resulting Company. The Proposed Transaction is an arm’s length transaction and will constitute a reverse takeover of SoftLab 9 by the Company pursuant to policies of the CSE.

13. SUBSEQUENT EVENTS (cont'd…)

d) In October 2020, the Company issued an additional 150,000 founders shares at $0.005 per share to certain related parties bringing the total issued and outstanding shares to 32,000,000.

# APPENDIX "J"

## PRO FORMA FINANCIAL STATEMENTS AS OF JUNE 30, 2021

**Clean Go Green Go Inc.**

**Pro Forma Consolidated Financial Statements**

As at June 30, 2021

(Expressed in Canadian Dollars)

## Clean Go Green Go Inc.
**Pro-Forma Consolidated Statement of Financial Position**
As at June 30, 2021
(Expressed in Canadian dollars)

| | SoftLab 9 March 31, 2021 | Clean Go Green Go Inc. June 30, 2021 | Notes | Pro-Forma Adjustments | Pro-forma Combined |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Cash | 48,126 | 53,773 | 2c | (50,000) | 1,341,659 |
| | | | 2e | 978,000 | |
| | | | 2f | 311,760 | |
| Accounts receivable | 117,854 | 52,108 | | | 169,962 |
| Prepaid expenses | 29,450 | 9,684 | | | 39,134 |
| Loans receivable | 968,101 | - | 2d | (918,101) | 50,000 |
| Inventory | - | 214,378 | | | 214,378 |
| | 1,163,531 | 329,943 | | 321,659 | 1,815,133 |
| **Non-current assets** | | | | | |
| Assets-in-use | - | 14,365 | | | 14,365 |
| Property and equipment | - | 85,915 | | | 85,915 |
| | - | 100,280 | | - | 100,280 |
| | 1,163,531 | 430,223 | | 321,659 | 1,915,413 |
| **Current liabilities** | | | | | |
| Accounts payable and accrued liabilities | 882,073 | 410,512 | 2d | 10,425 | 1,303,010 |
| Related-party payables | 28,031 | 51,015 | 2f | (50,000) | 29,046 |
| Loan from SoftLab 9 | - | 928,526 | 2d | (928,526) | - |
| Loan payable | 99,730 | - | | | 99,730 |
| Current portion of lease liabilities | - | 15,254 | | | 15,254 |
| | 1,009,834 | 1,405,307 | | - 968,101 | 1,447,040 |
| **Non-current liabilities** | | | | | |
| Government loan | - | 42,088 | | | 42,088 |
| Loans from related parties | - | 546,413 | 2f | (59,511) | 486,902 |
| | - | 588,501 | | - 59,511 | 528,990 |
| | 1,009,834 | 1,993,808 | | - 1,027,612 | 1,976,030 |
| **Shareholders' Equity** | | | | | |
| Share capital | 8,818,762 | 633,890 | 2a | 5,249,055 | 7,076,839 |
| | | | 2b | (8,818,762) | |
| | | | 2e | 772,623 | |
| | | | 2f | 421,271 | |
| Share subscriptions receivable | 85,341 | (48,000) | 2e | (37,341) | - |
| Reserves - options and warrants | 1,337,829 | - | 2a | 2,574,375 | 2,817,093 |
| | | | 2b | (1,337,829) | |
| | | | 2e | 242,718 | |
| Accumulated and other comprehensive loss | - | (8,211) | | | (8,211) |
| Deficit | (10,015,996) | (2,141,264) | 2a | (7,682,835) | (9,874,099) |
| | | | 2b | 10,015,996 | |
| | | | 2c | (50,000) | |
| Non-controlling interest | (72,239) | - | | | (72,239) |
| | 153,697 | (1,563,585) | | 1,349,271 | (60,617) |
| | 1,163,531 | 430,223 | | 321,659 | 1,915,413 |

## 1. TRANSFER OF ASSETS AND BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated statement of financial position (the "Pro Forma Financial Statements") have been compiled for purposes of inclusion in the listing statement (the "Statement") of SoftLab 9 Software Solutions Inc. ("Soft"), dated xxxxxxx xx, 2021, relating to its proposed business combination with Clean Go Green Go Inc. ("Clean Go") using a Plan of Arrangement.

On November 20, 2020 Soft entered into an Arrangement Agreement with Clean Go whereby Clean Go will be merged with Soft and Clean Go will become a wholly owned subsidiary of Soft (the "Resulting Company"). Upon closing, shareholders of Clean Go will become shareholders of Soft, whose common shares are listed on the Canadian Securities Exchange (the "CSE").

In accordance with the agreement, Soft will issue an aggregate of 24,000,000 shares at closing.

The principal business activity of the Resulting Company will be the manufacture and sale of disinfecting, cleaning and descaling products and I under the new name "Clean Go Green Go Innovations." or such other name as may be approved by the board of directors of the Resulting Company. The arm's length transaction will result in the shareholders of Clean Go acquiring control of Soft. Therefore, the transaction has been accounted for as an acquisition of Soft by Clean Go and will constitute a reverse takeover ("RTO") pursuant to policies of the CSE. For purposes of these pro forma consolidated financial statements, the "Company" is defined as the consolidated entity, being the Resulting Issuer. As Soft does not meet the definition of a business as defined by International Financial Reporting Standards ("IFRS") 3, it has been accounted for as a share-based payment transaction in accordance with IFRS 2.

Although the consolidated statement of financial position and share capital are those of Soft as a legal entity, the assets, liabilities and dollar amounts allocated to share capital are those of Clean Go.

## 2. PRO-FORMA ADJUSTMENTS

These Pro-Forma Financial Statements have been prepared by management of Clean Go in accordance with International Reporting Standards as issued by the International Accounting Standards Board from information derived from the financial statements of Soft and Clean Go.

The Pro-Forma Financial Statements gives effect to the accounting continuation of Clean Go as described in the Listing Application, as if it had occurred at June 30, 2021, for the purposes of the pro-forma consolidated statement of financial position.

It is management's opinion that these Pro Forma Financial Statements include all adjustments necessary for the fair presentation of the transaction, as described below. The unaudited pro-forma consolidated financial statements are not intended to reflect the financial position of Clean Go, which would have actually resulted had the transaction been effected on the dates indicated. Actual amounts recorded upon consummation of the transaction will differ from those recorded in the unaudited pro-forma consolidated financial statements and the differences may be material.

The pro-forma adjustments contained in these Pro-Forma Financial Statements reflect estimates and assumptions by management of Clean Go based on currently available information. The Pro-Forma Financial Statements are not necessarily indicative of Clean Go as at the time of closing of the transaction. The Pro-Forma Financial Statements should be read in conjunction with the condensed interim financial statements of Clean Go as at and for the three and six months ended June 30, 2021 and the condensed interim consolidated financial statements of Soft as at and for the three months ended March 31, 2021. The Pro Forma Financial Statements have been prepared in accordance with Soft's and Clean Go's accounting policies.

The acquisition of Clean Go does not meet the definition of a business combination.

(Expressed in Canadian dollars)

**2. PRO-FORMA ADJUSTMENTS (cont'd…)**

The following pro-forma adjustments have been reflected herein:

a) Soft announced the acquisition of 100% of the issued and outstanding Clean Go shares by way of a Plan of Arrangement. Upon completion of the transaction, Clean Go shareholders will receive 0.75 Soft shares for each Clean Go share for a total of 24,000,000 Soft Shares.

The fair value of the net assets (liabilities) of SoftLab as at March 31, 2021 were:

| | | |
|---|---|---|
| Cash | $ | 48,126 |
| Accounts receivable | | 117,854 |
| Prepaid expenses | | 29,450 |
| Loans receivable | | 968,101 |
| Accounts payable and accrued liabilities | | (882,073) |
| Related-party payables | | (28,031) |
| Loan payable | | (99,730) |
| | $ | 153,697 |

The consideration paid for Soft:

| | | |
|---|---|---|
| Common shares | $ | 5,249,055 |
| Reserves for options and warrants | | 2,574,375 |
| Subscriptions payable assumed | | 85,341 |
| Non-controlling interest assumed | | (72,239) |
| | $ | 7,836,532 |

At June 30, 2021, there were 32,000,000 Clean Go shares outstanding and there were 17,496,851 Soft shares outstanding. As a result, Soft is expected to issue Soft shares to the shareholders of Clean Go at the effective time. For use in the preparation of the Pro-Forma Financial statements the value of the issuance of Soft shares was calculated with reference to the concurrent financing share price of Soft at a price of $0.30 per share ($5,249,055) which excludes the estimated value of the warrants that were attached to the units. Also, 308,000 options previously issued from Soft are assumed ($136,761) as well as 4,298,823 warrants attached to units in a historical Soft private placement ($2,437,614). The fair value of these stock options and warrants was calculated using the Black-Scholes model.

Accordingly, an amount of $7,836,532, reflecting the purchase consideration for the net assets of $153,697 and the listing expense of $7,682,835 has been recorded through share capital.

b) Pursuant to the determination that Clean Go is the accounting acquirer of Soft, the value of Soft's shareholders equity accounts have been eliminated on consolidation.

c) Transaction costs approximating $50,000 have been included and comprise primarily legal fees.

d) Elimination of and intercompany balance of $918,101 between Soft and Clean Go.

(Expressed in Canadian dollars)

## 2. PRO-FORMA ADJUSTMENTS (cont'd…)

e) Concurrent with the transaction, the Company will complete a private placement at a price of $0.40 per unit. Each unit consists of one common share and one-half of a share purchase warrant. Each full warrant is exercisable to purchase one additional common share at a purchase price of $0.70 for a period of 24 months from the date of issuance of the shares. As part of the financing, the Company will pay a finders fee equal to 7% of the proceeds raised in cash and an additional 7% in broker warrants. The broker warrants have the same terms and conditions as the share purchase warrants. The fair value of the warrants and was determined using the Black Scholes Option Pricing Model with the following assumptions – risk free interest rate: 0.22%, expected stock price volatility – 135%, expected dividend yield – 0%, expected life – 2 years.

f) The Company reached an agreement with the CSE relating to capitalization certain CleanGo shares that had been previously issued but resulted in more builders shares outstanding than is allowable under the rules of the CSE. Under the agreement, the Company will cancel 112,500 shares and will increase the capitalization of another 9,728,912 shares to $0.05 per share through a $109,511 debt conversion and a cash injection of $311,760.

## 3. SHARE CAPITAL CONTINUITY

| | Number | | Share Capital | | Reserves | | Non-contolling Interest | | Total |
|---|---|---|---|---|---|---|---|---|---|
| Balance, January 1, 2020 | 23,848,125 | $ | 593,896 | $ | (48,000) | $ | | $ | 545,896 |
| Clean Go Private placements | 151,875 | | 39,994 | | - | | | | 39,994 |
| Equity of Soft | 17,496,851 | | 8,818,762 | | 1,423,170 | | (72,239) | | 10,169,693 |
| Elimination of Soft equity | - | | (8,818,762) | | (1,423,170) | | 72,239 | | (10,169,693) |
| Assumption of Soft reserves | - | | - | | 2,659,716 | | (72,239) | | 2,587,477 |
| Clean Go recapitalization | (112,500) | - | 5,670,326 | - | 48,000 | - | - | - | 5,718,326 |
| Subscription receipt financing | 2,500,000 | | 772,623 | | 157,377 | | - | | 930,000 |
| | 43,884,351 | $ | 7,076,839 | $ | 2,817,093 | $ | (72,239) | $ | 9,821,693 |

## 4. STOCK OPTIONS AND WARRANTS

Clean Go will have 308,000 stock options and 5,723,823 share purchase warrants outstanding at June 30, 2021.

## 5. INCOME TAXES

The pro-forma effective tax rate for June 30, 2021 is nil. There is no tax effect of pro-forma adjustments relating to Soft or Clean Go as both entities have net deferred income tax assets which have not been recognized due to uncertainty as to whether those assets will be realized.

## APPENDIX "K"

## MANAGEMENT DISCUSSION AND ANALYSIS FOR CLEANGO FOR THE PERIOD ENDED JUNE 30, 2021

**Clean Go Green Go Inc.**
**Managements Discussion & Analysis**
For the Three and Six Months Ended June 30, 2021 & 2020

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed interim consolidated financial statements for the three and six months ended June 30, 2021 and 2020 and the consolidated financial statements and notes thereto for the year ending December 31, 2020 of Clean Go Green Go Inc. (the "Company" or "Clean Go"). Such consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars unless otherwise indicated. This MD&A is prepared as of **August 20, 2021.**

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information provided in this MD&A, including information incorporated by reference, may contain "forward- looking statements" about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, the impact of the COVID 19 pandemic on our business, plans, objectives, performance or business developments. Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Clean Go, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including, but not limited to: (i) receiving patents on its proprietary product formulation; (ii) obtaining enough customers to create market; (iii) general business and economic conditions; (iv) the availability of financing on reasonable terms; (v) the Company's ability to attract and retain skilled staff; (vi) market competition; (vii) the products and technology offered by the Company's competitors; and (viii) the Company's ability to protect proprietary rights.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the heading "Financial Instruments and Risks". Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

## OVERVIEW AND OUTLOOK

The Company was incorporated on January 23, 2009 and its head office is located at Unit 15, 5656 10 St NE, Calgary, Alberta. Its wholly owned US subsidiary was incorporated on May 14, 2018. The Company's principal business activity is to manufacture and sell cleaning and disinfecting and descaling solutions using a proprietary formulation which is non-toxic, biodegradable and uses no harsh chemicals to provide a green solution to buyers.

### Significant Events

In 2014, the Company obtained an exclusive worldwide licensing agreement from Emporium Group S.A., a related company owned by the inventor and patent holder to utilize the propriety solution to sell cleaning, disinfecting and descaling products.

Since the outbreak of COVID-19 and the resulting emergency measures put in place by federal, provincial, state and local governments in North America and internationally, we have seen, and expect to continue to see, a significant disruption of many of the factors affecting our operations and performance. COVID-19 has resulted in governments worldwide enacting various emergency measures to combat the spread of the virus. These measures, which include health measures recommending increased cleaning and sanitation, social distancing, the implementation of travel bans, border shutdowns between Canada and the USA, self-imposed quarantine periods, closing of non-essential businesses and the cancellation of gatherings and events have impacted our operations, our suppliers and our customers. The continued effect of such emergency measures, will depend on future developments, including the duration of COVID-19, which are uncertain and cannot be predicted.

We generally believe that our performance and future success depend on a number of factors that present significant opportunities for us. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below in the "Financial Instruments and Risks" section of this MD&A.

On November 20, 2020 the Company entered into an arrangement agreement (the "Arrangement") with SoftLab 9 Technologies Inc. ("SoftLab"), a publicly listed company on the Canadian Securities Exchange (the "CSE"), pursuant to which the Company and SoftLab 9 will complete a transaction pursuant to which SoftLab would acquire the Company. Upon closing, the Company will be issued an aggregate of 24,000,000 SoftLab shares: 18,600,000 shares at closing with another 5,400,000 shares that be issuable to certain shareholders in increments of 1,800,000 on the anniversary date of the closing in 2022, 2023 and 2024. Shareholders of the Company will become shareholders of the combined entity (the "Resulting Company") with the Resulting Company common shares being listed on the CSE. The principal business activity will be the manufacture and sale of disinfecting, cleaning and descaling products. Upon completion of the Arrangement, the Resulting Company will continue to carry on the business of the Company, under the new name "Clean Go Innovations." or such other name as may be approved by the board of directors of the Resulting Company. The proposed transaction is an arm's length transaction and will constitute a reverse takeover of SoftLab by the Company pursuant to policies of the CSE.

In late 2020, the Company was issued a Drug Identification Number ("DIN") for each of the Industrial and Total Purpose sprays and is actively pursuing DINs for its wipes and fogging lines. The DIN number has strategic importance as it enables the Company to make disinfecting claims on its label, as opposed to sanitizing claims only. Further, the product kills the human coronavirus, and numerous others, in a 10-minute standard exposure test.

In the February of 2021, the Company was able begin making sales to retail and grocery stores in Canada. The Company was successful in selling to certain Sobey's, Safeway and IGA stores in Alberta. In late June 2021, the Company began a test of its solution designed for the oil and gas industry in a waterflood application. Initial results have been encouraging and if successful, could result in a new application for our product that would assist energy companies improve oil recoveries in tertiary recovery applications.

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| *($)* | **2021** | 2020 | **2021** | 2020 |
| Revene | **27,199** | 61,461 | **69,780** | 74,921 |
| Cost of goods sold | **(28,777)** | (77,702) | **(54,310)** | (91,244) |
| Gross margin | **(1,578)** | (16,241) | **15,470** | (16,323) |
| Other income | **18,426** | - | **18,426** | - |
| Selling, general and administrative | **(127,265)** | (49,857) | **(271,763)** | (85,695) |
| Transaction costs | **(50,000)** | - | **(132,606)** | - |
| Finance costs | **(6,195)** | (6,724) | **(11,934)** | (11,604) |
| | **(166,612)** | (72,822) | **(382,407)** | (113,622) |
| Depreciation and amortization | **(7,016)** | (207) | **(13,872)** | (414) |
| Foreign exchange gain | **3,759** | 10,745 | **6,364** | (12,025) |
| Net loss | **(169,869)** | (62,284) | **(389,915)** | (126,061) |

## CONSOLIDATED RESULTS OF OPERATIONS

Revenue of for the three and six months ended June 30, 2021 of $27,199 and $69,780 respectively were $34,262 and $5,141 lower than the same periods in the prior year. This was primarily the result of increased sales in Canada and the USA last year when there was an initial surge in sales of cleaning and disinfecting products with the onset of COVID 19. Also, in an effort to conserve cash, sales and marketing efforts have been reduced in 2021 as the Company awaits exchange approval of the CleanGo Innovations listing application and the closing of the private placement. Cost of sales for the three and six months ending June 30, 2021 of $28,777 and $54,310 respectively were $48,925 and $36,934 lower than the comparable periods in 2020. Cost of sales were lower corresponding to reduced sales, but also improved in 2021 as costs on Canadian label products and B2B sales blended at our Calgary location have better margins. This was partially offset by third party storage and logistics fees in the USA.

Other income of $18,426 in the second quarter of 2021 related to recognition of government grant income related to a bank loan received under the Canadian Emergency Business Account program ("CEBA loan"). The loan is non-interest bearing and under the terms of the facility, 25 percent of the loan is forgivable if the loan is repaid by December 31, 2022. Other income includes the forgiveness amount and interest benefit received.

Selling, general and administrative costs of $127,265 and $271,763 for the three and six months ending June 30, 2021 were $77,408 and $186,068 higher than the comparative periods last year. The primary reasons for the increase related to consulting fees incurred to improve the Company's online visibility, its E-commerce platform, professional fees incurred resulting from its decision to merge with Soft and higher office costs with the office lease entered into during the last half of 2020.

Transaction costs for the three and six months ended June 30, 2021 of $50,000 and $132,606 relate primarily to legal fees incurred with respect to the Arrangement with SoftLab.

Finance costs for the three and six months ended June 30, 2021 of $6,195 and $11,934 were similar to the comparative periods last year.

Depreciation and amortization costs for the three and six months ended June 30, 2021 of $7,016 and $13,872 were $6,809 and $13,458 higher than the same periods in 2020 as the Company didn't begin acquired bottling, labeling and warehouse equipment until the second half of 2020 in Canada.

Foreign exchange gains for the three and six months ended June 30, 2021 of $3,759 and $6,364 were $6,986 lower and $18,389 higher than the same periods in 2020 primarily due to the effect of a strengthening Canadian dollar relative to the US dollar on US dollar denominated payables. Last year, during the first quarter, the Canadian dollar weakened significantly relative to the US dollar as concerns around COVID 19 impacted the markets and have improved subsequently.

| *($, except per share amounts)* | Jun-21 | Mar-21 | Dec-20 | Sep-20 | Jun-20 | Mar-20 | Dec-19 | Sep-19 |
|---|---|---|---|---|---|---|---|---|
| Revenue | 27,199 | 42,581 | 14,551 | 100,874 | 61,461 | 13,460 | 11,184 | 13,206 |
| Cash (used in) from operations | (170,481) | (133,668) | (792,125) | (465,192) | 185,770 | (20,927) | (1,666) | (4,655) |
| Net loss | (169,869) | (220,046) | (407,615) | (89,176) | (62,284) | (63,777) | (83,263) | (42,428) |
| Per share - basic and diluted | - | (0.01) | (0.01) | (0.01) | - | - | (0.01) | - |
| Total assets | 430,223 | 494,998 | 552,385 | 747,615 | 310,935 | 33,249 | 34,770 | 86,183 |

## LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2021, the Company's capital is composed of shareholders' deficit and non-interest bearing loans from SoftLab and from related parties. The Company's primary objectives, when managing its capital, are to maintain adequate levels of funding to support operations of the Company and to maintain corporate and administrative functions. The Company defines capital as cash and equity, consisting of the issued common stock. The capital structure of the Company is managed to provide sufficient funding operating activities. Funds are primarily secured through sales or a combination of equity capital raised by way of private placements and short-term debt. The Company had cash of $53,773 as at June 30, 2021 and the Company had a working capital deficit of $1,075,364 as at June 30, 2021. The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured through revenues or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits. The Company is not subject to any externally imposed capital requirements. If additional funds are required, the Company plans to raise additional capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements. There were no changes to the Company's approach to capital management during the quarter ended June 30, 2021.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS AND MANAGEMENT AND BOARD COMPENSATION

$18,000 (2020 - $nil) key management compensation was paid and another $45,000 of management consulting fees was accrued or unpaid during the six months ended June 30, 2021 (2020 - $45,000 accrued). Related party transactions are in the normal course of operations and initially measured at fair value. The payable to the company owned by directors of $231,413 (2020 - $231,890) is a US dollar denominated payable in the amount of US $186,714 (2020 - $182,132) related to the acquisition of a worldwide licensing agreement in 2014. CleanGo received a waiver from the company whereby the amount owing will not be called before July 1, 2022. Other related parties relate to a family member of the directors. Advances from the CEO/director are unsecured, bear interest at a rate of 5 percent per annum and is due on demand. CleanGo received a waiver from the CEO/director whereby $315,000 of the amount owing will not be called before July 1, 2022. Other amounts due to or from related parties are non-interest bearing and unsecured.

## FINANCIAL INSTRUMENTS AND RISKS

### a) Fair value risk

The Company's financial instruments consist of cash, trade and other receivables, accounts payable and accrued liabilities, loan payable from SoftLab, lease liabilities, Government loan and amounts due to related parties.

Financial instruments recorded at fair value on the condensed interim consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data

Trade and other receivables, accounts payable and accrued liabilities, loan from SoftLab and amounts due to related parties approximate their fair value due to their short-term maturities. Cash under the fair value hierarchy are based on Level 1 quoted prices in active markets for identical assets or liabilities. The CEBA loan was discounted using level 2 fair value inputs (bond yield).

### b) Market risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises two main types of risk: currency risk and interest rate risk and are disclosed as follows:

**(i) Currency risk**

Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company undertakes sales and purchase transactions in foreign currencies and is therefore subject to gains and losses due to fluctuations in foreign currency exchange rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The condensed interim consolidated statements of financial position include the following amounts with respect to financial assets and liabilities for which cash flows are originally denominated in US dollars:

| | | **June 30, 2021** | | December 31, 2020 |
|---|---|---|---|---|
| Cash | **$** | **6,457** | $ | 2,101 |
| Trade and other receivables | **$** | **825** | $ | 2,955 |
| Accounts payable and accrued liabilities | **$** | **(1,606)** | $ | (1,820) |
| Related party payables | **$** | **(221,163)** | $ | (227,816) |

As at June 30, 2021, if a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately $26,700 (as at December 31, 2020 – $28,600) due to the fluctuation, and this would be recorded in the condensed interim consolidated statements of loss and comprehensive loss.

#### (ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates as its loans are non-interest bearing and related party payables have fixed interest rates.

### c) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

All the Company's cash is held through a Canadian and American chartered bank and accordingly, the Company's exposure to credit risk is considered to be limited. The Company's trade receivables exposure to credit risk is considered to be limited.

The Company's trade accounts receivables consists of amounts due from various customers. The maximum exposure to credit risk is equal to the carrying value of accounts receivable. The business models of the Company's respective segments require analysis of credit risk specific to each business line. The Company's historic rate of bad debts is low, however there was a $70,647 provision taken in 2020 primarily related to royalties owed to it from a new US customer who was to have white labeled the Company's product and sold it through their distribution network.

The Company applies the simplified approach to providing for expected credit losses ("ECL") prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the ECL, trade receivables are assessed primarily on days past due combined with the Company's knowledge of past bad debts.

### d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At June 30, 2021, the Company's cash balance of $53,773 (2020 - $212,052) is unable to settle current liabilities of $1,427,326 (2020 - $1,240,460). The Company manages its liquidity risk by attempting to maintain sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities, loan from SoftLab and related parties payable are all current. As the Company has limited sources of revenue, it may require additional financing to accomplish its long-term strategic objectives.

# APPENDIX "L"

## MANAGEMENT DISCUSSION AND ANALYSIS FOR CLEANGO FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2020

## Clean Go Green Go Inc.
## Managements Discussion & Analysis
For the Year Ended December 31, 2020 & 2019

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements and notes thereto for the year ending December 31, 2020 of Clean Go Green Go Inc. (the "Company" or "Clean Go"). Such consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars unless otherwise indicated. This MD&A is prepared as of **April 30, 2021.**

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information provided in this MD&A, including information incorporated by reference, may contain "forward- looking statements" about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, the impact of the COVID 19 pandemic on our business, plans, objectives, performance or business developments. Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Clean Go, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including, but not limited to: (i) receiving patents on its proprietary product formulation; (ii) obtaining enough customers to create market; (iii) general business and economic conditions; (iv) the availability of financing on reasonable terms; (v) the Company's ability to attract and retain skilled staff; (vi) market competition; (vii) the products and technology offered by the Company's competitors; and (viii) the Company's ability to protect proprietary rights.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the heading "Financial Instruments and Risks". Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

### OVERVIEW AND OUTLOOK

The Company was incorporated on January 23, 2009 and its head office is located at Unit 15, 5656 10 St NE, Calgary, Alberta. Its wholly owned US subsidiary was incorporated on May 14, 2018. The Company's principal business activity is to manufacture and sell cleaning and disinfecting and descaling solutions using a proprietary formulation which is non-toxic, biodegradable and uses no harsh chemicals to provide a green solution to buyers.

#### Significant Events

In 2014, the Company obtained an exclusive worldwide licensing agreement from Emporium Group S.A., a related company owned by the inventor and patent holder to utilize the propriety solution to sell cleaning, disinfecting and descaling products.

Since the outbreak of COVID-19 and the resulting emergency measures put in place by federal, provincial, state and local governments in North America and internationally, we have seen, and expect to continue to see, a significant disruption of many of the factors affecting our operations and performance. COVID-19 has resulted in governments worldwide enacting various emergency measures to combat the spread of the virus. These measures, which include health measures recommending increased cleaning and sanitation, social distancing, the implementation of travel bans, border shutdowns between Canada and the USA, self-imposed quarantine periods, closing of non-essential businesses and the cancellation of gatherings and events have impacted our operations, our suppliers and our customers. The continued effect of such emergency measures, will depend on future developments, including the duration of COVID-19, which are uncertain and cannot be predicted.

We generally believe that our performance and future success depend on a number of factors that present significant opportunities for us. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below in the "Financial Instruments and Risks" section of this MD&A.

In 2020, the Company issued 52,500 shares of the company raising $9,994 net of share issuance costs. In October 2020, the Company issued an additional 150,000 founders shares to insiders of the Company for $0.005 per share in exchange for a reduction in debt to the related party. The total issued and outstanding shares is 32,000,000.

On November 20, 2020 the Company entered into an arrangement agreement (the "Arrangement") with SoftLab 9 Technologies Inc. ("SoftLab"), a publicly listed company on the Canadian Securities Exchange (the "CSE"), pursuant to which the Company and SoftLab 9 will complete a transaction pursuant to which SoftLab would acquire the Company. Upon closing, the Company will be issued an aggregate of 24,000,000 SoftLab shares: 18,600,000 shares at closing with another 5,400,000 shares that be issuable to certain shareholders in increments of 1,800,000 on the anniversary date of the closing in 2022, 2023 and 2024. Shareholders of the Company will become shareholders of the combined entity (the "Resulting Company") with the Resulting Company common shares being listed on the CSE. The principal business activity will be the manufacture and sale of disinfecting, cleaning and descaling products. Upon completion of the Arrangement, the Resulting Company will continue to carry on the business of the Company, under the new name "Clean Go Innovations." or such other name as may be approved by the board of directors of the Resulting Company. The proposed transaction is an arm's length transaction and will constitute a reverse takeover of SoftLab by the Company pursuant to policies of the CSE.

In late 2020, the Company was issued a Drug Identification Number ("DIN") for each of the Industrial and Total Purpose sprays and is actively pursuing DINs for its wipes and fogging lines. The DIN number has strategic importance as it enables the Company to make disinfecting claims on its label, as opposed to sanitizing claims only. Further, the product kills the human coronavirus, and numerous others, in a 10-minute standard exposure test.

The Company has also developed new applications for its base product as follows:

- In 2020, the Company began trials at certain car wash facilities where a foaming agent was added to the base product and proved effective cleaning of all aspects of a vehicle, both on exterior or interior surfaces;
- Through a derivative of the base product, CS-100 has proven effective for industrial cleaning to remove stains such as locomotive grease, mining dust and other industrial contaminants;
- The emulsification process has also proven to act as a surfactant that binds to medium to heavy oil to transport previously un-mobilized or residual oil from an injection well to a production well in the oil and gas sector, By mobilizing stranded oil, the net present value of the reservoir is increase, as is the ultimate recovery of initial oil in place.

In the second half of the year, the Company began investing in equipment, inventory and supplies in Canada so that we could begin bottling and shipping from our warehouse facility in Calgary, Ab. once we obtained DIN numbers. The Company invested approximately $87,000 on capital expenditures and another $138,000 on inventory and supplies.

**Subsequent Event**

On February 25, 2021, the Softlab shareholders approved the "fundamental change of business" (as defined in the policies of the CSE) for SoftLab that will result from its acquisition of CleanGo pursuant to a plan of arrangement and the continuation of Softlab from the Province of British Columbia into the Province of Alberta (the "Continuance"), conditional upon completion of the Arrangement. CleanGo also obtained final approval for the Arrangement from the Court of Queen's Bench of Alberta. On March 22, 2021, SoftLab filed a copy of its Form 2A with the CSE for review and final approval.

| | Three months ended December 31 | | Year ended December 31 | |
|---|---|---|---|---|
| *($)* | **2020** | 2019 | **2020** | 2019 |
| Revene | **14,551** | 11,184 | **190,346** | 29,399 |
| Cost of goods sold | **(31,236)** | (69,191) | **(184,164)** | (99,251) |
| Gross margin | **(16,685)** | (58,007) | **6,182** | (69,852) |
| Selling, general and administrative | **(182,261)** | (29,882) | **(390,045)** | (133,626) |
| Bad debt expense | **(70,647)** | - | **(70,647)** | - |
| Transaction costs | **(108,265)** | - | **(108,265)** | - |
| Finance costs | **(5,989)** | (146) | **(24,294)** | (293) |
| | **(383,847)** | (88,035) | **(587,069)** | (203,771) |
| Depreciation and amortization | **(5,903)** | (205) | **(11,483)** | (822) |
| Share-based payments | **(29,250)** | - | **(29,250)** | - |
| Foreign exchange gain | **11,385** | 4,977 | **4,950** | 12,461 |
| Net loss | **(407,615)** | (83,263) | **(622,852)** | (192,132) |

**CONSOLIDATED RESULTS OF OPERATIONS**

Revenue of $14,551 and $190,346 was 3,367 and $160,947 higher in the quarter and year ended December 31, 2020 respectively compared to the same periods in the prior year. This was primarily the result of increased attention and demand resulting from the COVID 19 pandemic. Revenue in the USA increased substantially in the third quarter of the year after the Company entered into an agreement with a new US customer whereby they would "white label" certain GreenGo product to sell into their distribution chain. The Company chose to terminate the agreement during the fourth quarter after it was discovered the customer was actively attempting to gain access to our proprietary formulation. Cost of sales for the quarter and year end of $31,236 and $184,164 were $37,995 lower and $84,913 higher respectively than the comparable periods in 2019. Cost of sales for the year increased due to higher sales volumes, increased supplies purchased in Canada and an impairment of certain personal protective equipment ("PPE") inventory in the last quarter of 2020 in the amount of $20,777.

Selling, general and administrative costs of $182,261 and $390,045 the three months and year ending December 31, 2020 were $152,379 and $256,419 higher than the comparative periods in 2019. The primary reasons for the increase related to consulting fees incurred to improve the Company's online visibility, its E-commerce platform as well for professional fees incurred resulting from its decision to merge with Soft.

The Company recognized a bad debt provision in 2020 of $70,647 primarily related to certain royalties receivable the US customer we had entered into a contract with to "white label" our product.

Transaction costs of $108,265 relate primarily to legal fees incurred with respect to the Arrangement with SoftLab.

Finance costs in the quarter and year ended December 31, 2020 of $5,989 and $24,294 were $5,843 and $24,001 higher respectively than the comparative periods in 2019. This related primarily to interest on certain of its outstanding related party loans, an office lease entered into during 2020 and higher banking fees.

Depreciation and amortization costs for the quarter and year ended December 31, 2020 of $5,903 and $11,483 were higher than the comparative periods in 2019 as the Company acquired bottling, labeling and warehouse equipment in the second half of 2020 in Canada.

Foreign exchange gains for the quarter and year ended December 31, 2020 were higher than the same periods in 2019 primarily due to the effect of a strengthening in the Canadian dollar relative to the US dollar on its US dollar denominated payables.

| *($, except per share amounts)* | Dec-20 | Sep-20 | Jun-20 | Mar-20 | Dec-19 | Sep-19 | Jun-19 | Mar-19 |
|---|---|---|---|---|---|---|---|---|
| Revenue | 14,551 | 100,874 | 61,461 | 13,460 | 11,184 | 13,206 | 4,907 | 102 |
| Cash (used in) from operations | (792,125) | (465,192) | 185,770 | (20,927) | (1,666) | (4,655) | (4,265) | (3,772) |
| Net loss | (407,615) | (89,176) | (62,284) | (63,777) | (83,263) | (42,428) | (40,262) | (26,179) |
| Per share - basic and diluted | (0.01) | (0.01) | - | - | (0.01) | - | - | - |
| Total assets | 552,385 | 747,615 | 310,935 | 33,249 | 34,770 | 86,183 | 79,437 | 81,038 |

## LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2020, the Company's capital is composed of shareholders' equity and non-interest bearing loans from SoftLab and from related parties. The Company's primary objectives, when managing its capital, are to maintain adequate levels of funding to support operations of the Company and to maintain corporate and administrative functions. The Company defines capital as cash and equity, consisting of the issued common stock. The capital structure of the Company is managed to provide sufficient funding operating activities. Funds are primarily secured through sales or a combination of equity capital raised by way of private placements and short-term debt. The Company had cash of $212,052 as at December 31, 2020 and the Company had a working capital deficit of $793,844 as at December 31, 2020. The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured through revenues or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits. The Company is not subject to any externally imposed capital requirements. If additional funds are required, the Company plans to raise additional capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements. There were no changes to the Company's approach to capital management during the year ended December 31, 2020.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS AND MANAGEMENT AND BOARD COMPENSATION

$3,000 (2019 - $nil) key management compensation was paid and another $96,000 of management consulting fees was accrued or unpaid during the year ended December 31, 2020 (2019 - $90,000 accrued). The Company also recorded share based compensation expense of $29,250 (2019 - $nil) for founders shares issued in the fourth quarter of 2020. Related party transactions are in the normal course of operations and initially measured at fair value. The payable to the company owned by directors of $239,890 (2019 - $244,092) is a US dollar denominated payable in the amount of US $182,132 related to the acquisition of a worldwide licensing agreement in 2014. CleanGo received a waiver from the company whereby the amount owing will not be called before 2022. Other related parties relate to a family member of the directors. Advances from the CEO/director are unsecured, bear interest at a rate of 5 percent per annum and is due on demand. CleanGo received a waiver from the CEO/director whereby $270,000 of the amount owing will not be called before 2022. Other amounts due to or from related parties are non-interest bearing and unsecured.

## USE OF ESTIMATES AND JUDGEMENTS

In early 2020, the novel coronavirus disease ("COVID 16") was confirmed in multiple countries throughout the world and in March of 2020, the World Health Organization declared a global pandemic. As a result of the continued and uncertain economic and business impact of the COVID-19 pandemic, the Company has reviewed the estimates, judgements and assumptions used in the preparation of its financial statements, including with respect to credit risk of its counterparties and determination of whether indicators of impairment exist for its tangible and intangible assets.

*Provision for returns and promotional incentives*

The Company estimates the most likely amount payable to each customer for sales discount programs and promotional incentives using expected sales volumes and historical spending patterns.

*Provision for expected credit losses*

The Company applies a simplified approach for the measurement of expected credit losses ("ECL") on its trade receivables as these are typically short-term in nature. On initial recognition, the Company records a loss equal to the 12 month ECL unless the financial assets are considered credit impaired. The Company measures lifetime ECL's on its credit impaired trade receivables based on historical experience and forecasted economic conditions affecting the counterparties. The amount is shown as an allowance for doubtful accounts.

*Inventories*

Management makes estimates of future customer demand for products when establishing appropriate provisions for inventory obsolescence. In making these estimates management considers the shelf-life of inventory and the expected profitability of sales.

## FINANCIAL INSTRUMENTS AND RISKS

### a) Fair value risk

The Company's financial instruments consist of cash, trade and other receivables, accounts payable and accrued liabilities, loan payable from SoftLab, lease liabilities and amounts due to related parties.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data

Trade and other receivables, accounts payable and accrued liabilities, loan from SoftLab and amounts due to related parties approximate their fair value due to their short-term maturities. Cash under the fair value hierarchy are based on Level 1 quoted prices in active markets for identical assets or liabilities.

### b) Market risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and price risk and are disclosed as follows:

#### (i) Currency risk

Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company undertakes sales and purchase transactions in foreign currencies and is therefore subject to gains and losses due to fluctuations in foreign currency exchange rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The consolidated statements of financial position include the following amounts with respect to financial assets and liabilities for which cash flows are originally denominated in currencies other than Canadian dollars:

| | | **December 31, 2020** | | December 31, 2019 |
|---|---|---|---|---|
| Cash | **$** | **2,101** | $ | 11,174 |
| Trade and other receivables | **$** | **2,955** | $ | 778 |
| Accounts payable and accrued liabilities | **$** | **(1,820)** | $ | (1,907) |
| Related party payables | **$** | **(227,816)** | $ | (248,143) |

As at December 31, 2020, if a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately $28,600 (as at December 31, 2019 – 30,900) due to the fluctuation, and this would be recorded in the consolidated statements of loss and comprehensive loss.

**(ii) Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates as its loans are non-interest bearing and related party payables have fixed interest rates.

**b) Credit risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

All the Company's cash is held through a Canadian and American chartered bank and accordingly, the Company's exposure to credit risk is considered to be limited. The Company's trade receivables exposure to credit risk is considered to be limited.

The Company's accounts receivable consists of amounts due from various customers. The maximum exposure to credit risk is equal to the carrying value of accounts receivable. The business models of the Company's respective segments require analysis of credit risk specific to each business line. The Company's historic rate of bad debts is low, however there was a $70,647 provision taken in 2020 primarily related to royalties owed to it from a new US customer who was to have white labeled the Company's product and sold it through their distribution network.

The Company applies the simplified approach to providing for ECL's prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the ECL, trade receivables are assessed primarily on days past due combined with the Company's knowledge of past bad debts.

**c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At December 31, 2020, the Company's cash balance of $212,052 is unable to settle current liabilities of $1,240,460. The Company manages its liquidity risk by attempting to maintain sufficient cash balances to enable settlement of transactions on the due date. Accounts payable, loans payable and accrued liabilities and amounts payable to related parties are all current. As the Company has limited sources of revenue, it may require additional financing to accomplish its long-term strategic objectives.

## APPENDIX "M"

## MANAGEMENT DISCUSSION AND ANALYSIS FOR CLEANGO FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

**Clean Go Green Go Inc.**
**Managements Discussion & Analysis**
For the Year Ended December 31, 2019 & 2018

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements and notes thereto for the year ending December 31, 2019 of Clean Go Green Go Inc. (the "Company" or "Clean Go"). Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars unless otherwise indicated. This MD&A is prepared as of **January 14, 2021.**

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information provided in this MD&A, including information incorporated by reference, may contain "forward- looking statements" about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Clean Go, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including, but not limited to: (i) receiving patents on its proprietary product formulation; (ii) obtaining enough customers to create market; (iii) general business and economic conditions; (iv) the availability of financing on reasonable terms; (v) the Company's ability to attract and retain skilled staff; (vi) market competition; (vii) the products and technology offered by the Company's competitors; and (viii) the Company's ability to protect proprietary rights.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the heading "Financial Instruments and Risks". Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

## OVERVIEW AND OUTLOOK

The Company was incorporated on January 23, 2009 and its head office is located at Unit 15, 5656 10 St NE, Calgary, Alberta. Its wholly owned US subsidiary was incorporated on May 14, 2018. The Company's principal business activity is to manufacture and sell cleaning and disinfecting and descaling solutions using a proprietary formulation which is non-toxic, biodegradable and uses no harsh chemicals to provide a green solution to buyers.

### Significant Events

In 2014, the Company obtained an exclusive worldwide licensing agreement from a company owned by the inventor and patent holder to utilize the propriety solution to sell cleaning, disinfecting and descaling products.

In 2018, the Company completed private placements in Canada and the USA at and issued 2,705,000 shares and raised total proceeds of $281,409 after deducting share issuance costs. In 2019, the Company issued 102,500 shares and raised an additional $21,237 net of share issuance costs. (See also note 7 in the annual financial statements).

**Subsequent Events**

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have a positive impact on its business, results of operations, financial position and cash flows in 2020.

In 2020, the Company issued 52,500 shares of the company raising $9,994 net of share issuance costs (see also note 14 of the annual financial statements). In October 2020 the Company issued an additional 150,000 founders shares to insiders of the Company for $0.005 per share in exchange for a reduction in debt to the related party. The total issued and outstanding shares is 32,000,000.

On November 20, 2020 the Company entered into an Arrangement Agreement with SoftLab 9 Technologies Inc. (“SoftLab 9”), a publicly listed company on the CSE, pursuant to which the Company and SoftLab 9 will complete a transaction pursuant to which SoftLab 9 would acquire the Company. Upon closing, the Company will be issued an aggregate of 24,000,000 SoftLab 9 shares: 18,600,000 shares at closing with another 5,400,000 shares that be issuable to certain shareholders in increments of 1,800,000 on the anniversary date of the closing in 2022, 2023 and 2024. Shareholders of the Company will become shareholders of the combined entity (the “Resulting Company”) with the Resulting Company common shares being listed on the Canadian Securities Exchange (the “CSE”). The principal business activity will be the manufacture and sale of disinfecting, cleaning and descaling products. Upon completion of the Proposed Transaction, the Resulting Company will continue to carry on the business of the Company, under the new name “Clean Go Green Go Innovations.” or such other name as may be approved by the board of directors of the Resulting Company. The Proposed Transaction is an arm’s length transaction and will constitute a reverse takeover of SoftLab 9 by the Company pursuant to policies of the CSE.

## CONSOLIDATED RESULTS OF OPERATIONS

| | Three months ended December 31 | | Year ended December 31 | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| Revenue | **11,184** | 64,124 | **29,399** | 66,020 |
| Cost of goods sold | **(69,191)** | (2,665) | **(99,251)** | (26,980) |
| Gross margin | **(58,007)** | 61,459 | **(69,852)** | 39,040 |
| Other income | **-** | - | **-** | - |
| Selling, general and administrative | **(29,882)** | (33,135) | **(133,626)** | (519,447) |
| Finance costs | **(146)** | (122) | **(293)** | (1,417) |
| | **(88,035)** | 28,202 | **(203,771)** | (481,824) |
| Gain / loss on divestiture | **-** | - | **-** | - |
| Depletion and depreciation | **(205)** | - | **(822)** | - |
| Foreign exchange gain (loss) | **4,977** | (13,859) | **12,461** | (22,617) |
| Net loss | **(83,263)** | 14,343 | **(192,132)** | (504,441) |

Revenue was lower in the quarter and year ended December 31, 2019 ($52,940 and $36,621respectively) compared to the prior year as there was a $63,914 sale of product to a related party in December 2018. Cost of sales for the quarter and year end were $66,526 and $72,271 higher than the comparable periods in 2018. The value of the inventory had been impaired in a prior year. Also, storage and warehousing costs were higher in 2019 as the production run done in 2018 was not moved into storage until July 2018.

Selling, general and administrative costs for the three months and year ending December 31, 2019 were lower $3,554 and $385,821 lower than the comparative periods in 2018. The primary reason for the change is that a significant marketing campaign was conducted with a third party enterprise in 2018 which proved unsuccessful.

| *($, except per share amounts)* | Dec-19 | Sep-19 | Jun-19 | Mar-19 | Dec-18 | Sep-18 | Jun-18 | Mar-18 |
|---|---|---|---|---|---|---|---|---|
| Revenue | 11,184 | 13,206 | 4,907 | 102 | 64,124 | 1,795 | 101 | - |
| Cash (used in) from operations | (1,898) | (4,655) | (4,265) | (3,772) | (2,830) | (17,763) | (93,766) | (272,760) |
| Net loss | (83,263) | (42,428) | (40,262) | (26,179) | 14,343 | (47,954) | (152,166) | (318,664) |
| Per share - basic and diluted | (0.00) | (0.00) | (0.00) | (0.00) | 0.00 | 0.00 | (0.01) | (0.01) |
| Total assets | 34,770 | 86,183 | 79,437 | 81,038 | 85,107 | 77,720 | 79,344 | 10,369 |

## LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2019, the Company's capital is composed of shareholders' equity and non-interest bearing loans from related parties. The Company's primary objectives, when managing its capital, are to maintain adequate levels of funding to support operations of the Company and to maintain corporate and administrative functions. The Company defines capital as cash and equity, consisting of the issued common stock. The capital structure of the Company is managed to provide sufficient funding operating activities. Funds are primarily secured through sales or a combination of equity capital raised by way of private placements and short-term debt. The Company had cash of $13,901 as at December 31, 2019 and the Company had working capital deficit of $584,247 as at December 31, 2019. The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured through revenues or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits. The Company is not subject to any externally imposed capital requirements. If additional funds are required, the Company plans to raise additional capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements. There were no changes to the Company's approach to capital management during the year ended December 31, 2019.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

**RELATED PARTY TRANSACTIONS AND MANAGEMENT AND BOARD COMPENSATION**

In 2018, the Company the Company earned revenue in the amount of $63,914 from the sale of old inventory to a related party in exchange for a reduction in debt owed to the related party. As well, the Company incurred share issuance costs from an Officer of Clean Go which was settled through the issuance of 308,000 commons shares of the Company.

No key management compensation was paid during the year ended December 31, 2019 (2018: $Nil) although $90,000 per annum was accrued as a management fee in 2019 and 2018. Related party transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties. Amounts due to or from related parties are non-interest bearing and unsecured, unless specified.

**FINANCIAL INSTRUMENTS AND RISKS**

**a) Fair value risk**

The Company's financial instruments consist of cash, trade receivables, accounts payable, and related-party payables .

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data

Trade receivables, accounts payable, related-party payable and loans payable approximate their fair value due to their short-term maturities. Cash under the fair value hierarchy are based on Level 1 quoted prices in active markets for identical assets or liabilities. The fair value of the loan payable also approximate to its carrying value due to the fact that they are non-interest bearing.

**b) Market risk**

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and price risk and are disclosed as follows:

### (i) Currency risk

Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company undertakes sales and purchase transactions in foreign currencies and is therefore subject to gains and losses due to fluctuations in foreign currency exchange rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The consolidated statements of financial position include the following amounts with respect to financial assets and liabilities for which cash flows are originally denominated in currencies other than Canadian dollars:

| | | **December 31, 2019** | | December 31, 2018 |
|---|---|---|---|---|
| Cash | **$** | **11,174** | $ | 685 |
| Trade and other receivables | | **778** | | 528 |
| Trade and other payables | | **(1,907)** | | - |
| Related-party payables | | **(248,143)** | | (256,308) |

As at December 31, 2019, if a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately $30,900 (as at December 31, 2018 – 34,790) due to the fluctuation, and this would be recorded in the consolidated statements of operation and comprehensive income (loss).

### (ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates as its loans are non-interest bearing.

## b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

All the Company's cash is held through a Canadian and American chartered bank and accordingly, the Company's exposure to credit risk is considered to be limited. The Company's trade receivables are small the exposure to credit risk on these amounts are considered to be limited.

The Company's accounts receivable consists of amounts due from various customers. The maximum exposure to credit risk is equal to the carrying value of accounts receivable. The business models of the Company's respective segments require analysis of credit risk specific to each business line. The Company's historic rate of bad debts is low.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables are assessed primarily on days past due combined with the Company's knowledge of past bad debts.

**c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. At December 31, 2019, the Company's cash balance of $13,901 is unable to settle current liabilities of $617,243. The Company manages its liquidity risk by attempting to maintain sufficient cash and cash equivalents balances to enable settlement of transactions on the due date. Accounts payable, loans payable and accrued liabilities and amounts payable to related parties are all current. As the Company has limited sources of revenue, it may require additional financing to accomplish its long-term strategic objectives.

**CERTIFICATE OF CLEANGO INNOVATIONS INC.**

Pursuant to a resolution duly passed by its Board of Directors, CleanGo Innovations Inc., hereby applies for the listing of the above-mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to CleanGo Innovations Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Calgary, Alberta, this 29th day of August 2021.

"*Anthony Sarvucci*"
**Anthony Sarvucci, President and Chief Executive Officer**

"*Gary Lobb*"
**Gary Lobb, Chief Financial Officer**

"*Alnoor Nathoo*"
**Alnoor Nathoo, Director**

"*Morgan Rebrinsky*"
**Morgan Rebrinsky, Director**

"*Anthony Sarvucci*"
**Anthony Sarvucci, Promoter**

## CERTIFICATE OF CLEAN GO GREEN GO INC.

The foregoing contains full, true and plain disclosure of all material information relating to Clean Go Green Go Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Calgary, Alberta, this 29th day of August 2021.

"*Anthony Sarvucci*"
**Anthony Sarvucci, President**

"*Gary Lobb*"
**Gary Lobb, Chief Financial Officer**

"*Anthony Sarvucci*"
**Anthony Sarvucci, Promoter**

"*Paula Pearce-Sarvucci*"
**Paula Pearce-Sarvucci, Director**