
CONSOLIDATED FINANCIAL STATEMENTS

SOLVBL SOLUTIONS INC.
(Formerly Stowe One Investments Corp.)

Years ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

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(Formerly Stowe One Investments Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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To the Shareholders of Solvbl Solutions Inc.:

Opinion

We have audited the consolidated financial statements of Solvbl Solutions Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020, and the consolidated statements of loss and other comprehensive loss, changes in shareholders' equity (deficiency) 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 financial position of the Company as at December 31, 2021 and December 31, 2020, 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 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 audits 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 as at December 31, 2021, the Company had an accumulated deficit and negative operating cashflows. 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 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 audits 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 audits 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Waterloo, Ontario
May 1, 2022

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

MNP

Solvbl Solutions Inc.

(Formerly Stowe One Investments Corp.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

	Notes	December 31, 2021	December 31, 2020
Assets			
Current assets:			
Cash and cash equivalents	6	\$ 1,278,320	\$ 224,879
Cash held in trust		402	402
GIC investments	7	650,000	-
Prepaid expenses and sundry assets		227,548	200,212
Tax receivables		95,455	11,835
Stowe One Receivables		-	163,355
Wage subsidy receivables		-	33,548
		2,251,725	634,231
Non-current assets:			
Equipment	8	5,740	8,200
Right-of-use asset	9	-	11,834
		5,740	20,034
Total assets		\$ 2,257,465	\$ 654,265
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	10	\$ 115,638	\$ 501,003
Deferred revenue	11	144,955	24,955
Government loan	15	57,526	-
Lease liability	12	-	14,516
		318,119	540,474
Long-term liabilities:			
Promissory notes payable	13	-	189,280
Shareholders' loans	14	-	60,799
Government loan	15	-	55,154
		-	305,233
Total liabilities		318,119	845,707
Shareholders' equity (deficiency)			
Share capital	16	5,180,903	2,283,847
Warrants reserve	17	1,498,851	-
Stock option reserve	18	545,849	423,291
Contributed surplus	19	312,706	304,806
Deficit		(5,598,963)	(3,203,386)
Total shareholders' equity (deficiency)		1,939,346	(191,442)
Total liabilities and equity		\$ 2,257,465	\$ 654,265

The accompanying notes are an integral part of the consolidated financial statements.

Going concern - Note 1

Subsequent events - Note 26

“Vikas Gupta”

Director

“Alan Rootenberg”

Director

Solvbl Solutions Inc.

(Formerly Stowe One Investments Corp.)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

Years Ended December 31, 2021 and 2020

	Notes	2021	2020
Revenue		\$ -	\$ 10,000
Expenses:			
Professional and consulting fees		435,038	472,090
Salaries and benefits		469,382	429,873
General and administrative		167,178	48,107
Shareholder services		593,043	14,740
Listing expense	5	748,374	-
Share-based compensation	18	130,458	108,271
Depreciation	8, 9	14,294	31,917
Loss from operations		(2,557,767)	(1,094,998)
Other (income) expense			
Interest income		(132)	(420)
Loss / (Gain) on debt restructuring	13	136,775	(72,614)
Government subsidy	20	(315,640)	(431,197)
Gain on government loan discount	15	-	(6,185)
Interest expenses	12,13,14,15	16,807	28,032
		(162,190)	(482,384)
Loss before income tax expense		(2,395,577)	(612,614)
Income tax expense	24	-	-
Loss and comprehensive loss		\$ (2,395,577)	\$ (612,614)
Weighted average number of shares - basic	22	112,019,504	76,024,191
Weighted average number of shares - diluted	22	118,824,299	N/A
Loss per share - basic	22	(\$0.02)	(\$0.01)
Loss per share - diluted	22	(\$0.02)	N/A

The accompanying notes are an integral part of the consolidated financial statements.

Solvbl Solutions Inc.

(Formerly Stowe One Investments Corp.)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Expressed in Canadian Dollars)

Years ended December 31, 2021 and 2020

	Notes	Number of Shares	Share Capital	Warrants	Stock option reserve	Contributed Surplus	Deficit	Total
Balance, January 1, 2020		72,534,747	1,543,663	263,970	315,020	40,832	(2,590,772)	(427,287)
Common shares issuance	16,17	4,934,839	740,226	-	-	4	-	740,230
Share issuance costs	16,17	-	(42)	-	-	-	-	(42)
Stock based compensation	16,17	-	-	-	108,271	-	-	108,271
Warrants expiration	16,18	-	-	(263,970)	-	263,970	-	-
Net loss for the year		-	-	-	-	-	(612,614)	(612,614)
Balance, December 31, 2020		77,469,586	\$ 2,283,847	\$ -	\$ 423,291	\$ 304,806	\$ (3,203,386)	\$ (191,442)
Common shares issued through RTO	5	3,366,811	505,022	-	-	-	-	505,022
Stock options exercised	16,18	100,000	10,000	-	(7,900)	7,900	-	10,000
Private placements	16,17	66,666,666	2,646,967	1,553,033	-	-	-	4,200,000
Share issuance costs	16,17	-	(473,273)	(280,607)	-	-	-	(753,880)
Broker warrants	16,17	-	-	106,087	-	-	-	106,087
Private placement debt settlement	16,17	4,930,000	208,340	97,460	-	-	-	305,800
Warrants issued for services	16,17	-	-	22,878	-	-	-	22,878
Stock based compensation	18	-	-	-	130,458	-	-	130,458
Net loss for the year		-	-	-	-	-	(2,395,577)	(2,395,577)
Balance, December 31, 2021		152,533,063	\$ 5,180,903	\$ 1,498,851	\$ 545,849	\$ 312,706	\$ (5,598,963)	\$ 1,939,346

The accompanying notes are an integral part of the consolidated financial statements.

Solvbi Solutions Inc.
(Formerly Stowe One Investments Corp.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

Years ended December 31,	Notes	2021	2020
Cash flow used in operating activities			
Net loss for the year		\$ (2,395,577)	\$ (612,614)
Adjustments to net loss for non-cash items:			
Share-based compensation	18	130,458	108,271
Listing expense	5	748,374	-
Preacquisition deficit - Stowe One	5	(243,352)	-
Interest expenses - accretion	13,14,15	16,323	22,345
Loss / (Gain) on debt restructuring	13	136,775	(72,614)
Loss / (Gain) on government loan discount	15	-	(6,185)
Depreciation - right-of-use asset	9	11,834	28,403
Depreciation - equipment	8	2,460	3,514
		(1,592,705)	(528,880)
Changes in non-cash working capital:			
Decrease/(increase) in prepaids and other receivables		169,567	(308,486)
Decrease/(increase) in tax receivables		(83,620)	15,536
(Decrease) increase in accounts payables and accrued liabilities ^{a)}		(399,880)	93,499
Increase in deferred revenue		120,000	-
		(1,786,638)	(728,331)
Cash flow used in investing activity			
GIC investments		(650,000)	-
		(650,000)	-
Cash flow from financing activities			
Proceeds from common shares issuance		4,000,000	740,230
Proceeds from stock option exercise	16,18	10,000	-
Share issuance costs	16	(446,915)	(42)
Units issued for debt settlement	16,17	305,800	-
Warrants issued for services	16,17	22,000	-
(Decrease) increase in deferred subscription receipt		-	(15,000)
Proceeds from promissory notes issuance		-	93,000
Shareholders loans	14	94,500	60,000
Government loan	15	-	60,000
Repayment of promissory notes	13	(337,256)	-
Repayment of shareholders loans	14	(158,050)	-
		3,490,079	938,188
Increase in cash		1,053,441	209,857
Cash and cash equivalents, beginning of year		225,281	15,424
Cash and cash equivalents, end of year		\$ 1,278,722	\$ 225,281
Cash and cash equivalents		\$ 1,278,320	\$ 224,879
Cash held in trust		402	402
		\$ 1,278,722	\$ 225,281

The accompanying notes are an integral part of the consolidated financial statements.

Going concern - Note 1

Subsequent events - Note 26

Supplemental cash flow information:

^{a)} Unpaid office rent and interest in accounts payables and accrued liabilities	\$	-	\$ 30,313
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Solvbl Solutions Inc. (Formerly Stowe One Investment Corp.)

Notes to the Consolidated Financial Statements

Years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

1. Nature of Operations

Solvbl Solutions Inc. (“Solvbl” or “the Company”) - formerly Stowe One Investments Corp. (“Stowe One”) was incorporated under the Business Corporations Act (British Columbia) (“BCBCA”) on June 16, 2017, head and registered office was located at Suite 650, 1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3. Stowe One was incorporated as a wholly-owned subsidiary of Anacott Resources Corp. (“Anacott”). Stowe One entered into an arrangement agreement dated June 26, 2017 among Anacott, Stowe One and other subsidiaries of Anacott (the “Anacott Arrangement Agreement”) in connection with a plan of arrangement (the “Anacott Arrangement”), which was approved by the shareholders of Anacott on July 27, 2017. On July 28, 2017, the Court granted the Final Order approving the Arrangement in accordance with Part 9 of the BCBCA and Stowe One was spun out and became a reporting issuer in Alberta and British Columbia.

Since the completion of the Anacott Arrangement until the closing of the three cornered amalgamation pursuant to the provisions of the BCBCA, whereby 1191212 B.C. Ltd, (“1191212”) a wholly-owned subsidiary of Stowe One and Agile Blockchain Corp. (“Agile”) amalgamated on February 10, 2021 (“Closing”), with 1191212 B.C. Ltd (“Amalco”) surviving as a wholly-owned subsidiary of the Company (“Amalgamation”), Stowe One did not carry on any active business other than the identification and evaluation of acquisition opportunities to permit Stowe One to acquire a business or assets in order to conduct commercial operations.

Prior to the Closing, Stowe One did not have any business operations or assets other than cash, and did not have written or oral agreements in principle for the acquisition of an asset or business other than the Amalgamation Agreement. Immediately prior to Closing, Stowe One changed its name to “Solvbl Solutions Inc.”

Agile was incorporated on March 2, 2018 in the Province of British Columbia, Canada. Agile is a software company developing software that would help different companies address their supply chain issues within their respective businesses using blockchain backed software solutions. Head office of Agile was located at 15 Toronto Street, Suite 602, Toronto, Ontario, M5C 2E3.

Amalgamation

On December 21, 2018, Agile signed an amalgamation agreement (“Amalgamation Agreement”) with 1191212. Under the terms of the Amalgamation Agreement, Agile agreed to amalgamate with 1191212 and proposed to combine the business and assets of Stowe One and Agile through the amalgamation (the “Transaction”), among other things, this resulted in the Stowe One shares having a deemed value of \$0.07 per share. As of the date of the Amalgamation Agreement, Stowe One had a total of 7,214,607 shares outstanding.

In April and November 2020, Agile raised \$731,205 and \$9,021, respectively, by way of non-brokered private placements at a price of \$0.15 per common share in the capital of Agile (“Agile Common Share”).

The Transaction was completed on February 10, 2021 and immediately prior to the closing of the Transaction, Stowe One changed its name to Solvbl Solutions Inc. and consolidated its share capital on the basis of one post-consolidation common shares for each 2.1428571 pre-consolidation common shares, total 3,366,817 post-consolidation shares was issued. (Note 5)

The Company commenced trading on the Canadian Securities Exchange (“CSE”) under the symbol SOLV at the open of business on February 23, 2021.

On July 1, 2021, the Company moved its registered head office to First Canadian Place, 100 King Street West, Suite 5700, Toronto, Ontario, M5X 1C7.

Solvbl Solutions Inc. (Formerly Stowe One Investment Corp.)

Notes to the Consolidated Financial Statements

Years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

Going Concern

As at December 31, 2021, the Company had an accumulated deficit amounting to \$5,598,963 (December 31, 2020: \$3,203,386). As at December 31, 2021, the Company had working capital of \$1,933,606 (December 31, 2020: \$93,757). The Company has generated negative operating cashflow of \$1,786,638 for the year ended December 31, 2021 (2020: negative operating cashflow of \$728,331). The ability of the Company to continue as a going concern is dependent upon generating profitable operations from its developed products, the continuing financial support of shareholders or other investors, or obtaining new financing on commercial terms acceptable to the Company. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The accompanying consolidated financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The consolidated financial statements do not include any adjustments to reflect any events since December 31, 2021 or the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from this uncertainty.

Covid – 19

In March 2020, the World Health Organization (“WHO”) classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. Many countries reacted by instituting quarantines and restrictions on travel. These actions are creating disruption in global supply chains and adversely impacting economic and market conditions and triggered a period of global economic slowdown. Generally, the business development activities of the Company have slowed due to COVID-19. Management is actively monitoring the global situation on its financial condition, liquidity, operations and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the outbreak on its result of operations, financial condition and liquidity at this time.

Since the emergence in or about December 2019 of a novel strain of coronavirus (“COVID-19”), the highly contagious virus has spread across the world. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Since that time in response to the outbreak, governmental authorities in Canada and internationally have implemented various measures with the aim of preventing or limiting further spread of COVID-19. These measures, which have included travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, and social distancing, have, among other things, resulted in widespread business, employment and economic disruptions. While the recent positive news of vaccine results are promising, the infection and death rates are still very worrying. The global pandemic continues to rapidly evolve and the ultimate impact of the COVID-19 outbreak is highly uncertain.

The continued global spread of COVID-19 could have an adverse impact on the business, operations and financial results of the Company, including with respect to issues related to securing clients in Canada, US and elsewhere and may also impact our business in the supply chain sector. The Company has not yet begun selling its products but is implementing or will implement precautionary measures, which would not have otherwise been implemented prior to the COVID-19 outbreak, at its facility to ensure the safety of its personnel, and potential clients and partners, which may adversely impact the Company's productivity and its business in the supply chain sector. For example, mandatory or voluntary self-quarantines may limit the staffing at the Company's facility. In addition, it is possible that among other things, travel restrictions to the US and elsewhere due to the COVID-19 pandemic may adversely affect the Company's ability to successfully market and sell its products in Canada and elsewhere. Continued spread of COVID-19 globally could also lead to a deterioration of general economic conditions including a possible national or global recession. Due to the unpredictability and scale of the effects of COVID-19, The Company is unable to accurately estimate the impact or level of materiality of COVID-19 on its business, operations or financial results.

Solvbl Solutions Inc. (Formerly Stowe One Investment Corp.)

Notes to the Consolidated Financial Statements

Years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

The Company will monitor the situation in order to assess any possible adverse impact on its business, supply chain and customers on an ongoing basis and to determine which measures, if any, will be taken to mitigate such adverse impact.

2. Basis of preparation

a) Statement of Compliance:

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”).

These consolidated financial statements were approved by the Board of Directors for issue on May 1, 2022.

b) Functional and Presentation Currency:

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value.

The functional currency of the Company is the Canadian Dollar, which is also the presentation currency of these consolidated financial statements.

c) Accounting estimates and judgements

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the consolidated financial statements.

On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses various factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual results could differ from the estimates used under different assumptions and conditions.

The most significant judgments applying to the Company's consolidated financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty. These consolidated financial statements have been prepared based on the going concern assumption, which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The assessment is based upon planned actions that may or may not occur for several reasons including the Company's own resources and external market conditions.
- Impairment of non-financial assets - Non-financial assets include property and equipment, and the right of use assets. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate and cash flow projections.

Solvbl Solutions Inc. (Formerly Stowe One Investment Corp.)

Notes to the Consolidated Financial Statements

Years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

- Leases renewal terms and incremental borrowing rate - Judgement is required at the inception of a lease as to whether payments associated with future renewal options are included or excluded from the calculation of the lease liability. Management must assess the likelihood of such options being exercised based on factors such as lease rates, improvements made and cost associate with exiting. Additionally, the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific risk adjustments.
- Provisions - Provisions are accrued for liabilities with uncertain timing or amounts, if, in the opinion of management, it is both likely that a future event will confirm that a liability had been incurred at the date of the consolidated financial statements of financial position and the amount can be reasonably estimated. In cases where it is not possible to determine whether such a liability has occurred, or to reasonably estimate the amount of loss until the performance of some future event, no accrual is made until that time. In the ordinary course of business, the Company may be party to legal proceedings which include claims for monetary damages asserted against the Company. The adequacy of provisions is regularly assessed as new information becomes available.

Significant estimates or key sources of estimation uncertainty include:

- Current and deferred income taxes - Current income taxes require significant estimation in their calculation including the consideration of allowable deductions and tax rates. In assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax positions taken will be sustained upon examination by applicable tax authorities.
- Allowance for expected credit losses - Management determines expected credit loss by evaluating individual receivable balances and considering customers' financial condition, customer creditworthiness, current economic trends and experience. Account receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All receivables are expected to be collected within one year of the year ended.
- Useful lives of non-financial assets - The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property and equipment are based on internal technical evaluations and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets;
- Share-based payment transactions and warrants - The Company measures the cost of equity-settled transactions with employees, directors and consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value

Solvbl Solutions Inc. (Formerly Stowe One Investment Corp.)

Notes to the Consolidated Financial Statements

Years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

for share-based payment transactions require determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield of the share option and forfeiture rate. Similar calculations are made in order to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Forfeiture of stock-based compensation - The Company account for forfeitures of stock-based compensation relates to the service condition aspects of compensation as they occur and keep assessing the likelihood of achieving performance conditions each reporting period.

The Company records compensation cost assuming all option holders will complete the requisite service period. If an employee forfeits a reward because they fail to complete the requisite service period, the company will reverse compensation cost previously recognized in the period the award is forfeited.

3. Significant Accounting Policies

a) Financial Instruments

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

Amortized cost

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely principal and interest (“SPPI”) criterion. Financial asset classified in this category are measured at amortized cost using the effective interest method.

Fair value through profit or loss

This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in profit or loss.

Financial assets at fair value through other comprehensive income not held-for-trading can be irrevocably designated to have their change in fair value recognized through other comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income.

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Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Summary of the Company's classification and measurements of financial assets and liabilities under IFRS 9: Financial Instruments:

	Classification	Measurement
Cash and cash equivalents	Amortized cost	Amortized cost
Cash held in trust	Amortized cost	Amortized cost
GIC investment	FVTPL	Fair value
Other receivables	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Lease liability	Amortized cost	Amortized cost
Promissory notes payable	Amortized cost	Amortized cost
Shareholders loans	Amortized cost	Amortized cost
Government loan	Amortized cost	Amortized cost

Impairment of financial assets

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for accounts receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

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Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

- b) Cash and cash equivalents – Cash and cash equivalents include cash on account and demand deposits with original maturities of three months or less.
- c) Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in deficiency in assets or other comprehensive loss.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in loss and comprehensive loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

- d) Loss per share

Loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase option and warrants, if dilutive. The diluted loss per share calculation excludes any potential conversion of options that would increase earnings per share or decrease loss per share.

- e) Equipment

Equipment is recorded at cost less accumulated amortization. The Company provides for amortization using the following methods at rates designed to amortize the cost of the equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

Blockchain hardware	30%	Declining balance
Computer equipment	30%	Declining balance

The estimated residual value and useful lives of assets are reviewed by management annually at each reporting date and adjusted if necessary.

- f) Provisions and contingencies

Provisions are recognized when a legal contractual or constructive obligation exists, as a result of past events, and it is probable that a future outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate current market-based pre-tax discount rate. The increase in the provision

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due to passage of time is recognized as interest expense. When a contingency substantiated by confirming events can be reliably measured and is likely to result in an economic outflow, a liability is recognized as the best estimate required to settle the obligation. A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligation cannot be measured reliably or will likely not result in an economic outflow. Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized in the consolidated financial statements.

g) Impairment of long-lived assets

At each reporting date the Company assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value (less costs to sell) and value-in-use. It is determined for an individual asset, unless the asset's value-in-use cannot be estimated to be close to its fair value (less costs to sell) and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

h) Shareholder's equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

i) Share-based compensation

The Company uses the fair value method whereby the Company recognizes compensation costs for the granting of all stock options and direct awards of stock-based compensation on their fair value over the period of vesting using the Black-Scholes option pricing model. Any consideration paid by the option holders to purchase shares is credited to common shares.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

j) Special warrants

The Company issues special warrants to raise operating funds. The issued special warrants are automatically converted to common shares and the common share purchase warrants of the Company according to predetermined terms when the pre-defined subscribing conditions are met. They are evaluated and classified under IAS 32 Financial Instruments: Presentation. Equity classification applies to instruments where a fixed amount of cash (or liability) denominated in the issuer's functional currency is exchanged for a fixed number of shares (often referred to as the "fixed-for-fixed" criteria).

The Company measures the fair value of issued special warrants using the Black-Scholes option pricing model.

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k) Financing warrants, performance warrants

Financing warrants and performance warrants have been issued in combination with common shares as part of a financing exercise or separately. Per IAS 32 Financial Instruments: Presentation, the number of shares issued by the Company upon the exercise of the warrant is fixed, the warrants therefore meet the "fixed-for-fixed" criteria for equity classification. Warrants classified as equity are valued using the Black-Scholes Model. When the warrants are exercised, the fair value of the warrants is transferred to share capital from the warrant reserve. If a warrant expires, the value of the warrant remains in warrant reserve.

l) Promissory notes payable

Promissory notes payables are classified as financial liabilities and are measured at fair value at initial recognition and subsequently at amortized cost. Transaction costs, if any, are deferred and amortized over the term of the liability using the effective interest method.

m) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operation results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers being the executive management team.

The operations of the Company represent one operating segment under IAS 8 Operating Segments. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the consolidated financial statements.

n) Revenue

The Company recognizes blockchain software revenue when a contractual exchange agreement has been entered, the software development obligations have been performed, and the customers accept of the software products delivered, in an amount that reflects the consideration the Company expects to receive in exchange for the software products delivery.

The Company generates revenue through the sale of services for the Blockchain software products.

Primary products and services include:

- Supply-chain ecosystem which enables a single entity to monitor, measure and manage its inventory and supply management
- Tracking system that provides a level of security by registering tracker profiles on the ledger using a 256-bit hash.

Revenue is measured based on the gross consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer.

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The Company follows the following steps to recognize revenues:

1. Software (SW) Development
2. Training
3. Maintenance
4. Warranty provision
5. Recognize revenue when the Company satisfies a performance obligation

The Company recognizes blockchain software revenue when a contractual exchange agreement has been entered, the software development obligations have been performed, and the customers accept of the software products delivered, in an amount that reflects the consideration the Company expects to receive in exchange for the software products delivered.

4. Adoption of New Accounting Standards

There were no new accounting standards adopted by the Company in the year ended December 31, 2021.

5. Qualified transaction

On February 10, 2021, Agile and Stowe One completed their previously announced Amalgamation which resulted in the reverse take-over of Stowe One by Agile (the "Transaction"). As a result of the Transaction, Stowe One now carries on the business of Agile. The Company also publicly filed a non-offering final prospectus dated February 10, 2021 (the "Prospectus") in connection with the listing of its common shares (the "Common Shares") on the Canadian Securities Exchange ("CSE"). The Company received approval from the CSE to list its Common Shares on the CSE. Trading in the Common Shares commenced under the ticker symbol "SOLV" on or about February 23, 2021 following the issuance by the CSE of its final bulletin in respect of the listing.

Immediately prior to the completion of the Transaction, Stowe One: (a) filed articles of amendment to change its name from "Stowe One Investment Corp." to "Solvbl Solutions Inc."; and (b) consolidated its share capital on the basis of one post-consolidation Common Share for each 2.1428571 pre-consolidation Common Shares, with total 3,366,817 post-consolidation shares issued. Under the terms of an amalgamation agreement between Stowe One (now Solvbl), Agile and 1191212 BC Ltd., a wholly owned subsidiary of Stowe One ("Subco"), dated effective December 21, 2018, as amended and restated effective August 14, 2020, the Transaction was completed by way of a three-cornered amalgamation under the laws of British Columbia whereby Subco merged with and into Agile to form an amalgamated entity, named "1191212 BC Ltd.". On closing of the Transaction, the amalgamated "1191212 BC Ltd." became a wholly owned subsidiary of SoLVBL and the shareholders of Agile were issued one Common Share in exchange for every one Agile common share held immediately prior to the completion of the Transaction. In addition, each outstanding option to purchase Agile common shares was exchanged for the equivalent number of options to purchase common shares of Solvbl on the same terms and conditions as the original security.

Following the completion of the Transaction, SoLVBL has 80,836,397 Common Shares issued and outstanding, approximately 4.2% of which are held by the prior shareholders of Stowe One Investments Corp. and approximately 95.8% of which are held by the former shareholders of Agile.

In connection with the completion of the Transaction, all directors and officers of Stowe One resigned and were replaced by nominees of Agile, as follows: (a) Raymond Pomroy - Chief Executive Officer and Corporate Secretary; (b) Khurram Qureshi - Chief Financial Officer; (c) Vikas Gupta - Director; (d) Musabbir Chowdhury- Director; (e) Brenda Brown - Director; and (f) Alan Rootenberg - Director.

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The fair value of the consideration issued at the closing of the Transaction is as follows:

Deemed fair value of the issued shares of the Company		3,366,817
Price per share		<u>0.15</u>
Cost of acquisition		505,022
Fair value of Stowe One net deficit:		
Cash	164	
Accounts Receivable	5,568	
Accounts Payable and Accrued Liabilities	(14,084)	
Amount due to Agile	<u>(235,000)</u>	
		243,352
Listing expense		<u>748,374</u>

The purchase price is recorded as an increase in share capital after day-one write off of as a listing expense in the profit and loss.

6. Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash in bank	\$ 128,320	\$ 224,879
Redeemable/variable rate GIC	1,150,000	-
	<u>\$ 1,278,320</u>	<u>\$ 224,879</u>

7. GIC investment

	December 31, 2021	December 31, 2020
One year locked GIC	<u>\$ 650,000</u>	<u>\$ -</u>

As at December 31, 2021, the Company held one-year locked GIC investment and earning interest at a rate of .15% maturing on September 13, 2021.

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8. Equipment

	Blockchain Hardware	Computer Equipment	Total
<u>Cost</u>			
Balance, January 1, 2020	\$ 3,989	\$ 16,710	\$ 20,699
Additions	-	-	-
Balance, December 31, 2020	3,989	16,710	20,699
Additions	-	-	-
Balance, December 31, 2021	\$ 3,989	\$ 16,710	\$ 20,699
<u>Accumulated depreciation</u>			
Balance, January 1, 2020	(\$ 463)	(\$ 8,522)	(\$ 8,985)
Additions	(1,058)	(2,456)	(3,514)
Balance, December 31, 2020	(1,521)	(10,978)	(12,499)
Additions	(740)	(1,720)	(2,460)
Balance, December 31, 2021	(\$ 2,261)	(\$ 12,698)	(\$ 14,959)
<u>Net book value, January 1, 2020</u>	\$ 2,468	\$ 5,732	\$ 8,200
<u>Net book value, December 31, 2021</u>	\$ 1,728	\$ 4,012	\$ 5,740

9. Right-of-Use Asset

	<u>Corporate property lease</u>
<u>Cost</u>	
Balance, January 1, 2020 and December 31, 2020 and 2021	\$ 73,373
<u>Accumulated depreciation</u>	
Balance, January 1, 2020	(33,136)
Additions	(28,403)
Balance, December 31, 2020	(\$ 61,539)
Additions	(11,834)
Balance, December 31, 2021	(\$ 73,373)
<u>Net book value, December 31, 2020</u>	\$ 11,834
<u>Net book value, December 31, 2021</u>	\$ -

10. Accounts Payable and Accrued Liabilities

	December 31, 2021	December 31, 2020
Accounts payable	\$ 28,779	\$ 281,107
Accrued liabilities	82,990	161,000
Payroll deductions payable	3,869	58,896
	\$ 115,638	\$ 501,003

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11. Deferred Revenue

	Deferred revenue
Balance, January 1, 2020 and December 31, 2020	\$ 24,955
Licensing fee	120,000
Balance, December 31, 2021	\$ 144,955

12. Lease Liability

	Lease liability
Balance, January 1, 2020	\$ 44,829
Rent payable	(36,000)
Interest	5,687
Balance, December 31, 2020	\$ 14,516
Rent payable	(15,000)
Interest	484
Balance, December 31, 2021	\$ -

13. Promissory Notes Payable

	Promissory notes
Balance, January 1, 2020	\$ 148,687
Principal	93,000
Interest accrued	20,207
Debt restructuring gain	(72,614)
Balance, December 31, 2020	\$ 189,280
Interest accrued	11,201
Loss on repayment	136,775
Repayment	(337,256)
Balance, December 31, 2021	\$ -

On August 13, 2021, the Company repaid \$337,256 of total accumulated promissory notes and interest.

14. Shareholders' Loans

Summary of the Company's shareholders loans as at December 31, 2021:

Date of Borrowing	Loan Amount	Due Date	Interest	Repayment	Balance
September 25, 2020	\$ 60,000	December 31, 2022	\$ 2,651	(62,651)	\$ 0
April 29, 2021	30,000	May 20, 2021	52	(30,052)	0
June 15, 2021	33,000	August 15, 2021	535	(33,535)	0
June 30, 2021	13,500	August 30, 2021	169	(13,669)	0
July 15, 2021	18,000	August 15, 2021	143	(18,143)	0
	\$ 154,500		\$ 3,550	(\$158,050)	\$ 0

All above loans are unsecured and bore interest at rate of 10% per annum. On August 13, 2021, the Company repaid \$158,050 of total outstanding shareholders loan and interest.

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15. Government loans

On April 16, 2020, the Company received a loan of \$40,000 through the Canadian Emergency Business Account Program (“CEBA Loan”), which provides financial relief for Canadian small businesses during the COVID-19 pandemic. On December 21, 2020 the Company received further \$20,000 as extension of this loan. The CEBA Loan has an initial term date on December 31, 2022 (the “Initial Term Date”) and may be extended to December 31, 2025. The CEBA Loan is non-revolving, with an interest rate of 0% per annum prior to the Initial Term Date. Repaying the balance of the CEBA loan on or before December 31, 2022 will result in loan forgiveness of \$20,000 out of the total \$60,000 loan.

The fair value of the loans as at December 31, 2021 and 2020 was \$57,526 and \$55,154, respectively, calculated using a 4.45% effective rate which corresponds to a rate that the Company would have obtained for a similar investment. The Company recognized an accretion expense of \$2,371 (2020: \$1,339) and a \$Nil gain on discount of the government loan (2020: \$6,185) in the consolidated statements of loss and comprehensive loss.

16. Share Capital

Authorized

Unlimited common shares

	Note	Number of Shares	Amount
Balance as at January 1, 2020		72,534,747	\$ 1,543,663
Private placement (April 1, 2020)	a)	87,999	13,200
Private placement (April 15, 2020)	b)	4,786,700	718,005
Private placement (November 2, 2020)	c)	60,140	9,021
Share issuance cost			(42)
Balance as at December 31, 2020		77,469,586	\$ 2,283,847
Common shares acquired through RTO	d)	3,366,811	505,022
Stock options exercised	e)	100,000	10,000
Private placement on July 23, 2021	f)	50,000,000	1,899,900
Financial advisory service	g)	3,333,333	126,667
Debt settlement	h)	4,930,000	208,340
Private placement on July 30, 2021	i)	13,333,333	620,400
Share issuance cost	j)		(473,273)
Balance as at December 31, 2021		152,533,063	\$ 5,180,903

- a) On April 1, 2020, the Company closed a private placement equity financing and issued 87,999 Common Shares of the Company, at a price of \$0.15 per share, with gross proceeds of \$13,200 raised.
- b) On April 15, 2020, the Company closed a private placement equity financing and issued 4,786,700 Common Shares of the Company, at a price of \$0.15 per share, with gross proceeds \$718,005 raised, \$42 in share issuance costs were incurred and recognized.
- c) On November 2, 2020, the Company completed a private placement financing for gross proceeds of \$9,021. In connection with the closing of the financing, the Company issued an aggregate of 60,140 common shares, at a price of \$0.15 per common share.
- d) On February 10, 2021, the Company closed a three-cornered amalgamation transaction and issued 3,366,817 common shares. (Note 5)

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- e) On February 26, 2021, 100,000 stock options were exercised with an exercise price of \$0.10 per share, 100,000 common shares of the Company were issued with proceeds of \$10,000 received.
- f) On July 23, 2021 the Company closed a brokered private placement of units of the Company (the "Units") led by Research Capital Corporation as sole agent and sole bookrunner (the "Agent"), pursuant to which the Company issued 50,000,000 Units at a price of \$0.06 per Unit for aggregate gross proceeds of \$3,000,000. Each Unit is comprised of one common share of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"). Each Warrant is exercisable to acquire one Common Share (a "Warrant Share") at a price of \$0.12 per Warrant Share for a period of 24 months from the date of issuance. The fair value of the Common Shares and the Warrants was estimated to be \$1,899,900 and \$1,100,100 specifically, with reference to the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 116%; (iii) risk-free rate of 0.45%; (iv) unit price of \$0.12; (v) forfeiture rate of 0; (vi) expected life of two years.
- g) In connection with the private placement, the Agent received an aggregate cash fee equal to \$229,329 and an aggregate of 3,822,154 non-transferable compensation warrants (the "Broker Warrants"), equal to 8% of the total number of Units sold by the Agent. Each Broker Warrants entitles the holder to purchase one Unit of the Company at an exercise price of \$0.06, equal to the offering price, for a period of 24 months following the closing of the private placement. The fair value of the Broker Warrants was estimated to be \$84,087, with reference to the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 116%; (iii) risk-free rate of 0.45%; (iv) unit price of \$0.06; (v) forfeiture rate of 0; (vi) expected life of two years.

In addition, the Company has paid the Agent financial advisory fee satisfied by the issuance of 3,333,333, Common Shares and 3,333,333 warrants on July 23, 2021. Each Warrant is exercisable to acquire one Common Share at a price of \$0.12 per share for a period of 24 months from the date of issuance. The fair value of the Common Shares and the Warrants was estimated to be \$126,667 and \$73,333 specifically, with reference to the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 116%; (iii) risk-free rate of 0.45%; (iv) unit price of \$0.12; (v) forfeiture rate of 0; (vi) expected life of two years. The non-cash \$200,000 corporate finance fee was recorded as share issuance cost of this private placement financing.

- h) On July 27, 2021, the Company settled aggregate indebtedness of \$265,800 under debt settlement agreements with six creditors by issuing an aggregate of 4,430,000 units of the Company ("Debt Units"), at a price of \$0.06 per Unit. Each Unit is comprised of one Common Share and one Warrant. Each Warrant is exercisable for a period of 24 months from the date of issuance at an exercise price of \$0.12 per Common Share. The fair value of the Common Shares and the Warrants was estimated to be \$168,340 and \$97,460 specifically, with reference to the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 116%; (iii) risk-free rate of 0.45%; (iv) unit price of \$0.12; (v) forfeiture rate of 0; (vi) expected life of two years.

The Company also settled indebtedness of \$40,000 under a settlement agreement with one creditor by issuing 500,000 Common Shares at a price of \$0.08 per Common Share.

- i) On July 30, 2021 the Company closed a second private placement of units of the Company (the "Units"), pursuant to which the Company issued 13,333,333 Units at a price of \$0.075 per Unit aggregate gross proceeds of \$1,000,000 led by the Agent. Each Unit is comprised of one common share of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"). Each Warrant is exercisable to acquire one Common Share (a "Warrant Share") at a

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price of \$0.12 per Warrant Share for a period of 24 months from the date of issuance. The fair value of the Common Shares and the Warrants was estimated to be \$620,400 and \$379,600 specifically, with reference to the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 116%; (iii) risk-free rate of 0.45%; (iv) unit price of \$0.12; (v) forfeiture rate of 0; (vi) expected life of two years.

In connection with the private placement, the Agent received an aggregate cash fee of \$61,280 and an aggregate of 817,067 non-transferable compensation warrants (the "Broker Warrants"). Each Broker Warrants entitles the holder to purchase one Unit of the Company at an exercise price of \$0.075, equal to the offering price, for a period of 24 months following the closing of the private placement. The fair value of the Broker Warrants was estimated to be \$22,879, with reference to the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 116%; (iii) risk-free rate of 0.45%; (iv) unit price of \$0.06; (v) forfeiture rate of 0; (vi) expected life of two years.

Apart from the direct cash compensation and Broker Warrants, the Company incurred \$158,228 share issuance cost that paid directly from the private placement proceeds.

All securities issued are subject to a hold period of four months and one day from the date of issuance in accordance with applicable securities legislation.

- j) Share issuance costs incurred in connection with the closing of the private placements on July 23, 2021 and July 30, 2021 are \$753,880 in total, out of which \$446,915 paid in cash and \$306,965 settled in issuance of Solvbl securities. Fair value of share issuance cost allocated to common shares and warrant as follows:

		Bifurcation between	
		Common shares	Warrants
Cash paid directly from proceeds	\$ 428,632	\$ 270,404	\$ 158,228
Cash paid separately for the financing	18,283	11,343	6,940
Fair value of broker units issuance	106,965	67,446	39,519
Agent advisory fee units issuance	200,000	124,080	75,920
Total share issuance costs	\$ 753,880	\$ 473,273	\$ 280,607

17. Warrants Reserve

	Note	Number of Warrants	Amount
Balance as at January 1, 2020		11,587,373	\$ 263,970
Warrants expiration	a)	(11,587,373)	(263,970)
Balance as at December 31, 2020		-	\$ -
Private placement on July 23, 2021	16 f)	50,000,000	1,100,100
Broker warrants on July 23, 2021	16 g)	3,822,154	84,087
Financial advisory service	16 g)	3,333,333	73,333
Debt settlement	16 h)	4,430,000	97,460
Private placement on July 30, 2021	16 i)	13,333,333	379,600
Broker warrants on July 30, 2021	16 i)	817,067	22,878
Shareholder services	b) & c)	1,000,000	22,000
Share issuance cost	16 j)		(280,607)
Balance as at December 31, 2021		76,735,887	\$ 1,498,851

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- a) 8,287,373 warrants expired without exercise on March 29, 2020. 1,050,000 warrants expired without exercise on May 28, 2020 and 2,250,000 warrants expired without exercise on June 21, 2020.
- b) The Company entered into a one (1) year marketing agreement with LDJ Consulting Inc. ("LDJ"), a Toronto, Ontario-based marketing consulting company beginning in July 2021 and ending in July 2022, pursuant which, on July 27, 2021 the Company issued 500,000 common share purchase warrants ("Warrants") to LDJ at an exercise price of \$0.12 per Common Share exercisable for a period of 24 months from the date of issuance. The fair value of the Warrants was estimated to be \$11,000, with reference to the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 116%; (iii) risk-free rate of 0.45%; (iv) unit price of \$0.12; (v) forfeiture rate of 0; (vi) expected life of two years.
- c) The Company also entered into a one-year consulting agreement with an arm's length individual for business development services and agreed to issue 500,000 Warrants on July 27, 2027 at an exercise price of \$0.12 per Common Share exercisable for a period of 24 months from the date of issuance. The fair value of the Warrants was estimated to be \$11,000, with reference to the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 116%; (iii) risk-free rate of 0.45%; (iv) unit price of \$0.12; (v) forfeiture rate of 0; (vi) expected life of two years.

18. Stock Option Reserve

Stock option reserve:

The Company has an incentive stock options plan (the "Stock Option Plan") under which the directors of the Company were authorized to grant options up to 10% of the issued and outstanding Common Shares from time to time, to the Company's employees, directors and officers and persons providing ongoing services to the Company.

The Stock Option Plan allows for the option price at the time each option is granted to be not less than the closing marketed price of the Company's common shares on the day immediately preceding the day upon which the option is granted, less a maximum discount allowable under CSE policies. Options granted under the Stock Option Plan may be exercisable for a period up to ten years. Vesting is determined at the discretion of the Board of Directors and in accordance with the policies of the CSE.

As at December 31, 2021, the Company had outstanding stock options as follows:

Grant Date	Options Outstanding	Options Vested	Options Unvested	Exercise Price	Fair Value (per option)	Expiration Date	Total value
20-Oct-18	650,000	650,000	-	\$0.10	\$0.0789	20-Oct-26	\$ 51,285
1-Sep-19	700,000	700,000	-	\$0.10	\$0.0764	1-Sep-26	53,480
3-Sep-19	1,175,000	1,175,000	-	\$0.10	\$0.0766	3-Sep-26	90,005
25-Sep-19	1,540,000	1,540,000	-	\$0.10	\$0.0765	25-Sep-26	117,810
30-Sep-19	1,000,000	1,000,000	-	\$0.10	\$0.0767	30-Sep-26	76,700
4-May-20	746,666	746,666	-	\$0.15	\$0.1334	4-May-27	99,605
29-Nov-21	4,925,000	500,000	4,425,000	\$0.075	\$0.0518	29-Nov-26	255,115
	10,736,666	6,311,666	4,425,000				\$ 744,000

On May 4, 2020, the Company granted 746,666 stock options to its key management at an exercise price of \$0.15 per share and with an expiry period of two years from the date of the options were granted. The stock options vest pursuant to the agreement between the stock option holders and the Company.

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On February 26, 2021, 100,000 stock options were exercised at an exercise price of \$0.10 per share, 100,000 common shares of the Company were issued with proceeds of \$10,000 received.

On August 9, 2021, the Company approved in its annual general and special shareholders meeting that to extend the expiry period of total 5,511,666 granted and outstanding stock options for further five years after initial expiry date. The fair value of the extension was estimated to be \$61,570, with reference to the Black-Scholes option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 120%; (iii) risk-free rate of 0.41% - 2.47%; (iv) unit price of \$0.10-\$0.15; (v) forfeiture rate of 0; (vi) expected life of five years.

On November 29, 2021, the Company granted 4,925,000 stock options to its key management, staff and consultants at an exercise price of \$0.075 per share and with an expiry period of five years from the date of the options were granted. The stock options vest pursuant to the agreement between the stock option holders and the Company.

The summary of stock options granted up to December 31, 2021 is presented below:

	Number of options
Outstanding, unvested, January 1, 2020	2,565,000
Granted	746,666
Vested	(2,615,000)
Forfeited	(350,000)
Outstanding, unvested, December 31, 2020	346,666
Granted	4,925,000
Vested	(459,166)
Exercised	(100,000)
Forfeited	(287,500)
Outstanding, unvested, December 31, 2021	4,425,000

Range of Exercise Prices	Options Outstanding		Options Exercisable	
	Options Outstanding	Weighted Average Remaining Contractual Life	Options Exercisable	Weighted Average Exercise Price
\$0.075 - \$0.15	10,736,666	4.73	6,311,666	\$0.10

4,925,000 stock options were granted in the year ended December 31, 2021; (2020: 746,666 stock options granted). Total fair value expense for all granted stock options recognized in the year ended December 31, 2021 were \$68,888; (2020: \$108,271). The fair value expenses for five years extension of the expiry date of 5,511,666 stock options granted before 2021 were \$61,570; (2020: \$Nil).

The expense is included as stock-based compensation in the Company's consolidated statements of loss and comprehensive loss. Key assumptions used in the valuation for stock options granted in the year ended December 31, 2021 including forfeitures are accounted for on an individual basis are: average risk-free rate – 1.26%; expected dividend yield – 0%; weighted average expected terms: 5 years; volatility – 116% and underlying stock price: \$0.065. (2020: average risk-free rate – 0.29%; expected dividend yield – 0%; weighted average expected terms: 2 years; volatility – 120% and underlying stock price: \$0.15).

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19. Contributed Surplus

	Note	Balance
Balance, January 1, 2020		\$ 40,832
Warrants expiration	17 a)	263,970
Share issuance premium	16 e)	4
Balance, December 31, 2020		\$ 304,806
Stock option exercised		7,900
Balance, December 31, 2020 and December 31, 2021		\$ 312,706

20. Government Subsidy

	Year ended December 31,	
	2021	2020
Investment tax credit	\$ 119,267	\$ 206,267
Ontario provincial and territorial credit	29,866	27,031
Canadian emergency wage subsidy	166,507	197,899
	\$ 315,640	\$ 431,197

21. Related Party Transactions

For the year ended December 31, 2021 and 2020, the Company incurred \$309,895 and \$76,000 in service fees, salaries and bonus to its key management and directors, respectively.

As at December 31, 2021 and 2020, the amount due to related parties balances were \$8,300 and \$50,000 respectively. The amounts due to related parties are recorded at the exchange amounts as agreed upon by the related parties under contracts signed with them, non-interest bearing, unsecured and with no fixed repayment terms.

In the year ended December 31, 2021 and 2020, the Company recorded an amount of \$25,386 and \$65,973, respectively being the fair value of vested stock options granted to related parties.

On June 27, 2021, as part of a debt settlement, the CEO of the Company has agreed to convert all indebtedness due to him by the Company up to date. In exchange for settling \$30,000 in debt by receiving 500,000 Debt Units (Note 16-h)). The CFO of the Company has agreed to convert part of existing indebtedness due to him by the Company. In exchange for settling \$75,000 in debt by receiving 1,250,000 Debt Units. A director of the Company has agreed to convert all existing indebtedness due to him by the Company. In exchange for settling \$60,000 in debt by receiving 1,000,000 Debt Units.

3,825,000 and 746,666 stock options were granted to key management and directors in the year ended December 31, 2021 and 2020, respectively.

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22. Basic loss per share

	Years ended December 31,	
	2021	2020
Basic loss per share	\$ 0.02	\$ 0.01
Diluted loss per share	\$ 0.02	N/A

The calculation of basic loss per shares for the years ended December 31, 2021 and 2020 was based on the loss attributable to common shareholders of \$2,395,577 (2020 - \$612,614) and the weighted average number of common shares outstanding of 112,019,504 (2020 – 76,024,191).

The calculation of diluted loss per shares for the years ended December 31, 2021 was based on the loss attributable to common shareholders of \$2,395,577 and the weighted average number of common shares outstanding of 118,824,699.

23. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of consolidated financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

Financial instruments included in the consolidated statement of the financial position as at December 31, 2021 consist of cash and cash equivalents, cash held in trust, Stowe One receivables, accounts payable and accrued liabilities, lease liability, promissory notes payable, shareholders' loans and government loan with December 31, 2021 carrying amounts which approximates their respective fair values.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the following types of risk: credit risk, foreign exchange risk, liquidity risk and cash flow risk.

(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. The Company's credit risk is primarily attributable to the liquidity of its various cash and receivable balances.

(d) Foreign exchange risk

The Company is not exposed to any significant foreign exchange risk. The Company did not have any hedges or any other transactions related to foreign currency clearance at the time that these consolidated financial statements were issued. In the opinion of management, the foreign exchange risk exposure to the Company is low.

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(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity risk through cash and equity management strategies. Such strategies include continuously monitoring forecasted and actual cash flows from operating, financing and investing activities.

The Company's cash flow is generated from debt financing or equity private placements.

The Company monitors cash on a regular basis and reviews expenses to ensure costs and commitments are being paid in a timely manner. Management has worked with and negotiated with vendors to ensure payment arrangements are satisfactory to all parties and that monthly cash commitments are managed within the Company's operating cash flow capabilities.

As at December 31, 2021, the Company had a cash and cash equivalents balance of \$1,278,320. The following table summarizes the gross amount and maturity periods of the Company's contractual obligations of financial instruments as of December 31, 2021:

	Within 1 year
Accounts payable and accrued liabilities	\$ 115,638
Government loan	57,526
	\$ 173,164

(f) Cash flow interest risk

Cash flow interest risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount, such as a debt instrument held with a floating interest rate. In the opinion of management, the cash flow risk exposure to the Company is low.

24. Income Taxes

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial tax rates to income (loss) from operations before income taxes, shown as follows:

Expiry Year

2038	\$ 1,271,475
2039	792,925
2040	145,081
2041	1,285,343
	\$ 3,494,824

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Deferred income taxes reflect the impact of loss carry forwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The following deferred tax assets and liabilities have been recognized for accounting purposes:

	<u>Dec 31, 2021</u>	<u>Dec 31, 2020</u>
Deferred tax asset	-	\$ 21,274
Deferred tax liability	-	(21,274)
Net deferred tax liability	\$ -	\$ -

A reconciliation of income taxes at statutory rates is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Net income (loss) before recovery of income taxes	\$ (2,395,577)	\$ (612,614)
Effective tax rate	26.50%	26.50%
Effected income tax (recovery)	(634,828)	(162,343)
Tax effects of:		
Non-deductible expenses and other deductions	239,733	28,962
Change in tax benefits not recognized	395,095	133,381
Income tax (recovery) expense	\$ -	\$ -

25. Capital Management

The Company includes equity, comprised of common shares, warrant reserve, stock option reserve, contributed surplus and deficit, in the definition of capital. The Company's objectives when managing capital are as follows:

- (i) To safeguard the Company's assets and ensure the Company's ability to continue as a going concern; and
- (ii) To raise sufficient capital to achieve the ongoing business objectives including funding of future growth opportunities and meeting its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it, based on general economic conditions, the Company's short-term working capital requirements, and its planned capital requirements and strategic growth initiatives.

The Company's principal source of capital is from the issuance of common shares or special warrants. In order to achieve its objectives, the Company expects to spend its working capital, when applicable, and raise additional funds as required.

The Company does not have any externally imposed capital requirements.

26. Subsequent events

There were no subsequent events requiring disclosure through to the date of these consolidated financial statements.