



POSaBIT Systems Corporation

Unaudited Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2020 and 2019
(expressed in United States Dollars)

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements of POSaBIT Systems Corporation (the “Company”) have been prepared by and are the responsibility of management. These unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2020 and 2019 have not been reviewed by the Company’s auditors.



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of POSaBIT Systems Corporation, are the responsibility of the management and the Board of Directors (the "**Board**") of the Company and have been prepared in accordance with the accounting policies disclosed in the notes to the unaudited interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim unaudited consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

The Board is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting.

As the Company is a Venture Issuer (as defined under *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the evaluation, design, establishment and/or maintenance of disclosure controls and procedures ("**DC&P**") and/or ICFR, as defined in NI 52-109, **nor has it completed such an evaluation**. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective bases DC&P and ICFR for the issuer may result in additional risks of quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

"Ryan Hamlin"

Ryan Hamlin
President and Chief Executive Officer

November 5, 2020

"Stephen M. Gledhill"

Stephen M. Gledhill
Chief Financial Officer

November 5, 2020

POSaBIT Systems Corporation

 Unaudited Interim Consolidated Statements of Financial Position
 (Expressed in United States Dollars)

	September 30, 2020	December 31, 2019
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	980,851	404,444
Sales taxes recoverable	110	1,436
Receivables (note 6)	1,192,249	460,843
Due from sale of discontinued operations (notes 4.2.2 & 22.3)	120,000	-
Due from related parties (note 17)	182,973	113,368
Digital assets (note 5)	1,794	5,483
Inventories (note 7)	57,953	38,925
Prepaid expenses	122,223	216,270
Total current assets	2,658,153	1,240,769
Other asset (note 8)	120,000	120,000
Right-of-use-asset (note 9)	44,445	22,042
Equipment, net (note 10)	179,257	98,745
Intangible assets (notes 4.2.2, 11 & 16)	46,951	216,312
Customer lists (notes 4.2.2, 11 & 16)	-	13,333
Goodwill (note 4.2.2 & 16)	-	311,000
Total assets	3,048,806	2,022,201
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable	4,966,672	3,186,604
Accrued liabilities	439,417	126,713
Due to related parties (note 17)	-	35,000
Lease liability (note 13)	45,545	24,301
Notes payable (note 12)	-	400,000
Liability against future sales receipts (note 14)	61,890	-
	5,513,524	3,772,618
Notes payable (note 12)	400,000	-
Total liabilities	5,913,524	3,772,618
Shareholders' deficiency		
Share capital (note 15.2)	11,198,735	11,198,735
Warrants reserve (note 15.4)	360,016	370,689
Contributed surplus (note 15.5)	379,915	464,957
Deficit	(14,713,367)	(13,752,021)
Currency translation reserve	(90,017)	(32,777)
Total shareholders' deficiency	(2,864,718)	(1,750,417)
Total liabilities and shareholders' deficiency	3,048,806	2,022,201

Approved for filing by the Board of Directors, November 5, 2020.

Subsequent events (note 22)	_____ "Jeff Dossett"	(Director)
	_____ "Mike Apker"	(Director)

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

POSaBIT Systems Corporation


Unaudited Interim Consolidated Statements of Loss
 For the three and nine months ended September 30, 2020
 (Expressed in United States Dollars)

	3 months ended		9 months ended	
	September 30, 2020	September 30, 2019 (note 16)	September 30, 2020	September 30, 2019 (note 16)
	\$	\$	\$	\$
REVENUE				
Digital assets processing services	2,329,878	1,009,041	4,765,132	2,723,538
Total revenue	2,329,878	1,009,041	4,765,132	2,723,538
COST OF SALES				
Processing fees	1,369,570	525,751	2,887,635	1,409,662
Software license fees	73,168	120,728	203,313	299,737
Inventory impairment	45,345	-	73,986	-
Hardware cost of sales	199,645	48,303	492,03	175,690
Sales labour and commissions	67,051	159,806	169,873	523,334
Total cost of sales	1,754,779	854,588	3,826,810	2,408,423
Gross margin	575,099	154,453	938,322	315,115
OPERATING EXPENSES				
Amortization and depreciation	86,555	101,640	272,882	276,987
Foreign exchange (gains) losses	(44,974)	26,146	(59,070)	31,358
General and administration	61,633	82,254	189,876	221,619
Impairment of receivables	-	-	-	2,520
Investor relations and public reporting	9,341	8,605	18,929	8,830
Marketing	44,408	79,930	136,517	248,993
Meals and entertainment	4,161	12,890	9,513	39,630
Professional fees	130,300	33,317	350,601	203,147
Rent	-	18,499	-	53,518
Salaries and wages	285,119	425,875	745,144	1,191,333
Sales taxes	40,992	9,806	80,087	51,626
Share-based compensation (note 12)	21,376	22,321	78,465	68,353
Travel	4,193	54,402	20,534	138,930
Transaction costs (note 3(a))	-	(5,160)	-	1,841,002
Total operating expenses	643,104	870,169	1,843,478	4,377,846
OTHER EXPENSES				
Change in fair value of digital assets	199	(8,509)	(3,689)	3,082
Gain on sale of discontinued operations (note 16)	-	-	142,580	-
Change in expected credit losses	(12,251)	2,709	9,448	36,540
Interest expense	(19,685)	(17,074)	(130,544)	(40,055)
Loss on disposal of assets	(733)	-	(1,661)	-
Total other expenses	(32,470)	(22,874)	16,134	(433)
Loss before discontinued operations	(100,475)	(738,590)	(889,022)	(4,063,164)
Income (loss) from discontinued operations (note 16)	-	(74,459)	(246,503)	19,355
Loss	(100,475)	(813,049)	(1,135,525)	(4,043,809)
Basic and diluted loss per common share	(0.00)	(0.01)	(0.01)	(0.08)
Basic and diluted weighted average number of common shares outstanding	97,252,826	74,528,919	96,006,407	49,513,140

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

POSaBIT Systems Corporation



Unaudited Interim Consolidated Statements of Comprehensive Loss and
 Unaudited Interim Consolidated Statements of Currency Translation Reserve
 (Expressed in United States Dollars)

	3 months ended		9 months ended	
	September 30, 2020	September 30, 2019 (note 16)	September 30, 2020	September 30, 2019 (note 16)
	\$	\$	\$	\$
Loss before discontinued operations	(100,475)	(813,049)	(1,135,525)	(4,043,809)
Loss on foreign currency translation	(45,064)	-	(57,240)	-
Loss on foreign currency translation from discontinued operations	-	-	-	-
Comprehensive loss	(145,539)	(813,049)	(1,192,765)	(4,043,809)

	September 30, 2020	December 31, 2019
	\$	\$
Opening balance	(32,777)	-
Loss on foreign currency translation	(57,240)	-
Currency translation reserve	(90,017)	(32,777)

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

POSaBIT System Corporation

 Unaudited Interim Consolidated Statement of Changes in Deficiency
 (Expressed in United States Dollars)


	Common shares		Shares to be issued	Preferred shares		Contributed surplus	Warrants reserve	Currency translation reserve	Deficiency	Total
	Number	Amount		Number	Amount					
		\$	\$		\$	\$	\$	\$	\$	\$
December 31, 2018	41,450,245	756,912	1,942,010	25,689,315	5,784,834	353,008	24,750	-	(8,284,004)	577,510
Shares issued for cash	6,526,597	734,491	-	-	-	-	-	-	-	734,191
Cost of issuance	-	(60,140)	-	-	-	-	(59,660)	-	-	(119,800)
Fair value of issued warrants	-	(210,919)	-	-	-	-	210,919	-	-	-
Shares issued on conversion	549,804	50,000	(50,000)	-	-	-	-	-	-	-
Shares issued to Foreshore shareholders	3,250,000	1,456,746	-	-	-	-	-	-	-	1,456,746
Shares issued pursuant to subscription receipts	3,451,450	896,506	(896,506)	-	-	-	-	-	-	-
Shares issued to POSaBIT common shareholders	3,584,749	940,535	(940,535)	-	-	-	-	-	-	-
Shares issued to POSaBIT preferred shareholders	25,689,261	5,784,834	-	(25,689,315)	(5,784,834)	-	-	-	-	-
Shares issued on completion of public transaction	1,012,609	54,969	(54,969)	-	-	-	-	-	-	-
Options issued to Foreshore option holders	-	-	-	-	-	112,730	-	-	-	112,730
Exercise of options	545,017	29,913	-	-	-	-	-	-	-	29,913
Fair value of exercised options	-	118,754	-	-	-	(118,754)	-	-	-	-
Expiry of options	-	-	-	-	-	(43,073)	-	-	43,073	-
Agent warrants issued Foreshore agent warrant holders	-	-	-	-	-	-	16,126	-	-	16,126
Exercise of agent warrants	14,540	1,086	-	-	-	-	-	-	-	1,086
Fair value transfer of exercised agent warrants	-	5,453	-	-	-	-	(5,453)	-	-	-
Share-based compensation	-	-	-	-	-	68,353	-	-	-	68,353
Loss	-	-	-	-	-	-	-	-	(4,063,164)	(4,063,164)
Income from discontinued operations	-	-	-	-	-	-	-	-	19,355	19,355
September 30, 2019	86,074,826	10,559,140	-	-	-	372,264	186,682	-	(12,284,740)	(1,166,654)

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

POSaBIT System Corporation

Unaudited Interim Consolidated Statement of Changes in Deficiency
(Expressed in United States Dollars)



	Common Shares		Shares to be issued	Preferred shares		Contributed surplus	Warrants reserve	Currency translation reserve	Deficiency	Total
	Number	Amount		Number	Amount					
		\$	\$		\$	\$	\$	\$	\$	\$
September 30, 2019	86,074,826	10,559,140	-	-	-	372,264	186,682	-	(12,284,740)	(1,166,654)
Shares issued for cash	11,178,000	886,921	-	-	-	-	-	-	-	886,921
Cost of issuance	-	(57,442)	-	-	-	-	(5,877)	-	-	(63,319)
Fair value of issued warrants	-	(198,684)	-	-	-	-	198,684	-	-	-
Finder warrants issued	-	9,080	-	-	-	-	(9,080)	-	-	-
Share-based compensation	-	-	-	-	-	92,693	-	-	-	92,693
Loss	-	-	-	-	-	-	-	-	(1,462,565)	(1,462,565)
Loss from discontinued operations	-	-	-	-	-	-	-	-	(4,716)	(4,716)
Comprehensive loss	-	-	-	-	-	-	-	(32,777)	-	(32,777)
December 31, 2019	97,252,826	11,198,735	-	-	-	464,957	379,689	(32,777)	(13,752,021)	(1,750,417)
Expiry of options	-	-	-	-	-	(163,507)	-	-	163,507	-
Expiry of finder warrants	-	-	-	-	-	-	(10,673)	-	10,673	-
Share-based compensation	-	-	-	-	-	78,465	-	-	-	78,465
Loss	-	-	-	-	-	-	-	-	(882,022)	(882,022)
Loss from discontinued operations	-	-	-	-	-	-	-	-	(246,503)	(246,503)
Comprehensive loss	-	-	-	-	-	-	-	(57,240)	-	(57,240)
September 30, 2020	97,252,826	11,198,735	-	-	-	379,915	360,016	(90,017)	(14,713,366)	(2,864,717)

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

POSaBIT Systems Corporation

Unaudited Interim Consolidated Statements of Cash Flows
For the nine months ended September 30,



	2020	2019 <i>(note 16)</i>
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(1,135,525)	(4,043,809)
Adjustment for non-cash items		
Amortization and depreciation	272,881	284,694
Change in fair value of digital assets	3,689	(3,082)
Change in expected credit losses	(9,448)	(31,056)
Forex	(57,240)	(185)
Gain on sale of discontinued operations <i>(note 16)</i>	(142,582)	-
Impairment of goodwill	210,500	-
Impairment of receivables	-	2,520
Interest accretion on convertible debentures and notes	-	372,269
Loss on disposal of assets	1,662	-
Stock based compensation	78,465	68,353
Non-cash interest <i>(notes 13 and 14)</i>	70,231	-
Non-cash transaction costs	-	1,508,198
Non-cash working capital changes <i>(note 20)</i>	1,447,159	(355,226)
Cash provided from (used for) operating activities	739,792	(2,569,593)
INVESTING ACTIVITIES		
Purchase of equipment (net of disposal proceeds)	(145,495)	(79,890)
Purchase of intangible assets	-	(291,326)
Cash acquired on completion of Transaction <i>(note 3(a))</i>	-	77,589
Cash used for investing activities	(145,495)	(293,627)
FINANCING ACTIVITIES		
Issuance of shares, net of costs	-	614,691
Exercise of options	-	29,913
Exercise of warrants	-	1,086
Issuance of note payable	-	200,000
Proceeds from forward sales of proceeds <i>(note 14)</i>	175,000	-
Proceeds from sale of DoubleBeam <i>(note 4.2.2)</i>	125,000	-
Repayment of forward sales proceeds	(180,110)	-
Repayment of lease liabilities	(58,175)	-
Repayments to related parties	(104,605)	(111,528)
Cash provided from (used for) financing activities	(17,890)	734,162
Increase in cash and cash equivalents during the period	576,407	(2,129,058)
Restricted cash	-	767,246
Less cash and cash equivalents included in assets held for sale	-	(23,780)
Cash and cash equivalents, beginning of year	404,444	1,433,907
Cash and cash equivalents, end of period	980,851	48,315
Cash interest paid	82,646	40,055

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

POSaBIT Systems Corporation

Notes to the Unaudited Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2020 and 2019
(Expressed in United States Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

POSaBIT Systems Corporation (“**POSaBIT**” or the “**Company**”), was incorporated on June 12, 2017, pursuant to the *Business Corporations Act* (British Columbia). On April 5, 2019, the Company completed the reverse acquisition of POSaBIT, Inc. (“**POSaBIT US**”), a private company incorporated under the laws of the State of Washington, by way of a triangular merger (the “**Transaction**” or “**Merger**”) (note 5.1 (a)). Upon completion of the Transaction, the Company changed its name to POSaBIT Systems Corporation and now primarily involve the point-of-sale arrangements designed to offer consumers an easy way to purchase goods and services. Pursuant to the Transaction, the shareholder of POSaBIT US received 1.7539815 securities of the Company for each security of POSaBIT US held including common shares, options, and warrants.

In connection with the Transaction, the Company delisted from the TSXV and obtained listing on the Canadian Securities Exchange (“**CSE**”) under the trading symbol “**PBIT**”.

The Company’s head office is located at 1128 8th Street, Kirkland, Washington 98033. Its registered address in Canada is 77 King Street West, Suite 400, Toronto, Ontario, M5K 0A1.

These unaudited interim consolidated financial statements (the “**Financial Statements**”) have been prepared on the assumption that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities as they fall due in the normal course of business for the foreseeable future. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company has incurred losses and has had negative cash flows from operations from the inception that have primarily been funded through financing activities.

As at September 30, 2020, the Company has a reported working capital deficit of \$2,855,371 (December 31, 2019 – \$2,131,849) and has shareholders’ deficiency \$2,864,718 (December 31, 2019 – \$1,750,417). These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company’s ability to continue as a going concern. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. The Financial Statements do not reflect the adjustments to the carrying amounts of assets and liabilities and the reported expenses that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unaudited interim consolidated financial statements, including comparatives, have been prepared in accordance with *International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’* using accounting policies consistent with the IFRS issued by the International Accounting Standards Board (“**IASB**”) and Interpretations of the International Financial Reporting Interpretations Committee (“**IFRIC**”).

The Consolidated Financial Statements were approved and authorized for issuance by the Board on November 5, 2020.



POSaBIT Systems Corporation

Notes to the Unaudited Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2020 and 2019
(Expressed in United States Dollars)

2.2 Basis of presentation and measurement

The Financial Statements have been prepared on the historical cost basis, modified where applicable. In addition, the Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

2.3 Basis of consolidation

The Financial Statements consolidate the accounts of the Company and its wholly-owned subsidiaries, DoubleBeam, Inc. ("**DoubleBeam**") and POSaBIT US, Inc. (together, the "**Subsidiaries**").

All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. The existence and effect of potential voting rights that are presently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date on which control ceases.

3. ADOPTION OF NEW AND REVISED STANDARDS AND RECENT PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2020. The following IFRS amended standards have been issued but not yet adopted, as they are being evaluated to determine their impact on the Company.

IFRS 10 – Consolidated Financial Statements ("**IFRS 10**") and IAS 28 – Investments in Associates and Joint Ventures ("**IAS 28**") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of the amendments to IFRS 10, is yet to be determined, however early adoption is permitted. The Company has not yet adopted this standard and is assessing its impact on its consolidated financial statements.

IFRS 17 – Insurance Contracts ("**IFRS 17**") was new in 2017 and will replace IFRS 4 – Insurance Contracts. The amended Standard provides updated guidance for entities in dealing with insurance contracts (including reinsurance contracts) it issues or holds and goes into effect for annual periods commencing after January 1, 2021. The Company has not yet adopted this IFRS 17 and is currently assessing the effects on its consolidated financial statements.

IAS 1 – Presentation of Financial Statements ("**IAS 1**"). In January 2020, the classification of liabilities as current or non-current was amended. An entity shall apply the amendments for annual reporting periods on or after January 1, 2022, retrospectively in accordance with IAS 8 – Accounting Policies, changes in accounting estimates and errors. The Company has not yet adopted this amendment and is currently assessing the effects on its consolidated financial statements.



POSaBIT Systems Corporation

Notes to the Unaudited Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2020 and 2019
(Expressed in United States Dollars)

4. BUSINESS COMBINATIONS

4.1 Transaction with Foreshore

The Company completed the Transaction on April 5, 2019. The Transaction constitutes a reverse-takeover of Foreshore but does not meet the definition of a business combination, and therefore *IFRS 3 Business Combinations* is not applicable. As a result, and in accordance with reverse take-over accounting for a transaction that is **not** considered a business combination:

- a) Foreshore is treated as the acquiree and POSaBIT is treated as the acquirer and therefore, the go-forward entity is deemed to be a continuation of POSaBIT and POSaBIT is deemed to have acquired control of the assets and business of Foreshore in the consideration of the issuance of capital, options and warrants, as applicable.

For accounting purposes, POSaBIT is deemed to have issued the following securities in exchange for the net assets of Foreshore:

The fair value of the consideration issued for the net assets of Foreshore is as follows:

	\$
3,250,000 common shares valued at \$0.45 per share	1,456,746
300,000 Options	112,730
43,000 Agent Options	16,126
	1,585,602

Allocated to Foreshore's net assets:

	\$
Cash	77,589
Accounts payable	(185)
Net assets	77,404
Cost of listing (expensed)	1,508,198
	1,585,602

- i) The fair value of the options was calculated using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate of 1.59%, volatility of 80.355%, share price of \$0.45 and dividends of nil.
 - ii) The fair value of the Agent Options was calculated using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate of 1.59%, volatility of 80.355%, share price of \$0.45 and dividends of nil.
 - iii) In addition to the cost of listing transaction fees of \$1,508,198, the Company incurred legal fees of \$134,864 and audit costs of \$83,597, all of which are included as transaction costs on the consolidated statements of comprehensive loss.
- b) Share capital of Foreshore and POSaBIT:

The equity structure (the number and type of equity interests issued) reflects the equity structure of POSaBIT (the legal parent and the RTO acquiree), including the equity interests the POSaBIT issued to affect the Transaction. Accordingly, the equity structure of Foreshore (the legal subsidiary and the RTO acquirer) is restated using the exchange ratio established in the Merger to reflect the number of shares of POSaBIT issued in the RTO.



POSaBIT Systems Corporation

Notes to the Unaudited Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2020 and 2019
(Expressed in United States Dollars)

4.2 DoubleBeam

4.2.1 Acquisition of DoubleBeam (2018)

On February 16, 2018, the Company acquired 100% of the shares of DoubleBeam ("Acquisition"), an unlisted company based in the state of California that specializes in point of sale payment processing. The Company has acquired DoubleBeam to expand its operations and integrate DoubleBeam's structure with its own. The Acquisition has been accounted for using the acquisition method.

The total purchase price paid for DoubleBeam was \$621,000 by way of the Company issuing common shares in the amount for 22.7% of the fair value of its common shares on February 16, 2018.

The fair value of the identifiable assets and liabilities of DoubleBeam as at the date of acquisition were:

	Total
	\$
Purchase Price:	
Shares exchanged	629,000
	629,000
Net assets acquired:	
Cash	17,400
Accounts receivable	54,600
Equipment	18,000
Intangible assets	51,000
Customer list and software	40,000
Accounts payable	(62,000)
Goodwill	511,000
	629,000

POSaBIT US estimated the fair value of intangible assets, customer list, and software based on a discounted cash flow model. Furthermore, the excess of the consideration paid over the fair value of the identifiable assets (liabilities) acquired were recognized as goodwill, which primarily consisted of the assembled workforce.

As at December 31, 2019, the Company completed goodwill impairment testing that resulted in an impairment in the goodwill of \$200,000 (December 31, 2018 – \$nil). The Company estimated the recoverable amount of goodwill based on discounted cash flows (a five-year projection and a terminal year thereafter) and incorporated assumptions an independent market participant would apply. The key assumptions used in the calculation of the recoverable amount relate to the future cash flows and growth projections, future weighted average cost of capital and, income tax rates. These key assumptions were based on historical data, project development data from internal sources as well as industry and market trends. The Company adjusted the discount rate for its CGU for the risks associated with achieving its forecast. A post-tax discount rate of 15% was used in the calculation.



POSaBIT Systems Corporation

Notes to the Unaudited Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2020 and 2019
(Expressed in United States Dollars)

4.2.2 Sale of DoubleBeam assets (2020)

In May 2020, the Company completed the disposition of DoubleBeam by way of an asset sale agreement (the “Sale”). The Sale closed on May 22, 2020 (the “Closing”), with the conveyance of certain assets (both tangible and intangible) by the Company and the assumption of certain liabilities by the purchaser. The purchase price was \$270,000, \$150,000 been received as at the reporting date and \$120,000 to be received in one final payment (the “Final Payment”) 180 days after closing, subject to certain conditions. See note 22.3 regarding the Final Payment.

5. DIGITAL ASSETS

Digital assets consist of Bitcoin (BTC) and Litecoin (LTC) coins.

6. RECEIVABLES

	September 30, 2020	December 31, 2019
	\$	\$
Trade receivables	1,209,322	470,448
Impairment of trade receivables	-	(2,520)
Allowance for expected credit losses	(17,073)	(7,085)
	1,192,249	460,843

The receivables are generally on terms due within 30 days.

For the three and nine months ended September 30, 2020, the Company recognized changes in expected credit losses of \$(12,251) (2019 - \$2,709) and \$9,448 (2019 - \$36,540), respectively.

See note 18(a) for credit risk associated with the accounts receivable balance at September 30, 2020.

7. INVENTORIES

	September 30, 2020	December 31, 2019
	\$	\$
Finished goods	57,953	38,925
	57,953	38,925

8. OTHER ASSET

The other asset in the amount of \$120,000 is a surety bond provided by Philadelphia Insurance and required for the Company's Money Transfer Licence in Washington State.

9. RIGHT-OF-USE ASSET

The Company has recognized a right-of-use asset for its office premises with a corresponding lease liability (note 13), which is initially measured at the present value of the future lease



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payments. In accordance with IFRS 16, the Company then recognizes depreciation of right-of-use asset and interest expense on lease liability in the statements of income and comprehensive income.

	\$
Balance, December 31, 2018	-
Additions	88,162
Amortization	(66,120)
Balance December 31, 2019	22,042
Additions	76,188
Amortization	(53,785)
Balance September 30, 2020	44,445

10. EQUIPMENT, net

Cost

	\$
December 31, 2018	37,419
Additions	106,933
Disposals	(3,955)
December 31, 2019	140,397
Additions	145,895
Disposals (including DoubleBeam equipment, note 16)	(22,047)
September 30, 2020	264,244

Accumulated Depreciation

	\$
December 31, 2018	11,000
Depreciation	31,500
Disposals	(849)
December 31, 2019	41,651
Depreciation	61,680
Disposals	(18,344)
September 30, 2020	84,987

Net Book Value

December 31, 2019	98,745
September 30, 2020	179,257

11. INTANGIBLE ASSETS, net



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Intangible assets relate to software internally generated and acquired from DoubleBeam and a customer list acquired from DoubleBeam.

Software

Cost	
	\$
December 31, 2018 and 2019	793,192
Disposed (note 16)	(50,000)
September 30, 2020	743,194
	\$
Accumulated Amortization	
December 31, 2018	383,639
Amortization	193,241
December 31, 2019	576,880
Amortization	157,416
Disposed (note 16)	(38,056)
September 30, 2020	696,240
Net Book Value	
December 31, 2019	216,312
September 30, 2020	46,951

Customer List

Cost	
	\$
December 31, 2018 and December 31, 2019	40,000
Disposed (note 16)	(40,000)
September 30, 2020	-
Accumulated Amortization	
December 31, 2010	-
Amortization	26,667
December 31, 2019	26,667
Disposed (note 16)	(26,667)
September 30, 2020	-
Net Book Value	
December 31, 2019	13,333



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September 30, 2020 -

12. NOTES PAYABLE (the “Notes”)

On May 6, 2019, the Company issued an unsecured note payable (“**Note 2**”) in the amount of \$200,000. Starting May 6, 2019, note 2 accrues interest at 18% per annum, with interest payable on a quarterly basis. Note 2 can be repaid in full at any time. There is a 9% penalty if repaid within the first six months of issuance, and no penalty after six months. Note 2 originally matured on September 30, 2020, but the expiry dated has been extended to December 31, 2021. For the 3 and 9 months ended September 30, 2020, interest expense of \$9,074 (2019 - \$9,074) and \$27,024 (2019 - \$15,091), respectively, has been recorded.

On September 20, 2018, the Company issued an unsecured note payable (“**Note 1**”) in the amount of \$200,000. Starting October 1, 2018, Note 1 accrues interest at 18% per annum, with interest payable on a quarterly basis. Note 1 can be repaid in full at any time. There is a 9% penalty if repaid within the first six months of issuance, and no penalty after six months. Note 1 originally matured on September 30, 2020, but the expiry dated has been extended to December 31, 2020. For the 3 and 9 months ended September 30, 2020, interest expense of \$9,074 (2019 - \$8,001) and \$27,024 (2019 - \$24,964), respectively, has been recorded. Subsequent to the reporting date, Note 1, including accrued interest, was repaid in full.

13. LEASE LIABILITY

The Company has recognized a right-of-use asset (note 9) for its office premises with a corresponding lease liability which is initially measured at the present value of the future lease payments. In accordance with IFRS 16, the Company then recognizes depreciation of right-of-use asset and interest expense on lease liability in profit or loss.

The Company has entered into one lease for office space. In order to calculate the present value of the future lease payments, the Company has used a discount rate of 12% which represents its incremental borrowing rate. Prior to the adoption of IFRS 16, this lease was accounted for as an operating lease. Changes to the Company's lease liability is as follows:

	\$
Balance, January 1, 2019	-
Additions	88,162
Interest expense	6,587
Lease payments	(70,448)
Balance December 31, 2019	24,301
Additions	76,188
Interest expense	3,231
Lease payments	(58,175)
Balance September 30, 2020	45,545

14. FUTURE SALES AGREEMENTS



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The Company has entered into agreements (the “**Agreements**”) wherein, it has agreed to repay amounts advanced by third parties from future cash receipts over a fixed period, terminating prior to December 31, 2020. The liability against future sales receipts is detailed below:

	September 30, 2020
	\$
Balance, January 1, 2020	-
Discounted proceeds received by the Company	175,000
Interest	67,000
Future sales receipts purchased	242,000
Payments made to September 30, 2020	(180,110)
Liability against future sales receipts	61,890

In connection with the Agreements, the Company also paid setup and origination fees totaling \$5,436, with such amounts recorded to interest expense in the consolidated statements of loss.

15. SHARE CAPITAL

Common and preferred shares

15.1 Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

15.2 Issued and outstanding

2020

No capital activity for the nine months ended September 30, 2020.

2019

- (i) In November 2019, the Company completed a private placement (the “**November Financing**”) with the issuance of 11,178,000 units (a “**November Unit**”), raising gross proceeds of \$849,720. Each November Unit consisted of one common share of the Company and one share purchase warrant (a “**November Warrant**”). Each November Warrant is exercisable into one common share at C\$0.25, for a period of 2 years. The fair value of the November Warrants was estimated at \$246,380 using the Black-Scholes option pricing model with the following assumptions: estimated life of 2 years, risk-free interest rate of 1.55%, cumulative volatility of 106.07% and dividends of \$nil.

In connection with completing the November Financing, the Company incurred \$26,119 in cash financing costs. The share issuance costs were split between common shares (\$15,724) and warrant reserve (\$10,395) in proportion of the fair value of the shares and warrants. The Company also issued 342,650 agent warrants exercisable into one common share at C\$0.25 for a period of 2 years. The fair value of the agent warrants was estimated at \$7,553 using the Black-Scholes option pricing model with the following assumptions: estimated life of 2 years, risk-free interest rate of 1.55%, cumulative volatility of 106.07%



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and dividends of \$nil. The issuance costs of the warrants were split between common shares (\$5,854) and warrant reserves (\$1,669) in proportion of the fair value of the shares and warrants.

- (ii) In September 2019, the Company issued 175,398 common shares for the proceeds of \$5,000 on the exercise of stock options. The fair value of the options of \$3,773 was transferred from contributed surplus to share capital.
- (iii) In August 2019, the Company completed a private placement (the “**August Financing**”) with the issuance of 6,026,597 units (a “**August Unit**”), raising gross proceeds of \$711,692. Each August Unit consisted of one common share of the Company and 1 share purchase warrant (a “**August Warrant**”). Each August Warrant is exercisable into one common share for C\$0.30, for a period of 2 years. The fair value of the issued warrants was estimated at \$163,503 using the Black-Scholes option pricing model with the following assumptions: estimated life of 2 years, share price on issuance of C\$0.20, risk-free interest rate of 1.46%, cumulative volatility of 106.07% and dividends of \$nil.

In connection with completing the Financing, the Company issued 500,000 common shares as finders’ fees valued at \$60,000 split between common shares (\$37,200) and warrant reserves (\$22,800) and incurred cash finders fees of \$119,800. The share issuance costs were split between common shares (\$60,140) and warrant reserve (\$59,660) in proportion to the fair value of the shares and warrants. The Company also issued 209,999 agent warrants exercisable into one common share at C\$0.20 for a period of 2 years. The fair value of the agent warrants was estimated at \$19,494 using the Black-Scholes option pricing model with the following assumptions: estimated life of 2 years, risk-free interest rate of 1.46%, cumulative volatility of 106.07% and dividends of \$nil. The issuance costs of the warrants were split between common shares (\$12,042) and warrant reserves (\$7,381) in proportion of the fair value of the shares and warrants.

- (iv) In June 2019, the Company issued 300,000 common shares for the proceeds of \$22,413 on the exercise of options. The fair value of the options of \$112,730 was transferred from contributed surplus to share capital.
- (v) In June 2019, the Company issued 52,619 common shares for the proceeds of \$1,500 on the exercise of options. The fair value of the options of \$2,073 was transferred from contributed surplus to share capital.
- (vi) In October 2018, the Company issued a convertible note with a face amount of \$50,000. The note accrues interest at 1% per year, which was to be converted to 549,804 common shares of the Company. In June 2019, the Company issued 549,804 common shares at a value of \$50,000, on the conversion of a note obligation.
- (vii) In April 2019, the Company issued 14,540 common shares for the proceeds of \$1,086 on the exercise of finder’s warrants. The fair value of the exercised warrants of \$5,453 was transferred from warrants reserve to share capital.
- (viii) In April 2019, the Company completed the Transaction (note 5.1) resulting in the issuance of 72,181,225 common shares as follows:
 - 1,967,721 common shares issued to subscription receipt holders of the Company;
 - 25,689,315 common shares issued to POSaBIT US preferred shareholders



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Contemporaneously, 3,250,000 common shares (note 5.1(a)) were issued to existing Foreshore shareholders, in exchange for the issued and outstanding common shares of Foreshore.

- (ix) In January 2019, the Company issued 17,555 common shares for the proceeds of \$1,000 on the exercise of options. The fair value of the options of \$178 was transferred from contributed surplus to share capital.

15.3 Escrowed securities

Subject to the policies of the CSE, the following table summarizes the remaining common shares of the Company that are subject to escrow provisions together with the date of general release.

Total	October 5, 2020*	April 5, 2021	October 5, 2021	April 5, 2022
12,260,420	3,065,105	3,065,105	3,065,105	3,065,105

*Released after the reporting date.

15.4 Warrants reserve

A continuity of the Company's outstanding warrants follows:

	Number of warrants	Exercise price
		\$
Outstanding at December 31, 2018, December 31, 2019 and September 30, 2020	17,930,886	C0.26

The outstanding issued warrants balance as at June 30, 2020 is comprised of the following items:

Date of expiry	Type	Number of warrants	Exercise price
			\$
August 1, 2021	Warrants	6,026,597	C0.30
August 1, 2021	Finders' warrants	209,999	C0.20
October 31, 2021	Warrants	11,178,000	C0.25
July 10, 2027	Warrants	173,640	US0.14
November 1, 2021	Finders' warrants	342,650	C0.25
September 30, 2020		17,930,886	C0.26

15.5 Contributed surplus

POSaBIT has a stock option plan (the "Plan") pursuant to which options to purchase common shares of the Company may be granted to certain officers, directors, employees and consultants of the Company. The Plan allows for a fixed issuance of up to 20% of the issued and outstanding common shares upon completion of the Transaction, being 16,610,000. As at September 30,



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2020, the Company had 7,162,031 options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

The number and prices of the outstanding options are as follows:

	Number of options	Weighted average exercise price
		\$
Outstanding, as at December 31, 2018, POSaBIT US	12,268,564	0.09
Exercised/cancelled prior to completion of the Transaction, POSaBIT US	(263,097)	0.03
Outstanding at April 5, 2019 (date of Transaction)	12,005,467	0.09
Granted to Foreshore option holders pursuant to the Transaction (note 3(a))	300,000	0.06
Granted to members of the Plan	1,724,500	0.11
Exercised	(528,017)	0.04
Expired	(711,456)	0.04
Outstanding as at December 31, 2019	12,790,494	0.10
Expired	(3,342,525)	(0.06)
Outstanding as at September 30, 2020	9,447,699	0.08
Exercisable as at September 30, 2020	7,133,377	0.07

For the 3 and 9 months ended September 30, 2020, the Company recognized share-based compensation expense of \$21,376 (2019 - \$22,321) and \$78,465 (2019 - \$68,353), respectively.

The following table provides additional information about outstanding stock options at September 30, 2020:

Exercise Prices	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price (\$)
\$0.01 to \$0.10	6,685,074	6.3	0.03
\$0.11 to \$0.20	1,076,000	9.0	0.15
\$0.21 to \$0.25	1,686,895	7.5	0.23
Outstanding	9,447,969	6.8	0.08
Exercisable	7,133,377	6.6	0.07

16. DISCONTINUED OPERATIONS

The Company evaluated its DoubleBeam business and decided to divest of it. The decision led to the classification of the DoubleBeam assets and liabilities as held for sale. Upon Closing, the



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held-for-sale assets and liabilities were written off to gain on sales of discontinued operations and are reflected on the consolidated statements of loss:

	May 22, 2020
	\$
Equipment, net	1,642
Intangible assets, net	11,944
Customer list, net	13,334
Goodwill, net	100,500
	127,420
Proceeds of sale	270,000
Gain on sale of DoubleBeam assets	142,580

The following is a summary of the financial performance and cash for the 3 months and 9 months ended September 30, 2020 and 2019 and cash flow information for the 9 months ended September 3, 2020 and 2019:

	July 1 to		January 1 to	
	September 30, 2020*	September 30, 2019	September 30, 2020	September 30, 2019
	\$	\$	\$	\$
Revenue				
Digital processing services	-	140,532	164,133	544,449
Processing fees	-	15,000	24,806	50,562
Software license fees	-	19,006	19,926	68,219
Hardware cost of sales	-	97,416	64,696	150,691
Sales labour and commissions	-	3,733	20,000	26,447
Cost of sales	-	135,155	129,428	295,919
Gross Margin	-	5,377	34,705	248,530
Amortization and depreciation	-	2,610	(1,205)	7,707
Forex	-	-	-	-
General and administration	-	8,849	5,647	32,086
Marketing expense	-	-	48	-
Professional fees	-	963	-	27,630
Salaries and wages	-	63,813	43,944	148,043
Travelling	-	4,684	4,856	8,225
Operating costs	-	80,919	54,495	223,691
Change in expected credit losses	-	1,083	(16,213)	(5,184)
Impairment of goodwill	-	-	(210,500)	-
Other expenses	-	1,083	(216,713)	(5,184)
Income (loss) from discontinued operations	-	(74,759)	(246,503)	19,355

*The Closing date was May 22, 2020.



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	9 months ended September 30, 2020	9 months ended September 30, 2019
Cash used for operations	(42,663)	34,432
Cash used for financing activities	-	-
Cash used for investing activities	-	(1,424)

17. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are 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. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

The Company's transactions with related parties were, in the opinion of management, carried out on normal commercial terms and in the ordinary course of the Company's business.

Included in operating expenses are licence fees paid to PlaceFull Inc., a company in which the CEO owns significant shareholdings.

Key management compensation

Key management includes those individuals having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management includes the directors, named executive officers, being the Chief Executive Officer and the Chief Financial Officer. Others include the Company's Chief Technology Officer and its Chief Revenue Officer. Related-party compensation paid or payable to key management is detailed below:

	3 months ended September 30		9 months ended September 30	
	2020	2019	2020	2019
	\$	\$	\$	\$
Executive Compensation to key managers	97,750	134,000	310,750	396,961
Licence Fees to PlaceFull Inc.	30,000	30,000	90,000	90,000
Totals	127,750	164,000	400,750	486,961

As at September 30, 2020, the Company had loans from shareholders amounting to \$nil (December 31, 2019 - \$35,000). It also had loans due from related parties of \$182,973 (December 31, 2019 - \$113,368). These loans were unsecured, interest free and due on demand.

During the three and nine months ended September 30, 2020, the Company provided loans (net of repayments) to PlaceFull Inc. in the amount of \$27,001 (2019 - \$382) and \$69,605 (2019 - \$111,528), respectively. These loans were unsecured, interest free and due on demand.



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During the three and nine months ended September 30, 2020, the Company repaid loans to directors of the Company in the amount of \$nil (2019 - \$nil) and \$35,000 (2019 - \$nil), respectively. These loans were unsecured, interest free and due on demand.

18. FINANCIAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities; and
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

At September 30, 2020, the Company's financial instruments consist of cash and cash equivalents, receivables, due from sale of discontinued operations, due from related parties, accounts payable and accrued liabilities, lease liability, liability against future sales receipts and notes payable. The fair values of cash and cash equivalents, accounts receivable, due from sale of discontinued operations, due from related parties, accounts payable and accrued liabilities, liabilities against future sales receipts and lease liability approximate their carrying values due to the relatively short-term to maturity nature. The Company classifies its notes payable at amortized cost.

Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management program and business practices seek to minimize any potential adverse effects on the Company's financial performance. Risk management is carried out by the senior management team.

a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to receivables and monies due from its processors.

The Company believes that its receivables balance is fully collectable. As of September 30, 2020, \$1,192,249 (December 31, 2019 – \$460,843) in receivables was outstanding. The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all receivables. The loss allowance is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate. The provision matrix below shows the expected credit loss rate at each aging category of receivables:

September 30, 2020	1-30	31-60	61-90	>90	Total
	\$	\$	\$	\$	\$
Trade receivables outstanding	1,084,671	-	483	124,168	1,209,322
Expected loss rate (%)	1.0%	3.0%	4.0%	5.0%	
Loss allowance provision (reversal)	10,847	-	18	6,208	17,073



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September 30, 2020	1-30	31-60	61-90	>90	Total
	\$	\$	\$	\$	\$
Total receivable, net	1,073,824	-	466	117,959	1,192,249

December 31, 2019	1-30	31-60	61-90	>90	Total
	\$	\$	\$	\$	\$
Accounts receivable outstanding	397,900	7,956	15,795	46,277	467,928
Expected loss rate (%)	1.0%	3.0%	3.5%	5.0%	
Loss allowance provision	3,979	239	553	2,314	7,085
Accounts receivable, net	393,921	7,717	15,242	43,963	460,843

The Company maintains bank deposits with reputable financial institutions.

Concentrations of credit risk that arise from financial instruments exist for groups of customers or counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

For the three and nine months ended September 30, 2019, the Company was not subject to a concentration of revenue from one specific customer. However, at September 30, 2020, one customer did account for 80% (December 31, 2019 – 66%) of total accounts receivable balance.

b) Liquidity risk

Liquidity risk is the risk that the Company is unable to generate or obtain sufficient cash or its equivalents in a cost-effective manner to fund its obligations as they come due. The Company's liquidity risk is subject to the Notes, which have interest and repayment terms.

c) Interest rate risk

The Company is subject to interest rate risk on future cash flows as the note payable bears a fixed rate of interest. The related party loans are interest free.

d) Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to provide returns to the shareholders and to maintain an optimal capital structure to minimize the cost of capital. The Company considers shareholders' equity as capital.

To maintain or adjust the capital structure, the Company may issue new shares to the shareholders, draw upon existing credit facilities or sell assets. There are no changes in the Company's capital management policies for the nine months ended September 30, 2020 and year ended December 31, 2019. There are no external capital management requirements or covenants as at September 30, 2020 and December 31, 2019.



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19. COMMITMENTS

Software Licence

The Company has a software licence agreement with PlaceFull, requiring it to pay \$10,000 per month to PlaceFull to use their payment, billing and customer management software perpetually until either party terminates the agreement.

Operating Lease

The Company has an operating lease agreement with The Perrin Building., requiring it to pay \$5,889 from May 1, 2019 to April 2020. It entered into extension agreement whereby payments increased to \$6,702 from May 1, 2020 to April 30, 2021.

Year	Total
	\$
2020 remainder	20,106
2021	33,510
Total	53,616

20. CHANGES IN NON-CASH WORKING CAPITAL

	9 months ended September 30,	
	2020	2019 (note 16)
	\$	\$
Sales taxes recoverable	1,326	(521)
Receivables	(721,958)	(368,616)
Inventories	(19,028)	(44,859)
Prepaid expenses	94,047	(93,343)
Accounts payable and accrued liabilities	2,092,772	152,113
	1,447,159	(355,226)

21. SEGMENTED INFORMATION

Operating segments

The Company's sole operating segment is the provision of point-of-sale arrangements designed to offer consumers an easy way to acquire digital currency and use it to purchase goods and services. As such, its operating segment information is the same as that reporting in the Consolidated Financial Statements.

Geographic segments

The Company operates in two geographic segments being Canada and the United States.



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As at	September 30, 2020	December 31, 2018
	\$	\$
Non-current assets:		
Canada	-	-
United States	390,653	781,432
	390,653	781,432

	Three months ended		Nine Months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	\$	\$	\$	\$
Revenue				
Canada	-	-	-	-
United States	2,329,878	1,009,041	4,765,132	2,723,538
	2,329,878	1,009,041	4,765,132	2,723,538

	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	\$	\$	\$	\$
Loss				
Canada	(102,288)	-	(220,755)	-
United States	1,813	(813,049)	(914,770)	(4,043,809)
	(100,475)	(813,049)	(1,135,525)	(4,043,809)

Nine months ended	September 30, 2020	September 30, 2019
	\$	\$
Cash provided from (used for) operations:		
Canada	(140,964)	-
United States	880,765	(2,569,593)
	739,932	(2,569,593)

22. SUBSEQUENT EVENTS

22.1 Issuance of options

In October 2020, the Company issued 3,956,895 options to participants of the Plan. The options are exercisable at C\$0.095 each, have various vesting periods and expire on October 1, 2030, all in accordance with the Plan.



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22.2 Cancellation of options

In October 2020, 1,811,895 options were cancelled. The options had an average exercise price of \$0.228 each.

22.3 Final Payment of DoubleBeam sale

After the reporting date, the Company received notice from the purchaser that it was reviewing the conditions required to complete the Final Payment to the Company, all in accordance with the Sale. As of the date of issue of the Financial Statements, it is not known if the Final Payment will be adjusted or otherwise not paid.

