
Consolidated financial statements of GOLO Mobile Inc.

(Formerly HAW Capital Corp.)

For the years ended December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of GOLO Mobile Inc.

Opinion

We have audited the consolidated financial statements of GOLO Mobile Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company incurred significant operating losses since inception and has an accumulated deficit of \$62,037,678 as at December 31, 2021. For the year ended December 31, 2021, the Company incurred a net loss and comprehensive loss of \$11,539,385. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Company for the year ended December 31, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on April 30, 2021.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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 in this auditor's report. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

B F Borgers CPA PC

April 29, 2022
Lakewood, Colorado, USA

GOLO Mobile Inc.
Consolidated statements of financial position
As at December 31, 2021 and 2020

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Cash		572,350	130,347
Trust indenture	8	300,000	-
Trade and other receivables	8	-	98,615
Prepaid expenses and other		49,840	75,720
Investment tax credits receivable		-	376,904
TOTAL CURRENT ASSETS		922,190	681,586
Non-current assets			
Property and equipment	9	-	1,181,478
Intangible assets	10	-	3,173,945
Goodwill	11	-	3,475,044
Right-of-use assets	12	-	397,131
TOTAL ASSETS		922,190	8,909,184
Liabilities			
Current liabilities			
Trade and other payables	13	207,309	569,340
Current portion of lease obligation	12	-	165,078
Other short-term liabilities	14	-	355,110
TOTAL CURRENT LIABILITIES		207,309	1,089,528
Non-current liabilities			
Lease obligations	12	-	512,787
Deferred tax liability	19	-	723,196
Other long-term liabilities		-	30,000
TOTAL LIABILITIES		207,309	2,355,511
EQUITY			
Share capital	15	36,687,174	31,780,769
Contributed surplus	15	23,659,935	23,659,935
Reserve for equity-settled business combination		-	564,360
Warrants reserve	16	1,554,882	686,674
Stock option reserve	17	850,568	360,228
Deficit		(62,037,678)	(50,498,293)
TOTAL EQUITY		714,881	6,553,673
TOTAL LIABILITIES AND EQUITY		922,190	8,909,184

Subsequent Event (Note 24)

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

_____(signed) "Jay Campbell"_____, Director _____(signed) "Robert McCue"_____, Director

GOLO Mobile Inc.**Consolidated statements of loss and comprehensive loss**

For the years ended December 31, 2021 and 2020

	Notes	2021 \$	2020 \$
Revenue	2	232,113	89,812
Expenses			
Salaries and employee benefits		1,813,097	1,601,907
Share-based compensation	17	490,340	270,007
Warrant modification expense	16	868,208	
Marketing		256,574	380,182
Occupancy and office		88,850	220,272
Information technology		196,013	292,003
Travel and entertainment		5,436	24,289
Other administrative and professional fees		1,305,427	785,218
Depreciation and amortization	9,10,11	544,127	667,568
Financial (income) expense	20	23,678	52,685
Gain on settlement of short-term liabilities	14	(29,091)	209,686
Acquisition fees		-	140,941
Impairment loss on property and equipment	9	35,000	-
Impairment loss on leasehold improvements	9	804,743	-
Impairment loss on intangible assets	10	2,531,963	-
Impairment loss on goodwill	11	3,475,044	-
Gain on lease modification	12	(261,670)	-
Loss on disposal of subsidiaries	7	5,671	
(Gain) loss on disposal of property and equipment	8	339,963	(7,065)
		12,493,373	4,637,693
Net loss and comprehensive loss from continuing operations before taxes		(12,261,260)	(4,547,881)
Income tax benefit	19	721,875	86,038
Net loss and comprehensive loss from continuing operations after taxes		(11,539,385)	(4,461,843)
Discontinued Operations:			
Loss from discontinued operations, net of tax	5	-	(7,902,172)
Net loss and comprehensive loss		(11,539,385)	(12,364,015)
Loss per share, basic and diluted			
Continuing operations	21	(0.06)	(0.03)
Discontinued operations	21	-	(0.06)
		(0.06)	(0.09)
Weighted average number of common shares outstanding, basic and diluted		204,343,603	144,851,713

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

GOLO Mobile Inc.
Consolidated statements of changes in equity

For the years ended December 31, 2021 and 2020

	Notes	Share Capital	Contributed surplus	Warrants reserve	Stock option reserve	Equity-settled business combination	Deficit	Total (deficiency) equity
		\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2020		31,780,769	23,659,935	686,674	360,228	564,360	(50,498,293)	6,553,673
Net loss and comprehensive loss		-	-	-	-	-	(11,539,385)	(11,539,385)
Issuance of shares under private placement	15	4,125,000	-	-	-	-	-	4,125,000
Share and warrant issuance costs	15	(108,974)	-	-	-	-	-	(108,974)
Issuance of shares - acquisition	15	890,379	-	-	-	(564,360)	-	326,019
Warrant modification expense	16	-	-	868,208	-	-	-	868,208
Share-based compensation	17	-	-	-	490,340	-	-	490,340
Balance as at December 31, 2021		36,687,174	23,659,935	1,554,882	850,567	-	(62,037,678)	714,881

	Notes	Share Capital	Contributed surplus	Warrants reserve	Stock option reserve	Equity-settled business combination	Deficit	Total (deficiency) equity
		\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2019		23,901,498	23,659,935	562,554	155,156	-	(38,134,278)	10,144,865
Net loss and comprehensive loss		-	-	-	-	-	(12,364,015)	(12,364,015)
Issuance of shares and warrant issuance costs	15	2,921,008	-	128,992	-	-	-	3,050,000
Exercise of stock options	15	(110,313)	-	(4,872)	-	-	-	(115,185)
Issuance of shares - acquisition	15	157,435	-	-	(64,935)	-	-	92,500
Share-based compensation	17	4,911,141	-	-	-	564,360	-	5,475,501
Balance as at December 31, 2020		31,780,769	23,659,935	686,674	360,228	564,360	(50,498,293)	6,553,673

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

GOLO Mobile Inc.
Consolidated statements of cash flows
Years ended December 31, 2021 and 2020

	Notes	2021 \$	2020 \$
Operating activities			
Net loss		(11,539,385)	(12,364,015)
Adjustments for non-cash items:			
Depreciation and amortization	9,10,11	544,127	1,533,943
Share-based compensation expense	17	490,340	270,007
Warrant modification expense	16	868,208	-
Interest expense on lease obligation	12	18,835	55,719
Unrealized foreign exchange (gain) loss	20	4,843	(2,845)
Loss on disposal of property and equipment	9	339,963	549,783
Loss on impairment of property and equipment	9	35,000	-
Loss on impairment of leasehold improvements	9	804,743	-
Loss on impairment of intangible assets	10	2,531,963	5,552,489
Loss on impairment of goodwill	11	3,475,044	-
Gain on lease modification	12	(261,670)	-
Loss on disposal of subsidiaries	7	5,671	-
Changes in fair value of short-term liabilities	14	(29,091)	209,686
Income tax benefit	19	(723,196)	(86,038)
Changes in non-cash working capital items:			
(Increase) in trust indenture	8	(300,000)	-
Decrease in trade and other receivables		60,415	336,041
Decrease in prepaid expenses and other		12,148	262,659
(Decrease) in trade and other payables		(337,039)	(632,791)
Cash flows used in operating activities		(3,999,081)	(4,315,362)
Financing activities			
Proceeds from private placement	15	4,125,000	3,050,000
Share and warrants issuance costs	15	(108,974)	(115,185)
Proceeds from exercise of stock options	17	-	92,500
Other long-term liabilities	9	140,451	-
Repayment of lease obligations	12	(85,632)	(159,474)
Cash flows from financing activities		4,070,845	2,867,841
Investing activities			
Additions to intangible assets	9	(314,672)	(956,742)
Business combination, net of cash acquired	6	-	(274,104)
Investment tax credits received		351,912	460,628
Purchase of property and equipment	9	(143,617)	(40,742)
Proceeds on sale of property and equipment	9	12,730	267,175
Disposal of subsidiaries, net of cash disposed of	7	468,729	-
Cash flows provided by (used in) investing activities		375,082	(543,785)
Net increase (decrease) in cash		446,846	(1,991,306)
Effects of exchange rates on cash and cash equivalents		(4,843)	2,845
Cash, beginning of the year		130,347	2,118,808
Cash, End of the year		572,350	130,347

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

1. Description of the business

GOLO Mobile Inc. (the "Company"), formerly HAW Capital Corp. ("HAW") up to the completion of the Amalgamation, as defined below, was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on November 29, 2016 and was a Capital Pool Corporation as defined pursuant to Policy 2.4 of TSX Venture Exchange Inc. ("TSX Venture").

On June 26, 2019, HAW, together with its wholly-owned subsidiary ("Acquireco"), concluded an amalgamation agreement with GOLO Inc. ("GOLO") pursuant to which Acquireco amalgamated with GOLO (the "Amalgamation") to complete an arm's length qualifying transaction by way of a reverse takeover in accordance with the policies of the TSX Venture Exchange (the "RTO").

The Amalgamation was structured as a three-cornered amalgamation and, as a result, the amalgamated corporation became a wholly-owned subsidiary of HAW at the time of the completion of the Amalgamation. In connection with the Amalgamation HAW discontinued as a corporation incorporated under the Business Corporations Act (Alberta) and continued as a corporation governed by the Canada Business Corporations Act and change its name to "GOLO Mobile Inc." (the "Resulting Issuer"). The Company's common shares are traded on the TSXV under the trading symbol WLTR.V.

On July 7, 2020, the Company completed the acquisition of Walter Innovations Inc. ("Walter") a complementary business operating as a developer of smart building technology Software-as-a-Service ("SaaS") for use in high population density areas, specifically the multi-residential real estate market.

Up to its discontinuation on September 29, 2020, the principal activity of the Company was to offer merchants and consumers a mobile and web-based, order ahead platform for item pick-up and delivery. Subsequently, the principal activity of the Company was to offer its SaaS smart building technology through web-based and a native mobile application. On October 19, 2021, shareholders approved the sale of Walter and voluntary dissolution of the Company in accordance with the *Canada Business Corporations Act* at the discretion of the Board of Directors.

On January 19, 2022, the Company announced the resignations of four directors and related executive positions and the appointment of 3 directors and appointment of related executive positions. The Board of Directors and executive officers were reconstituted in connection with the execution of a share purchase agreement (the "SPA") pursuant to which the newly constituted Board of Directors jointly purchased 101,307,188 common shares of the Company at a price of \$0.0007 per common share from a significant shareholder of the Company (the "Transaction"). The SPA and related reconstitution was completed as an alternative to the voluntary dissolution proceedings. The reconstituted Board of Directors and Executive teams principal activity will be to identify and evaluate assets and/or businesses with the objective to negotiate an interest in, acquisition of, or business combination with a related Target Company.

The Company's principal office is located at 1 place Ville Marie, Suite 1300, Montreal, Quebec, H3B 0E6. The Company wholly-owns 2150304 Alberta Ltd., incorporated in Alberta on October 19, 2018, which is a subsidiary with limited operations in Canada and consolidated into the results of the Company.

2. Basis of presentation and going concern

These consolidated financial statements have been prepared on a going-concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

Management believes its cash on hand will meet its cash-flow requirements for the next 12 months. However, the Company's ability to continue operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, a business, or an interest therein. Such a transaction may require additional funding. There is no assurance the Company will be successful in obtaining additional funding.

2. Basis of presentation and going concern (continued)

Subsequent to the closing of the Transaction the Company's primary asset is cash and operations are limited to the identification and evaluation of potential acquisitions.

Basis of presentation

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS).

The Board of Directors approved the financial statements for the years ended December 31, 2021 and 2020, and authorized their publication on April 29, 2022.

These financial statements have been prepared in accordance with the following significant accounting policies that have been applied consistently to all the periods presented throughout these financial statements.

The Company operates in one single reporting segment. All revenues were principally generated in Canada.

Basis of measurement

The financial statements are prepared under the historical cost basis unless otherwise noted in these financial statements.

Functional and presentation currency

The financial statements are presented in Canadian dollars (CAD\$) which is the Company's functional currency.

3. Significant estimates and judgments

The preparation of the Company's consolidated financial statements (the "financial statements") requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period; however, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment.

The significant estimates and judgments used in preparing these financial statements are as follows:

Recoverability of investment tax credits receivable

The government tax credits are estimated by management based on quantitative and qualitative analysis and interpretation of government programs, related restrictions, limitations, definitions, and eligibility conditions. Management involves its technical staff and external specialists in determining if the expenditures meet the requirements of the different tax credit claims. The unavailability of the tax credits in obtaining a refund of tax credits could have a significant effect on the anticipated net costs of the Company's intangible assets.

Useful lives of property and equipment and finite-life intangible assets

Property and equipment and finite-life intangible assets represent a significant proportion of total assets. Changes in technology or the Company's intended use of these assets, as well as changes in business prospects or economic and industry factors, may cause the estimated useful lives of these assets to change.

3. Significant estimates and judgments (continued)

Capitalization of internally generated intangible assets

Expenses incurred to build the Company's technological platforms during the development phase are capitalized as an internally generated intangible asset when the criteria are met as per IAS 38. Management uses significant judgments to assess whether specific individual projects should be eligible for capitalization. Costs incurred during the research phase are expensed in the period in which they were incurred.

Impairment of assets

At the end of each reporting period, management performs an assessment to determine whether any indicators are present that may suggest that the carrying amount of an asset or asset group may not be recoverable. This assessment requires significant judgments relating to both internal and external sources of information that are available to management.

Goodwill impairment

The process of determining the fair values of the Company's cash-generating units (CGU) groupings and indefinite life intangible assets requires the Company apply judgement to make estimates and assumptions of a long-term nature regarding discount rates, projected revenues, revenue multiples, royalty rates and margins derived from past experience, actual operating results and budgets. These estimates and assumptions may change in the future due to uncertain competitive and economic market conditions or changes in business strategies.

Share-based payments

The calculation of the fair value of stock options and warrants granted require management to make estimates and assumptions about the fair value of the underlying common shares of the Company, expected volatility, expected life and expected forfeiture rates, which could affect the Company's results if the current estimates change.

Business combinations

The Company applies judgement in determining whether a transaction should be accounted for as a business combination or an asset acquisition. For business combinations, the Company must make assumptions and estimates to determine the purchase price allocation of the business being acquired. To do so, the Company must assume goodwill is measured as the excess of the acquisition cost over the Company's share in the fair value of all identified assets and liabilities. These assumptions and estimates have an impact on the asset and liability amounts recorded in the Consolidated statements of financial position on the acquisition date. In addition, the identification of intangible assets, and the determination of the estimated useful lives of intangible assets will have an impact on the Company's profits. As well, contingent consideration requires estimates of fair value at the acquisition date.

COVID-19

Global economic conditions are currently highly volatile due to the novel coronavirus (COVID-19) pandemic, which the World Health Organization declared on March 11, 2020. At December 31, 2021, it is not possible to predict the duration, severity, or scope of the pandemic, or to predict the steps that will be undertaken by governmental and non-governmental agencies. By their very nature, COVID-19 related judgements and estimates made for the purposes of preparing the consolidated financial statements relate to matters that are inherently uncertain, in particular but

3. Significant estimates and judgments (continued)

not limited to the following items: revenue recognition, goodwill, impairment losses on intangible assets and expected credit losses. However, the Company is closely monitoring the changing conditions and their impacts.

4. Accounting policies

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a ROU asset and a corresponding lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the lease term. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments mainly include fixed, or in substance fixed, payments and variable lease payments that depend on an index or a rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

Financial instruments

The Company classifies its financial assets into the following specified categories: "amortized cost"; "fair value through other comprehensive income" ("FVTOCI"); and "fair value through profit or loss" ("FVTPL"). Financial liabilities are designated as FVTPL or classified as loans and borrowings measured amortized cost. Classification depends on the purpose for which the financial assets and liabilities were acquired or incurred. Management determines the classification of its financial instruments at initial recognition.

All financial assets and liabilities designated as FVTPL are measured at their fair value less transaction costs, and gains and losses related to revaluations at the reporting date are recorded in profit or loss. Changes in fair value to financial assets for which the Company has made an irrevocable election to measure them at FVTOCI, are not subsequently transferred to profit or loss upon disposal. All financial assets and liabilities classified as amortized cost are initially measured at fair value and subsequently at their amortized cost using the effective interest method.

4. Accounting policies (continued)

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of the ownership to another party. The Company derecognizes a financial liability when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount and consideration paid or received is recognized in profit or loss, unless a financial asset is classified as FVTOCI.

Financial instruments consist of cash, trade and other receivables, investment tax credits receivable, trade and other payables, and other short-term liabilities. Currently, all financial assets and liabilities are classified as amortized cost except for the other short-term liabilities relating to the acquisition of Walter which is measured at fair value.

Trade and other receivables

Trade and other receivables are initially recognized at their fair value. Subsequent to initial recognition, these assets are measured at their amortized cost less loss allowances. The Company measures the loss allowance for doubtful accounts based on an expected credit loss (ECL) model, which measures loss allowances based on current economic conditions, historical information, and forward-looking information. Changes in those expected lifetime credit losses at each reporting date are recorded in profit or loss to reflect changes in credit risk since initial recognition of the financial asset. Receivables include net cash held by and due from the Company's payment processor for cleared credit card transactions with the end-user.

Trade and other payables

Trade and other payables are initially recognized at their fair value. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method.

Investment tax credits (ITCs) receivable

ITCs and other tax credits given on eligible expenditures are recognized when it is reasonably assured that they will be realized. They are presented as part of Investment tax credits receivable in the statements of financial position when they are expected to be utilized and collected. We use the cost reduction method to account for ITCs under which the credits are applied against the expense or asset to which the ITC relates.

Property and equipment

Property and equipment are recorded at historical cost. Historical cost includes expenditures that are attributable directly to its acquisition. The various components of property and equipment are depreciated separately based on their estimated useful lives, and therefore, their depreciation periods differ. The Company has not capitalized any borrowing costs during the periods presented.

Subsequent costs are included in the carrying value of the asset or recognized as a separate component, where necessary, if it is probable that the future economic benefits will flow to the Company and the cost of the asset can be reliably measured. All other repair and maintenance costs are expensed in the year they are incurred. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Internally developed software

Internally developed software is recorded at historical cost. Cost includes expenditures that are attributable directly to the acquisition or development phase of the software, including the purchase cost and labour. Expenditures related to research activities are recognized as an expense

4. Accounting policies (continued)

in the period in which they are incurred. ITCs are applied against the cost of internally developed software additions to which they relate.

Software development costs are capitalized when the Company can demonstrate all of the following:

- the technical feasibility of completing the asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred. After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

Acquired intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Finite-lived intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses, see note 6 for details of assets acquired through business combination.

Depreciation and amortization

Property and equipment are depreciated, and finite-life intangible assets are amortized on a straight-line basis over their estimated useful lives. The Company reviews estimates of useful lives on an annual basis and adjusts depreciation and amortization on a prospective basis, as required. Such a review takes into consideration the nature of the assets, their intended use and technological changes. The Company's depreciation and amortization policies are as follows:

	<u>Estimated useful life</u>
Fixtures and fittings	10 years
Computer equipment	3 years
Vehicles	5 years
Leasehold improvements	Term of lease
Finite-life intangible assets	
Acquired & Internally developed software	5 years
Right-of-use assets	Term of lease

4. Accounting policies (continued)

Impairment of long-term assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The difference between the carrying amount and recoverable amount is charged to profit or loss.

The recoverable amount is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Company has identified one cash-generating unit to which all assets belong.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

Goodwill

Goodwill is measured as the excess of the sum of the fair value of the consideration for an acquisition over the net fair values of the identifiable tangible and intangible assets acquired and the liabilities assumed. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is allocated to each of the Corporation's CGU or groups of CGU's that is expected to benefit from the synergies of the combination.

Goodwill is evaluated for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in the statement of net loss and comprehensive loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

Income tax

Income tax expense comprises current and deferred income tax. Current and deferred income tax are recognized in profit or loss, except when they relate to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment of tax payable in respect of previous years.

The Company uses the liability method of accounting for income taxes. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the statement of financial position are used to calculate deferred income tax assets or liabilities. Deferred income tax assets or liabilities are calculated using tax rates anticipated to exist in the periods that the temporary differences are expected to reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current income tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

4. Accounting policies (continued)

Income tax (continued)

A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Discontinued operations

A disposal group qualifies as discontinued operation if it is in a component of an entity that either has been disposed of, or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as after tax income or loss from discontinued operations in the consolidated statement of operations and comparative period have been restated. During the year ended December 31, 2021, the disposal of the subsidiaries as described in Note 6 does not qualify as discontinued operation. The disposal of a business that is previously part of a Company considered to be a single CGU does not qualify as a component of the Company, and therefore is not classified as a discontinued operation.

Revenue recognition - Continuing Operations (applicable prior to October 26, 2021)

The Company generated subscription revenue from the sale of its Software-as-a-Service ("SaaS") smart building technology through web-based and a native mobile application that enables property managers and developers of multi-residential buildings and commercial real estate to save time and provide a superior offering to residents. The subscriptions were sold to property managers and property owners to be used by the residents to automate building management; reduce the administrative burden; centralize building information; provide easy and simultaneous communication tools for residents; offer commerce and delivery; a concierge service that facilitates the delivery of direct-to-home services; and Internet of Things ("IoT") device management. The Company satisfies its single performance obligation to stand ready and provide access to its smart building technology, and revenue from these services is recognized, over time, on a monthly basis for the duration of the subscription period. Typically, the subscription fees are paid for monthly in advance.

Revenue recognition - Discontinued Operations (applicable prior to the July 7, 2020 Walter Acquisition)

The Company was involved in the provision of transaction processing services through its mobile and web-based order-ahead platform. The Company generates revenue primarily when consumers place an order on the platform through its mobile applications or its website. Revenue from transaction processing services earned from merchants are recognized at the time services are rendered. Commission revenue earned from merchants is calculated as a percentage of funds processed per transaction, pursuant to the respective merchant agreements. The Company periodically provides incentive offers to end-users to use the platform. These promotion coupons are cash credits applied against purchases at merchants'

shops. These incentive offers are recorded as a reduction in transaction processing revenue when redeemed. Delivery revenue is calculated based on the cost per delivery that is charged to the consumer and is recognized at the time services are rendered.

4. Accounting policies (continued)

Revenue from pick-up and delivery orders are recognized when the orders are transmitted to and accepted by the merchants, including revenue for managed delivery services due to the simultaneous nature of the Company's delivery operations. The Company also recognizes as revenue any fees charged to consumers for delivery or convenience services provided by the Company on behalf of the merchants when the delivery services are rendered. As such, both transaction processing revenues and delivery revenues are recognized at the same point in time.

The Company launched the GOLO \$ Loyalty Program (the "Program") in September 2018. The Program allows consumers to earn points on their transactions associated to their accounts. Consumers can redeem these points for merchandise and other services provided at GOLO merchants' sites when they order with the GOLO app. A contract liability (Program liability) is recognized relating to the loyalty points at the time of the initial sales transaction and is recorded as a reduction in revenue. The Program liability represents the dollar value of the loyalty points earned and unused by consumers. The stand-alone selling price per point is estimated based on the discount to be given when the points are redeemed by the consumer and the likelihood of redemption. The Program liability is derecognized when the points are redeemed by the consumer or when the points expire.

Where incentive offers and loyalty points earned and recorded as a reduction of revenue exceed transaction processing and delivery revenue in aggregate, the excess costs are presented within marketing expenses.

Share-based payments

Equity-settled share-based payments, consisting of stock options and warrants to employees and others providing similar services, are measured at the fair value of the equity instruments at the grant date and is determined using the Black-Scholes option-pricing model. Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity

instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair value determined at the grant date of the stock options and warrants is expensed over their vesting period, based on the Company's estimate of options and warrants that will eventually vest, with a corresponding increase in the stock option and warrants reserves. At the end of each reporting period, the Company revises its estimate of the number of options and warrants expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the stock option and warrants reserves.

The incremental fair value of modifications to the terms and conditions on which equity instruments were granted that increase the fair value of the equity instruments are recognized in addition to any amount in respect of the original stock options. The incremental fair value is the difference between the fair value of the modified stock incentives and that of the original stock options and warrants, both estimated as at the date of the modification. The incremental fair value is recognized over the remainder of the original vesting period.

Equity instruments

The Corporation has adopted the residual value method with respect to the measurement of common shares and warrants issued as equity units. The amount assigned to the common share is the excess of the unit price over the value of the warrant determined by using an appropriate option pricing model. Equity issuance costs directly attributable to the issue of common shares and warrants are shown as a deduction from the proceeds. For common shares and warrants issued as a unit, the equity issuance costs are allocated to the common shares and warrants based on the relative allocation of proceeds.

4. Accounting policies (continued)

Foreign exchange

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

Business combinations and divestitures

Business combinations are accounted for using the acquisition method. The consideration for an acquisition is measured at the fair values of the assets transferred, the liabilities assumed and the equity interests issued at the acquisition date. The excess of the consideration over the fair value of the identifiable net assets acquired is recorded as goodwill. Transaction costs that are incurred in connection with a business combination, other than costs associated with the issuance of debt or equity securities, are expensed as incurred.

The financial statements of subsidiaries are included in the consolidated financial statements from the date of which control commences until the date of which control ceases. When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary and other components of equity. Any resulting gain or loss is recognised in profit or loss.

5. Discontinued operations

On September 29, 2020, the Company permanently terminated all of the remaining employees tied to the operations of its mobile and web-based order ahead for pick-up and delivery platform, confirming its previous decision to discontinue the operations which had been temporarily suspended since March 2020.

The results of discontinued operations, which have been included in loss for the year, were as follows:

	2020
	\$
Revenues	269,935
Expenses	(2,069,835)
Impairment loss on internally developed software	(5,552,489)
Loss on disposal of fixed assets	(549,783)
Net loss	<u>(7,902,172)</u>

During the year ended December 31, 2020, the discontinued operations generated cash flows from operations of \$802,921 and \$11,563 in respect to investing activities.

6. Business combination

On July 7, 2020, the Company acquired 100% of the shares of Walter Innovations Inc. ("Walter"), a developer of smart building technology, by issuing 14,489,268 common shares of the Company, as well as the commitment to issue 3,762,402 more shares over an 8-month period, and potentially up to 7,102,195 shares, if the Company's share price is below a pre-determined amount on the one-year anniversary of the transaction.

Walter is a complementary business operating as a developer of smart building technology Software-as-a-Service ("SaaS") for use in high population density areas, specifically the multi-residential real estate market. Through Walter's innovative technology, the Company acquired the ability to provide its existing customer base with a more robust product offering that includes a virtual buy and sell platform, an instant-messaging service and a central repository for important property information, such as a copy of a building's bylaws or important dates such as a building's annual general meeting.

Consideration transferred

<i>In Canadian dollars</i>	<i>\$</i>
Cash Payment	317,000
Common shares issued (14,489,268)	4,346,780
Holdback (3,762,402 shares, included within Reserve for equity-settled business combination)	1,128,721
Contingent consideration (maximum of 7,102,195 shares, included with Other short-term liabilities)	145,424
	<u>5,937,925</u>

The fair value of the common shares issued or to be issued was determined based on the share price on the acquisition date. The common shares were recorded at the closing share price on the date of issuance of \$0.30.

The remaining common shares being held back for the transaction consisted of 3,762,402 shares. All conditions having been met 1,881,201 shares were released on November 9, 2020, the remaining 10% shares were released on April 22, 2021.

There is a price protection provision included in the agreement which provides that in the event that the Company's shares trade below a pre-determined amount on the first anniversary of the transaction, a maximum of 7,102,195 shares may be issued. This price protection provision was fair valued at \$145,424 at the transaction date, using a binomial option pricing model. The fair value of the price protection provision was increased to \$355,110 at December 31, 2020 using the same method and is included in other short-term liabilities in the consolidated statement of financial position.

6. Business combination (continued)

<i>In Canadian dollars</i>	<i>\$</i>
Assets	
Current assets	42,896
Cash	11,252
Trade and other receivables	5,773
	59,921
Non-current assets	
Property and equipment	7,113
Technology	3,246,723
Total	3,313,757
Liabilities	
Current liabilities	
Trade and other payables	11,642
	11,642
Non-current liabilities	
Deferred taxes	809,234
Other long-term liabilities	30,000
Total	850,876
Identifiable net assets acquired	2,462,881
Goodwill	3,475,044
Consideration transferred	5,937,925

The purchase price allocation shown above is final and based on management's best estimates. The costs related to the acquisition amounted to \$140,941 and are recorded in acquisition cost – Walter in the consolidated statement of loss and comprehensive loss.

The Company's results for the year ended December 31, 2020 include \$89,812 in revenue and profit of \$41,005 generated by Walter. If the business combination had been completed on January 1, 2020, the Company's consolidated revenue and loss for the year ended December 31, 2020 would have been \$178,306 and (\$12,418,374) respectively.

Determination of fair value

The identifiable assets acquired, and the liabilities assumed are recognized at their acquisition-date fair value. Accounts receivable, prepaid expenses and deposits and trade and other payables arising from a business combination are recognized at fair value, which is not substantially different from their gross contractual value and expected receipts and disbursements.

6. Business combination (continued)

The fair value of acquired intangible assets is determined as follows:

The acquired technology is valued at fair value using the replacement cost method. The costs the Company would incur to re-build the technology are used in order to derive the fair value.

Goodwill arising from the business combination

The goodwill recognized from this business combination is not deductible for tax purposes. The goodwill of \$3,475,044 stems essentially from the economic value of the expertise of the workforce acquired, as well as intangible assets that do not meet the criteria for separate recognition.

7. Disposal of subsidiaries

On August 27, the Company signed a non-binding Letter of Intent (the "LOI") with a leading North American software company, contemplating the potential sale of 100% of the issued and outstanding shares of GOLO Inc. ("GOLO") and Walter Innovations Inc. ("Walter"), two wholly owned subsidiaries of the Company. On October 26, the Company completed the sale of its ownership of its two wholly owned subsidiaries.

Effect of disposal on the financial position of the Company

	Notes	\$
Cash		31,271
Trade and other receivables		38,199
Prepaid expenses and other		13,734
Property and equipment	9	17,952
Intangible assets	10	570,000
Right-of-use assets	11	215,243
Assets disposed of		880,263
Lease obligation	11	350,727
Other long-term liabilities		30,000
Liabilities held for sale		380,727
Net assets disposed of		505,671
Consideration received, satisfied in cash		500,000
Cash disposed of		(31,271)
Net Cash inflows		468,729
Loss on disposal of subsidiaries		(5,671)
Income taxes		-
Net loss on disposal		(5,671)

8. Restricted cash, trade and other receivables

Trust indenture

On January 15, 2021, related to the closing of the private placement as described in note 16, the Company placed \$300,000 into a trust indenture. The permitted use of funds of the indenture include any costs or expenses related to director and officers insurance or instances of director and officer personal liability claims, and associated costs related to an eventual wind-down or liquidation of the Company. On February 9, 2022, management terminated the trust indenture and the funds were transferred to unrestricted cash.

<i>Trade and other receivables</i>	2021	2020
	\$	\$
Trade	-	16,488
Commodity sales tax and other	-	82,127
	-	98,615

9. Property and equipment

	Fixtures & fittings	Computer equipment	Leasehold improvements	Vehicles	TOTAL
	\$	\$	\$	\$	\$
Cost					
As at January 1, 2021	575,821	300,923	1,099,041	-	1,975,785
Additions	-	3,167	140,451	-	143,618
Disposals	(499,000)	-	-	-	(499,000)
Disposals – Subsidiaries	(76,821)	(133,696)	(140,451)	-	(350,967)
Write-offs	-	(170,394)	(1,099,041)	-	(1,269,435)
As at December 31, 2021	-	-	-	-	-
Accumulated depreciation					
As at January 1, 2020	150,736	265,266	378,305	-	794,307
Depreciation	23,990	34,274	56,444	-	114,708
Disposals	(146,307)	-	-	-	(146,307)
Disposals – Subsidiaries	(63,419)	(129,146)	(140,451)	-	(333,016)
Write-offs	-	(170,394)	(1,099,041)	-	(1,269,435)
Impairment loss	35,000	-	804,743	-	839,743
As at December 31, 2021	-	-	-	-	-
Net book value					
As at December 31, 2021	-	-	-	-	-

9. Property and equipment (continued)

	Fixtures & fittings	Computer equipment	Leasehold improvements	Vehicles	TOTAL
	\$	\$	\$	\$	\$
Cost					
As at January 1, 2020	569,506	283,693	1,097,929	1,260,805	3,211,933
Additions	6,315	17,230	1,112	-	24,657
Disposals	-	-	-	(1,260,805)	(1,260,805)
As at December 31, 2020	575,821	300,923	1,099,041	-	1,975,785
Accumulated depreciation					
As at January 1, 2020	93,095	209,446	242,840	380,663	926,044
Depreciation	57,641	55,820	135,465	63,184	312,110
Disposals	-	-	-	(443,847)	(443,847)
As at December 31, 2019	150,736	265,266	378,305	-	794,307
Net book value					
As at December 31, 2019	425,085	35,657	720,736	-	1,181,478

During the year ended December 31, 2021, additions for the Company include computer purchases of \$3,167 and leasehold improvements of \$140,451 related to a new office premises. Additions of \$143,618 were recorded as purchase of property and equipment on the consolidated statement of cash flows.

During the year ended December 31, 2021, the Company moved its office premises to a new smaller location and disposed of a significant portion of its fixtures and fittings in the process for a total cash consideration of \$12,730 resulting in a loss on disposal of \$339,963 which was recognized in the statement of loss and comprehensive loss.

On August 10, 2021, the Board of Directors recommended the dissolution of the Company; triggering the Company to reassess the recoverable amount of its property and equipment. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. During the period ended September 30, 2021, the Company reassessed the value of its property and equipment and reclassified the net value of \$17,952 to assets held for sale. On October 26, 2021, the Company closed a transaction selling 100% of the issued and outstanding common shares of its GOLO and Walter subsidiaries and disposed of all related property and equipment classified as held for sale.

During the year ended December 31, 2021, the Company recorded a furniture and fixture impairment loss related to the change in office premises. The estimated recoverable amount was based on the fair value less cost of disposal. The Company estimated the value in use as negligible as it is unlikely there would be any resulting material cash flows. The Company recorded a loss on impairment of fixed assets of \$35,000 on the statements of loss and comprehensive loss and statements of changes.

The Company also recorded two leasehold improvement impairment losses during the year; \$664,292 related to the amended lease agreement and \$140,451 related to leasehold improvements. The Company recorded a loss on impairment of leasehold improvements of \$804,743 on the statements of loss and comprehensive loss and statements of changes.

10. Intangible assets

	Acquired & Internally developed software
	\$
Cost	
As at January 1, 2021	3,511,875
Internally developed software	314,672
Disposal of subsidiaries	(570,000)
Impairment	(3,256,547)
As at December 31, 2021	-
Accumulated amortization	
As at January 1, 2021	337,930
Amortization	386,655
Impairment	(724,585)
As at December 31, 2021	-
Net book value	
As at December 31, 2021	-
Cost	
As at January 1, 2020	7,813,493
Internally developed software	956,742
Acquired through business combination	3,246,723
Impairment	(8,505,083)
As at December 31, 2020	3,511,875
Accumulated amortization	
As at January 1, 2020	2,149,404
Amortization	1,141,120
Impairment	(2,952,594)
As at December 31, 2020	337,930
Net book value	
As at December 31, 2020	3,173,945

The decision of the Board of Directors on August 10, 2021 to recommend the dissolution of the Company caused the Company to reassess the recoverable amount of its intangible assets. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

Due to significant constraints and uncertainties in estimating the fair value, the Company estimated the fair value less costs of disposal of the web platform to be \$nil as at June 30, 2021. The Company noted a significant lack of relevant observable market data given the specific nature of the asset, as well as important uncertainties in receiving an acceptable offer in timely manner. Furthermore, considering the decision to dissolve the Company in the near term and the impact of public announcement of such intention on the current arrangement with customers, the

10. Intangible assets (continued)

Company determined that it was unlikely to be any material cash flows from the continuing use of the asset, and thus estimated the value in use to be negligible as at June 30, 2021.

On September 30, 2021, following the efforts by management to sell the disposal group, the Company reassessed its estimates of the recoverable value of the acquired and internally developed software and reversed \$570,000 of the initially recognized impairment related to the web platform. On October 26, 2021, the Company disposed of its subsidiaries including the assessed value of its intellectual property.

During the year ended December 31, 2020, following the acquisition of Walter and the discontinuation of GOLO's previous business operations, the net capitalized costs of \$5,552,489 related to the GOLO platform were written down to a net recoverable value of nil, due to Management's decision to pivot its business strategy around smart building technology through continued improvements upon the Walter application.

11. Goodwill

	Goodwill
	\$
As at January 1, 2021	3,475,044
Impairment loss	(3,475,044)
As at December 31, 2021	-

Goodwill has been tested at the level of the Company as a whole since the Company only has one CGU and it is the lowest level at which goodwill is monitored for internal management purposes. Impairment is determined by assessing if the carrying value of the CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of its fair value less cost of disposal and its value in use. The Company's fair value less cost of disposal is calculated by applying a revenue multiple to the Company's projected revenues, which is categorized as a Level 2 fair value. The Company's value in use is determined by discounting the future cash flows to be generated from the continuing use of the Company.

As at June 30, 2021, reassessed the carrying value of goodwill to zero and on October 26, 2021, the related CGU was disposed of resulting in an impairment loss year ended December 31, 2021, of \$3,475,044 (2020 - \$nil).

12. Right-of-use assets and lease obligations

Right-of-use assets

	Notes	Right-of-use assets
		\$
Cost		
As at January 1, 2021		561,461
Impact of lease modification	i)	(369,741)
Write-off of expired lease	i)	(191,720)
Additions – New lease agreement	ii)	230,618
Disposal	iv)	(230,618)
As at December 31, 2021		
Accumulated amortization		
As at January 1, 2021		164,330
Write-off of accumulated amortization on expired lease	i)	(191,720)
Amortization		42,765
Disposal	iv)	(15,375)
As at December 31, 2021		-
Net book value		
As at December 31, 2021	iii)	—
Cost		
As at January 1, 2020		561,461
Additions		—
As at December 31, 2020		561,461
Accumulated amortization		
As at January 1, 2020		82,165
Amortization		82,165
As at December 31, 2020		164,330
Net book value		
As at December 31, 2020		397,131

12. Right-of-use assets and lease obligations (continued)

Lease obligation

	Notes	Lease Obligation
		\$
As at January 1, 2021		677,865
Lease payments		(85,631)
Interest expense on lease obligations		18,835
Impact of lease modification	i)	(631,411)
Additions - New lease agreement	ii)	371,069
Disposal	iv)	(350,727)
Total lease obligation as at December 31, 2021		—
As at January 1, 2020		781,620
Lease payments		(159,474)
Interest expense on lease obligations		55,719
Total lease obligation as at December 31, 2020		677,865
(Less): current portion of lease obligation		(165,078)
Lease obligation – non-current		512,787

- i) On March 18, 2021, the Company amended the existing office premise lease and completed the move to its new office premises on June 7, 2021. Due to the lease amendment, the right-of-use asset and lease obligations relating to the prior office lease have been reduced by \$369,741 and \$631,411 respectively, resulting in a gain on lease modification of \$261,670. Upon completing the move of its office premises to the new location in June 2021, the Right-of-Use asset cost and accumulated amortization associated with the former office space was written off.
- ii) As a result of the amendment to its existing office premise lease mentioned above the resulting amended lease agreement has been recorded as a new lease agreement independently from the initial lease at the lease commencement date which is June 1, 2021. The lease obligations were discounted using an estimated incremental borrowing rate of 10%.
- iii) The Company's obligation under its office lease agreement is for a 5 year term expiring on May 31, 2026.
- iv) The officer lease agreement was signed by GOLO Inc., the lease liability was reclassified as a disposal group held for sale and was subsequently disposed of on October 26, 2021 (Note 7).

13. Trade and other payables

	2021	2020
	\$	\$
Trade	207,309	269,924
Wages and benefits	-	82,043
Security deposits collected from merchants	-	37,307
Other	-	180,066
	207,309	569,340

14. Short-term liabilities

There was a price protection provision included in the Walter Innovations purchase agreement which provides that in the event that the Company's shares trade below a pre-determined amount on the first anniversary of the transaction, a maximum of 7,102,195 shares may be issued (Note 6). The price protection provision was initially valued using a binomial option pricing model. On July 12, 2021, the shares of the Company traded below the pre-determined amount on the first anniversary of the Walter acquisition a total of 5,015,676 common shares were issued to sellers as required by the price protection clause included in the purchase agreement (Note 6). At the time of issuance, the shares of the Company traded at \$0.065 per share.

15. Share capital

The number common of shares outstanding and their carrying values for the periods presented are as follows:

		2021	
		Number	Amount \$
Outstanding as at January 1, 2021		156,726,326	31,780,769
Issuance of shares under private placement	i)	45,833,331	4,125,000
Issuance costs	i)	-	(108,974)
Issuance of shares – acquisition	ii)	1,881,201	564,360
Issuance of shares – acquisition price protection clause	iii)	5,015,676	326,019
Outstanding as at December 31, 2021		209,456,534	36,687,174
		2020	
		Number	Amount \$
Outstanding as at January 1, 2020		127,375,522	23,901,498
Issuance of shares and warrants-private placement	i)	12,055,335	2,921,008
Share and warrant issuance costs	i)	-	(110,313)
Exercise of stock options	17	925,000	157,435
Issuance of shares – acquisition	ii)	16,370,469	4,911,141
Outstanding as at December 31, 2020		156,726,326	31,780,769

15. Share capital (continued)

The Company is authorized to issue an unlimited number of voting and participating common shares.

During the year ended December 31, 2021, the Company executed the following transactions:

- i) On January 15, 2021, the Company issued 45,833,331 common shares in a private placement for gross proceeds of \$4,125,000, incurring share issue costs of \$108,974 which were recorded as a reduction to the share capital.
- ii) On April 22, 2021, the Company released 1,881,201 shares held back related to the Walter acquisition (Note 6).
- iii) On July 12, 2021, because the shares of the Company traded below the pre-determined amount on the first anniversary of the Walter acquisition a total of 5,015,676 common shares were issued to sellers as required by the price protection clause included in the purchase agreement. At the time of the issuance the shares of the Company traded at \$0.065 per share and the share capital was credited based on the value of the shares issued (Note 6).

During the year ended December 31, 2020, the Company executed the following transactions:

- iv) On March 16, 2020, The Company completed a non-brokered, non-arm's length private placement of an aggregate of 12,055,335 units of the Company (the "Units") at a price of \$0.253 per Unit for aggregate gross proceeds of \$3,050,000 (the "Private Placement") to certain insiders and related parties of the Company. Each unit consists of one Company Share and one half of one warrant to purchase a Company Share (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one Company Share at a price of \$0.45 per Company Share for a period of 24 months following closing of the Private Placement. The Private Placement share issuance costs were \$115,185 and were recorded as a reduction to the share capital and warrants issued on a pro-rata basis. These common shares were recorded at their allocation of fair value of the consideration received.
- v) On May 27, 2020, the holders of the original HAW stock options exercised 925,000 options into common shares of the Company at \$0.10 per share; resulting in gross proceeds of \$92,500.
- vi) On July 7th, 2020, the Company issued 14,489,268 common shares in connection with the Walter Acquisition (Note 6). These common shares were recorded at the closing share price on the date of issuance of \$0.30.
- vii) On November 9, 2020 the Company issued 1,881,201 additional common shares in connection with the Walter Acquisition. As at December 31, 2020 the remaining common shares to be issued for the transaction consist of 1,881,201 shares. Provided the conditions are met the remaining shares will be issued on April 22, 2021 (Note 6).

16. Warrants

The changes to the warrants reserve balance during the period are as follows:

Outstanding as at,	Number	Amount	Weighted average exercise price
	#	\$	\$
January 1, 2021	38,644,672	686,674	0.28
Amended	-	868,208	-
Expired	(1,149,358)	-	0.23
December 31, 2021	37,495,314	1,554,882	0.28

Outstanding as at,	Number	Amount	Weighted average exercise price
	#	\$	\$
January 1, 2020	32,617,004	562,554	0.25
Private placement – warrants issuance costs	6,027,668	128,992	0.45
December 31, 2020 and 2021	38,644,672	686,674	0.28

During the year ended December 31, 2021, the Company executed the following transactions:

As a result of market conditions during the term of the Warrants and the capital raising opportunity represented by the Warrants, the Company has approved an amendment to the term of the original Warrants so that the term will be extended to the maximum term permitted by the Exchange, being five years from the date of issue, which is, from June 26, 2021 to June 26, 2024 for 31,467,646 warrants issued and from March 13, 2020 to March 13, 2025 for 6,027,667 warrants issued. The exercise price of the Warrants remained unchanged.

The warrants were amended and revalued on March 18, 2021. The total additional share-based payment expense resulting from this amendment amounts to \$868,208.

During the year ended December 31, 2020, the Company executed the following transactions:

In connection with the Private Placement financing January 15, 2020, the Company issued 6,027,668 warrants. The fair value of the warrants issued from the completion of the Private Placement amounted to \$128,992 and have been determined based on the Black-Scholes pricing model using the following assumptions:

Grant date share price	\$0.249
Exercise price	\$0.45
Risk-free interest rate	1.73%
Expected life (years)	2
Expected annualized volatility	45%
Expected dividend yield	0%

17. Share-based compensation

On June 27, 2019, the Company established a stock option plan which provides for the granting of options to purchase common shares to employees and directors. The number of stock options and the exercise price are determined by the Board of Directors where said exercise price shall be no less than the fair market value as at the grant date. At any given time, the number of stock options reserved for issuance is equal to 10% of the Company's issued and outstanding common shares. Under the plan, the options vest over a period of three years and expire ten years from the grant date. As at December 31, 2021, 11,925,887 stock options were available for future issuance.

On March 5, 2021, the Company amended 4,758,800 stock options having exercise prices ranging from \$0.25 to \$0.38 per share to reduce the exercise price to \$0.175 per share, all other conditions remaining unchanged. The total additional share-based payment expense resulting from this amendment amounts to \$130,634 of which \$32,411 was recognized immediately upon the amendment for options already vested at the time of the amendment. The remaining fair value increment will be recorded over the remaining vesting period of the options.

Total share-based payments expensed under the stock option plan amounted to \$490,340 for the year ended December 31, 2021 (2020 – \$270,007).

The weighted average fair value of stock options granted during the year ended December 31, 2021 ranged from \$0.04 to \$0.065 (2020 - \$0.0579 to \$0.0997) and was estimated at the date on which the options were granted using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2021	2020
Common share value at grant date	\$0.10 to \$0.20	\$0.18 to \$0.31
Exercise price	\$0.10 to \$0.20	\$0.18 to \$0.31
Risk-free interest rate	1.10% to 1.63%	0.65% to 1.58%
Expected life (years)	3	3
Expected annualized volatility	48%	45%
Expected dividend yield	0%	0%

Information concerning the movement in stock options is as follows:

	2021	
	Number	Weighted-average exercise price
		\$
Outstanding as at January 1, 2021	7,256,744	0.25
Granted during the year	8,057,500	0.18
Forfeited during the year	(6,294,478)	0.17
Outstanding as at December 31, 2021	9,019,766	0.17
Exercisable as at December 31, 2021	3,205,766	0.17

17. Share-based compensation (continued)

	2020	
	Number	Weighted-average exercise price
		\$
Outstanding as at January 1, 2020	8,370,000	0.22
Granted during the year	2,078,400	0.29
Forfeited during the year	(3,191,656)	0.20
Outstanding as at December 31, 2020	7,256,744	0.25
Exercisable as at December 31, 2020	2,315,000	0.22

18. Related party transactions

All related party transactions, whether monetary or non-monetary, are conducted in the normal course of business and are measured at fair value, which is the consideration established and agreed to by the related parties.

During the year there were no transactions with related parties and there are not any balances payable to related parties as at December 31, 2021.

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. The compensation expense for transactions with the Company's key management personnel consist of the following:

	2021	2020
	\$	\$
Salaries, consulting and professional fees	755,239	527,194
Share-based compensation	349,332	242,929
	1,134,571	770,123

19. Income taxes

The Deferred tax liability as at December 31, 2020, is related to the temporary differences in the tax treatment of the intellectual property acquired through business combination. Following the Impairment of the intangible assets as described in note 10, the deferred tax liability was adjusted to \$Nil.

At December 31, 2021, the Company has approximately \$2,301,152 (December 31, 2020 – \$21,184,765) of non-capital loss carry-forwards available to reduce future taxable income which will expire as follows:

	\$
2035	6,861
2036	124,472
2037	186,475
2038	33,140
2039	35,325
2040	102,897
2041	1,811,982
	<u>2,301,152</u>

The Company has been operational for a short period of time which has created uncertainty regarding the future recoverability of the Company's deferred income tax assets. Deferred tax assets have not been recognized in respect of these items because it is not considered probable that future taxable profits will be available which such losses could be utilized.

The income tax provision recorded differs from the income tax obtained by applying the statutory tax rate to the losses for the periods presented and is reconciled as follows:

	2021	2020
	\$	\$
Net loss	(12,261,260)	(12,364,015)
Statutory income tax rate	26.50%	26.50%
Expected Canadian income tax expense	(3,249,234)	(3,276,464)
Permanent differences	1,763,040	214,959
Change in benefit of tax assets not recognized	768,623	2,975,467
Other	(4,304)	-
Total income tax expense (benefit)	<u>(721,875)</u>	<u>(86,038)</u>

20. Financial expenses, net

	2021	2020
	\$	\$
Interest expense on lease obligations	18,835	55,719
Foreign exchange (gain) loss	4,844	(3,034)
	23,678	52,685

21. Loss per share

Basic net loss per common share represents the net loss attributable to common shareholders divided by the weighted average number of common shares outstanding during the period. Diluted net loss per common share is calculated by dividing the applicable net loss by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period. As at December 31, 2021 and 2020, all instruments were anti-dilutive.

22. Government grants

The Canadian government has announced various programs to assist companies experiencing significant impacts as a result of the COVID-19 pandemic, one of which was the Canadian Emergency Wage Subsidy ("CEWS") program. This program provides a non-reimbursable subsidy of 75% of employee wages up to a maximum of \$847 per eligible employee per program week for eligible employers. The Company is eligible to receive benefits from this non-reimbursable subsidy, which has provided additional sources of cash flow to the Company during the current reporting period.

The Company has received \$616,566 (2020 - \$653,138) in wage subsidies from this program, which have been recorded against Salaries and employee benefits expenses.

The Company is also eligible to receive benefits from another program known as the Canadian Emergency Rent Subsidy ("CERS") which provides businesses impacted by COVID-19 a non-repayable subsidy to cover part of their commercial rent or property expense. During the year-ended December 31, 2021, the Company has received \$182,921 (2020 - \$89,142) in subsidies from this program; which has been recorded against Occupancy and office expenses.

23. Financial instruments

The Company classifies its financial assets and liabilities at FVTPL, FVTOCI or at amortised cost depending on the purpose for which the financial assets and liabilities were acquired or incurred. Management determines the classification of its financial instruments at initial recognition.

Financial instruments consist of cash, trade and other receivables, investment tax credits receivable, trade and other payables, and other short term liabilities.

Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

As at December 31, 2020 and 2019, certain financial assets and liabilities were measured at fair value.

23. Financial instruments (continued)

Fair values

The Company estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Fair value measurements are categorized in accordance with the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1, but that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs for the asset or liability that are not based on observable market data.

The fair values of cash, trade and other receivables, investment tax credits receivable and trade and other payables approximate the carrying values due to the short-term nature of these instruments. The contingent shares and conversion feature related to the business acquisition and private placements (Level 3) are accounted for at fair value.

Credit risk and concentrations

Credit risk is the risk of financial loss to the Company if a customer or other counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and trade and other receivables. The cash is deposited with major financial institutions which the Company's management believes to be financially sound and, accordingly, minimal credit risks exist with respect to these assets.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's ability to continue operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or interest therein. There is no assurance the Company will be successful in obtaining any additional funding.

The Company has accounts payable and accrued liabilities of \$207,309 (2020 - \$825,420) and does not have significant exposure to liquidity risk.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have significant exposure to these risks.

24. Subsequent event

On January 19, 2022, the Company accepted the resignations of four directors and related officers. Concurrently, the Company accepted the appointment of three directors and two officers. The Board of Directors and executive officers were reconstituted in connection with the execution of the share purchase agreement (the "SPA") pursuant to which the newly constituted Board of Directors jointly purchased 101,307,188 common shares at a price of \$0.0007 per common share. The purchase represents approximately 48% of the issued and outstanding common shares of the Company. The SPA and reconstitution was completed as an alternative to the voluntary dissolution proceedings.

The reconstituted Board of Directors and Executive teams principal activity will be to identify and evaluate assets and/or businesses with the objective to negotiate an interest in, acquisition of, or business combination with a related Target Company.

25. Comparative information

Certain comparative figures have been reclassified to conform with the current year's presentation resulting from the discontinued operations (note 5).