**GBLT CORP. (FORMERLY CUP CAPITAL CORP.)**
**MANAGEMENT'S DISCUSSION & ANALYSIS**
**FOR THE YEAR ENDED DECEMBER 31, 2019**

## General

This Management's Discussion and Analysis ("MD&A") of GBLT Corp. (the "Company" or "GBLT") is dated June 12, 2020 and provides an analysis of the GBLT's financial results for the years ended December 31, 2019 and 2018. The following information should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions, including statements regarding developments in the Company's operations in future periods, adequacy of financial resources and future plans and objectives of Company. Actual results could differ materially from those discussed in these forward-looking statements due to a number of factors. There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on this forward-looking information.

All dollar figures are expressed in Euros unless otherwise stated.

## Cautionary Statement Regarding Forward-Looking Statements

This report includes forward-looking statements about our activities, events and developments that we expect to, or anticipate may occur in the future including, for example, statements about our business outlook, assessment of market conditions, strategies, future plans and future sales. Forward-looking statements normally contain words like believe, expect, anticipate, plan, intend, continue, estimate, may, will, should and similar expressions. Such statements are not guarantees of future performance. They are based on management's expectations and assumptions regarding historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate in the circumstances.

We have based these statements on estimates and assumptions that we believed were reasonable when the statements were prepared. Our actual results could be substantially different because of the risks and uncertainties associated with our business. Important risks that could cause such differences include, but are not limited to, the length of sales cycles, rapid technological advancement, competition, the availability of critical inputs, foreign exchange rate occurrences and doing business in foreign countries. Additionally, differences could arise because of events that are announced or completed after the date of this report, including mergers, acquisitions, other business combinations and divestitures.

Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Also, many of the factors are beyond the control of the Company. Accordingly, readers should not place undue reliance on forward-looking statements or information. The Company undertakes no obligation to reissue or update any forward-looking statements or information as a result of new information or events after the date hereof except as may be required by law. All forward-looking statements and information herein are qualified by this cautionary statement.

## Description of Business

GBLT Corp. (the "Company" or "GBLT") (formerly Cup Capital Corp.) was incorporated under the Business Corporation Act (Ontario) on December 19, 2014. The registered office is located at Suite 6000, 1 First Canadian Place, PO Box 367, 100 King St W, Toronto, Ontario, M5X 1E2, Canada.

On September 15, 2014, the Company entered into a share acquisition agreement with SWT Beteiligungs AG ("SWT"), a company registered in Zug, Switzerland and a subsidiary of GBT Asia Ltd., whereby SWT agreed to sell the outstanding capital stock of GBT German Battery Trading GmbH ("GBT") to the Company in consideration of an allotment of 93,872,649 common shares of the Company at par value of €0.5234. GBT became a 100% subsidiary and fully consolidated operating entity of the Company. The exchange of shares did not involve a cash transaction. The transaction was considered a common control transaction, and the ownership of GBT did not substantively change. Accordingly, the transaction was accounted for as a continuity of interests. The major shareholder of the Company is GBT Asia.

GBLT, through its subsidiary GBT, is the official licensee for POLAROID light and digital displays in South Africa in 2019. The Company is also the official licensee for KODAK mobile lithium based storage systems and solar panels, and AGFAPHOTO mobile energy products (batteries, etc.).

On March 22, 2018, the Company completed the reverse takeover with Cup Capital Corp. and changed its name to GBLT Corp. The transaction provided for the acquisition of all of the outstanding equity interests of GBLT PLC by Cup Capital Corp. in a transaction in which the shareholders of GBLT PLC received common shares of the resulting issuer and, in case of outstanding convertible securities of GBLT PLC, convertible securities of the resulting issuer.

**Overview**

GBLT Corp. (the "Company" or "GBLT"), in its previous forms, was incorporated in the year 2003 in Germany with an emphasis on photographic technologies. Through the changes in digital photo technology, the Company developed competitive new products in the battery and lighting field for the retail consumer markets. GBLT is a leading Manufacturer AND LICENSEE of high-quality mobile energy, consumable batteries and electronics and light, including LED products, under the brands "AGFAPHOTO" "POLAROID/AVIDE and "KODAK". Additionally, GBT increased its medical consumable range under the brand "DR:SENST". All brands offer excellent brand recognition amongst retail and commercial customers. Its products can be found in supermarkets, department stores, drugstores, convenience stores, petrol stations etc. Governments, public services or big industrial customers are supplied by GBLT as well.

Further, GBLT is the manufacturer for a range of "private label (so called OEM)" products that can be found on the shelves of leading supermarkets and do-it-yourself chains or e-commerce etc. under the customers own branding with competitive pricing. The Company uses state-of-the-art production facilities in Asia that are equally used by its competitors Philips, Osram, Panasonic and Varta, offering the same product quality as these brands.

During the last quarter of 2018, GBT became the global licensee for KODAK mobile lithium based storage systems and solar panels as well as a licensee for GBT´s home market for household storage systems. Besides the 100 % brand recognition of the KODAK brand, KODAK is a brand which increases the potential range of distribution channels by being a reliable brand partner for construction or DiY.

Additionally, as global licensee of the brand name AGFAPHOTO, GBLT manufactures and distributes a wide range of mobile energy products worldwide, such as batteries, rechargeable batteries and chargers, at the same time increasing brand awareness throughout the world.

The brand names are also used by GBLT to offer the above mentioned products as private labels to the retail trade. Whether hypermarkets, do-it-yourself markets, discounters or ecommerce chains - GBLT is surely the most developing private label supplier in Europe.

Both in the light and in the battery sector, private label products of GBLT are not only manufactured to be offered in retail, but also for groups or companies who use these products themselves.

The Company remains open to strategic alliances to help support the future development of the Company, while considering all appropriate financing options.

**Results of Operations**

**Year ended December 31, 2019**

Revenue for the year ended December 31, 2019 has been nearly stable at €20,428,698 from €20,701,094 during the comparative period. Cost of sales during the year ended December 31, 2019 was €19,524,168 compared to €19,694,865 during the comparative period, a decrease of €170,697. The gross margins for the year ended December 31, 2019 and 2018 were 4% and 5%, respectively. After approximately two years of cost reductions due to cash management measures, the Company has launched a new product, mobile energy product. Sales of mobile energy products are showing signs of growing interest and experiencing a positive growth trend during the year ended December 31, 2019.

In order to continue to meet customer demand and fulfill projected growing order backlog, the Company will need and continues to pursue ongoing financing to facilitate growth and working capital, primarily for purchasing of inventory and allowing a reasonable time for collection of accounts receivables. The Company is confident that production can be ramped up to meet expected demand.

Total expenses were €1,900,425 for the year ended December 31, 2019 compared to €2,471,052 during the year ended December 31, 2018. Most of the operating expense decrease was in the areas of marketing and travel, general and administrative, consulting fees, as well as interest and bank charges.

For the year ended December 31, 2019, operating expenses have stayed within management's expectations and operating budgets. Marketing and travel expenses during the year ended December 31, 2019 was €192,449, compared to €672,633 during the same period in the prior year, representing a decrease of 71%. Marketing and travel expenses are comprised of advertising and vehicle expenses. We expect to continue current levels of marketing and travel expenditures or increase them as required as we work to build out GBLT brand and awareness to increase sales.

General and administrative expenses for the year ended December 31, 2019 were €431,567 compared to €667,592 during the prior year, representing a decrease of 35%. Professional fees for the year ended December 31, 2019 were €133,009 compared to €91,393 during the prior year, representing an increase of 46%. Wage expenses for the year ended December 31, 2019 was €565,900, compared to €581,321 during the same period in the prior year, representing a decrease of 3%. Bad debt expense and factoring fees during the year ended December 31, 2019 was €115,661 compared to €100,442 during the same period in the prior year, representing an increase of 15%. Rent expenses for the year ended December 31, 2019 was €8,305 compared to €52,466 during the comparative period, representing a decrease of 84%.

For the year ended December 31, 2019, the Company's net loss position decreased by €3,048,226 or 74% to a net loss of €1,098,753, compared to a net loss of €4,146,979 during the year ended December 31, 2018. Excluding non-cash charges of amortization, provision for receivable balance, change in fair value of derivative and share-based compensation, adjusted net loss was €949,178 during the year ended December 31, 2019 compared to €4,191,378 for the year ended December 31, 2018. The term "adjusted net loss" refers to net loss before non-cash charges such as depreciation, inventory write-down, provisions for receivable balance, change in fair value of derivative, and share-based payment expenses. Management believes that adjusted net loss is a useful measure as it provides an indication of operational results of the business from a cash perspective. Adjusted net loss does not have a standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures provided by other companies. Accordingly, investors are cautioned that adjusted net loss should be construed as an alternative to operating income or net income determined in accordance with IFRS as an indicator of the Company's financial performance or a measure of its liquidity and cash flows.

Reconciliation of Adjusted EBITDA

Adjusted EBITDA is a non-IFRS financial measure that we calculate as income (loss) before income taxes excluding depreciation and amortization, stock-based compensation expense, non- recurring non-operating expenses, interest expense, and gain or loss on financial instruments and foreign exchange.

Adjusted EBITDA is a measure used by management and the Board to understand and evaluate our core operating performance and trends. This measure differs from contribution in that adjusted EBITDA includes additional operating costs, such as general and administration expenses and marketing, but excludes funding interest costs.

The following table presents a reconciliation of adjusted EBITDA to loss before income taxes, the most comparable IFRS financial measure for each of the periods indicated:

| | **For the years ended December 31,** | |
|---|---|---|
| | **2019** | **2018** |
| **EBITDA** | **€** | **€** |
| **Comprehensive Loss for the Period** | **(1,106,485)** | **(4,114,577)** |
| Foreign exchange gain (loss) | 7,732 | (32,402) |
| Change in fair value of derivative | (15,127) | (60,315) |
| Provision for receivable balance | 117,851 | - |
| Listing recovery (expense) | - | 2,863,750 |
| Depreciation | 46,851 | 15,916 |
| Currency exchange loss (gain) | 62,090 | (53,448) |
| Listing and filing fees | 76,088 | 31,476 |
| Financing fees | 101,118 | 79,134 |
| Interest and bank charges | 156,026 | 165,906 |
| **Adjusted EBITDA** | **(553,856)** | **(1,104,560)** |

## Summary of Quarterly Results

The table below presents selected financial data for the Company's four most recently completed quarters, all prepared in accordance with IFRS.

| | Q4 2019 € | Q3 2019 € | Q2 2019 € | Q1 2019 € | Q4 2018 € | Q3 2018 € | Q2 2018 € | Q1 2018 € |
|---|---|---|---|---|---|---|---|---|
| **Financial Results** | | | | | | | | |
| Revenue | 5,533,444 | 6,629,658 | 5,043,389 | 3,222,207 | 5,966,771 | 6,504,648 | 5,699,149 | 2,530,526 |
| Gross Profit | (275,142) | 356,977 | 399,648 | 423,047 | 20,731 | 401,452 | 456,945 | 127,101 |
| Total Expenses | (603,131) | (414,779) | (450,576) | (431,939) | (741,227) | (380,426) | (549,903) | (517,174) |
| Net Income (Loss) | (996,152) | (57,337) | (40,631) | (4,634) | (330,456) | 420,548 | (342,722) | (3,922,706) |
| Basic and diluted income (loss) per share | (0.01) | (0.00) | (0.00) | (0.00) | (0.00) | 0.00 | (0.00) | (0.04) |
| **Financial Position** | | | | | | | | |
| Total Assets | 7,222,325 | 7,261,652 | 6,095,525 | 4,897,792 | 6,369,885 | 8,082,759 | 7,952,377 | 6,203,718 |
| Total Liabilities | 8,140,239 | 7,174,111 | 5,951,064 | 4,712,496 | 6,181,314 | 7,301,591 | 7,591,757 | 5,351,153 |
| Shareholders' Equity | (917,914) | 87,541 | 144,461 | 185,296 | 188,570 | 781,168 | 360,620 | 852,565 |

## Discussion of Quarterly Results

*Revenue*

Revenue shows a certain seasonality with the quarter ended March 31 showing the lowest revenue in a given cycle, as such, the revenue in the first quarter of 2019 was lower than the three previous quarters as well as the three following quarters, including the current quarter. The Company expects to receive increased purchase orders from all existent costumers. Furthermore, with its new product mix the Company is confident that it will be able to meet customer demands better, which will result in revenue increase in the future.

*Gross Profit and Margins*

Gross margins, in the first three quarters of 2018, fluctuated very little between 5% and 8%. In the fourth quarter of 2019 and 2018, the Company realized a gross margin of negative 5% and 0.3%, respectively, due to timing differences in the recognition of discounts granted. For the first quarter of 2019, gross margin was 13%, and for the second and third quarters, gross margin was 8% and 5%, respectively, which is comparable to the prior year.

*Total Expenses and Net Income (Loss)*

Total expenses have been relatively stable since the first quarter of 2018. Net income (loss) has been fluctuating throughout the year. The Company realized a net loss of €3,922,706 during Q1 2018 and a net income of €420,548 during Q3 2018, due to other expense and income items related to the listing as public company through the RTO transaction completed on March 22, 2018. Net losses in the current year range from €4,634 to €57,337 per quarter, for the first three quarters, and a loss of $996,152 in the last quarter, where the majority of expenses relates to the Company's operations only.

## Outlook

*GBLT Growth Strategy*

The Company's goal is to become the market leader in the manufacturer and LICENSEE of high-quality mobile energy and light products under the brands "AGFAPHOTO" and "KODAK", by providing our customers with superior products through world class innovation. To expand the range of products, GBT entered in a global strategic partnership with AVIDE for lamps. Starting with the Dr. Senst batteries for hearing aids, it is planned to increase the medical consumables portfolio. Our mission is to grow by having our feet on the ground and fully understand our customers' needs.

The Company holds the exclusive branding and licensing rights for all its lighting products in 2019 under the "POLAROID" brand. We are the licensee for the "KODAK" brand for lithium based storage systems as well as for AGFAPHOTO battery products in most of the key markets and most of the strong growing emerging markets. Products can be found in supermarkets, department stores, drugstores, convenience stores, petrol stations etc. Governments, public services or big industrial customers are supplied by GBLT as well.

Starting 4th quarter 2018 GBT signed a global licensee contract with KODAK for energy storage systems (mobile/household and commercial) mainly lithium based. This brand adds craftsman, construction more “crunchy” distribution channels to GBLT which is extremely important for the new high power generation of mobile storage systems to replace the “old” gasoline running generators.

GBLT will create a brand new market by developing and selling easy to handle mobile energy storage solutions and will enter one of the biggest growing industries, storing energy (smart technology for a better world). Especially for the developing countries GBLT offers environmental friendly solutions for having energy, whenever it is needed. This emission free energy while replace the actual generator systems. It creates new possibilities for private pleasure as well as for NGO´s or governmental organizations.

*International*

The Company holds 25% of the common shares of GBLT Africa for €110,413; the remaining 75% interest is held equally by two other investors to whom the Company has yielded all voting rights. Accordingly, the Company does not hold significant influence over this entity and accounts for it at fair value.

The Company’s main focus over the next 24 months will be the European market but it is also planning to introduce the technology in some select countries outside of Europe by way of strategic partnerships. The energy storage systems, in particular, will have a significant importance in the African and Australian market, while Europe will be key for the mobile storage market. Significant promotions for this range of products are planned by certain big European retailers. We plan to increase the promotions of AGFAPHOTO batteries into the US and Australian markets. Overall, a number of new distributors have been approached globally to start promoting our products in 2020.

**Liquidity and Capital Resources**

As at December 31, 2019, the Company had cash of €559,325 (December 31, 2018 - €311,242) and working capital deficit of €1,090,965 (December 31, 2018 – working capital of €212,505), a net loss of €1,098,753 during the year ended December 31, 2019 (2018 – €4,146,979), and comprehensive loss of €1,106,485 (2018 – €4,114,577).

Cash generated in operating activities was €324,545 for the year ended December 31, 2019 compared to cash used in operating activities of €2,151,181 for the year ended December 31, 2018. The decrease in cash used in operating activities was primarily attributed to a decrease in net loss for the period as well as a significant increase in accounts payable and accrued liabilities.

Cash used in investing activities was €1,564 for the year ended December 31, 2019 compared to cash generated of €18,822 for the year ended December 31, 2018. During both periods, cash used in investing activities was primarily due to acquisition of equipment. In 2018, cash was generated through the repayment of a loan receivable balance.

Cash used in financing activities was €92,373 for the year ended December 31, 2019 compared to cash generated of €1,883,681 for the year ended December 31, 2018. During 2018, cash from financing activities was primarily related to the proceeds from the issuance of shares in private placements. No shares were issued in the current year to date. The cash used during both periods relates to the repayment of bank indebtedness and loans payable.

The consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) that are applicable to a going concern, which contemplates the realization of asset and settlement of liabilities in the normal course of business for the foreseeable future. The Company has experienced operating losses and cash outflow from operations as a result of its sales and marketing and business development activities in its core markets. Through these initiatives, the Company has grown its sales opportunity funnel. However, the timing when projects close may be impacted by issues that are outside of the Company’s control and as a result the Company’s strategy to increase its sales and business development efforts may require ongoing financing.

Management cannot provide any assurance that the Company will ultimately achieve profitable operations, become cash flow positive or will be able to raise additional debt and/or equity capital. Management intends to continue to support the operations with financing initiatives primarily through, but not limited to, the issuance of equity, which the Company was successful in completing during the year ended December 31, 2019, as well as prior years. Alternative financing options may include obtaining bank credit facilities and short-term loans from third parties. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*Commitments and Contingencies*

The Company has entered into key licensing contracts on its products. Under these arrangements, the Company is required to pay sale based royalties of between 3%-5%. The Company is required to make future minimum royalty payments, excluding any optional renewal periods, as follows:

| | | **December 31, 2019** |
|---|---|---|
| 2020 | € | 195,609 |
| 2021 | | 204,543 |
| 2022 | | 162,944 |
| **Total** | **€** | **563,096** |

As of the date of this MD&A, the Company is in the process of renegotiating some of its licensing agreements, and some commitments may decrease or increase in the near term as a result.

**Capital Structure**

As at the date of this MD&A, the Company has 112,525,618 common shares issued and outstanding.

| | **Common Shares** |
|---|---|
| **Balance - December 31, 2016** | 94,728,566 |
| Private placements | 6,724,218 |
| Shares issued for exercise of options | 764,028 |
| **Balance - December 31, 2017** | **102,216,812** |
| Private placements | 5,737,646 |
| Shares issued pursuant to RTO | 1,734,650 |
| RTO finders shares issued | 2,500,000 |
| Shares issued for exercise of options | 336,510 |
| **Balance – December 31, 2018, December 31, 2019 and as at the date of this MD&A** | **112,525,618** |

There was no change to share capital during the year ended December 31, 2019.

*Private Placements*

Between January and February 2018, the Company issued 1,037,646 shares for gross proceeds of €459,513.

Pursuant to the RTO, the Company issued an aggregate of 103,254,459 common shares based on the value ascribed to GBLT PLC as negotiated between CUP and GBLT PLC of approximately C$66,082,894, at an issue price of C$0.64, resulting in approximately 1.91 consideration shares for each one GBLT PLC share held. The resulting issuer also issued 2,500,000 common shares to an arm's-length finder as a finder's fee. As a result of the transaction, GBLT Corp. became the sole beneficial owner of all of the outstanding securities (other than non-convertible debt) of GBLT PLC, and GBT will remain a wholly owned subsidiary of GBLT PLC. GBLT Corp. continued the business of GBLT PLC.

In connection with the transaction, the Company completed a public offering of 4,700,000 units for gross proceeds of C$3,008,000. Each unit is composed of one common share of GBLT Corp. and one-half of one common share purchase warrant of GBLT Corp. at a price of C$0.64 per unit, for a total issuance of 4,700,000 common shares and 2,350,000 warrants. Each warrant is exercisable into one common share at C$1 per share until March 22, 2020.

Broker and agent fees were paid in connection with the offering as follows: (i) a 7.5% cash commission of C$225,600; (ii) a work fee of C$30,000; and (iii) 352,500 non-transferable broker warrants. Each broker warrant entitles the holder to one unit on the same terms as the units sold under the offering, exercisable at $0.64 per unit until March 22, 2020.

Pursuant to the terms of escrow agreements among the resulting issuer, TSX Trust Company and certain escrowed security holders, an aggregate of 81,406,006 common shares and incentive stock options to acquire 5,921,223 common shares have been placed in escrow, which will be released in tranches over 36 months.

In June 2018, the Company issued 286,510 common shares related to the exercise of 286,510 stock options at an exercise price of C$0.05 (€0.0325) per share.

In August 2018, the Company issued 50,000 common shares related to the exercise of 50,000 stock options at an exercise price of C$0.05 (€0.0325) per share.

Total share issuance costs during the year ended December 31, 2018 were €461,038.

**Stock Options**

The Company may award share options from time to time, exercisable into common shares on terms determined by the directors at the time of each award.

The changes in options during the year ended December 31, 2019 are as follows:

| | Number of Options | | Weighted Average Exercise Price |
|---|---|---|---|
| Balance, December 31, 2016 | **6,685,248** | **€** | **0.0238** |
| Options exercised | (764,028) | | 0.0240 |
| Balance, December 31, 2017 | 5,921,223 | | 0.0343 |
| Options exercised | (336,510) | | 0.0343 |
| Balance, December 31, 2018, December 31, 2019 and at the date of this MD&A | **5,584,713** | **€** | **0.0343** |

During the year ended December 31, 2018, the outstanding stock options were extended to March 22, 2023 as part of the RTO transaction which closed on March 22, 2018. The Company recognized share-based compensation expense of €Nil for the year ended December 31, 2019 (2017 - €2,417,042).

The following table summarizes the options outstanding at December 31, 2019 and 2017:

| Number of options | | Exercise price | Expiry date |
|---|---|---|---|
| 5,584,713 | € | 0.0343 | March 22, 2023 |
| **5,584,713** | **€** | **0.0343** | |

The remaining contractual life of the outstanding options at December 31, 2019 is 3.22 years.

**Warrants**

In connection to the May 2017, debenture financing, the Company issued 830,881 warrants to the subscriber. Each warrant has an exercise price of C$0.60 (€0.397) and is exercisable for two years after the Company's shares become publicly traded (transpired subsequently). In addition, the Company issued 66,436 non-transferable broker warrants. Each warrant has an exercise price of C$0.60 (€0.397) and is exercisable until May 19, 2019.

During the year ended December 31, 2018, the Company completed a public offering of 4,700,000 units for gross proceeds of C$3,008,000 (€1,895,758) and issued 2,350,000 warrants. Each warrant is exercisable into one common share at C$1.00 (€0.64) per warrant share until March 22, 2020.

During the year ended December 31, 2018, the Company issued 352,500 non-transferable broker warrants. Each broker warrant entitles the holder to one unit on the same terms as the units sold under the offering, exercisable at C$0.64 (€0.41) per unit until March 22, 2020.

During the year ended December 31, 2019, 66,436 warrants expired unexercised.

At December 31, 2019, the Company has 3,533,381 warrants outstanding. Subsequent to December 31, 2019, all outstanding warrants expired unexercised, and no warrants are outstanding at the date of this MD&A.

## Use of Financial Instruments

The Company classifies all financial instruments as either financial assets or liabilities at fair value through profit or loss (“FVTPL”), loans and receivables or other financial liabilities. Loans and receivables and other financial instruments are measured at amortized cost.

The Company has designated its cash as FVTPL, which is measured at fair value. Trade receivables and other receivables are classified as loans and receivables, which are measured at amortized cost. Trade and other payables are classified as other financial liabilities which are measured at amortized cost.

*Financial Risk Management*

The Company’s activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions are undertaken to support the Company’s ability to continue as a going concern. Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates the financial risks in cooperation with the Company’s operating units. The Company’s overall risk management program seeks to minimize potential adverse effects on the Company’s financial performance, in the context of its general capital management objectives.

*Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s primary exposure to credit risk is in its cash accounts, accounts receivable and loans receivable. This risk related to cash is managed through the use of a major financial institution which has high credit quality as determined by the rating agencies. Accounts receivable mainly consists of receivables from its customers.

In order to reduce its credit risk related to accounts receivable, the Company has adopted credit policies which include the analysis of the financial position of its customers and the regular review of their credit limits. In some cases, the Company requires bank letters of credit or subscribes to credit insurance.

As at December 31, 2019, 17% of the Company’s trade receivable balance is over 90 days past due (2018 - 20%). The carrying amount of accounts receivable and loans receivable as at December 31, 2019 is €4,402,697 (2018 - €3,476,558).

As at December 31, 2019, two of the Company's customers individually constituted more than 10% of the total trade receivable balance (2018 - two customers).

Credit risk associated with accounts receivable is considered medium.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Company’s ongoing liquidity is impacted by various external events and conditions. The Company expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through operating cash flows, as well as future equity and debt financing.

The Company coordinates this planning and budgeting process with its financing activities through its capital management process. The Company’s financial liabilities are comprised of its trade payables, loans payable and amounts due to related parties. Liquidity risk is assessed as high.

The following table presents the Company's contractual obligations at December 31, 2019:

| Contractual obligations | 1 Year | 1-2 Years | 2-3 Years | 3-4 Years | 4+ Years |
|---|---|---|---|---|---|
| | € | € | € | € | € |
| Loans payable: | | | | | |
| Loan payable to Dr. Flossdorf | - | - | 100,000 | - | - |
| Loan payable to Dr. Flossdorf | 41,432 | - | - | - | - |
| Lease payable: | | | | | |
| Lease payable to BMW Leasing GmbH | 27,878 | - | - | - | - |
| Office lease payable | 28,043 | 29,185 | 30,374 | 31,612 | 93,733 |
| Bank indebtedness: Euram Bank | 959,254 | - | - | - | - |
| Account payable and other liabilities | 5,673,028 | - | - | - | - |
| Debentures (i) | 398,724 | - | - | - | - |
| Related party note payable: | | | | | |
| Dr. Peter Wolfram Senst | 48,170 | 30,000 | 30,000 | 5,424 | - |
| SWT | 101,046 | - | - | - | - |
| SWT | - | 60,000 | - | - | - |
| Accrued interest | 33,256 | - | - | - | - |
| **Total** | **7,310,831** | **119,185** | **160,374** | **37,036** | **93,733** |

(i) Face value of the debentures is C$500,000 recorded at fair value and translated to Euros at the reporting date.

The following table presents the Company's contractual obligations at December 31, 2018:

| Contractual obligations | 1 Year | 1-2 Years | 2-3 Years | 3-4 Years | 4-5 Years |
|---|---|---|---|---|---|
| | € | € | € | € | € |
| Loans payable: | | | | | |
| Loan payable to Dr. Flossdorf | - | - | - | 100,000 | - |
| Loan payable to Dr. Flossdorf | - | 50,000 | - | - | - |
| Loan payable to ETL Leasing GmbH & Co. KG | 17,581 | - | - | - | - |
| Loan payable to BMW Leasing GmbH | 2,000 | 36,557 | - | - | - |
| Bank indebtedness: | | | | | |
| Euram Bank | 958,743 | - | - | - | - |
| Account payable and other liabilities | 4,251,634 | - | - | - | - |
| Debentures (i) | 350,880 | - | - | - | - |
| Related party note payable: | | | | | |
| Dr. Peter Wolfram Senst | 30,000 | 30,000 | 30,000 | 35,424 | - |
| SWT | - | 50,000 | - | - | - |
| SWT | - | 66,308 | - | - | - |
| Accrued interest | 44,631 | 6,667 | - | - | - |
| **Total** | **5,655,469** | **239,532** | **30,000** | **135,424** | **-** |

*Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate.

Although the Company has bank indebtedness subject to a variable interest rate the Company has no significant exposure at December 31, 2019 or 2018 to interest rate risk through its financial instruments.

*Currency Risk*

Currency risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities.

The Company's manages its foreign currency risk by holding a portion of its cash and cash equivalents in US dollars and by entering into forward exchange contracts to purchase US dollars with Euros in regular intervals.

As at December 31, 2019, the Company held US$534,277 (2018 – US$53,010).

The following is an analysis of the Euro equivalent of financial assets and liabilities that are denominated in US and CAD dollars as at December 31, 2019 and 2018:

| | | December 31, 2019 | | December 31, 2018 |
|---|---|---|---|---|
| Cash | € | 477,406 | € | 53,010 |
| Accounts receivable | | 3,001,689 | | 2,709,698 |
| Accounts payable | | (4,507,660) | | (3,331,546) |
| Debentures | | (398,724) | | (350,880) |
| | **€** | **(1,427,289)** | **€** | **(889,084)** |

Based on the above net exposure at December 31, 2019, a 10% depreciation or appreciation of the US and Canadian dollar against the Euro would result in approximately a €158,586, decrease or increase respectively in both net and comprehensive loss (2018 – €88,908).

**Off-Balance Sheet Arrangements**

The Corporation has no off-balance sheet arrangements.

**Subsequent Event**

No subsequent event.

**Related Party Transactions**

Parties are considered to be related, if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**Due to related parties:**

As at December 31, 2019 and December 31, 2018, due to related parties comprises:

| | | December 31, 2019 | | December 31, 2018 |
|---|---|---|---|---|
| Dr. Peter Wolfram Senst (i) | € | 91,145 | € | 125,424 |
| SWT (ii) | | 161,046 | | 116,308 |
| Accrued interest and other | | 55,706 | | 51,298 |
| | | 307,896 | | 293,030 |
| Less: current portion | | 182,472 | | 74,631 |
| | **€** | **125,424** | **€** | **218,399** |

(i) Loan agreement with Dr. Peter Wolfram Senst, a former director of the Company and a relative of a current director, dated December 31, 2011 for €330,000. Of that amount, €320,000 bears annual interest of 3.25% and €10,000 bears no interest. The total amount is repayable in 132 monthly payments of €2,500 plus interest commencing October 2011.

(ii) Loan agreements with SWT dated April 6, 2016 for €50,000, May 3, 2016 for €75,000, and July 12, 2019 for €62,000 bearing interest at 2% per annum. Principal and interest are repayable at the end of the two year term of the loan. These loans were all extended to December 31, 2025.

During the years ended December 31, 2019 and 2018, the Company incurred the following expenses with related parties:

| | | 2019 | | 2018 |
|---|---|---|---|---|
| Management fees included in wages | € | 195,552 | € | 195,551 |
| Additional management fees | | 42,609 | | 37,884 |
| Legal fees paid to a company where the corporate secretary is a partner | | 14,451 | | 74,189 |
| Interest | | 7,409 | | 6,684 |
| Sales to GBT Asia* | | 5,577,104 | | 5,837,276 |
| Share-based compensation | | - | | - |
| | **€** | **5,837,125** | **€** | **6,151,584** |

*GBT Asia is used as a vehicle to place sales with end customers that are required by law to source products from Asia. As at December 31, 2019 the Company had trade receivables from GBT Asia of €2,448,200 (2018 - €1,363,211).

During the year ended December 31, 2019, the Company had revenue from GBT Africa in the amount of €362,173 (2018 - €830,039). Included in accounts receivable as at December 31, 2019 is an amount of €691,363 (2018 - €767,737).

**Share Exchange Agreement (the "RTO")**

Pursuant to a securities exchange agreement (the "Securities Exchange Agreement") entered into December 14, 2016, as amended on March 6, 2017, July 6, 2017, September 11, 2017 and November 22, 2017, among the Company, CUP Capital Corp. ("CUP"), GBT and SWT, CUP acquired all of the issued and outstanding shares of GBLT PLC in exchange for 103,254,459 common shares of CUP. The Securities Exchange Agreement completed in March, 2018 and the shares of the Company commenced trading on the TSX Venture Exchange on March 27, 2018, under the trading symbol GBLT.

CUP did not meet the definition of a business, therefore the transaction is outside of the scope of IFRS 3 Business Combinations. Instead, the Transaction was accounted for under IFRS 2 Share-based Payment. Under this basis of accounting, the consolidated entity is considered to be a continuation of GBLT PLC, with the net identifiable assets of CUP deemed to have been acquired by GBLT.

The purchase consideration below was determined based on the fair value attributed to the common shares that GBLT PLC would have had to issue to shareholders of CUP to acquire the same percentage equity interest in the combined entity that results from the RTO. The book value of GBLT PLC's and CUP's assets and liabilities as at the RTO date were assumed to approximate their fair values as at that date. The difference between the purchase consideration and the fair value of net assets acquired was recorded as a cost of public listing.

| | | |
|---|---|---|
| **Consideration paid** | | |
| 103,254,459 common shares | € | 714,215 |
| Less: Identified fair value of net assets: | | |
| Cash | € | 107,750 |
| Trade and other payables | | (46,302) |
| Net assets acquired | | 61,448 |
| **Fair value of consideration paid in excess of net assets acquired** | **€** | **652,767** |
| Other listing expenses: | | |
| Finders' shares | | 945,358 |
| Consulting fees | | 945,358 |
| Filing fees | | 26,013 |
| Legal expenses | | 88,323 |
| Stamp duty | | 205,931 |
| | | 2,210,931 |
| **Total Listing Expense** | **€** | **2,863,750** |

## Critical Accounting Estimates

The preparation of the Company's interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim condensed consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recoverability and measurement of deferred tax assets and liabilities, inventory valuation and the ability to continue as a going concern. Actual results may differ from those estimates and judgments.

The critical judgments and estimates applied in the preparation of the Company's unaudited condensed consolidated interim financial statements for the year ended December 31, 2019, are consistent with those applied and disclosed in Note 2 to the Company's audited consolidated financial statements for the year ended December 31, 2018.

## Accounting Standards and Amendments Issued but Not Yet Adopted

The following standards and interpretations have not been in effect as they will only be applied for the first time in future periods. They may result in consequential changes to the accounting policies and other note disclosures.

IFRS 3 has been amended to revise the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create outputs. The amendment to IFRS 3 is effective for the years beginning on or after January 1, 2020. The Company does not expect the adoption of this standard to have an impact on its financial statements.

IAS 1 and IAS 8 have been amended to (i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; (ii) clarify the explanation of the definition of material; and (iii) incorporate guidance in IAS 1 regarding immaterial information. The amendments to IAS 1 and IAS 8 are effective for the years beginning on or after January 1, 2020. The Company is currently assessing the impact of this amendment.

## Risk Factors

The following are major risk factors management has identified which relate to the Company's business activities. Such risk factors could materially affect the Company's future financial results and could cause events to differ materially from those described in forward-looking statements relating to the Company. Though the following are major risk factors identified by management, they do not comprise a definitive list of all risk factors related to the Company's business and operations. Other specific risk factors are discussed elsewhere in this MD&A.

*Capitalization and Commercial Viability*

The Company will require additional funds to continue operations. The Company has limited financial resources, and there is no assurance that additional funding will be available to the Company to carry out the completion of all proposed activities. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in the curtailment of operations, liquidation of assets, seeking additional capital on less favorable terms and/or other remedial measures.

*History of Operating Losses*

The Company has an accumulated deficit since its incorporation through December 31, 2019 of €13,199,329. The deficit may increase in the near term, as the Company continues its product development and establishes sales channels for its new products and business expansion.

*General Economic Conditions*

The Company currently operates worldwide and, like all global businesses, it has been subject to the impact of the current global credit and financial crisis on consumers in its areas of operations and the discretionary spending available to them. General economic conditions have resulted in reduced consumer and government spending and have impacted the Company’s financial results. Should these conditions continue to prevail, there will be further pressure on the Company’s financial results.

*Key Employees*

The success of the Company is largely dependent on the performance of its key employees and directors. The failure to retain key employees and directors and to attract and retain additional key employees with necessary skills could have a material adverse impact upon the Company's growth and profitability. Competition for highly skilled management, technical and other employees is intense. There can be no assurance that the Company will be successful in attracting and retaining such personnel and the departure of any of the members of the Company's executive team or key directors could have a material adverse effect on the Company's business, results of operations and financial condition.

*Supply Chain*

The Company relies on major components to be manufactured on an Original Equipment Manufacturer (OEM) basis. Reliance on OEMs, as well as industry supply conditions generally involves several risks, including the possibility of defective products (which can adversely affect the Company’s reputation for reliability), a shortage of components and delays in delivery schedules (which can adversely affect the Company’s distribution schedules), and increases in component costs (which can adversely affect the Company’s profitability). The Company has single-sourced manufacturer relationships, either because alternative sources are not readily or economically available or because the relationship is advantageous due to performance, quality, support, delivery, capacity, or price considerations. If these sources are unable or unwilling to manufacture our products in a timely and reliable manner, the Company could experience temporary distribution interruptions, delays, or inefficiencies, adversely affecting our results of operations. Even where alternative OEMs are available, qualification of the alternative manufacturers and establishment of reliable suppliers could result in delays affecting operating results adversely.

*New Products and Technology Change Risk*

The Company operates in a competitive marketplace; there are no guarantees that the Company can maintain or expand its advantages. The Company invests significant resources in the development of products and continually seeks to improve its current product offerings. The success of the Company continues to depend upon market acceptance of its new products, its existing products and its ability to refine and enhance current product lines. In some situations, new legislation is driving requirements for various subsets of the Company’s products particularly in the area of recording license plates of vehicles illegally passing a school bus. Should legislation change or public opinion change relating to various issues surrounding right of privacy, there would be no guarantee that the Company would maintain sales of these products.

*New Market Risk*

The ability of the Company to successfully enter new markets is subject to uncertainties. We have been successful in the past, and we continue to develop important alliances in new markets to ensure future success. However, there are no guarantees that we can establish new distribution channels or continue to develop new strategic partnerships.

*Competition*

The Company’s markets are competitive and rapidly changing. Many competitors have substantially greater financial, technical, sales, marketing and other resources, as well as greater name recognition and a larger installed customer base. As this market develops, a number of companies with greater resources could attempt to increase their presence in this market by acquiring or forming strategic alliances with our competitors or business partners.

Many competitors are also divisions or subsidiaries of larger enterprises, many of which also focus on the manufacture and sale of components or mass-market products. Many competitors also offer a broader line of energy product solutions that may include high-quality mobile energy and light products. Even though our products may offer a competitive advantage, some competitors have the ability to provide a solution to an end-user at a price that may render our products uncompetitive.

The Company’s success will depend significantly on management’s ability to adapt to these competing forces, to develop more advanced products more rapidly and less expensively than our competitors, and to educate potential customers as to the benefits of using the Company’s services. The Company’s future and existing competitors could introduce products with superior features, scalability and functionality at lower prices than our products and could bundle existing or new products with other more established products in order to compete with the Company. The

Company expects additional competition from other established and emerging companies. Increased competition may result in price reductions, reduced gross margin and loss of market share, any of which could materially and adversely affect the Company's business. The Company may not be able to compete successfully against current and future competitors, and failure to do so would harm the business.

*Ability to Maintain Profitability and Manage Growth*

There can be no assurance that the Company's business and growth strategy will enable the Company to be profitable in the future. The Company's future operating results will depend on a number of factors, including (i) the efficiency and effectiveness of the Company's marketing and advertising programs, (ii) the Company's ability to continuously improve its service to achieve new and enhanced customer benefits, better quality service and reduced costs, (iii) the Company's ability to successfully identify and respond to emerging trends in the battery and lighting as well in the energy storage industry, (iv) the level of competition in the battery and lighting/energy storage industry and (v) the ability to manage attrition level and subscriber replacement costs. There can be no assurance that the Company will be able to effectively manage its growth, and any failure to do so could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations.

*Intellectual Property Risks*

The Company has taken steps to protect its proprietary technology. The Company relies on a combination of trademark, trade secrets, laws and other intellectual property protection methods to protect its proprietary technology. These steps may not completely protect the Company's proprietary technology, nor give it a competitive edge. Others may independently develop substantially equivalent technology or gain access to our trade secrets. If the Company is unable to protect its intellectual property, the business over time could be materially affected. The Company will pursue all avenues available to it, if necessary, to enforce its patents, and to protect its trademarks and other intellectual property rights owned by the Company.

*Technological Change, New Products and Standards*

The technology industry is characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render the Company's existing products and systems obsolete. The Company's products employ complex technology and may not always be compatible with current and evolving technical standards and products developed by others. Failure or delays by the Company to meet or comply with the requisite and evolving industry or user standards could have a material adverse effect on the Company's business, results of operations and financial condition.

*Intellectual Property Risks*

Because much of the Company's potential success and value lies in its ownership and use of intellectual property, its failure to protect its intellectual property may negatively affect its business and value. The Company typically enters into confidentiality or license agreements with its employees, consultants, customers, strategic partners and vendors in an effort to control access to and distribution of its products, documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use the Company's proprietary technology without authorization.

*Reliance on Information Systems and Technology*

The Company's business relies upon information technology systems to effectively service its customers at the point of sale. Its information technology systems may be vulnerable to unauthorized access, computer viruses, system failures, other malicious acts or acts of nature. Should a significant disruption to its information technology to occur, the Company's earnings could be adversely affected through loss of revenue and the costs to rectify the disruption. The Company is in an industry with many competitors that lay claim to intellectual property. The Company may receive notice from a third party asserting the Company has infringed on their intellectual property rights. As a result of such claims the Company's earnings could be adversely affected by costly litigation, product injunctions or consumption of management attention.

*Reliance on Third Party Licenses*

The Company relies on certain software that it licenses from third parties, including a software program that is integrated with internally developed software and used in the Company's products to perform key functions. There can be no assurance that these third-party licenses will continue to be available to the Company on commercially reasonable terms. The loss of, or inability to maintain, any of these licenses, could result in delays or reductions in product and service deployment until equivalent software can be developed, identified, licensed and integrated, which could materially adversely affect the Company's business, results of operations and financial condition.

*Effectiveness and Efficiency of Sales and Marketing Expenditures*

The Company's future growth and profitability will be dependent in part on the effectiveness and efficiency of the Company's sales and marketing expenditures, including the ability of the Company to (i) create greater awareness of the Company's products and services, (ii) determine the appropriate messaging and media mix for future sales and marketing expenditures, and (iii) effectively manage sales and marketing costs in order to maintain acceptable operating margins. There can be no assurance that the Company will experience benefits from sales and marketing expenditures in the future. In addition, no assurance can be given that the Company's planned sales and marketing expenditures will result in increased sales, will generate sufficient levels of product and service awareness or that the Company will be able to manage such sales and marketing expenditures on a cost-effective basis.

*Product Liability*

We face the inherent risk of exposure to product liability claims in the use of our products. While we will continue to attempt to take appropriate precautions including the purchase of product liability insurance, there can be no assurance that we will avoid significant product liability exposure. There can be no assurance that adequate insurance coverage for future coverage for future commercial activities will be available at all, or at acceptable cost, or that a product liability claim would not materially adversely affect our business or financial condition.

*Risk Associated with International Operations*

Management of the Company believes that its future growth and profitability opportunities will require expansion of its sales further in the Middle East and especially in the US; Canada; Australia and Mexico and into other foreign markets and into other foreign markets. This expansion will require significant management attention and financial resources and could adversely affect the Company's operating margins. In order to increase international sales in subsequent periods, the Company may establish additional foreign operations, incur substantial infrastructure costs, hire additional personnel and recruit international resellers. To the extent that the Company is unable to expand international sales in a timely and cost-effective manner, the Company's business, results of operations and financial condition could be materially adversely affected. In addition, even with the possible recruitment of additional personnel and international resellers, there can be no assurance that the Company will be successful in maintaining or increasing international market demand for the Company's products and services. The risk associated with currency fluctuations comprise mainly of the Company's United States denominated sales, component purchases and other expenses. In the future, it is expected that a portion of revenues may be realized in other foreign currencies as a result of international sales fluctuations in the exchange rate between the Euro and other currencies, particularly the US dollar, may have a material adverse effect on the Company's results of operations, financial condition and any business prospects. The Company may use hedges to mitigate the risk of foreign currency exposure.

*Key Employees*

The success of the Company is largely dependent on the performance of its key employees and directors. Failure to retain key employees and directors and to attract and retain additional key employees with necessary skills could have a material adverse impact upon the Company's growth and profitability. Competition for highly skilled management, technical and other employees is intense. There can be no assurance that the Company will be successful in attracting and retaining such personnel and the departure of any of the members of the Company's executive team or key directors could have a material adverse effect on the Company's business, results of operations and financial condition.

*Expansion*

The success of the Company's continued expansion will depend upon many factors, including the ability of the Company to maintain acceptable attrition rates and control of operating costs and generate positive cash flow over an extended period. There can be no assurance that the Company will be able to grow or achieve its continued expansion. Such risks, if they materialize, could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations.

*Available Workforce*

Our continued success will depend on the performance and continued service of the Company's employees. We rely on the ability to attract new engineers, research and development staff, production personnel and key sales and marketing employees. During the coming year, we will continue to develop our employees and search for key new hires, however there is no assurance that the Company will be able to retain existing personnel or attract, hire and retain additional qualified personnel.

*Possible Adverse Effect of Future Government Regulations*

The Company's operations are subject to a variety of laws, regulations and licensing requirements of federal, state, provincial, county, and municipal authorities. The loss of such licenses, or the imposition of conditions to the granting or retention of such licenses, could have a material adverse effect on the Company. The Company believes that it is in material compliance with applicable laws and regulatory requirements.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the Company's financial results.

**Disclosure Controls and Procedures**

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal controls over financial reporting to provide reasonable assurance that material information about the Company and its subsidiaries would have been known to them and regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

The CEO and CFO have evaluated and concluded that the Company's disclosure controls and procedures are adequate and effective for providing reasonable assurance that material information relating to the Company, including its consolidated subsidiary, would have been known to them as of December 31, 2019.

As well, as of the end of the years ended December 31, 2019 and 2018, the CEO and CFO have evaluated and concluded that the Company's internal controls over financial reporting have been adequate to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. However, control systems, no matter how well designed and operated, have inherent limitations, therefore, those systems, although determined to be adequately designed, can provide only reasonable assurance that the objectives of the system are met. During the years ended December 31, 2019 and 2018, there was no change in the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, the internal control over financial reporting.