

**FACEDRIVE INC.**  
**(formerly High Mountain Capital Corporation)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND**  
**2019**  
**(Expressed in Canadian dollars)**  
**(Unaudited)**

**Facedrive Inc. (formerly High Mountain Capital Corporation)**  
**Condensed Consolidated Interim Financial Statements**  
**For the Three and Nine Months Ended September 30, 2020 and 2019**  
**(Unaudited - In Canadian dollars, except where otherwise indicated)**

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**Facedrive Inc. (formerly High Mountain Capital Corporation)**  
**Condensed Consolidated Interim Statements of Financial Position**  
(Unaudited - In Canadian dollars, except where otherwise indicated)

As at	Notes	September 30, 2020	December 31, 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	\$ 7,360,705	\$ 3,790,894
Trade and other receivables	13	2,322,206	428,086
Prepaid expenses and deposits	14	56,682	134,363
Inventory		82,605	-
		9,822,198	4,353,343
Deposits		1,025,930	-
Interest receivable	17	38,856	7,686
Promissory note receivable	17	1,333,900	1,298,800
Equipment	18	8,020	-
Right-of-use assets	27	8,552,615	182,192
Long-term investment	8	3,653,716	-
Intangible assets	6,7,9,15	2,415,742	-
Goodwill	9, 16	914,309	-
		27,765,286	5,842,021
<b>Total assets</b>		<b>\$ 27,765,286</b>	<b>\$ 5,842,021</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	19	\$ 1,335,925	\$ 746,893
Deferred income		87,612	150,000
Lease liability – current	27	1,027,304	53,947
		2,450,841	950,840
Loans	20	40,000	-
Lease liability	27	7,647,946	138,010
Due to related parties	24	334,029	334,028
		10,472,816	1,422,878
<b>Total liabilities</b>		<b>10,472,816</b>	<b>1,422,878</b>
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>			
Capital stock	22	40,077,951	13,843,970
Contributed surplus		1,498,344	539,169
Accumulated other comprehensive losses		59,336	-
Deficit		(24,343,161)	(9,963,996)
		17,292,470	4,419,143
<b>Total shareholders' equity (deficit)</b>		<b>17,292,470</b>	<b>4,419,143</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 27,765,286</b>	<b>\$ 5,842,021</b>
Commitments, contingencies and guarantees	Note 26		
Subsequent events	Note 28		

Approved by:

*(signed)* "Junaid Razvi" Director

*(signed)* "Sayanthan Navaratnam" Director

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

**Facedrive Inc. (formerly High Mountain Capital Corporation)**  
**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**

(Unaudited - In Canadian dollars, except where otherwise indicated)

	Notes	For the three months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
<b>REVENUE</b>	10	\$ 266,460	\$ 195,738	\$ 747,976	\$ 364,579
<b>COSTS AND OPERATING EXPENSES</b>					
Cost of revenue	11	143,381	61,728	517,243	188,052
General and administration		1,096,034	160,143	2,411,229	307,853
Operational support	24	936,741	425,661	1,692,096	1,201,264
Research and development	24	490,549	261,437	1,014,406	734,938
Sales and marketing		833,155	438,470	9,323,891	972,967
Amortization	15	171,980	-	275,881	-
Depreciation		179,876	-	213,203	-
Total operating expenses		3,851,716	1,347,439	15,447,949	3,405,074
<b>OPERATING LOSS</b>		(3,585,256)	(1,151,701)	(14,699,973)	(3,040,495)
<b>OTHER INCOME (EXPENSES)</b>					
Government grants		106,571	-	285,620	-
Foreign exchange gain (loss)		(6,911)	-	61,193	-
Interest expenses		(49,044)	-	(57,420)	-
Interest income		10,461	-	31,415	-
Listing expenses		-	(2,376,052)	-	(2,376,052)
<b>NET LOSS</b>		\$ (3,524,179)	\$ (3,527,753)	\$ (14,379,165)	\$ (5,416,547)
Cumulative translation adjustment		59,336	-	59,336	-
<b>NET AND COMPREHENSIVE LOSS</b>		(3,464,843)	(3,527,753)	(14,319,829)	(5,416,547)
<b>Loss per share</b>					
- Basic and diluted		\$ (0.04)	\$ (0.04)	\$ (0.16)	\$ (0.07)
<b>Weighted average number of shares outstanding</b>					
Basic and diluted		92,852,438	86,600,492	91,355,278	79,850,320

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**Facedrive Inc. (formerly High Mountain Capital Corporation)**  
**Condensed Consolidated Interim Statements of Changes in Equity**  
(Unaudited - In Canadian dollars, except where otherwise indicated)

	Note	Number of shares	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive losses	Total shareholders' equity (deficit)
<b>Balance, December 31, 2018</b>		<b>66,034,871</b>	<b>\$ 1,998,802</b>	<b>\$ -</b>	<b>\$ (3,021,639)</b>	<b>\$ -</b>	<b>\$ (1,022,837)</b>
Issuance of share capital	22	24,592,470	10,070,006	-	-	-	10,070,006
Repurchase of share capital		(1,420,614)	(281,827)	-	-	-	(281,827)
Cancellation of share capital		(340,947)	-	-	-	-	-
Reverse takeover acquisition		1,298,750	2,056,989	-	-	-	2,056,989
Share-based payments	23	-	-	201,495	-	-	201,495
Net loss and comprehensive loss		-	-	-	(5,416,547)	-	(5,416,547)
<b>Balance, September 30, 2019</b>		<b>90,164,530</b>	<b>\$ 13,843,970</b>	<b>\$ 201,495</b>	<b>\$ (8,438,186)</b>	<b>\$ -</b>	<b>\$ (5,607,279)</b>
<b>Balance, December 31, 2019</b>		<b>90,164,530</b>	<b>\$ 13,843,970</b>	<b>\$ 539,169</b>	<b>\$ (9,963,996)</b>	<b>\$ -</b>	<b>\$ 4,419,143</b>
Issuance of share capital	22	1,609,240	13,617,799	-	-	-	13,617,799
Share issuance costs	22	-	(288,430)	-	-	-	(288,430)
Acquisition of HiRide	6,22	265,957	739,360	-	-	-	739,360
Investment in Tally	8,22	151,457	2,326,425	-	-	-	2,326,425
Acquisition of Steer	9,22	222,819	2,196,173	-	-	-	2,196,173
Share-based payments	22,23	800,607	7,642,654	959,175	-	-	8,601,829
Net loss and comprehensive loss		-	-	-	(14,379,165)	59,336	(14,319,829)
<b>Balance, September 30, 2020</b>		<b>\$ 93,214,610</b>	<b>\$ 40,077,951</b>	<b>\$ 1,498,344</b>	<b>\$ (24,343,161)</b>	<b>\$ 59,336</b>	<b>\$ 17,292,470</b>

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**Facedrive Inc. (formerly High Mountain Capital Corporation)**  
**Condensed Consolidated Interim Statements of Cash Flows**  
(Unaudited - In Canadian dollars, except where otherwise indicated)

<b>For the nine months ended September 30,</b>	<b>2020</b>	<b>2019</b>
<b>Cash provided by (used in)</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (14,379,165)	\$ (5,416,547)
Items not affecting cash:		
Depreciation and amortization	489,084	-
Share-based payments (Note 22 and 23)	8,601,829	152,081
General and administration	25,000	-
Unrealized foreign exchange gain	(21,204)	-
Listing expenses	-	1,853,200
Net change in non-cash working capital items:		
Trade and other receivables	(1,893,172)	(209,747)
Prepaid expenses and deposits	77,737	11,975
Interest receivables	(31,757)	-
Deposits	(1,017,606)	-
Inventory	(82,605)	-
Accounts payable and accrued liabilities	547,036	1,456,601
Deferred income	(63,117)	250,000
<b>Cash used in operating activities</b>	<b>(7,747,940)</b>	<b>(1,902,437)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of HiRide	(51,549)	-
Cash acquired from HiRide Acquisition	40	-
Purchase of property, plant and equipment	(8,868)	-
Purchase of intangible assets	(561,660)	-
Cash acquired in reverse takeover	-	253,053
Investment in Tally	(1,340,600)	-
<b>Cash used in investing activities</b>	<b>(1,962,637)</b>	<b>253,053</b>
<b>FINANCING ACTIVITIES</b>		
Advances from related parties	-	223,814
Issuance of common shares	13,617,799	9,070,006
Share issuance costs	(288,430)	-
Repurchase of common shares	-	(281,827)
Principal payment of lease liabilities	(100,218)	-
Proceeds from loans	40,000	-
<b>Cash provided by financing activities</b>	<b>13,269,151</b>	<b>9,011,993</b>
Impact of currency translation adjustment on cash	11,237	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,569,811</b>	<b>7,362,609</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>3,790,894</b>	<b>9,014</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 7,360,705</b>	<b>\$ 7,371,623</b>

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**1. CORPORATE INFORMATION**

Facedrive Inc. (formerly High Mountain Capital Corporation) (“Facedrive” or the “Company”) was incorporated on January 18, 2018 under the *Business Corporations Act* (Alberta). The Company’s corporate headquarters is located at 44 East Beaver Creek, Suite 16, Richmond Hill, Ontario L4B 1G8.

Facedrive is a multi-faceted “people-and-planet first” tech ecosystem offering socially-responsible services to local communities with a strong commitment to doing business fairly, equitably and sustainably. As part of this commitment, Facedrive’s vision is to fulfil its mandate through a number of verticals that either leverage existing technologies of the Company or have synergies with existing lines of business (the “**Facedrive Verticals**”). The Facedrive Verticals include: a rideshare business (“**Facedrive Rideshare**”); an e-commerce platform (“**Facedrive Marketplace**”); a food-delivery service (“**Facedrive Foods**”); a social media platform (“**Facedrive Social**”); and a contact-tracing and health services business (“**Facedrive Health**”).

Facedrive Rideshare was among the first to offer a wide variety of environmentally and socially responsible solutions in the Transportation as a Service (TaaS) space, planting thousands of trees based on user consumption and offering choices between electric, hybrid and conventional vehicles (including, more recently, electric and hybrid vehicles on a subscription basis). Facedrive Marketplace offers curated merchandise created from sustainably sourced materials. Facedrive Foods offers contactless delivery of a wide variety of foods right to consumers’ doorsteps, with a focus on doing so in a socially and environmentally-conscious manner. Facedrive Social strives to keep people connected in a physically-distanced world through its HiQ and other e-socialization platforms that invite users to interact based on common interests and by offering gamification and mutual community support features. Facedrive Health strives to develop and offer innovative technological solutions to the most acute health challenges including its proprietary TraceSCAN wearable technology for contact tracing. Facedrive envisions changing the ridesharing, food delivery, e-commerce, social and health tech narratives for the better, for everyone, and is currently operational in Canada and the United States.

The Company was previously classified as a Capital Pool Company (“**CPC**”) as defined in Policy 2.4 of the TSX Venture Exchange (“**TSX-V**”). The principal business of the Company as a CPC was to identify and evaluate assets or businesses with a view to potentially acquiring such assets or businesses, or an interest therein, by completing a transaction, the purpose of which was to satisfy the related conditions of a “qualifying transaction” under the applicable rules of the TSX-V.

On May 17, 2019, the Company, 2696170 Ontario Inc. (“**Subco**”), a wholly-owned subsidiary of the Company, and Facedrive Inc. (the “**Private Company**”), a private Ontario company, entered into an amalgamation agreement (the “**Amalgamation Agreement**”) pursuant to which, among other things, the Private Company amalgamated with Subco to form 5021780 Ontario Inc., a wholly-owned subsidiary of the Company, and each shareholder of the Private Company received 0.473538 common shares of the Company (with each common share of the Company constituting, a “**Share**”) for every one share of the Private Company held (the “**Transaction**” or the “**RTO**”). Immediately prior to the Transaction, the Company effected a consolidation of the Shares on a 50-to-1 basis. As part of the Transaction, the Company changed its name from “High Mountain Capital Corporation” to “Facedrive Inc.”. The Transaction was completed on September 16, 2019 and the Shares resumed trading on the TSX-V under the trading symbol “FD” on September 19,

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2019. The Transaction resulted in the issuance of 8,886,578 Shares and constituted a “reverse take-over” of the Company as the former Private Company shareholders acquired a majority of the outstanding Shares. All Share numbers in this paragraph are presented on a pre-Forward Split (as defined below) basis.

On October 9, 2019, the Company completed a forward split of its Shares on the basis of 10 new Shares for each one Share outstanding (the “**Forward Split**”). Prior to the Forward Split, the Company had 9,016,453 Shares issued and outstanding. Immediately following the Forward Split, the Company had 90,164,530 Shares issued and outstanding.

On December 31, 2019, the Company completed an amalgamation and continuance from a company incorporated under the *Business Corporations Act* (Alberta) to a company continued under the *Business Corporations Act* (Ontario) under the name “Facedrive Inc.”.

On January 30, 2020, the World Health Organization (“**WHO**”) declared a Public Health Emergency of International Concern resulting from an outbreak of pneumonia cases from an unknown cause which originated in Wuhan, China. On February 11, 2020, the WHO announced a name for this new disease calling it the coronavirus (“**COVID-19**”), and on March 11, 2020, the WHO declared COVID-19 to be a global pandemic and a world-wide health concern to all of humanity. As a result, governments of countries and their leaders around the world acted to mitigate the spread of this virus by restricting travel, testing and quarantining symptomatic individuals, enforcing social distancing, closing schools and non-essential businesses and requesting residents to stay inside their homes. These measures have had a direct impact on the global and Canadian economy.

In response to the COVID-19 pandemic, the Canadian government acted by testing and treating symptomatic individuals, enforcing social distancing, closing schools and non-essential businesses and requesting that individuals stay inside their homes. Due to these measures, many businesses were forced to lay off staff; postpone contracts and work; request financial relief and defer payments to their financial lenders, landlords and stakeholders; and in some circumstances close their businesses altogether. The Federal government also responded by extending tax filing and payment deadlines and made available a wage subsidy to qualifying businesses to help provide some relief during this challenging time.

It is uncertain how long these COVID-19 conditions will last and what economic impact they will have on the Company’s business, financial results, cash flows and its ability to continue as a going concern.

## **2. BASIS OF PRESENTATION**

The unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value.

### **(a) Statement of Compliance**

The unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) applicable to the preparation of condensed interim financial statements, including International Accounting Standards (“**IAS**”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“**IASB**”), and the Interpretations of the International Financial Reporting

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Interpretations Committee (“**IFRIC**”).

These condensed consolidated interim financial statements were authorized for issue by the board of directors of the Company (the “Board of Directors”) on November 25, 2020.

**(b) Basis of Presentation**

These condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed consolidated interim financial statements are presented in Canadian dollars, the Company’s functional and reporting currency. All amounts stated in these condensed consolidated interim financial statements expressed in Canadian dollars, except where otherwise indicated.

**(c) Basis of Consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and the other entities that the Company controls in accordance with IFRS 10 – *Consolidated Financial Statements*. The subsidiaries of the Company, HiRide Share Ltd. (“**HiRide**”), Facedrive Food Inc., Facedrive Health Inc. and Steer Holdings, LLC., (“**Steer Holdings**”) are entities controlled by the Company. Facedrive Food Inc. was incorporated on June 26, 2020, Facedrive Health Inc. was incorporated on July 3, 2020 and Steer Holdings was incorporated on August 13, 2020. Control exists when the Company has power over an entity, when the Company is exposed, or has rights, to variable returns from the entity and when the Company has the ability to affect those returns through its power over the entity. The Company’s subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control of such entity. Where necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those used by the Company. All intercompany balances, transactions, income and expenses have been eliminated on consolidation.

**(d) Reclassification**

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations or cash flow.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with the accounting policies disclosed in Note 3 of the Company’s audited consolidated financial statements for the year ended December 31, 2019, except for those summarized below. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2019.

**(a) Revenue Recognition**

The Company has the following revenue streams:

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*Rideshare Platform*

The Company's rideshare platform connects riders to drivers who provide personal transportation services to passengers using a variety of vehicles. The Company recognizes revenue from service fees based on the five-step model outlined in IFRS 15 – *Revenue from Contracts with Customers*. Under the Company's Terms of Service ("TOS"), drivers acknowledge and agree that the Company will retain a service fee on each transaction (or ride) whereby the driver connects to the passenger using the Company's rideshare platform. The Company recognizes each ride as a single performance obligation and revenue is recognized on completion of each ride. The Company collects fares and related charges from passengers on behalf of drivers using the passenger's pre-authorized credit card. The Company then deducts its service fee and delivers the balance of the fare to the driver.

*Merchandise Sales*

The Company provides a platform for users to purchase merchandise produced principally of sustainably sourced materials from various partners. Merchandise revenue is recognized at the point in time when goods are shipped. Merchandise revenue excludes sales tax and is recorded net of discounts and an allowance for estimated returns unless the terms of the sale are final. Merchandise given away for promotional purposes is recorded as a marketing expense.

*Licensing*

Revenue from licensing arrangements, which allows licensees to use the Company's name, trademark, logo and other intellectual property for a period of time, is considered a "right-to-access" license and is recognized ratably over the term of the licensing arrangement. Amounts collected in excess of revenue recognized under these licensing arrangements are recorded as deferred income.

*Food Delivery*

The Company derives its food delivery revenue primarily from service fees paid by drivers and restaurants for use of its food delivery platform and related service to successfully complete a meal delivery service via the platform. The Company recognizes revenue, based on service fees collectible, when a transaction is complete. The Company typically receives the service fee within one week following the completion of a delivery.

*Vehicle Subscription Service*

The Company has a technology-driven monthly vehicle subscription service, Steer, which provides an alternative to owning, leasing or renting low-emission transportation vehicles. The Company recognizes revenue when obligations under the terms of a contract with the customer are satisfied; generally, this occurs evenly over the contract (over time).

*TraceSCAN*

TraceSCAN is the Company's proprietary contact tracing solution featuring advanced Bluetooth enabled wearable technology ("**Wearables**") that complements and extends the reach of other available contact tracing solutions, such as Health Canada's "COVID Alert" mobile application. The Company recognizes revenue from the sale of wearables at the point in time when goods are shipped. The Company also provides assistance in setting up the wearables and application and offers on-going managed services in the form of data management and maintenance support, charging an implementation and support fee for each of these services, respectively. The Company recognizes the implementation and service-based revenue at the time the applicable service is provided.

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*“Principal” vs. “Agent” Considerations*

The Company evaluates the presentation of revenue on a gross versus net basis based on whether the Company acts as (i) a “principal” by controlling the transportation or food delivery service provided to the end user or (ii) an “agent” between the driver or restaurant and the end-user by arranging for drivers or restaurants to provide the service to the end users. The Company’s role in each transaction is as a facilitator; to provide its platforms to drivers in order for drivers to provide successful trips and deliveries to end-users. While the Company facilitates setting the price for services, the drivers, restaurants, and end-users have the discretion in accepting the transaction price through the platforms. Accordingly, the Company has concluded that it is not primarily responsible for the services, as it does not contract drivers and restaurants to provide services on the Company’s behalf and does not control the services being provided to the end-user. Consequently, the Company acts as an “agent” by facilitating the ability of a driver or restaurant to provide a service to the end-user. As a result, the Company reports ridesharing and food delivery revenue on a net basis, reflecting the fee owed to the Company from the drivers and restaurants as revenue.

**(b) Inventory**

Inventory consists of Facedrive Marketplace merchandise and TraceSCAN wearables. Inventory is valued at the lower of “cost” and “net realizable value” with “cost” being based upon the weighted average method of inventory costing. The realizable value of finished goods is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of merchandise inventory is based on “landed cost”, which includes all costs incurred to bring inventory to the Company’s warehouse or office, including product costs, insurance, inbound freight and duty. If the Company determines that the estimated net realizable value of its inventory is less than the carrying value of such inventory, it records a charge to cost of sales.

**(c) Equipment**

Equipment is recorded at cost and carried net of accumulated depreciation, amortization and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset to the location and condition necessary for operation. Subsequent expenditures are capitalized only if it is probable that the future economic benefits associated with the expenditures will flow to the Company.

Repairs and maintenance costs are expensed as incurred. Depreciation is provided over the related assets’ estimated useful lives using the straight-line method of accounting at the following rates:

Computers	3 years
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The Company reviews the estimated useful lives, residual values and depreciation method at the end of each reporting period, accounting for the effect of any changes in estimate on a prospective basis.

**(d) Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an asset acquisition is its fair value as at the date of acquisition.

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Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. A change in the expected useful life of the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Finite lived intangible assets are amortized on a straight-line basis over the period of their expected future economic benefit using the following rates:

Customer List	2 to 7 years
HiRide Brand name	2 years
Steer Brand name	Indefinite life
HiRide platform	2 years

Infinite lived intangible assets are not amortised and are subject to impairment testing annually. The useful life for each asset is reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

#### **4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS**

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make certain 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 years. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

In preparing these condensed consolidated interim financial statements, the significant estimates and critical judgments were the same as those applied to the financial statements as at and for the year ended December 31, 2019, except for those summarized below.

##### **(a) Estimates**

###### ***Useful life of intangible assets***

Intangible assets with finite lives are amortized on a straight-line basis over their expected useful life once the asset is available for use. Many factors are considered in determining the useful life of an intangible asset, including technical, technological, commercial or other types of obsolescence and typical product life cycles for the asset. Changes to the expected useful life of an asset is accounted for prospectively.

###### ***Leases - Estimating the incremental borrowing rate***

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The Company cannot readily determine the interest rate implicit in leases where it is the lessee. As such, it uses its incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of comparable value to the right-of-use asset in a similar economic environment. IBR therefore reflects what the Company “would have to pay”, which requires estimation when no observable rates are available or where the applicable rates need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

***Fair value adjustments for business combinations***

In accordance with IFRS 3, ‘Business Combinations’, the Company remeasures the assets, liabilities and contingent liabilities acquired through a business combination relative to fair value. Similarly, consideration given, including shares issued, is also measured at fair value. Where possible, fair value adjustments are based on external appraisals or valuation models (e.g. where intangible assets were not recognized by an acquirer). These valuation methods rely on various assumptions such as estimated future cash flows, remaining useful economic life etc.

**(b) Judgements**

***Business combinations***

From time to time, the Company acquires subsidiaries. At the time of acquisition, the Company considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Company accounts for an acquisition as a business combination where an integrated set of activities and assets, is acquired. More specifically, consideration is given to the extent to which significant processes are acquired.

When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

***Investments in associated businesses***

From time to time, the Company makes investments in other entities. At the time of investment, the Company considers whether there is significant influence over the investee. Where there is significant influence, the Company accounts for the investment using the equity method. In construing “significant influence”, consideration is given to the extent to which the Company has representation on the board of directors (or equivalent governing body) of the investee, participation in the policy-making process, material transactions between the Company and the investee, interchange of managerial personnel and the provision of essential technical information among other factors.

When there is no significant influence, the investment is classified as a financial asset at fair value through profit and loss.

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**5. NEW ACCOUNTING PRONOUNCEMENTS**

**(a) Accounting Standards Adopted Effective January 1, 2020**

*Definition of a Business (Amendments to IFRS 3)*

In October 2018, the IASB issued “Definition of a Business (Amendments to IFRS 3)”. The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments also permit a simplified assessment to determine whether an acquired set of activities and assets can be recognized as an asset acquisition, as opposed to a business combination. The amendments are effective for annual reporting periods beginning on or after January 1, 2020 and applied prospectively.

**(b) Standards Issued But Not Yet Effective**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

**6. ACQUISITION OF HIRIDE SHARE LTD.**

On March 20, 2020, the Company announced that it had entered into a share exchange agreement (the “**HiRide Acquisition Agreement**”) to acquire all of the issued and outstanding common shares of HiRide, a socially responsible ride-sharing and car-pooling business (the “**HiRide Acquisition**”). The HiRide Acquisition closed following the close of business on March 31, 2020. In consideration for the HiRide Acquisition, shareholders of HiRide received an aggregate of \$1,000,000 on closing, payable in Shares at a price per Share equal to \$3.76 (calculated as the 30-day volume weighted average trading price of the Shares on the TSX-V ending four trading days prior to the date of entering into the HiRide Acquisition Agreement). In connection with the HiRide Acquisition, the shareholders of HiRide may be entitled to receive future conditional payments of up to \$2,500,000 (the “**Conditional Payments**”) over the course of 2 years following closing of the HiRide Acquisition, which payments are contingent upon the achievement of certain financial, technical and business development milestones as set out in the HiRide Acquisition Agreement. The Conditional Payments, if any, will be payable in Shares or a combination of cash and Shares and there were no finder’s fees paid in connection with the HiRide Acquisition. All Shares issued were subject to a four-month statutory hold period from the date of issuance, as well as contractual lock-up and escrow restrictions from the date of issuance.

The HiRide Acquisition was determined to be an asset acquisition as substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset. For accounting purposes, using the fair value method of accounting, consideration consisted of 265,957 Shares with a fair value of \$739,360, representing a grant date fair value of the Shares of \$2.78 per Share and \$51,549 of acquisition costs. The Conditional Payments were determined to be consideration for post transaction services and will be accounted for as post-transaction compensation costs.

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<b>Consideration paid:</b>		
Fair value of Shares issued (265,957 Shares at \$2.78 per Share)	\$	739,360
Transaction costs		51,549
	\$	<b>790,909</b>
<b>Net identifiable assets acquired:</b>		
Cash	\$	40
Intangible assets - Brand name		70,000
Intangible assets - HiRide platform		761,209
Accounts payable		(20,340)
Shareholders loans		(20,000)
	\$	<b>790,909</b>

**7. ACQUISITION OF INTANGIBLE ASSETS OF FOODORA CANADA**

On July 9, 2020, the Company completed the acquisition of Foodora Canada’s customers (subject to their consent), along with 5,500 restaurant partners (together the “**Foodora Lists**”) previously served by Foodora Canada, in exchange for cash consideration of \$500,000 (the “**Foodora Transaction**”).

The Foodora Transaction was determined to be an asset acquisition as no substantive processes were transferred to the Company.

In connection with the Foodora Transaction, the Company incurred legal fees of \$61,660 which have been capitalized as Transaction Costs.

<b>Consideration paid:</b>		
Cash	\$	500,000
Transaction costs		61,660
	\$	<b>561,660</b>
<b>Net identifiable assets acquired:</b>		
Intangible assets – Foodora Lists		536,660
Other assets		25,000
	\$	<b>561,660</b>

**8. INVESTMENT IN TALLY TECHNOLOGY GROUP INC.**

On August 7, 2020, the Company entered and completed a definitive agreement (the “**Tally Agreement**”) to partner with and invest in Tally Technology Group Inc. (“**Tally**”), a white-label, free-to-play sports predictions platform (the “**Tally Transaction**”).

In return for 727,273 common shares and 2,181,818 preferred shares of Tally (each, the “**Initial Tally Common Shares**” and the “**Initial Tally Preferred Shares**”, respectively), the Company paid USD\$1,000,000 in cash and USD\$2,000,000 in Shares at a deemed price per Share equal to \$17.84 (calculated as the 30-day volume weighted average trading price of the Shares as reported on Bloomberg, ending two trading days prior to the date of entering into the Tally Agreement). The Company issued 151,457 Shares which are subject to a twelve-month lock-up period from

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the date of issuance (the “**Lock-Up Period**”). The fair value of the Shares was determined to be \$15.36 per share, as a result of a discount of 24.1% being factored into the calculation of the fair value of these Shares due to lock-up terms on these Shares.

The Company accounts for its investment in Tally as a long-term investment. Management has assessed that the Company has no control, nor significant influence over Tally as the Company only holds 14% of the voting rights and has no participation in Tally’s policy-making processes.

Under the terms of the Tally Agreement, when the Lock-Up Period expires the Company has three possible options: (1) increase its ownership in Tally through a USD\$1,000,000 investment (the “**Tally Equity Option**”); (2) provide Tally with a USD\$1,000,000 loan (the “**Tally Loan Option**”); or (3) do nothing and forfeit certain securities (the “**Tally Forfeiture Option**”). These scenarios were contemplated to provide both the Company and Tally flexibility upon the one-year anniversary of the Tally Agreement when the Lock-Up Period ends.

The Tally Equity Option available to the Company is to purchase additional Tally Preferred Shares for an aggregate purchase price of USD\$1,000,000 (the “**Series Seed-1 Preferred Stock**”). In the event that the Company exercises the Tally Equity Option, the Lock-up Period with respect to all the Shares held by Tally shall be extended for an additional 18 months (the “**Extended Lock-up Period**”), for a total of 30 months from the closing date of the Tally Transaction.

In the event that the Company proceeds with the Tally Loan Option, Tally will use commercially reasonable efforts to sell the Shares within one year from the Tally Loan Option effective date and utilize the proceeds from such Share sales to repay the Tally Loan. In the event that Tally is unable to sell the Shares for an amount equal to or greater than the amount of the Tally Loan Option during the one-year period following the Tally Loan Option effective date, the Company shall forgive Tally’s repayment obligation with respect to any portion of the Tally Loan Option that remains outstanding.

If the Company proceeds with the Tally Forfeiture Option (i.e. the Company chooses to *not* exercise either of the Tally Equity Option or the Tally Loan Option), the Company will convert 727,273 of its Initial Tally Preferred Shares into common shares of Tally (the “**Converted Tally Common Shares**”) and, together with the Initial Tally Common Shares, will be returned to Tally for cancellation. Upon such cancellation of the Initial Tally Common Shares and the Converted Tally Common Shares, the Company would be left with 1,454,545 Tally Preferred Shares.

## **9. ACQUISITION OF STEER**

On September 5, 2020, the Company, through its wholly-owned subsidiary, Steer Holdings, LLC, completed an acquisition of the substantive assets of Steer (“**Steer**”), a specialized electric vehicle subscription businesses (the “**Steer Business**”), from Exelorate Enterprises, LLC (“**Exelorate**”), a wholly-owned subsidiary of Exelon Corporation (the “**Steer Acquisition**”).

In the Steer Acquisition, the Company acquired Steer in exchange for aggregate consideration of USD\$3,250,000, which was paid through the issuance of 222,819 common shares, issued at a deemed price of \$19.27 per share (calculated on the 30-day volume weighted average trading price of the Shares as reported on Bloomberg, ending three trading days prior to the date of the Steer Acquisition). The fair value of the Shares issued to Exelorate was determined to be a discounted \$15.44 per share, a discount of 36.2% to the deemed price of the Shares, as the Shares were subject to an 18-month lock-up.

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The Steer Acquisition was determined to be a business combination as substantive processes and assets were acquired as part of the transaction. The Company also retained the services of Steer's former employees and its contracted management services provider.

**Consideration paid:**

Fair value of Shares issued (222,819 Shares at \$15.44 per Share – Issued at \$19.27 per Share and discounted by 36.2%)	\$ 2,196,173
	<b>\$ 2,196,173</b>

**Net identifiable assets acquired:**

Intangible assets - Brand name	\$ 650,000
Vehicle subscription agreements (the “Steer Customer list”)	649,000
Right-of-use assets	8,423,259
Lease liability	(8,423,259)
Goodwill	897,173
	<b>\$ 2,196,173</b>

The unallocated consideration of \$897,173 was recognized as goodwill (Note 16).

Concurrent with the closing of the Steer Acquisition, Exelorate invested in the Company by subscribing for common shares as part of a strategic investment. Exelorate subscribed for an additional 137,119 Facedrive common shares (“**Strategic Investment Shares**”) at CAD\$19.27 per share for gross proceeds of USD \$2,000,000. No finder's fee was paid in connection with the Strategic Investment. All Strategic Investment Shares are subject to an 18-month lock-up.

**10. REVENUE**

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Facedrive Rideshare				
Ridesharing	\$ 75,978	\$ 95,738	\$ 400,528	\$ 214,579
Vehicle Subscription Service	174,148	-	174,148	-
	250,126	95,738	574,676	214,579
Facedrive Marketplace	1,631	-	8,597	-
Facedrive Foods	1,953	-	1,953	-
Facedrive Health	12,750	-	12,750	-
Licence fees	-	100,000	150,000	150,000
Revenue	\$ 266,460	\$ 195,738	\$ 747,976	\$ 364,579

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**11. COST OF REVENUE**

	For the three months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
Cost of goods sold	\$ 10,283	\$ -	\$ 13,934	\$ -
Driver onboarding expenses	14,816	21,812	38,149	58,968
Insurance expenses	81,273	15,065	280,611	61,737
Payment processing fees	28,535	24,851	116,157	67,347
Other credit card expenses	8,474	-	68,392	-
	<b>\$ 143,381</b>	<b>\$ 61,728</b>	<b>\$ 517,243</b>	<b>\$ 188,052</b>

**12. CASH AND CASH EQUIVALENTS**

	September 30, 2020	December 31, 2019
Cash at banks	\$ 7,189,205	\$ 3,790,894
Short-term deposits	171,500	-
	<b>\$ 7,360,705</b>	<b>\$ 3,790,894</b>

**13. TRADE AND OTHER RECEIVABLES**

	September 30, 2020	December 31, 2019
Trade receivables	\$ 30,006	\$ 52,000
HST receivable	615,451	375,341
Other receivables <sup>(a)</sup>	1,617,934	745
Stripe receivable	58,815	-
	<b>\$ 2,322,206</b>	<b>\$ 428,086</b>

(a) Balance includes a \$1,500,000 deposit related to the acquisition of Food Hwy Canada Inc. (Note 28).

**14. PREPAID EXPENSES AND DEPOSITS**

	September 30, 2020	December 31, 2019
Prepaid insurance	\$ 27,674	\$ 80,125
Prepaid Expenses	22,808	49,238
Other deposits	6,200	5,000
	<b>\$ 56,682</b>	<b>\$ 134,363</b>

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**15. INTANGIBLE ASSETS**

	<b>Brand Names<sup>(a)</sup></b>	<b>HiRide Platform<sup>(b)</sup></b>	<b>Customer Lists<sup>(c)</sup></b>	<b>Total</b>
<b>Cost</b>				
Balance, December 31, 2019	\$ -	\$ -	\$ -	\$ -
Additions	720,000	761,209	1,185,660	2,666,869
Impact of currency translation	12,415	-	12,396	24,811
<b>Balance, September 30, 2020</b>	<b>\$ 732,415</b>	<b>\$ 761,209</b>	<b>\$ 1,198,056</b>	<b>\$ 2,691,680</b>
<b>Accumulated Amortization</b>				
Balance, December 31, 2019	\$ -	\$ -	\$ -	\$ -
Amortization	17,500	190,302	68,079	275,881
Impact of currency translation	-	-	57	57
<b>Balance, September 30, 2020</b>	<b>\$ 17,500</b>	<b>\$ 190,302</b>	<b>\$ 68,136</b>	<b>\$ 275,938</b>
<b>Net book value</b>				
<b>At December 31, 2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>At September 30, 2020</b>	<b>\$ 714,915</b>	<b>\$ 570,907</b>	<b>\$ 1,129,920</b>	<b>\$ 2,415,742</b>

(a) Brand names comprised of the HiRide brand name acquired through the HiRide Acquisition of \$70,000 (Note 6) and the Steer brand name acquired through the Steer Acquisition of \$650,000 (Note 9).

(b) The HiRide Platform is fully developed and in use as of the date of the HiRide Acquisition.

(c) Customer lists comprised of the Foodora List, acquired for \$536,660 (Note 7) and Steer Customer List, acquired for \$649,000 (Note 9).

Management will evaluate the useful life on at least an annual basis. As at September 30, 2020, there are no indications that the intangible assets above may be impaired.

**16. GOODWILL**

<b>Balance, December 31, 2019</b>	<b>\$ -</b>
Additions (Note 9)	897,173
Impact of currency translation	17,136
<b>Balance, September 30, 2020</b>	<b>\$ 914,309</b>

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**17. PROMISSORY NOTE RECEIVABLE**

On October 21, 2019, the Company completed a transaction with Westbrook Global Inc. (“Westbrook”) whereby the Company purchased a USD\$1,000,000, 3.00% unsecured convertible promissory note of Westbrook, due December 31, 2022 (the “Note”). Under the terms of the Note, if Westbrook issues and sells shares of its common or preferred stock for aggregate gross proceeds of at least USD\$10,000,000 (a “Qualified Financing”) with the principal purpose of raising capital, the outstanding principal amount of the Note and all accrued and unpaid interest thereunder shall automatically convert into shares of the common or preferred stock issued in such Qualified Financing at the Conversion Price (as defined below). If Westbrook issues and sells shares of its common or preferred stock with the principal purpose of raising capital in a manner, that does not constitute a Qualified Financing (a “Non-Qualified Financing”), the outstanding principal amount of the Note and all accrued and unpaid interest thereunder may be convertible, at the Company’s option, into shares of Westbrooks’ common or preferred stock issued in the Non-Qualified Financing at the Conversion Price. The “Conversion Price” is a price per share equal to the lesser of: (i) 85% of the price per share paid by the other purchasers of the common or preferred stock sold in the Qualified Financing or Non-Qualified Financing, as applicable; and (ii) an amount obtained by dividing USD\$300,000,000 by the fully diluted capitalization of Westbrook. The outstanding principal amount of the Note is also convertible, at the Company’s option, in the event of a change of control of Westbrook into shares of class A common stock of Westbrook at a price per share equal to 85% of the per share consideration payable to the holders of class A common stock of Westbrook in such change of control transaction.

As the cash flows of the Note do not consist of payments that are solely principal and interest, the Note is classified as fair value through profit and loss (“FVTPL”) and adjusted to fair value every reporting period. Total unrealized foreign exchange loss for three months ended September 30, 2020 was \$28,900 and total unrealized foreign exchange gain for the nine months ended September 30, 2020 was \$35,100. The balances for the three and nine months ended September 30, 2019 were \$Nil.

Interest receivable as at September 30, 2020 was \$37,934 (December 31, 2019 - \$7,686). Interest income for the three and nine months ended September 30, 2020 was \$10,070 and \$30,493, respectively (2019 - \$Nil and \$Nil).

**18. EQUIPMENT**

		<b>Computers</b>
<b>Cost</b>		
Balance, December 31, 2019	\$	-
Additions		8,868
<b>Balance, September 30, 2020</b>	<b>\$</b>	<b>8,868</b>
<b>Accumulated Depreciation</b>		
Balance, December 31, 2019	\$	-
Depreciation		848
<b>Balance, September 30, 2020</b>	<b>\$</b>	<b>848</b>

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<b>Net Book Value</b>	
<b>At December 31, 2019</b>	\$ -
<b>At September 30, 2020</b>	<b>\$ 8,020</b>

**19. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Trade payables	\$ 423,600	\$ 170,096
Accrued liabilities and other payables	464,220	107,932
Payroll liabilities and source deductions	4,737	13,342
Related party liabilities (Note 23)	443,368	455,523
	<b>\$ 1,335,925</b>	<b>\$ 746,893</b>

The terms and conditions of the above financial liabilities are as follows:

- trade payables are non-interest bearing;
- accrued liabilities are non-interest bearing; and
- related party liabilities are non-interest bearing and have no specified terms of repayment.

**20. LOANS**

On April 27, 2020, the Company received a loan in the principal amount of \$40,000 under the Canada Emergency Business Account program. The loan is non-interest bearing and eligible for \$10,000 forgiveness if repaid by December 31, 2022. If not repaid by December 31, 2022, the loan bears interest at 5% per annum and is due on December 31, 2025.

**21. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

**(a) Fair Values**

The Company uses various methods to estimate the fair values of assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the consolidated statements of financial position after initial recognition. The fair value hierarchy reflects the significance of inputs used in determining the fair values.

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

The Company's financial instruments consist of cash and cash equivalents, trade and other

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receivables, interest receivable, promissory note receivable, its long-term investment, accounts payable and accrued liabilities, amounts due to related parties and lease liability. Cash and cash equivalents and promissory note receivable are measured at FVTPL on a recurring basis using level 1 and level 2 inputs, respectively. The Company's long-term investment is measured at FVTPL on a recurring basis using level 3 inputs. The carrying value of the Company's remaining financial instruments, with the exception of the long-term portion of amounts due to related parties and lease liability, approximate their fair values due to their short-term maturities. The fair value of the long-term balance of amounts due to related parties and lease liability approximate their carrying value, due to minimal changes in interest rates and the Company's credit risk.

## 22. SHARE CAPITAL

The Company is authorized to issue an unlimited number of Shares and an unlimited number of preferred shares, issuable in series. As at September 30, 2020, the Company had 93,214,610 Shares issued and outstanding and no preferred shares issued and outstanding (compared to, as at December 31, 2019, 90,164,530).

As at September 30, 2020, the Company had 85,403,669 Shares subject to contractual lock-up restrictions which will be released on a rolling basis between March 16, 2020 and September 30, 2022.

Except where otherwise indicated, all historical Share numbers and per Share amounts have been adjusted on a retroactive basis to reflect the following share capital reorganizations (together, the "**Share Capital Adjustments**"):

- 0.473538 Shares issued on September 16, 2019 in connection with the Transaction in exchange for each outstanding Class A Common Share and Class B Common Share of the Private Company (see Note 1); and
- The Forward Split completed on October 9, 2019 (see Note 1).

Share capital transactions during the nine months ended September 30, 2020 consisted of the following:

- On February 21, 2020, the Company completed a non-brokered private placement of 361,010 Shares issued at a price of \$2.77 per Share for aggregate gross proceeds of \$1,000,000. The Company incurred transaction fees of \$26,785 in connection with this financing.
- On March 31, 2020, as purchase consideration for the HiRide Acquisition, the Company issued to the vendors an aggregate of 265,957 Shares at a price per Share equal to \$3.76, representing aggregate consideration of \$1,000,000. For accounting purposes, using the fair value method of accounting, consideration consisted of 265,957 Shares with a fair value of \$739,360, representing a grant date fair value of the Shares of \$2.78 per Share (see Note 6).
- On June 26, 2020, the Company issued an aggregate of 800,000 Shares to Medtronics Online Solutions Ltd. ("**Medtronics**") for marketing and strategic consulting services (the "**Medtronics Consulting Agreement**"). The arrangement is a share-based payment transaction with a non-employee. As the fair value of the services received cannot be

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reliably measured, the shares were measured and recognized based on the average closing price of the shares over the service period, resulting in a \$7,632,696 charge to sales and marketing expense. The Company incurred transaction fees of \$41,120 in connection with this transaction.

- On June 29, 2020, the Company completed a non-brokered private placement of 643,389 Shares issued at a price of \$9.00 per Share for aggregate gross proceeds of \$5,790,501. The Company incurred transaction fees of \$220,525 in connection with this financing.
- On July 6, 2020, the Company completed a non-brokered private placement of 368,548 Shares issued at a price of \$9.00 per Share for aggregate gross proceeds of \$3,316,932.
- On July 22, 2020, the Company completed a non-brokered private placement of 99,174 Shares issued at a price of \$9.00 per Share for aggregate gross proceeds of \$892,566.
- On August 7, 2020, the Company issued an aggregate of 151,457 Shares as consideration for the investment in Tally with a fair value of \$2,326,425 (see Note 8).
- On August 27, 2020, the Company issued an aggregate of 607 Shares to a supplier as consideration for an outstanding accounts payable. The arrangement is a share-based payment transaction with a non-employee. For accounting purposes, using the fair value method of accounting, consideration comprised of 607 Shares with a fair value of \$9,958, representing a grant date fair value of the Shares of \$16.41 per Share.
- On September 4, 2020:
  - the Company issued an aggregate of 222,819 Shares with a fair value of \$2,196,173 as purchase consideration for the Steer Acquisition (see Note 9).
  - the Company completed a non-brokered private placement of 137,119 Shares issued at a price of \$19.2737 per Share for aggregate gross proceeds of USD\$2,000,000 (see Note 9).

Share capital transactions during the year ended December 31, 2019 consisted of the following:

- During the year ended December 31, 2019, the Company issued an aggregate of 20,163,770 Shares (4,258,131 Shares on a pre-Share Capital Adjustments basis) for aggregate gross cash proceeds of \$3,055,001 at an average price of \$0.15 per Share.
- On May 6, 2019, the Company repurchased and immediately cancelled 1,420,614 Shares (300,000 Shares on a pre-Share Capital Adjustments basis) at an aggregate purchase price of \$281,827, or \$0.20 per Share.
- On September 1, 2019, the Company cancelled 340,947 Shares (72,000 Shares on a pre-Share Capital Adjustments basis).
- On August 27, 2019, the Company completed a non-brokered private placement of subscription receipts, issuing 4,428,700 subscription receipts (935,334 subscription receipts on a pre-Share Capital Adjustments basis) for aggregate cash proceeds of \$7,015,005, or \$1.58 per subscription receipt. Each subscription receipt was automatically exchanged for Shares on a one-for-one basis upon completion of the Transaction.

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- On September 16, 2019, pursuant to the Transaction (see Note 1), the Company issued 1,298,750 Shares (129,875 Shares on a pre-Share Capital Adjustments basis) to certain former shareholders of High Mountain in exchange for each of the 6,493,750 issued and outstanding common shares of High Mountain. The Shares were valued at an aggregate of \$2,056,989, or \$1.58 per Share.

**23. OPTIONS, WARRANTS AND RESTRICTED SHARE UNITS**

**(a) Options**

The Company has established a stock option plan for its directors, officers, employees and consultants under which the Company may grant options (each, an “Option”) from time to time to acquire Shares. The exercise price of each Option shall be determined by the Board of Directors (but must be at least equal to the closing price of a Share on the TSX-V on the day immediately prior to the relevant grant date). Options may be granted for a maximum term of ten years from the date of grant. Options are non-transferable and expire immediately upon termination of employment for cause, or within 30 days of termination of employment or holding office as director or officer of the Company or in the case of death. Unless otherwise provided in the applicable grant agreement, Options fully vest upon the grant thereof.

Continuity of the Options issued and outstanding is as follows:

	Number of options		Weighted average exercise price
<b>Outstanding, December 31, 2018</b>	-	\$	-
Granted	1,182,304		1.44
Exercised	-		-
<b>Outstanding, December 31, 2019</b>	<b>1,182,304</b>	<b>\$</b>	<b>1.44</b>
Granted	-		-
Exercised	-		-
Forfeited/Cancelled	(330,176)		0.40
Expired	(165,088)		0.40
<b>Outstanding, September 30, 2020</b>	<b>687,040</b>	<b>\$</b>	<b>2.18</b>
<b>Exercisable, September 30, 2020</b>	<b>385,120</b>	<b>\$</b>	<b>1.82</b>

As at September 30, 2020, the following Options were outstanding:

Number of options	Exercise price	Expiry date	Remaining contractual life (years)
362,320	\$1.90	September 26, 2024	3.99
181,160	\$2.21	September 26, 2024	3.99
120,760	\$3.31	September 26, 2024	3.99
22,800	\$0.50	May 30, 2028	7.67
<b>687,040</b>			

The weighted average remaining contractual life of Options outstanding as at September 30, 2020 was 4.11 years.

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Share-based payments expense for Options is measured at fair value and recognized over the vesting period of the Options from the date of grant. The grant date fair value of the Options granted during the year ended December 31, 2019 was determined using the Black-Scholes option pricing model with the following weighted average assumptions: Share price of \$1.27; expected volatility of 130% based on the average volatility of comparable companies; risk-free interest rate of 1.57%; expected dividend yield of 0%; and an expected life of 3.82 years. There were no options granted in the three and nine months ended September 30, 2020.

During the three and nine months ended September 30, 2020, the Company recognized \$194,683 and \$548,624, respectively (2019 - \$24,677 and \$70,765), in share-based payment expenses for Options.

During the three and nine months ended September 30, 2020, the Company reversed \$Nil and \$43,983, respectively, in share-based payment expenses for options granted to a former officer of the Company. The former officer resigned in January 2020, the Options issued to the officer were forfeited in connection therewith, and the related share-based payment expense was reversed for unvested instruments.

**(b) Warrants**

The Company issued an aggregate of 2,450 common share purchase warrants (“Warrants”) in connection with the RTO (see Note 1). The Warrants are exercisable at the option of the holder to acquire one Share at an exercise price of \$0.50 per Warrant.

Continuity of the Company’s Warrants issued and outstanding is as follows:

	Number of warrants		Weighted average exercise price
<b>Outstanding, December 31, 2018</b>	-	\$	-
Granted	2,450		0.50
Exercised	-		-
<b>Outstanding, December 31, 2019</b>	2,450	\$	0.50
Granted	-		-
Exercised	-		-
Expired	(2,450)		0.50
<b>Outstanding, September 30, 2020</b>	-	\$	-
<b>Exercisable, September 30, 2020</b>	-	\$	-

As at September 30, 2020, there were no outstanding Warrants.

**(c) Restricted Share Units**

Under the Company’s performance and restricted share unit plan, the Company may grant restricted share units (“RSUs”) or performance share units (“PSUs”) to directors, officers, employees and consultants of the Company. The RSUs generally vest over a period of three years, in three equal tranches on the first, second and third anniversaries of the applicable grant date. The RSUs are valued at the market price of the underlying Share on the grant date and the

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compensation expense, based on the estimated number of awards expected to vest, is recognized over the vesting period of each tranche. Upon vesting of each RSU, the participant will receive a Share. The Company has no PSUs outstanding.

Continuity of the Company's RSUs issued and outstanding is as follows:

	Number of RSUs	Weighted average grant date fair value
<b>Outstanding, December 31, 2018</b>	-	\$ -
Granted	1,754,681	0.67
Forfeited/cancelled	(927,291)	0.38
<b>Outstanding, December 31, 2019</b>	<b>827,390</b>	<b>\$ 0.99</b>
Granted	79,204	3.25
Forfeited/cancelled	(330,180)	0.38
<b>Outstanding, September 30, 2020</b>	<b>576,414</b>	<b>\$ 2.26</b>
<b>Vested, pending settlement and issue</b>	<b>275,798</b>	<b>\$ 0.99</b>

During the nine months ended September 30, 2020, 275,798 RSUs vested. As at September 30, 2020 the Shares for the RSU's have not been issued.

There were no RSU's granted in the three and nine months ended September 30, 2020.

During the three and nine months ended September 30, 2020, the Company recognized \$159,408 and \$410,551, respectively (2019 - \$30,488 and \$81,316), in share-based payment expense in respect of RSUs.

During the three and nine months ended September 30, 2020, the Company reversed \$Nil and \$39,920, respectively, in share-based payment expense for RSUs granted to a former officer of the Company. The former officer resigned in January 2020, the RSUs were forfeited in connection therewith, and the related share-based payment expense was reversed for unvested instruments.

During the three and nine months ended September 30, 2019, the Company reversed \$Nil and \$46,514, respectively, in share-based payment expense for RSUs granted to a former officer of the Company. The former officer resigned in June 2019, thereby forfeiting unvested RSUs, and the related share-based payment expense was reversed for unvested instruments.

## 24. RELATED PARTY DISCLOSURES

### Related Party Transactions

Related parties include key management, the Board of Directors, close family members and entities which are controlled by these individuals as well as certain persons performing similar functions. Total salaries and benefits paid to the key management personnel of the Company was \$41,500 for the nine months ended September 30, 2020 (2019 - \$Nil). Total share-based compensation paid to the Board of Directors and key management personnel of the Company was \$1,043,100 for the nine months ended September 30, 2020 (2019 - \$12,900). There were no short-term employee benefits, post-employment benefits, other long-term benefits, or termination

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benefits paid to the directors and key management personnel of the Company for the three months ended September 30, 2020 and 2019.

*Terms and conditions of transactions with related parties*

- As at September 30, 2020, \$Nil (December 31, 2019 - \$12,155) was due to Connex Telecommunications Inc. (“Connex”), a related company controlled by the Company’s Chairman and Chief Executive Officer. This amount results from the rental of office space to the Company, is unsecured, non-interest bearing, with no specific terms for repayment, and is included in the Company’s trade payable. The total expenses charged to the Company for the office space for the nine months ended September 30, 2020 was \$45,000 (2019 - \$35,000), which were included in operational support expenses. In March 2019, the Company issued 7,399,030 Shares to Connex (1,562,500 Shares on a pre-Share Capital Adjustments basis) at an average price of \$0.10 per Share. The Shares were issued to Connex as consideration for payments of expenses made by Connex on behalf of the Company (see Note 21).
- As at September 30, 2020, \$443,368 (December 31, 2019 - \$443,368) was due to Dynalync 2000 Inc., a related company controlled by our Chairman and Chief Executive Officer. The amount owing is a result of the related company providing consulting and product development services to the Company, is unsecured, non-interest bearing, with no specific terms for repayment, and is included in the Company’s trade payable. The total expenses charged to the Company for the nine months ended September 30, 2020 were \$Nil (2019 - \$1,200,300), which were included in research and development in the amount of \$Nil (2019 – \$702,300) and operational support expenses in the amount of \$Nil (2019 - \$505,000).
- As at September 30, 2020, \$334,028 (December 31, 2019 - \$334,028) was due to the initial founders of the Company. These amounts were due as a result of the founders making certain payments on the Company’s behalf. The balance owing is unsecured, non-interest bearing and is not repayable within the next 12 months.

All amounts outstanding to related parties are unsecured and non-interest bearing. There have been no guarantees provided or received for any related party receivables or payables. All transactions with related parties are carried out in the normal course of operations and are recorded at their exchange amounts as agreed upon by transacting parties.

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company’s primary risk management objective is to protect the Company’s balance sheet and cash flow. The Company’s principal financial liabilities are comprised of accounts payable and accrued liabilities and amounts due to related parties. The main purpose of these financial liabilities is working capital for the Company’s operations. During the normal course of operations, the Company may become exposed to market risk, credit risk and liquidity risk.

The Company’s senior management oversees the management of these risks. The Company’s senior management is supported by a Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the Company.

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**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at September 30, 2020, the Company is primarily exposed to foreign exchange risk through its cash and cash equivalents and promissory note receivable denominated in United States dollars. The Company mitigates foreign exchange risk by monitoring foreign exchange rate trends. The Company does not currently hedge its currency risk.

Based on current exposures as at September 30, 2020, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar relative to the United States dollar would result in a gain or loss of approximately \$665,000 in the Company's consolidated statements of loss and comprehensive loss.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at September 30, 2020, the Company is not exposed to significant interest rate risk.

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

Examples include changes in commodity prices or equity prices. As at September 30, 2020, the Company is not exposed to significant other price risk.

**Credit risk**

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company's financial instruments that are exposed to credit risk consist primarily of cash and cash equivalents, trade and other receivables and promissory note receivable (see Note 13). The Company reduces its credit risk on cash and cash equivalents by placing these instruments with financially stable and insured institutions. The Company's HST receivable has minimal credit risk as it is collectable from government institutions. The Company mitigates its exposure to credit risk from trade and other receivables through a payment collection platform which processes users' pre-authorized credit cards. The Company mitigates exposure to credit risk from its promissory note receivable by performing due diligence on investment opportunities and monitoring the credit worthiness of its borrowers. As payments from users are typically pre-authorized, the risk of credit loss is expected to be minimal. As at September 30, 2020, the Company is not exposed to significant credit risk.

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**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far ahead as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions such as those created by the global pandemic COVID-19. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. The Company continuously reviews both actual and forecasted cash flows in order to ensure that the Company has appropriate capital capacity.

**Capital management**

The Company manages its capital, which consists exclusively of equity, with the primary objective being safeguarding sufficient working capital to sustain operations. The Company may require additional funds in order to fulfill all of its future expenditure requirements or obligations, in which case the Company may raise additional funds either through the issuance of equity or by incurring debt to satisfy such requirements or obligations. There is no assurance that any additional funding required by the Company will be available to the Company on terms acceptable to the Company or at all.

There have been no changes in the Company's approach to capital management during the nine months ended September 30, 2020, nor have there been any changes made in the objectives, policies, or processes of the Company in respect of capital management during the nine months ended September 30, 2020. The Company will continually assess the adequacy of its capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and the risk characteristics of the business.

The Company's primary objectives when managing capital are to:

- safeguard the Company's ability to continue as a going concern, so that it can provide adequate returns to its shareholders and benefits for other stakeholders;
- fund capital projects for facilitation of business expansion provided there is sufficient liquidity of capital to enable the internal financing; and
- maintain a capital base to maintain investor, creditor, and market confidence.

The Company considers the items included in the consolidated statements of changes in equity as capital. The Company manages its capital structure and makes adjustments thereto as is necessary from time to time in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new Shares from treasury. The Company is not subject to externally imposed capital requirements.

**26. COMMITMENTS, CONTINGENCIES AND GUARANTEES**

**Legal claim contingency**

The Company may from time to time become subject to a variety of claims and lawsuits that arise from time to time in the ordinary course of the Company's business. Although management currently believes that resolving claims against the Company, individually or in aggregate, will not have a material adverse impact on the Company's financial position, results of operations or

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cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

On March 2, 2020, an oppression remedy action was commenced by the individual pursuant to section 248 of the *Ontario Business Corporations Act* against the Company, its Board of Directors, and Odyssey Trust Company (its transfer agent), in the Ontario Superior Court of Justice. The plaintiff is seeking, among other relief, an order requiring the Company's Board of Directors to deliver to the plaintiff 340,947 common shares in the Company or, in the alternative, payment of damages equal to the greater of \$1,568,356 or the monetary value of the 340,947 common shares of the Company as of the date of trial. To date, the Company has not been required to deliver a statement of defence. The Company is of the view that the claim is without merit and intends to defend the action, should a statement of defence be required.

**Guarantees**

The Company indemnifies its directors and officers against claims reasonably incurred and resulting from the performance of their services to the Company and maintains liability insurance for its directors and officers.

At September 30, 2020, the Company was contingently liable under an irrevocable letter of credit issued by our bank in February 2020 in the amount of \$100,000 which will expire in February 2021. The letter of credit was issued to Greater Toronto Airports Authority ("GTAA") as a security for the Company's obligations in connection with an agreement between the Company and GTAA.

**27. LEASES**

**Right-of-use assets**

	Office space		Vehicles		Total
<b>As at January 1, 2019</b>	\$	-	\$	-	\$ -
Additions		198,755		-	198,755
Depreciation		(16,563)		-	(16,563)
<b>As at December 31, 2019</b>	\$	182,192	\$	-	182,192
Additions		-		8,584,143	8,584,143
Depreciation		(49,689)		(162,666)	(212,355)
Impact of currency translation		-		(1,365)	(1,365)
<b>As at September 30, 2020</b>	\$	132,503	\$	8,420,112	8,552,615

**Lease liability**

	September 30, 2020		December 31, 2019
Current portion	\$	1,027,304	\$ 53,947
Long-term portion		7,647,946	138,010
<b>Total lease liability</b>	\$	8,675,250	\$ 191,957

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At September 30, 2020, the Company is committed to minimum lease payments as follows:

<b>Lease commitments</b>	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Less than one year	\$ 1,764,197	\$ 53,947
One to five years	9,357,482	167,473
Total undiscounted lease commitments	\$ 11,121,679	\$ 221,420

**Amounts recognized in the Consolidated Statements of Loss and Comprehensive Loss**

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Interest on lease liabilities	\$ 49,044	\$ -	\$ 57,421	\$ -
Expenses relating to short-term leases	15,000	-	45,000	-
Expenses relating to variable lease payments not included in lease liabilities	\$ 17,161	\$ -	\$ 43,099	\$ -

**Amounts recognized in the Consolidated Statements of Cash Flows**

<b>During the nine months ended September 30,</b>	<b>2020</b>	<b>2019</b>
Interest paid	\$ 57,421	\$ -
Payment of lease liabilities	100,218	-
Short-term lease payments	45,000	-
Expenses relating to variable lease payments not included in lease liabilities	43,099	-
Total cash outflows for leases	\$ 254,738	\$ -

**28. SUBSEQUENT EVENTS**

**Acquisition of Food Hwy Canada Inc.**

On October 1, 2020, the Company completed an acquisition (the “**Food Hwy Acquisition**”) with each of the shareholders of Food Hwy Canada Inc. (“**Food Hwy**”). Pursuant to the terms of the Food Hwy Acquisition, the Company acquired all of the outstanding shares of Food Hwy for consideration of \$1,500,000 in cash and \$7,600,000 in Shares. A total of 515,370 Shares were issued, at a price of \$14.75 per Share, based on a 30-Day volume weighted average trading price of the Company’s Shares as reported by Bloomberg. In connection with the Food Hwy Acquisition, Facedrive also acquired the brand assets, technology, IP, and trademarks of Food Hwy which will continue to serve the latter’s customers, drivers and restaurant partners under the

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Food Hwy brand and using the Food Hwy app.

**Medtronics Consulting Agreement Settlement**

On October 19, 2020, the Company signed a settlement agreement with Medtronics deeming the obligations under the Medtronics Consulting Agreement fulfilled.