VLCTY CAPITAL INC.

FILING STATEMENT

with respect to a Qualifying Transaction pursuant to Policy 2.4 of the TSX Venture Exchange

DATED: August 4, 2021

Neither the TSX Venture Exchange Inc. (the "Exchange") nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.

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NOTE TO UNITED STATES SHAREHOLDERS

The transactions contemplated herein are being undertaken by Canadian issuers in accordance with Canadian corporate and securities laws. Shareholders should be aware that disclosure requirements under such Canadian laws are different from requirements under United States corporate and securities laws relating to issuers organized under United States laws, and this Filing Statement has not been filed with or approved by the United States Securities and Exchange Commission or the securities regulatory authority of any state within the United States. Likewise, information concerning the operations of each of BuildDirect.com Technologies Inc. ("**BuildDirect**") and VLCTY Capital Inc. ("**VLCTY**") has been prepared in accordance with Canadian standards and may not be comparable to similar information for issuers organized in the United States.

The financial statements of BuildDirect and VLCTY included in this Filing Statement have been prepared in accordance with IFRS, and thus may not be comparable to financial statements prepared in accordance with accounting principles generally accepted in the United States of America. Completion of the transactions described herein may have tax consequences under the laws of both the United States and Canada, and neither VLCTY nor BuildDirect undertakes to describe any such tax consequences under the laws of the United States in this Filing Statement. United States shareholders of BuildDirect or VLCTY are advised to consult their tax advisors to determine any particular tax consequences to them of the transactions to be effected in connection with the Business Combination.

THE COMMON SHARES TO BE EXCHANGED PURSUANT TO THE AMALGAMATION HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND SUCH SECURITIES ARE BEING ISSUED IN RELIANCE UPON EXEMPTIONS FROM REGISTRATION UNDER APPLICABLE UNITED STATES FEDERAL AND STATE SECURITIES LAWS. AS A RESULT, COMMON SHARES ISSUED TO UNITED STATES SHAREHOLDERS MAY BE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER UNDER APPLICABLE UNITED STATES FEDERAL AND STATE SECURITIES LAWS.

UNITED STATES HOLDERS OF BUILDDIRECT OR VLCTY SECURITIES SHOULD CONSULT THEIR OWN TAX, LEGAL AND FINANCIAL ADVISORS REGARDING THE PARTICULAR CONSEQUENCES TO THEM OF THE BUSINESS COMBINATION.

All capitalized terms used and not otherwise defined above shall have the meanings ascribed thereto in the Glossary in this Filing Statement.

NOTICE CONCERNING FORWARD-LOOKING STATEMENTS

This Filing Statement contains forward-looking information and forward-looking statements, as such terms are defined under applicable securities laws (collectively, "**forward-looking statements**"). Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of VLCTY, BuildDirect and/or the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include: (A) the intention to complete the Business Combination and all of its components; (B) the description of the Resulting Issuer that assumes completion of the Business Combination; (C) the intention to grow the business and the proposed operations of the Resulting Issuer; (D) the level of working capital and cash-flow at closing and in the future, including whether cash-flow is positive or negative; (E) expectations or anticipations regarding the terms and effects of marketing plans and strategies, treatment of the Resulting Issuer under governmental regulatory regimes and tax laws, and the evolution of the regulatory environment and regime; (F) proposals regarding the governance, operations and compensation matters for the Resulting Issuer; and (G) the projected gross profits of the Resulting Issuer for 18 months following the completion of the Qualifying Transaction. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Filing Statement. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to the efficiency and results of operations of BuildDirect and/or the Resulting Issuer, the economy generally, market and competitive conditions, the regulatory environment, current and future stock prices, future capital and other expenditures (including the amount,

nature and sources of funding thereof), competitive advantages, fluctuations in foreign currency exchange rates, business prospects and opportunities and other risks of the industry, political developments, arbitrary changes in law, delays in obtaining governmental approvals and anticipated and unanticipated costs, as well as to the ability of VLCTY, BuildDirect and/or the Resulting Issuer to: (a) satisfy the conditions under the Amalgamation Agreement and for the Qualifying Transaction; (b) satisfy the requirements of the Exchange with respect to the Business Combination and the Qualifying Transaction such that the Exchange will issue the Final Exchange Bulletin; (c) obtain necessary financing as and when additional financing is required; and (d) successfully manage risks. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this Filing Statement.

While VLCTY and BuildDirect anticipate that subsequent events and developments may cause its views to change, each of VLCTY, BuildDirect and the Resulting Issuer specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the views of any of VLCTY, BuildDirect and the Resulting Issuer as of any date subsequent to the date of this Filing Statement. Although VLCTY and BuildDirect have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The factors identified above are not intended to represent a complete list of the factors that could affect VLCTY, BuildDirect and/or the Resulting Issuer. Additional factors are noted under "*Risk Factors*" in this Filing Statement. The forward-looking statements contained in this Filing Statement are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Filing Statement are made as of the date of this Filing Statement and none of VLCTY, BuildDirect or the Resulting Issuer undertakes an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.

GLOSSARY

The following terms used in this Filing Statement have the meanings set forth below.

"**Affiliate**" means a company that is affiliated with another company as described below.

A company is an "**Affiliate**" of another company if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person.

A company is "**controlled**" by a Person if:

(a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

(c) a company controlled by that Person, or

(d) an Affiliate of that Person or an Affiliate of any company controlled by that Person;

"**Agency Agreement**" means the agency agreement dated April 30, 2021 entered into between BuildDirect, VLCTY and the Agents with respect to the Subscription Receipt Financing;

"**Agents**" means the Lead Agents, Cormark Securities Inc., Raymond James Ltd., and PI Financial Corp.;

"**Agents' Compensation Warrants**" has the meaning attributed to that term at "*Summary of the Filing Statement – Financing – Subscription Receipt Financing*";

"**Agents' Fee**" has the meaning attributed to that term at "*Summary of the Filing Statement – Financing – Subscription Receipt Financing*";

"**Amalco**" means the corporation to be formed as a result of the Amalgamation;

"**Amalgamation**" means the amalgamation of Newco and BuildDirect in accordance with the terms and conditions of the Amalgamation Agreement to form Amalco pursuant to the CBCA, which shall result in the indirect acquisition by VLCTY of all of the issued and outstanding securities of BuildDirect;

"**Amalgamation Agreement**" means the amalgamation agreement dated as of April 30, 2021 among Newco, VLCTY and BuildDirect containing the terms and conditions of the Business Combination;

"**Associate**" when used to indicate a relationship with a person or company, means:

(a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,

(b) any partner of the person or company,

(c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity,

(d) in the case of a person, a relative of that person, including:

(i) that person's spouse or child, or

(ii) any relative of the person or of his spouse who has the same residence as that person;

but

(e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended from time to time;

"**BuildDirect**" means BuildDirect.com Technologies Inc., a company incorporated under the CBCA on October 20, 1999;

"**BuildDirect Audited Financial Statements**" means the audited annual financial statements of BuildDirect for the years ended December 31, 2020 and December 31, 2019;

"**BuildDirect Board**" means the board of directors of BuildDirect;

"**BuildDirect Business**" means the business carried on by BuildDirect, as of the date hereof, being an innovative marketplace for purchasing and selling building materials online, connecting homeowners and home improvement professionals in North America with suppliers and sellers of quality building materials from around the world, including flooring, tile, decking and more;

"**BuildDirect Common Shares**" means the common shares in the capital of BuildDirect, including, as the context requires, those issuable or issued upon the conversion of the BuildDirect Options;

"**BuildDirect Consolidation**" means the consolidation of the BuildDirect Common Shares on the basis of one post-consolidation BuildDirect Share for each 5.393 issued and outstanding pre-consolidation BuildDirect Common Shares pursuant to which no fractional BuildDirect Common Shares will be issued; and one post-consolidation Class AA Preferred Shares of BuildDirect for each 5.393 issued and outstanding pre-consolidation Class AA Preferred Shares pursuant to which no fractional Class AA Preferred Shares will be issued. If the BuildDirect Consolidation would result in the issuance of a fractional BuildDirect Common Share or Class AA Preferred Shares of BuildDirect, such fraction will be rounded up to the next whole number if the fractional entitlement is greater than or equal to 0.5 and rounded down to the next whole number if the fractional entitlement is less than 0.5;

"**BuildDirect Consolidation Ratio**" means 5.393;

"**BuildDirect Financial Statements**" means the BuildDirect Audited Financial Statements and the BuildDirect Interim Financial Statements, attached as Schedule "C" to this Filing Statement;

"**BuildDirect Interim Financial Statements**" means the interim financial statements of BuildDirect for the three month period ended March 31, 2021;

"**BuildDirect Lock-Up Agreements**" means the lock-up agreements between BuildDirect and certain officers, directors and securityholders of BuildDirect holding not less than 95% of the issued and outstanding BuildDirect Common Shares as of the date hereof;

"**BuildDirect MD&As**" means the management discussion and analysis of BuildDirect in respect of each of the BuildDirect Financial Statements; attached as Schedule "D" to this Filing Statement;

"**BuildDirect Meeting**" means the special meeting of BuildDirect Shareholders scheduled for July 2, 2021, at which BuildDirect Shareholders will approve the Amalgamation;

"**BuildDirect Named Executives**" means the following individuals in respect of BuildDirect:

(a) the CEO;

(b) the CFO;

(c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, as determined in accordance with Form 51-102F6, for that financial year; and

(d) each individual who would be a BuildDirect Named Executive under paragraph (c) above but for the fact that the individual was neither an executive officer of BuildDirect, nor acting in a similar capacity, at the end of that financial year;

"**BuildDirect Options**" means stock options to purchase BuildDirect Common Shares granted to BuildDirect's directors, officers, employees, contractors and other eligible persons pursuant to the BuildDirect Stock Option Plan, of which, as of the date of this Filing Statement, there are 15,423,353 BuildDirect Options issued and outstanding (prior to giving effect to the BuildDirect Consolidation);

"**BuildDirect Shareholders**" means the holders of BuildDirect Common Shares and Class AA Preferred Shares at the relevant time;

"**BuildDirect Stock Option Plan**" means the amended and re-stated incentive stock option plan of BuildDirect effective August 27, 2018;

"**BuildDirect Warrants**" means common share purchase warrants of BuildDirect;

"**Business Combination**" means the business combination transaction between VLCTY and BuildDirect in accordance with the terms and conditions of the Amalgamation Agreement pursuant to which, subject to all necessary shareholder and Exchange approvals, among other matters:

(a) BuildDirect shall complete the Subscription Receipt Financing and the BuildDirect Consolidation;

(b) VLCTY will complete the VLCTY Consolidation, and the Name Change; and

(c) VLCTY, Newco and BuildDirect will complete the Amalgamation, as a result of which VLCTY will acquire all of the issued and outstanding securities of BuildDirect by way of the Amalgamation after giving effect to the BuildDirect Consolidation and the VLCTY Consolidation, Amalco will become a direct, wholly-owned Subsidiary of VLCTY, and VLCTY will be re-named "*BuildDirect.com Technologies Inc.*" or such similar name as may be approved by BuildDirect and acceptable to the Exchange;

"**Business Day**" means any day other than a Saturday, Sunday or a statutory holiday in the Province of British Columbia;

"**Canaccord**" means Canaccord Genuity Corp.;

"**CBCA**" means the *Canada Business Corporations Act*, as amended from time to time;

"**CIBC**" means CIBC World Markets Inc.;

"**Closing**" means the closing of the Business Combination;

"**company**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

"**Compensation Warrants**" has the meaning attributed to that term at "*Summary of the Filing Statement – Financing – Unit Financing*";

"**Completion of the Qualifying Transaction**" means the date the Final Exchange Bulletin is issued by the Exchange;

"**Control Person**" means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or

that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

"**Convertible Notes**" has the meaning attributed to that term at "*General Development of the BuildDirect Business*";

"**CPC**" means a corporation:

(a) that has been incorporated or organized in a jurisdiction of Canada;

(b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy, and

(c) in regard to which the Completion of the Qualifying Transaction has not yet occurred;

"**CPC Escrow Agreement**" means the Form 2F – *CPC Escrow Agreement* to be entered into among VLCTY, the Escrow Agent and certain shareholders of VLCTY;

"**CPC Escrow Shares**" means the securities of VLCTY held in escrow pursuant to a CPC Escrow Agreement

"**CPC Policy**" means Exchange Policy 2.4 – *Capital Pool Companies*;

"**Director Appointments**" means the appointment of new directors as detailed below under "*Information Concerning the Resulting Issuer – Directors and Officers – Management and Director Information*" to be approved by the VLCTY Shareholders at the VLCTY Meeting and which is to effected at the time of the Closing of the Business Combination;

"**Discounted Market Price**" has the meaning ascribed to such term in Exchange Policy 1.1 – *Interpretation*;

"**Engagement Agreement**" means the engagement letter dated March 11, 2021 among BuildDirect and the Lead Agents;

"**Escrow Agent**" means Computershare Trust Company of Canada, in its capacity as escrow agent pursuant to the Subscription Receipt Agreement;

"**Escrow Release Conditions**" means:

(a) the Amalgamation Agreement has been entered into by the Company and VLCTY on terms acceptable to the Lead Agents, acting reasonably;

(b) the Warrant Indenture has been entered into among BuildDirect, VLCTY and Computershare Trust Company of Canada, as the warrant agent, on terms acceptable to the Lead Agents, acting reasonably;

(c) BuildDirect shall have obtained lock-up agreements in the form attached as Schedule B to the Agency Agreement from the directors, officers and shareholders of the Company holding at least 95% of the Company's issued and outstanding BuildDirect Shares, on an as converted basis, from those parties identified as under Schedule C to the Agency Agreement;

(d) written confirmation to the Lead Agents from each of BuildDirect and VLCTY that all conditions precedent to the completion of the Business Combination have been satisfied or, subject to the approval of the Lead Agents, waived, other than release of the Escrowed Funds, and that the Business Combination shall be completed forthwith upon release of the Escrowed Funds;

(e) the Resulting Issuer Common Shares (including, the Resulting Issuer Common Shares to be issued to holders of Subscription Receipts upon the exchange of the BuildDirect Common Shares issued in connection with the Subscription Receipt Financing upon closing of the Business Combination and upon exercise of the Resulting Issuer Warrants) being conditionally approved for listing on the Stock Exchange, without objection from the British Columbia Securities Commission or any other relevant regulatory body or securities commission;

(f) the receipt of all regulatory, shareholder and third-party approvals, if any, required in connection with the Business Combination;

(g) BuildDirect shall have delivered a certificate of the Chief Executive Officer and the Chief Financial Officer of BuildDirect (or such other officers as may be acceptable to the Lead Agents, in their sole discretion) to the Lead Agents confirming that it is not in breach or default of any of its representations, warranties or covenants under the Subscription Receipt Agreement or the Agency Agreement, except for those breaches or defaults that have been waived by the Lead Agents and confirming that all conditions set out in the Agency Agreement and the Subscription Receipt Agreement to be fulfilled by BuildDirect have been fulfilled;

(h) VLCTY shall have delivered a certificate of the Chief Executive Officer of VLCTY (or such other officer as may be acceptable to the Lead Agents, in their sole discretion) to the Lead Agents confirming that it is not in breach or default of any of its representations, warranties or covenants under the Agency Agreement, except for those breaches or defaults that have been waived by the Lead Agents, and confirming that conditions set out in the Agency Agreement to be fulfilled by VLCTY have been fulfilled; and

(i) the delivery of the release certificate to the Subscription Receipt Agent in accordance with the terms of the Subscription Receipt Agreement stating that all conditions precedent to the completion of the Business Combination have been satisfied or waived, other than the release of the Escrowed Funds;

"**Escrowed Funds**" means the gross proceeds of the Subscription Receipt Financing less 50% of the Agents' Fee and all of the expenses of the Agents, together with all interest and other income earned thereon;

"**Exchange**" means the TSX Venture Exchange Inc.;

"**Exempt Market Dealer**" means Raintree Financial Solutions;

"**Exempt Market Dealer's Fee**" has the meaning attributed to that term at "*Summary of the Filing Statement – Financing – Unit Financing*";

"**Exempt Market Dealer Services Agreement**" means the exempt market dealer services agreement to be entered into between BuildDirect, VLCTY and Raintree with respect to the Unit Financing;

"**Exempt Market Compensation Warrants**" has the meaning attributed to that term at "*Summary of the Filing Statement – Financing – Unit Financing*";

"**Filing Statement**" means this filing statement;

"**Final Exchange Bulletin**" means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction;

"**Final Prospectus**" means the final prospectus of VLCTY dated August 28, 2020;

"**Form 51-102F6**" means Form 51-102F6 – *Statement of Executive Compensation*, promulgated pursuant to the *Securities Act* (British Columbia) and regulations thereto and other securities law authorities;

"**Founders' Shares**" means the 3,000,000 VLCTY Common Shares issued by VLCTY to the founders of VLCTY prior to the closing of the IPO of VLCTY (on a pre-VLCTY Consolidation basis) at a price of $0.05 per common share;

"**Governmental Authority**" means any foreign, national, provincial, local or state government, any political subdivision or any governmental, judicial, public or statutory instrumentality, court, tribunal, agency (including those pertaining to health, safety or the environment), authority, body or entity, or other regulatory bureau, authority, body or entity having legal jurisdiction over the activity or person or entity in question including, without limitation, the Exchange;

"**IFRS**" means International Financial Reporting Standards;

"**Insider**" if used in relation to an issuer, means:

(a) a director or senior officer of the issuer;

(b) a director or senior officer of the company that is an Insider or subsidiary of the issuer;

(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or

(d) the issuer itself if it holds any of its own securities;

"**IPO**" means initial public offering;

"**Lead Agents**" means CIBC and Canaccord;

"**LOI**" means the letter of intent entered into by VLCTY and BuildDirect dated March 19, 2021, relating to the Business Combination;

"**Member**" has the meaning ascribed to such term in Rule A of the rules and policies of the Exchange;

"**Name Change**" means the proposed change in the name of VLCTY to "*BuildDirect.com Technologies Inc.*", or such similar name as may be approved by BuildDirect and acceptable to the Exchange, and which is to be effected at the time of the Closing of the Business Combination;

"**Newco**" means 9923896 Canada Inc., a wholly-owned Subsidiary of VLCTY incorporated under the federal laws of Canada;

"**Non-Arm's Length Party**" means, in relation to a company, a promoter, officer, director, other Insider or Control Person of that company and any Associates or Affiliates of any such persons, and, in relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person;

"**Non-Arm's Length Qualifying Transaction**" means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction;

"**Offering Price**" has the meaning attributed to that term at "*Summary of the Filing Statement –Financing – Subscription Receipt Financing*";

"**Person**" means a company or individual;

"**President's List**" means the list of subscribers of the Subscription Receipt Financing introduced by BuildDirect or VLCTY and agreed to by the Agents;

"**Principal**" means:

(a) a Person who acted as a Promoter of the issuer within two years or Associates or Affiliates thereof, before the IPO prospectus or Final Exchange Bulletin;

(b) a director or senior officer of the issuer or any of its material operating Subsidiaries at the time of the IPO prospectus or Final Exchange Bulletin;

(c) a "20% holder" – a Person that holds securities carrying more than 20% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO or immediately after the Final Exchange Bulletin for non IPO transactions;

(d) a "10% holder" – a Person that:

(i) holds securities carrying more than 10% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and

(ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating Subsidiaries.

In calculating these percentages, securities that may be issued to the holder under outstanding convertible securities are included in both the holder's securities and the total securities outstanding.

A company more than 50% held by one or more Principals will be treated as a Principal. (In calculating this percentage, include securities of the entity that may be issued to the Principals under outstanding convertible securities in both the securities of the entity held by the Principals and the total securities of the entity outstanding.) Any securities of the issuer that this entity holds will be subject to escrow requirements.

A Principal's spouse and their relatives that live at the same address as the Principal will also be treated as Principals and any securities of the issuer they hold will be subject to escrow requirements;

"**Promoter**" means:

(a) a person or company who, acting alone or in conjunction with one or more other persons, companies or a combination thereof, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of an issuer; or

(b) a person or company who, in connection with the founding, organizing or substantial reorganizing of the business of an issuer, directly or indirectly, receives in consideration of services or property, or both services and property, 10 per cent or more of any class of securities of the issuer or 10 per cent or more of the proceeds from the sale of any class of securities of a particular issue, but a person or company who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a promoter within the meaning of this definition if such person or company does not otherwise take part in founding, organizing, or substantially reorganizing the business;

"**Qualifying Transaction**" means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means, and, specifically in the case of VLCTY, means the Business Combination, as more particularly described herein;

"**Replacement Compensation Warrants**" means common share purchase warrants entitling the holder to purchase Resulting Issuer Common Shares to be issued by the Resulting Issuer under the Business Combination in exchange for the Compensation Warrants pursuant to the terms and conditions of the Amalgamation Agreement and the Exempt Market Dealer Services Agreement, which will result in approximately 193,710 Replacement Compensation Warrants to be issued to the Agents and the Exempt Market Dealer on a post-VLCTY Consolidation basis, each of which will be exercisable to acquire one Resulting Issuer Common Share at exercise price of $5.75 and having an expiry date on the date that is two years following the Closing;

"**Replacement Options**" means stock options to purchase Resulting Issuer Common Shares to be issued by the Resulting Issuer under the Business Combination in exchange for the outstanding BuildDirect Options pursuant to the terms and conditions of the Amalgamation Agreement, which based on the BuildDirect Options outstanding as of the date of this Filing Statement, will result in 2,859,877 Replacement Options to be issued to the holders of the BuildDirect Options on a post-VLCTY Consolidation and post-BuildDirect Consolidation basis, each of which will be exercisable to acquire one Resulting Issuer Common Share at exercise prices ranging between USD $0.5393 and USD $1.94148 per share and having expiry dates between July 20, 2028 and April 20, 2031;

"**Resulting Issuer**" means VLCTY after giving effect to the Business Combination and the Name Change, upon the issuance of the Final Exchange Bulletin;

"**Resulting Issuer Board**" means the board of directors of the Resulting Issuer;

"**Resulting Issuer Broker Options**" means, upon closing of the Business Combination, the VLCTY Broker Options;

"**Resulting Issuer Common Shares**" means the common shares in the capital of the Resulting Issuer (being the VLCTY Common Shares on a post-VLCTY Consolidation, the Name Change and post-Business Combination basis);

"**Resulting Issuer Named Executives**" has the meaning attributed to that term at "*Information Concerning the Resulting Issuer – Proposed Statement of Executive Compensation – Compensation Discussion and Analysis*";

"**Resulting Issuer Options**" means stock options to purchase Resulting Issuer Common Shares outstanding pursuant to the Resulting Issuer Stock Option Plan;

"**Resulting Issuer Shareholders**" means the shareholders of the Resulting Issuer at the relevant time;

"**Resulting Issuer Stock Option Plan**" means, post-closing of the Business Combination, the VLCTY Stock Option Plan;

"**Resulting Issuer Warrants**" means the common share purchase warrants of the Resulting Issuer to be issued to the holders of BuildDirect Warrants in exchange thereof upon completion of the Business Combination pursuant to the terms of the Warrant Indenture. Each Resulting Warrant will entitle the holder thereof to purchase one additional Resulting Issuer Common Share (on a post-VLCTY Consolidation basis) at exercise prices ranging from USD $0.5393 to $6.90 per share;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval;

"**Significant Assets**" means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any concurrent transactions, would result in the CPC meeting the initial listing requirements of the Exchange;

"**SR Underlying Shares**" has the meaning attributed to that term at "Summary of the Filing Statement –Financing – Subscription Receipt Financing";

"**SR Underlying Warrants**" has the meaning attributed to that term at "Summary of the Filing Statement –Financing – Subscription Receipt Financing";

"**Subscription Receipt Agreement**" has the meaning attributed to that term at "*Summary of the Filing Statement – Financing – Subscription Receipt Financing*";

"**Subscription Receipt Offering**" has the meaning attributed to that term at "*Summary of the Filing Statement – Financing – Subscription Receipt Financing*";

"**Subscription Receipts**" has the meaning attributed to that term at "*Summary of the Filing Statement – Financing – Subscription Receipt Financing*";

"**Subsidiary**" includes, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

"**Taxation Year**" means the taxation year of the Resulting Issuer for the purposes of the Tax Act;

"**Transfer Agent**" means Computershare Investor Services Inc., the transfer agent and registrar of VLCTY;

"**Units**" has the meaning attributed to that term at "*Summary of the Filing Statement –Financing – Unit Financing*";

"**Unit Financing**" has the meaning attributed to that term at "*Summary of the Filing Statement –Financing – Unit Financing*";

"**Unit Offering**" has the meaning attributed to that term at "*Summary of the Filing Statement –Financing – Subscription Receipt Financing*";

"**VLCTY**" means VLCTY Capital Inc., a company incorporated pursuant to the provisions of the BCBCA on September 16, 2019;

"**VLCTY Audited Financial Statements**" means the audited financial statements of VLCTY for the period from its incorporation on September 16, 2019 until May 31, 2020;

"**VLCTY Board**" means the board of directors of VLCTY;

"**VLCTY Broker Options**" means the 300,000 broker options of VLCTY, each such VLCTY Broker Option entitling the holder to acquire a VLCTY Common Share at an exercise price of $0.10 per VLCTY Common Share before October 28, 2022;

"**VLCTY Common Shares**" means the common shares in the capital of VLCTY, which are presented on a pre-VLCTY Consolidation basis;

"**VLCTY Consolidation**" means the consolidation of the VLCTY Common Shares on the basis of the VLCTY Consolidation Ratio;

"**VLCTY Consolidation Ratio**" means 26.538;

"**VLCTY Financial Statements**" means the VLCTY Audited Financial Statements and the VLCTY Interim Financial Statements, attached as Schedule "A" to this Filing Statement;

"**VLCTY Interim Financial Statements**" means the unaudited interim financial statements of VLCTY for the three and nine month period ended February 28, 2021;

"**VLCTY MD&A**" means the management discussion and analysis of VLCTY in respect of the VLCTY Interim Financial Statements, attached as Schedule "B" to this Filing Statement;

"**VLCTY Meeting**" means the annual and special meeting of VLCTY Shareholders to be held on July 2, 2021 and at which the VLCTY Shareholders will be asked to approve the following items of business:

(a) the receipt of the annual audited financial statements of VLCTY for the year ended May 31, 2020;

(b) subject to the completion of the Business Combination, the appointment of KPMG LLP, as the auditors of the Resulting Issuer

(c) subject to the completion of the Business Combination, the Director Appointments;

(d) subject to the completion of the Business Combination, the Consolidation;

(e) subject to the completion of the Business Combination, the Name Change; and

(f) subject to the completion of the Business Combination, the approval of the Resulting Issuer Stock Option Plan;

"**VLCTY Options**" means stock options to purchase VLCTY Common Shares outstanding pursuant to the VLCTY Stock Option Plan;

"**VLCTY Shareholders**" means the shareholders of VLCTY at the relevant time;

"**VLCTY Stock Option Plan**" means the stock option plan of VLCTY, from time to time;

"**Warrant Agent**" means Computershare Trust Company of Canada, in its capacity as warrant agent pursuant to the Warrant Indenture; and

"**Warrant Indenture**" has the meaning attributed to that term at "*Summary of the Filing Statement – Financing – Subscription Receipt Financing*".

SUMMARY OF THE FILING STATEMENT

The following is a summary of information relating to VLCTY, BuildDirect and the Resulting Issuer (assuming completion of the Business Combination) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Capitalized terms are defined in the Glossary. Unless otherwise stated, all references in this Filing Statement to "$" or "dollars" mean the lawful currency of Canada and all references to "US$" means the lawful currency of the United States. Information contained herein is current as of the date of this Filing Statement unless otherwise indicated.

VLCTY Capital Inc.

VLCTY was incorporated under the BCBCA on September 16, 2019 and completed its IPO under the CPC Policy on October 28, 2020. The VLCTY Common Shares were listed for trading on the Exchange on October 28, 2020 under the symbol "VLCY.P".

As disclosed in the Final Prospectus, VLCTY's business has been restricted to the identification and evaluation of businesses or assets for the purposes of completing its Qualifying Transaction.

BuildDirect.com Technologies Inc.

BuildDirect was incorporated under the CBCA on October 20, 1999. BuildDirect is an innovative marketplace for purchasing and selling building materials online. The BuildDirect platform connects homeowners and home improvement professionals in North America with suppliers and sellers of quality building materials from around the world, including flooring, tile, decking and more. BuildDirect's year-over-year growth, proprietary heavyweight delivery network, and digital reach have served to solidify its role as a player in the home improvement industry.

The Qualifying Transaction

Management of VLCTY has identified the acquisition of BuildDirect as an appropriate transaction to constitute its Qualifying Transaction. It is proposed that VLCTY will indirectly acquire all of the issued and outstanding securities of BuildDirect in exchange for such number of Resulting Issuer Common Shares, Replacement Options and Replacement Compensation Warrants, as described herein.

The purchase price and other terms in connection with the Business Combination were determined pursuant to arm's length negotiations between VLCTY and BuildDirect.

In connection with the Business Combination, it is proposed that the VLCTY Common Shares be consolidated on the basis of the VLCTY Consolidation Ratio immediately prior to the conversion of the Subscription Receipts and the completion of the Amalgamation and the Business Combination. Upon completion of the VLCTY Consolidation, the number of Resulting Issuer Common Shares issuable upon exercise of the outstanding VLCTY Options and VLCTY Broker Warrants will be adjusted on the basis of the VLCTY Consolidation Ratio.

After giving effect to the VLCTY Consolidation, the Subscription Receipt Financing, the Unit Financing and the completion of the Business Combination, the Resulting Issuer will have issued and outstanding approximately:

(a) 29,609, 677 Resulting Issuer Common Shares;

(b) 2,882,485 Resulting Issuer Options exercisable to acquire 2,882,485 Resulting Issuer Common Shares at exercise prices between USD $0.5393 and $2.6538 per share;

(c) Resulting Issuer Warrants exercisable to acquire 7,894,061 Resulting Issuer Common Shares (in respect of the BuildDirect Warrants issued in connection with the Subscription Receipt Financing, the Unit Financing, BuildDirect Warrants issued in connection with the Convertible Notes and other BuildDirect Warrants) at exercise prices between USD $0.5393 to $6.90 per share;

(d) warrants exercisable to acquire 11,305 Resulting Issuer Common Shares (in respect of the VLCTY Broker Options) at exercise price of $2.6538 per share;

(e) warrants exercisable to acquire 193,710 Resulting Issuer Common Shares at an exercise price of $5.75 per share (in respect of the Replacement Compensation Warrants),

all on a post-VLCTY Consolidation basis and subject to minor deviation as a result of the effects of rounding at the individual securityholder's level. Based on the valuation used for the Subscription Receipt Financing and the Unit Financing, the implied price per Resulting Issuer Common Share is $5.75.

VLCTY is required to complete a Qualifying Transaction with this requirement being satisfied by the Exchange issuing a Final Exchange Bulletin that evidences the Exchange's final acceptance and the closing of the Qualifying Transaction. However, if this requirement is not met by October 28, 2022, then VLCTY and the VLCTY Common Shares may be transferred to the NEX board of the Exchange.

Information in this Filing Statement concerning the Resulting Issuer, including the number of Resulting Issuer Common Shares and other securities to be issued in connection with the Business Combination and information as to the capitalization of the Resulting Issuer, are presented on a post-VLCTY Consolidation basis.

In addition, the information in this Filing Statement about the number of Resulting Issuer Common Shares and other securities to be issued in exchange for BuildDirect Common Shares and other BuildDirect securities on Closing assumes that no existing BuildDirect Options will be exercised or converted prior to Closing.

Subject to the approval of the BuildDirect Shareholders, the Business Combination will be effected by way of the Amalgamation between Newco and BuildDirect pursuant to the terms of the Amalgamation Agreement, including the following:

(a) Newco and BuildDirect will amalgamate, with Amalco, the corporation to be formed as a result of the Amalgamation, continuing as a direct, wholly-owned Subsidiary of the Resulting Issuer;

(b) VLCTY will issue one (1) Resulting Issuer Common Shares to the BuildDirect Shareholders in exchange for each BuildDirect Common Share held, prior to giving effect to the Subscription Receipt Financing or the Unit Financing. Based on the number of BuildDirect Common Shares outstanding as of the date of this Filing Statement, the aggregate number of Resulting Issuer Common Shares to be issued is expected to be 22,243,250;

(c) VLCTY will issue in exchange for BuildDirect Common Shares issued pursuant to the Subscription Receipt Financing 3,487,000 Resulting Issuer Common Shares;

(d) VLCTY will issue in exchange for BuildDirect Common Shares issued pursuant to the Unit Financing 90,264 Resulting Issuer Common Shares;

(e) VLCTY will issue in exchange for BuildDirect Warrants issued pursuant to the Subscription Receipt Financing 3,487,000 Resulting Issuer Warrants;

(f) VLCTY will issue in exchange for BuildDirect Warrants issued pursuant to the Unit Financing 90,264 Resulting Issuer Warrants;

(g) VLCTY will issue in exchange for BuildDirect Common Shares issued pursuant to the conversion of the Convertible Notes approximately 3,563,072 Resulting Issuer Common Shares;[1]

(h) VLCTY will issue in exchange for BuildDirect Warrants issued pursuant to the conversion of the Convertible Notes approximately 3,563,072 Resulting Issuer Warrants;[1]

(i) VLCTY will issue in exchange for BuildDirect Warrants other than Compensation Warrants, those issued in connection with the Subscription Receipt Financing, the Unit Financing and the conversion of Convertible Notes, 753,725 Resulting Issuer Warrants;

[1] Based on the interests accrued on the Convertible Notes as of June 30, 2021. The actual number of Resulting Issuer Common Shares and Resulting Issuer Warrants will be determined based on the interest accrued on the Convertible Notes immediately prior to Closing.

(j) VLCTY will issue in exchange for Compensation Warrants issued pursuant to the Subscription Receipt Financing and the Unit Financing 193,710 Replacement Compensation Warrants; and

(k) VLCTY will issue Replacement Options to the holders of BuildDirect Options, in exchange for all outstanding BuildDirect Options, exercisable to acquire 2,859,877 Resulting Issuer Common Shares at exercise prices between USD $0.5393 and $1.94148 per share.[2]

Note that the numbers referenced above may be subject to minor deviation as a result of the effects of rounding at the individual security holder level.

The completion of the Business Combination is subject to the approval of the Exchange with the Resulting Issuer satisfying the Exchange's initial listing requirements in order to become a Tier 1 – Technology or Investment Issuer on the Exchange and obtaining all other necessary regulatory approvals. It is also subject to additional conditions precedent, including:

(a) receipt of all shareholder and requisite regulatory approvals relating to the Business Combination, including, without limitation, the approval of the Exchange;

(b) any person who will be a post-Closing holder of Resulting Issuer Common Shares and who is required by the Exchange to sign an escrow agreement in accordance with the policies of the Exchange shall have signed and delivered such agreement; and

(c) each of VLCTY and BuildDirect shall have performed all covenants on its part to be performed under the Amalgamation Agreement and all representations and warranties of each party contained in the Amalgamation Agreement shall be true and correct at the time of closing.

The Resulting Issuer

The capital structure of the Resulting Issuer will remain unchanged, other than for the issuances of securities contemplated by the Business Combination. Upon completion of the Business Combination and subject to the approval of the Exchange, the Resulting Issuer is expected to become a Tier 1 – Technology or Investment Issuer on the Exchange. See "*Information Concerning the Resulting Issuer – Corporate Structure*".

The proposed directors and officers of the Resulting Issuer following the Closing are as follows:

Name and Municipality of Residence	Proposed Position With Resulting Issuer
Dan Park, Vancouver BC	CEO / Director
Natalie, Ku, Vancouver, BC	Chief Operations Officer
Ethan Rudin, Vancouver, BC	Chief Financial Officer
Geoff Fawkes, Vancouver, BC	VP, Technology
David Montagliani, Vancouver, BC	VP, Category Management
Malcolm Sask	VP, Sales
Tim Howley, Vancouver, BC	Director
Milan Roy, Vancouver, BC	Director
Julie Todaro, San Francisco, CA	Director
Andrew Elbaz, Toronto, ON	Director
John Farlinger, Centennial, CO	Director

Interests of Insiders, Promoters and Control Persons

The following Insiders, Promoters and Control Persons of VLCTY and their respective Associates and Affiliates (before giving effect to the Qualifying Transaction) do not have an interest in BuildDirect.

[2] Based on the BuildDirect Options issued and outstanding as of June 15, 2021. The actual number of Replacement Options and Resulting Issuer Common Shares issuable upon exercise of such Replacement Options will be determined based on the outstanding BuildDirect Options immediately prior to Closing.

Name and Position with VLCTY	Post-VLCTY Consolidation VLCTY Common Shares[(1)]	VLCTY Common Shares Issued Pursuant to Amalgamation Agreement[(2)(3)]	Resulting Issuer Common Shares	Percentage Upon Completion of Subscription Receipt Financing and the Unit Financing
Andrew Elbaz CEO, Corporate Secretary and Director	18,841	Nil	18,841	<0.1%
John Farlinger CFO and Director	18,841	Nil	18,841	<0.1%
Michael Isenberg Director	18,841	Nil	18,841	<0.1%
Michael Silver Director	18,841	Nil	18,841	<0.1%
Alexander Katznelson Director	18,841	Nil	18,841	<0.1%
Elyssia Patterson Director	18,841	Nil	18,841	<0.1%
Total	113,046	Nil	113,046	<0.1%

Notes:

(1) Reflects current holdings of VLCTY Common Shares on post-VLCTY Consolidation basis.

(2) Reflects VLCTY Common Shares issued pursuant to Amalgamation Agreement (equal to number of BuildDirect Common Shares on a post BuildDirect Consolidation basis).

(3) Assuming such individual do not participate in the Subscription Receipt Financing or the Unit Financing.

Due to their limited involvement with BuildDirect, none of the insiders of VLCTY listed above is a "Non-Arm's Length Party" or "Insider" of BuildDirect within the meanings of such terms under the policies of the Exchange and the applicable securities laws.

Arm's Length Qualifying Transaction

The proposed Qualifying Transaction described in this Filing Statement does not constitute a Non-Arm's Length Qualifying Transaction for VLCTY within the meaning of the CPC Policy.

Available Funds and Principal Purposes

After completion of the Business Combination, and taking into account estimated legal, other professional costs, commissions and filing fees, the Resulting Issuer is expected to have working capital as follows:

Purpose	Amount
Estimated working capital of VLCTY as of April 30, 2021	$303,317
Estimated working capital of BuildDirect as of April 30, 2021	($2,497,616)
Gross proceeds of Subscription Receipt Financing	$20,050,250
Gross proceeds of Unit Financing	$519,018
Agent's commission in respect of Subscription Receipt Offering	($1,085,746)
Exempt Market Dealer commission in respect of the Unit Offering	($31,141)
Estimated to be utilized by VLCTY to Closing	($100,000)
Estimated costs of the Business Combination (e.g. professional fees, Exchange fees, Agent's expenses, etc.)	($300,000)
Estimated cost incidental to the Qualifying Transaction	($600,000)
Estimated available funds:	**$16,258,082**

The table below sets forth the principal purposes for which the estimated funds available to the Resulting Issuer upon completion of the Business Combination will be used for the next 18 months. While management currently intends to use the available funds as set forth in this Filing Statement, the Resulting Issuer may reallocate available funds for sound business reasons from time to time.

Purpose	Amount
Estimated Available Funds	**$16,258,082**
Projected gross profit for 18 months following the completion of the Qualifying Transaction	$51,146,700[(1)]
Fulfilment costs	($12,345,000)
Sales and Marketing	($17,620,900)
Administration	($22,759,100)
Research and development	($1,993,100)
Unallocated funds	($12,686,682)
Total	**$16,258,082[(2)]**

Note:

(1) Based on management projections. Please refer to Notice Concerning Forward-Looking Statement.

(2) BuildDirect anticipated that these funds will be sufficient for these uses for an 18 month period following the date of completion of the Qualified Transaction.

Selected Financial Information

VLCTY Capital Inc.

Since VLCTY is currently a CPC, other than its IPO, its business has to date consisted solely of identifying a suitable Qualifying Transaction. VLCTY raised gross proceeds of $300,000 from its IPO as a CPC in October 2020, and had previously raised $150,000 prior to its IPO. The expenses incurred by VLCTY in connection with the IPO and the listing of the VLCTY Common Shares on the Exchange were approximately $135,000. As of February 28, 2021, VLCTY had working capital in the amount of approximately $307,319, had no outstanding capital commitments, and had not pledged any of its assets as security for loans, or otherwise, and was not subject to any debt covenants. Management believes that VLCTY has sufficient working capital to meet its anticipated financial obligations for 2021, and to pursue another Qualifying Transaction should the Business Combination not be completed.

BuildDirect.com Technologies Inc.

The table below sets out certain financial data for the BuildDirect Business in respect of the periods for which financial information is included elsewhere in this Filing Statement.

Expressed in United States dollars	Interim Period from January 1, 2021 to March 31, 2021	Year Ended December 31, 2020 (Audited)	Year Ended December 31, 2019 (Audited)
Total Revenues	US$20,887,037	$52,110,155	$40,535,939
Loss from Operations	($2,296,106)	($4,257,999)	($11,464,620)
Total Assets	$30,976,080	$28,725,818	$12,953,772
Total Liabilities	$40,958,169	$34,149,830	$14,052,130
Shareholders' Equity	($9,982,089)	($5,424,012))	($1,098,358)

The Resulting Issuer

The following table summarizes certain pro forma financial information for the Resulting Issuer after giving effect to the Business Combination and should be read in conjunction with the pro forma financial statement for the Resulting Issuer attached as Schedule "E" to this Filing Statement, the VLCTY Financial Statements attached as Schedule "A" to this Filing Statement, and the BuildDirect Financial. Statements, attached as Schedule "C" to this Filing Statement.

As at March 31, 2021 (After Giving Effect to Business Combination[(1)])	
	Amount
Total Assets	$46,510,593
Total Liabilities	$32,384,019
Shareholders' Equity	$14,126,574

Note:
(1) Assumes completion of the BuildDirect Consolidation and the VLCTY Consolidation.

Market Price of VLCTY Common Shares

The VLCTY Common Shares are listed on the Exchange under the symbol "VLCY.P". The closing market price of the VLCTY Common Shares on March 18, 2021, the last trading day immediately preceding the announcement of the Business Combination, was $0.145. See "*Information Concerning VLCTY Capital Inc. – Market Price and Trading Volume Data*" for information relating to the trading price of the VLCTY Common Shares since completion of its IPO.

There is no public market for the BuildDirect Common Shares.

Financing

Subscription Receipt Financing

Under the terms of the Agency Agreement, BuildDirect has completed a brokered private placement offering (the "**Subscription Receipt Financing**") of subscription receipts (each, a "**Subscription Receipt**"), at a price of $5.75 per Subscription Receipt (the "**Subscription Receipt Offering Price**") which is equivalent to $5.75 per Resulting Issuer Common Share. The aggregate gross proceeds of the Subscription Receipt Financing are $20,050,250 (the "**Subscription Receipt Offering**").

Each Subscription Receipt will be automatically exchangeable, without additional payment of additional consideration, into one (1) post-BuildDirect Consolidation BuildDirect Common Share (each, an "**SR Underlying Share**") and one (1) post-BuildDirect Consolidation BuildDirect Warrant (each, an "**SR Underlying Warrant**") upon the satisfaction of the Escrow Release Conditions. Upon closing of the Business Combination, each SR Underlying Warrant will be automatically exchanged, without additional payment of additional consideration, for one Resulting Issuer Warrant pursuant to the terms of the subscription receipt agreement (the "**Subscription Receipt Agreement**") dated April 30, 2021 entered into among BuildDirect, VLCTY and the Escrow Agent and the warrant indenture (the "**Warrant Indenture**") dated April 30, 2021 entered into among BuildDirect, VLCTY and the Warrant Agent. Each such Resulting Issuer Warrant will entitle the holder thereof to acquire one (1) Resulting Issuer Common Share at an exercise price of $6.90 at any time prior to the date that is 24 months from the closing of the Business Combination. If, prior to the expiry date of such Resulting Issuer Warrants, the daily volume-weighted average trading price of the Resulting Issuer Common Shares on the TSXV exceeds $8.00 for a period of at least thirty (30) consecutive trading days, the Resulting Issuer may accelerate the expiry date of such Resulting Issuer Warrants to a date not earlier than the date that is thirty (30) days following the acceleration of such warrants.

In connection with the Subscription Receipt Financing, BuildDirect paid the Agents a cash commission equal to 6% of the gross proceeds from the Subscription Receipt Financing (the "**Agents' Fee**"), subject to a reduced commission of 3% for certain subscribers on a President's List of BuildDirect, and issued compensation warrants (the "**Agents' Compensation Warrants**") exercisable for BuildDirect Common Shares equal to 6% of the number of Subscription Receipts sold under the Subscription Receipt Financing, subject to a reduced percentage of 3% for certain subscribers on the President's List of BuildDirect. Each Agents' Compensation Warrant entitles the holder to acquire one (1) BuildDirect Common Share (on a post-BuildDirect Consolidation basis) at the Subscription Receipt Offering Price for a period of 24 months from the Closing. For additional details regarding the Subscription Receipt Financing, see "*Information Concerning BuildDirect - Narrative Description of the BuildDirect Business – Subscription Receipt Financing*").

Under the Business Combination, the BuildDirect Shareholders resulting from the Subscription Receipt Financing will receive one (1) Resulting Issuer Common Share in exchange for each of their SR Underlying Shares and one (1)

Resulting Issuer Warrant in exchange for each of their SR Underlying Warrants, and the Agents will receive Replacement Compensation Warrants in exchange for its Agents' Compensation Warrants, as described elsewhere in this Filing Statement.

Unit Financing

Under the terms of the Exempt Market Dealer Services Agreement, BuildDirect anticipates completing, prior to the completion of the Qualifying Transaction, a non-brokered private placement offering (the "**Unit Financing**") of equity units (each, a "**Unit**"), at a price of $5.75 per Unit (also referred to as the Offering Price) which is equivalent to $5.75 per Resulting Issuer Common Share. The aggregate gross proceeds of the Unit Financing are $519,018 (the "**Unit Offering**").

Each Unit will consist of one (1) post-BuildDirect Consolidation BuildDirect Common Share (each, a "**Unit Underlying Share**") and one (1) post-BuildDirect Consolidation BuildDirect Warrant (each, a "**Unit Underlying Warrant**"). Upon closing of the Business Combination, each Unit Underlying Share and each Unit Underlying Warrant will be automatically exchanged, without additional payment of additional consideration, for one Resulting Issuer Share and one Resulting Issuer Warrant, respectively, pursuant to the terms of the Exempt Market Dealer Services Agreement and the Warrant Indenture.

In connection with the Unit Financing, BuildDirect will pay the Exempt Market Dealer a cash commission equal to 6% of the gross proceeds from the Unit Financing (the "**Exempt Market Dealer's Fee**"), and will issue compensation warrants (the "**Exempt Market Dealer Compensation Warrants**", and together with the Agents' Compensation Warrants, the "**Compensation Warrants**") exercisable for BuildDirect Common Shares equal to 6% of the number of Units sold under the Unit Financing. Each Exempt Market Dealer Compensation Warrant entitles the holder to acquire one (1) BuildDirect Common Share (on a post-BuildDirect Consolidation basis) at the Offering Price for a period of 24 months from the Closing. For additional details regarding the Unit Financing, see "*Information Concerning BuildDirect - Narrative Description of the BuildDirect Business – Unit Financing*").

Under the Business Combination, the BuildDirect Shareholders resulting from the Unit Financing will receive one (1) Resulting Issuer Common Share in exchange for each of their Unit Underlying Shares and one (1) Resulting Issuer Warrant in exchange for each of their Unit Underlying Warrants, and the Exempt Market Dealer will receive Replacement Compensation Warrants in exchange for its Exempt Market Dealer Compensation Warrants, as described elsewhere in this Filing Statement.

The closing of the Unit Financing and release of corresponding gross proceeds is subject to substantially the same conditions that apply to the release of the escrowed funds in connection with the Subscription Receipt Financing.

Sponsorship

Sponsorship for the Qualifying Transaction is required by the CPC Policy unless an exemption from the sponsorship requirement is granted to VLCTY by the Exchange. VLCTY has applied for, and the Exchange has provided VLCTY with, an exemption from the sponsorship requirement.

Conflicts of Interest

There may be potential conflicts of interest to which the directors and officers of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation, with a view to potential acquisition of interests in businesses and corporations on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies under the BCBCA. See "*Risk Factors*".

Shareholder Approvals

Under the terms of the Amalgamation Agreement, the Business Combination is subject to approval of the BuildDirect Shareholders, which approval is a condition to closing the Business Combination. No approval of the Business Combination is required from the VLCTY Shareholders other than in connection with the matters for which shareholder approval is being sought at the VLCTY Meeting, the approval of the VLCTY Consolidation, the approval

of the Name Change and the approval of the Resulting Issuer Stock Option Plan. This Filing Statement is filed in connection with the requirements of the policies of the Exchange.

Interest of Experts

No person or company who is named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement has, or will have immediately following completion of the Business Combination, any direct or indirect interest in BuildDirect or in VLCTY.

Risk Factors

The securities of VLCTY, BuildDirect and the Resulting Issuer should be considered highly speculative. An investment in VLCTY, BuildDirect or the Resulting Issuer is highly speculative. Such investment will be subject to certain material risks and investors should not invest in securities of VLCTY, BuildDirect and the Resulting Issuer unless they can afford to lose their entire investment. The business of the Resulting Issuer will be subject to risks and hazards, some of which are beyond its control.

For a description of certain risks and uncertainties that may affect the business of the Resulting Issuer, see "Risk Factors". Readers should note that such list is not a definitive list of all risk factors associated with an investment in VLCTY, BuildDirect or the Resulting Issuer or in connection with the Resulting Issuer's proposed operations upon completion of the Business Combination.

Conditional Listing Approval

The Exchange has conditionally accepted the Business Combination, subject to VLCTY fulfilling all of the requirements of the Exchange on or before October 27, 2021.

RISK FACTORS

There are inherent risks in the business of VLCTY and in the business of BuildDirect. The Business Combination must be considered speculative due to the nature of the business of VLCTY and BuildDirect, and each company's relatively formative stage of development. VLCTY Shareholders must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of VLCTY and the Resulting Issuer. There is no guarantee that the Resulting Issuer will be able to secure future financing to meet its future needs on reasonable terms. The business of the Resulting Issuer will be subject to risks and hazards related to VLCTY and BuildDirect, some of which are beyond its control.

For a description of the risk factors facing VLCTY as a CPC, please see VLCTY's Final Prospectus, dated August 28, 2020, available at www.sedar.com.

The following risk factors should be carefully considered in evaluating BuildDirect, the Resulting Issuer and the Qualifying Transaction. The risks presented below may not be all of the risks that BuildDirect and the Resulting Issuer may face. It is believed that these are factors that could cause actual results to be different from expected and historical results. Other sections of this Filing Statement include additional factors that could have an effect on the business and financial performance of the business following the completion of the Qualifying Transaction. The market in which BuildDirect currently competes is very competitive and evolving rapidly. Sometimes new risks emerge and management may not be able to predict all of them or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward- looking statements as a prediction of future results. For the purposes of the risk factors presented below and herein, references to "BuildDirect" and/or the "Resulting Issuer", based on the context, shall be, and be deemed to be, also references to Amalco and the business of the Resulting Issuer.

Risks Relating to the Business Combination

Completion of the Business Combination and Exchange Approval

The completion of the Business Combination is subject to several conditions precedent, certain of which are outside the control of both VLCTY and BuildDirect. There can be no assurances that the Business Combination will be completed on the terms set out in the Amalgamation Agreement, as negotiated, or at all. In the event that any of the conditions precedent are not satisfied or waived, the Business Combination may not be completed. In addition, there is no guarantee that the Resulting Issuer will be able to satisfy the requirements of the Exchange such that it will issue the Final Exchange Bulletin, or the requirements of the Exchange such that it will list the Resulting Issuer Common Shares. Failure to complete the Business Combination may have a material adverse effect on the business and affairs of VLCTY or the trading price of the VLCTY Common Shares.

There are a number of material risks to which VLCTY and BuildDirect are subject relating to the Business Combination not being completed, including the following:

(a) certain costs related to the Business Combination, such as legal, financial advisor and accounting fees must be paid by the parties even if the Business Combination is not completed;

(b) certain costs related to the Subscription Receipt Financing and the unit Financing, such as legal and accounting fees, and broker fees (including their legal counsel) in connection with the Subscription Receipt Financing and the Unit Financing, respectively;

(c) if the Business Combination is not completed, the market price of VLCTY Common Shares may be adversely affected; and

(d) if any given agreement is terminated and the BuildDirect Board decides to seek another merger or business combination, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the price to be paid pursuant to the Business Combination and, under certain circumstances, one of the parties may be required to pay a termination fee to the other party.

Dilution of VLCTY and Resulting Issuer Shareholders

VLCTY currently has 6,000,000 VLCTY Common Shares issued and outstanding prior to the VLCTY Consolidation (approximately 226,091 VLCTY Common Shares post- VLCTY Consolidation). It is anticipated that, upon completion of the Business Combination, the Resulting Issuer will issue an aggregate of 29,609,677 Resulting Issuer Common Shares to BuildDirect Shareholders, participants of the Subscription Receipt Financing, the Unit Financing and holders of Convertible Notes (on a post-VLCTY Consolidation basis). This increase in the number of Resulting Issuer Common Shares issued and outstanding, and the sales of such Resulting Issuer Common Shares, may have a depressive effect on the price of the Resulting Issuer Common Shares. In addition, as a result of the issuance of such additional Resulting Issuer Common Shares, the voting power of the existing VLCTY Shareholders will be substantially diluted.

The Resulting Issuer may, in its sole discretion in accordance with its constating documents and subject to applicable laws, including the policies of the Exchange, issue additional Resulting Issuer Common Shares or other securities (equity, debt or otherwise) from time to time, and the interests of the holders of Resulting Issuer Common Shares may be diluted thereby. The Resulting Issuer's articles permit the issuance of an unlimited number of Resulting Issuer Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuances. In addition, when outstanding options are exercised or when Resulting Issuer Common Shares are issued on the vesting or settlement of outstanding share units, an investor will incur additional dilution. Accordingly, holders of Resulting Issuer Common Shares may suffer dilution.

While the Business Combination is pending, VLCTY and BuildDirect are Restricted from Taking Certain Actions

The Amalgamation Agreement restricts VLCTY and BuildDirect from taking specified actions until the Business Combination is completed without the consent of the other party which may adversely affect the ability of each to execute certain business strategies. These restrictions may prevent VLCTY and BuildDirect from pursing attractive business opportunities that may arise prior to the completion of the Business Combination.

Use of Proceeds

Although VLCTY and BuildDirect have generally provided for the use of proceeds from its financing activities, it cannot specify with certainty the amount of the net proceeds from its financing activities which will be allocated for each purpose. Accordingly, the Resulting Issuer's management will have broad discretion in the application of such proceeds if it is believed it would be in the best interests of the Resulting Issuer to do so. The Resulting Issuer's management will have broad discretion in the application of such proceeds. The failure by management to apply these funds effectively could have a material adverse effect on the Resulting Issuer's business, operating results and financial condition.

Risks Relating to the Business to be Carried on by the Resulting Issuer

The Flooring Industry:

The flooring industry is highly dependent on the remodeling of existing homes and commercial spaces and new home and commercial space construction. Remodeling and new home and commercial space construction depend on a number of factors which are beyond the Resulting Issuer's control, including, without limitation, interest rates, tax policy, employment levels, consumer confidence, credit availability, real estate prices, demographic trends, weather conditions, natural disasters and general economic conditions. Risk therefore include, without limitation, rise in interest rates, decrease in the availability of credit, increase in costs of fuel and changes in real estate markets or unemployment levels which could limit discretionary consumer spending, reduce the purchase or remodelling of home and materially adverse effect on the BuildDirect Business, operating results and financial condition.

Reliance on Management and Key Employees

BuildDirect's success is highly dependent on the retention of key personnel both at the parent company level and within its subsidiaries. If the Resulting Issuer or its subsidiaries should lose the services of one or more key members of its executive or key employees, its ability to implement its business plan could be severely impaired. As the Resulting Issuer's business activity grows, additional key financial and administrative personnel, as well as additional

staff, may be required. If the Resulting Issuer and/or its subsidiaries are not successful in attracting, training and retaining qualified personnel, the efficiency of their operations may be affected.

Reliance on Third-Party Service Providers

BuildDirect relies heavily on third party vendors, suppliers and partners to provide some of its products and services. If these third parties were unable or unwilling to provide these products and services in the future, the Resulting Issuer would need to obtain such products or services from other providers if they are available. This could cause the Resulting Issuer to incur additional costs or cause material interruptions to its business until these products and services are replaced if possible and all of which could adversely affect the Resulting Issuer's business, results of operations and financial condition.

Product Suppliers

BuildDirect relies on a concentrated group of suppliers for a significant portion of the products is sells including a select group of foreign suppliers of products that the BuildDirect's expectations. BuildDirect does not have long-term agreements with our suppliers, and we usually obtain our supplies on a container by container basis. BuildDirect's suppliers may be unable to supply it in the future including but not limited to as a result of include a supplier's financial instability, inability or refusal to comply with applicable laws, trade restrictions or tariffs, insufficient transport capacity and other factors which are beyond our control. There are also certain risks to BuildDirect associated with obtaining products from foreign suppliers which are beyond BuildDirect's control including terrorism, political unrest, and economic instability resulting in the disruption of trade from foreign countries where the Resulting Issuer's products originate, currency fluctuations, the development of new laws and regulations (including, without limitation, in relation to imports, exports, duties, tariffs, taxes, trade restrictions, quality and safety standards, and shipping delays and disruptions. If BuildDirect can no longer obtain products from its key suppliers, or such suppliers refuse to continue to supply BuildDirect on commercially reasonable terms or at all, and BuildDirect cannot find replacement suppliers, this would have a materially adverse effect on its business, operating results and financial condition.

Third-Party Supply Chain Network

BuildDirect sources product from around the world and sells to customers throughout North America and relies on third party ocean, freight, trucking and warehouse service providers to transport and store its products and deliver products to its customers. BuildDirect is therefore subject to various risk including, without limitation, increased fuel costs, security concerns, rise in import tariffs, labour disputes, union organizing activity, and inclement weather, associated with our service providers' ability to provide product fulfillment and delivery services to meet our distribution and shipping needs. Failure to procure and deliver products and services, either to BuildDirect or its customers in a timely and accurate manner, will harm BuildDirect's reputation, our business, and our results of operations. In addition, any increase in fulfillment costs and expenses could adversely affect our business and operating results.

Third Party Real Estate

BuildDirect acts both as a tenant and a sub-landlord within the context of the commercial spaces that it operates in. BuildDirect does not own real property. There is a risk that these leases may not be renewed at the end of term, and a risk that an alternative location cannot be found. Moreover, these leased properties are managed by third parties and as such there is no assurance that they will be managed and maintained to meet any required legal standards (including, but not limited to, environmental and safety standards).

Call Centre and Website

BuildDirect's website and its call center are material elements of the BuildDirect Business. Customers use BuildDirect's website to source and purchase BuildDirect's products and services. BuildDirect's website in particular is vulnerable to certain risks and uncertainties associated with the Internet, including, without limitation, website downtime and other technical failures, security breaches and consumer privacy concerns. If BuildDirect cannot successfully maintain its website and call center in good working order this would have a materially adverse effect on the BuildDirect Business, operating results and financial condition.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of BuildDirect's products are recalled due to an alleged product defect or for any other reason, BuildDirect could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. BuildDirect may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although BuildDirect has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of BuildDirect's significant brands were subject to recall, the image of that brand and BuildDirect could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for BuildDirect's products and could have a material adverse effect on the results of operations and financial condition of BuildDirect.

Licenses

BuildDirect's licenses are subject to ongoing compliance and reporting requirements. Failure by the Resulting Issuer to comply with the requirements of licenses or any failure to maintain licenses would have a material adverse impact on the business, financial condition and operating results of the Resulting Issuer.

Insurance and Uninsured Risks

The BuildDirect Business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, damage, delays in operations, monetary losses and possible legal liability. Although BuildDirect intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. BuildDirect may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. BuildDirect might also become subject to liability hazards which may not be insured against or which BuildDirect may elect not to insure against because of premium costs or other reasons. Losses from these events may cause BuildDirect to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Failure to Comply with Anti-Bribery Laws

BuildDirect is subject to the *Corruption of Foreign Public Officials Act* (Canada) ("**CFPOA**") and the *United States Foreign Corrupt Practices Act* ("**FCPA**"), which generally prohibit companies and company employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. The CFPOA and the FCPA also require companies to maintain accurate books and records and internal controls, including at foreign controlled subsidiaries. In addition, BuildDirect may become subject to other anti-bribery laws of any nations in which it conducts business that apply similar prohibitions as the CFPOA and FCPA (e.g. the Organization for Economic Co-operation and Development Anti-Bribery Convention). BuildDirect's employees or other agents may, without BuildDirect's knowledge and despite BuildDirect's efforts, engage in prohibited conduct under BuildDirect's policies and procedures and the CFPOA, the FCPA or other anti-bribery laws to which BuildDirect may be subject for which BuildDirect may be held responsible. If BuildDirect's employees or other agents are found to have engaged in such practices, BuildDirect could suffer severe penalties and other consequences that may have a material adverse effect on the BuildDirect Business, and BuildDirect's financial condition and results of operations.

Litigation

BuildDirect may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause BuildDirect to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and BuildDirect could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. Substantial litigation costs, even if BuildDirect wins, or an adverse result in any litigation may adversely affect BuildDirect's

ability to continue operating and the market price for the Resulting Issuer Common Shares and could use significant resources.

The Requirements of Being a Public Company May Strain the Resulting Issuer's Resources

In the event the Business Combination is completed, the Resulting Issuer will continue the BuildDirect Business. As a reporting issuer, the Resulting Issuer, and its business activities, will be subject to the reporting requirements of applicable securities legislation of the jurisdictions in which it is a reporting issuer, the listing requirements of the Exchange and other applicable securities rules and regulations. Compliance with those rules and regulations will increase the Resulting Issuer's legal and financial costs as compared to BuildDirect's current activities making some activities more difficult, time consuming or costly and increase demand on its systems and resources.

Product Liability

BuildDirect faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. BuildDirect may be subject to various product liability claims, including, among others, that BuildDirect's products caused injury or illness or death. A product liability claim or regulatory action against BuildDirect could result in increased costs, could adversely affect BuildDirect's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations and financial condition of BuildDirect. There can be no assurances that BuildDirect will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of BuildDirect's potential products.

Environmental Laws and Employee Health and Safety Regulations

BuildDirect's operations are subject to environmental and safety laws and regulations concerning, among other things, employee health and safety. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on BuildDirect's operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to BuildDirect's operations or give rise to material liabilities, which could have a material adverse effect on the BuildDirect Business, and BuildDirect's results of operations and financial condition.

Conflicts of Interest

Certain of the directors and/or officers of the Resulting Issuer may be engaged in a range of business activities, (including certain officers, directors and consultants that provide services to other companies involved in ecommerce) and may also serve as directors and/or officers of other companies. The Resulting Issuer's executive officers, directors and consultants may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Resulting Issuer. In some cases, the Resulting Issuer's executive officers, directors and consultants may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Resulting Issuer's business and affairs and that could adversely affect the Resulting Issuer's operations. These business interests could require significant time and attention of the Resulting Issuer's executive officers, directors and consultants. In addition, the Resulting Issuer may also become involved in other transactions which conflict with the interests of its directors, officers and consultants who may from time to time deal with persons, firms, institutions or corporations with which the Resulting Issuer may be dealing, or which may be seeking investments similar to those desired by it. Consequently, the interests of these persons could conflict with those of the Resulting Issuer and such interests could interfere with these persons' ability to devote time to the Resulting Issuer's business and affairs and that could adversely affect the Resulting Issuer's operations. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws and any decision made by any of such directors and officers involving the Resulting Issuer are subject to their duties and obligations to act honestly, in good faith and in the best interests of the Resulting Issuer.

Additional Financing

The Resulting Issuer may require additional equity and/or debt financing in the future and no assurance can be given that such capital will be available on terms commercially acceptable to the Resulting Issuer or at all. Accordingly, depending on its ability to achieve the goals set out in its business plan, the Resulting Issuer may need to raise further equity and/or debt financing to fund its operations and execute on its business plan. The Resulting Issuer's inability to raise financing to support on-going operations or acquisitions could limit its growth, result in the delay or indefinite postponement of current business objectives and may have a material adverse effect upon future profitability. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of the Resulting Issuer's shareholders. Further, due to regulatory impediments and lack of investor appetite, the ability of the Resulting Issuer to issue additional securities to finance acquisitions may be restricted. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions. If the Resulting Issuer requires additional financing and is unable to obtain it, there may be a possibility that it will not be able to fund its operations and execute on its business plan, which would have a materially adverse effect on its business, operating results and financial condition.

Resale of Shares

There can be no assurance that the publicly-traded market price of the Resulting Issuer Common Shares will be high enough to create a positive return for the existing investors. Further, there can be no assurance that the Resulting Issuer Common Shares will be sufficiently liquid so as to permit investors to sell their position in the Resulting Issuer without adversely affecting the stock price. In such event, the probability of resale of the Resulting Issuer Common Shares would be diminished.

Market for Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the Resulting Issuer Common Shares will be subject to market trends generally, notwithstanding any potential success of the Resulting Issuer in creating revenues, cash flows or earnings. The value of the Resulting Issuer Common Shares will be affected by such volatility. An active public market for the Resulting Issuer Common Shares might not develop or be sustained after the completion of the Business Combination. If an active public market for the Resulting Issuer Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

Global Financial Conditions

Current global financial conditions have been subject to increased volatility and access to financial markets has been severely restricted. These factors may impact the ability of the Resulting Issuer to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Resulting Issuer. If these increased levels of volatility and market turmoil continue, the Resulting Issuer's operations could be adversely impacted and the value and the price of the Resulting Issuer Common Shares could continue to be adversely affected.

Management of Growth

The growth of the Resulting Issuer's operations has placed significant demands on managerial, financial and human resources. The Resulting Issuer's ability to continue its rate of growth will depend on a number of factors, including the availability of capital, existing and emerging competition and the ability to recruit and train additional qualified personnel. Moreover, as the Resulting Issuer's business grows, the Resulting Issuer will need to devote additional resources to improve its operational infrastructure and to maintain the performance of its business.

Risks Associated with Acquisitions

The Resulting Issuer may acquire additional businesses. Acquisitions involve a number of known and unknown risks, including diversion of management's attention, failure to retain key acquired personnel, legal liabilities, risk associated with the realization of synergies and overall integration of the Resulting Issuer's operations with the acquired business and unanticipated events or circumstances, some or all of which could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer. In addition, there can be no assurance that the Resulting Issuer can complete any acquisition it pursues on favourable terms, that any acquired businesses, products or technologies will achieve anticipated revenues and income, or that any acquisitions completed will ultimately benefit the business. An acquisition could also result in a potentially dilutive issuance of equity securities. The failure of the Resulting Issuer to successfully manage its strategy of growth through acquisitions could have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

Tax Risk

The Resulting Issuer will be considered to have been carrying on business in Canada for purposes of the Tax Act. However the Resulting Issuer will be operating in a new and developing industry that has had historically low regulations and tax compliance. There is risk that foreign governments may look to increase their tax revenues or levy additional taxes. While BuildDirect does not foresee any adverse tax affects, there is no guarantee that governments will not impose such additional adverse taxes in the future.

Currency Fluctuations

Due to BuildDirect's present operations, and after completion of the Business Combination, the Resulting Issuer's proposed operations and intention is to have future operations in jurisdictions outside Canada, the Resulting Issuer is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the US dollar and other currencies may have a material adverse effect on the Resulting Issuer's business, financial condition and operating results. The Resulting Issuer may, after completion of the Business Combination, expand operations globally so it may be subject to additional gains and losses against additional currencies. BuildDirect does not currently have a foreign exchange hedging program in place. In the future, the Resulting Issuer may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if BuildDirect or the Resulting Issuer develops a hedging program, it may not hedge its entire exposure to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies.

Competitive Markets

The Resulting Issuer will face competition and new competitors will continue to emerge throughout the world. Products and services to be offered by competitors of the Resulting Issuer may take a larger market share than anticipated, which could cause the Resulting Issuer's performance to fall below expectations. It is expected that competition in the ecommerce environment will intensify. If competitors of the Resulting Issuer develop and market more successful products or services, offer competitive products or services at lower price points, have a higher capitalization, more experienced management, or more mature as a business or if the Resulting Issuer does not produce consistently high-quality and well-received products and services, revenues, margins and profitability of the Resulting Issuer will decline.

In addition, the success of the Resulting Issuer is subject to its ability to anticipate and forecast changes in trends and consumer preferences and continuously manage its products and services offerings. There can be no assurance that the Resulting Issuer will be able to continue to maintain its inventory strategies and stock of the appropriate assortment of products. To the extent the Resulting Issuer's predictions differ from its customers' purchasing preferences, the Resulting Issuer may be faced with excess inventory for some products and/or shortages of other products. Low inventory levels can adversely affect our ability to meet customer demand, which may lead to lost revenue and diminished brand loyalty. Any sustained failure to anticipate, identify and respond to emerging trends in consumer preferences could have a material adverse effect on the Resulting Issuer's business, operating results and financial condition.

Uncertainty and Adverse Changes in the Economy

Adverse changes in the economy or a decline in the price of Resulting Issuer Common Shares could negatively impact the business of the Resulting Issuer. Future economic distress may result in a decrease in demand for the products and services of the Resulting Issuer, which could have a material adverse impact on the Resulting Issuer's operating results and financial condition. Uncertainty and adverse changes in the economy or a prolonged decline in the price of Resulting Issuer Common Shares could also increase costs associated with the sourcing of products, increase the cost and decrease the availability of sources of financing, and increase the Resulting Issuer's exposure to material losses from bad debts, any of which could have a material adverse impact on the financial condition and operating results of the Resulting Issuer. Because a significant portion of BuildDirect's operations have been and are expected in future to be financed through the sale of equity securities, a decline in the price of Resulting Issuer Common Shares could be especially detrimental to BuildDirect's liquidity and its operations. Such reductions may force BuildDirect to reallocate funds from other planned uses and may have a significant negative effect on BuildDirect's business plan and operations, including its ability to repay outstanding obligations, to develop new products and continue its current operations.

Catastrophic events in general can have a material impact on the potential continuity of the business. The COVID-19 outbreak could result in adverse effects on the business and operations, including but not limited to business disruption, reduced operations, of the Resulting Issuer and its third-party service providers which could materially affect our business, financial condition and results of operations. The spread of COVID-19, which has caused a broad impact globally, may materially affect the Resulting Issuer economically. While the potential economic impact brought by, and the duration of, COVID-19 may be difficult to assess or predict, a widespread pandemic could result in significant disruption of global financial markets, reducing the Resulting Issuer's ability to access capital, which could in the future negatively affect our liquidity. The global outbreak of COVID-19 continues to evolve rapidly. The extent to which COVID-19 may impact the Resulting Issuer's business, operations and financial performance will depend on future developments, including but not limited to, matters such as (a) the duration and/or severity of the outbreak, (b) government policies, restrictions and requirements as it relates to COVID-19, (c) nongovernmental influences or challenges such as the failure of banks and/or (d) any corresponding effect caused by the substantial economic damage that can be inflicted by a pandemic like COVID-19. The ultimate long-term impact of COVID-19 is highly uncertain and cannot be predicted with confidence.

If the Resulting Issuer is unable to attract new customers or sell additional products to existing customers, the Resulting Issuer's revenue growth and profitability will be adversely affected

To increase revenue and achieve and maintain profitability, the Resulting Issuer must regularly add new customers and sell additional products and services to existing customers. Various factors may prevent the Resulting Issuer's ability to add such new customers and retaining existing customers, including, without limitation the Resulting Issuer's failure to attract, retain and effectively train new sales and marketing personnel, to develop and maintain relationships with professional contractors, partners and suppliers, to ensure the effectiveness of the Resulting Issuer's marketing programs, to secure high quality products and services at competitive prices and to convert customers referred to the Resulting Issuer by its existing network into paying customers. In addition, if prospective customers do not perceive that the Resulting Issuer's products and services are of sufficiently high value and quality, the Resulting Issuer may not be able to attract the number and types of new customers that the Resulting Issuer is seeking. The failure of the Resulting Issuer to attract new customers or to obtain new business from existing clients may mean that the Resulting Issuer will not increase its revenues as quickly as is anticipated, if at all.

Cybersecurity

BuildDirect relies on digital and internet technologies to conduct and expand its operations, including reliance on information technology to process, transmit and store sensitive and confidential data, including personally identifiable information, and proprietary and confidential business performance data. As a result, the Resulting Issuer and/or its customers will be exposed to risks related to cybersecurity. Such risks may include unauthorized access, use, or disclosure of sensitive information (including corruption or destruction of data, or operational disruption resulting from system impairment (e.g., malware). Third parties to whom BuildDirect outsources certain functions, or with whom their systems interface, are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A breach or attack affecting a third-party service provider or partner could harm the Resulting Issuer's business even if the Resulting Issuer does not control the service that is attacked. The Resulting

Issuer's operations depend, in part, on how well it protects networks, equipment, information technology systems and software against damage from a number of threats, including, but not limited to damage to hardware, computer viruses, hacking and theft. The Resulting Issuer's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as pre-emptive expenses to mitigate the risks of failures. A compromise of the Resulting Issuer's information technology or confidential information, or that of the Resulting Issuer's third parties with whom the Resulting Issuer interacts, may result in negative consequences, including reputational harm affecting investor and customer confidence, potential liability under privacy, security, consumer protection or other applicable laws, regulatory penalties and additional regulatory scrutiny, any of which could have a material adverse effect on the Resulting Issuer's business, financial position, results of operations or cash flows. As the Resulting Issuer has access to sensitive and confidential information, including personal information, and since the Resulting Issuer may be vulnerable to material security breaches, theft, misplaced, lost or corrupted data, programming errors, employee errors and/or malfeasance (including misappropriation by departing employees), there is a risk that sensitive and confidential information, including personal information, may be disclosed through improper use of Resulting Issuer systems, software solutions or networks or that there may be unauthorized access, use, disclosure, modification or destruction of such information. The Resulting Issuer's on-going risk and exposure to these matters is partially attributable to, among other things, the evolving nature of these threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage, malfunction, human error, technological error or unauthorized access is a priority. As cyber threats continue to evolve, the Resulting Issuer may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Intellectual Property

From time to time, the Resulting Issuer may receive notices from third parties alleging that it has infringed their intellectual property rights or may need to pursue claims against third parties to defend its intellectual property rights. Responding and/or pursuing any such claim, regardless of its merit in the event of a defence of such claim, may be time-consuming, result in costly litigation, divert management's attention and resources and cause the Resulting Issuer to incur significant expenses. Any meritorious claim of intellectual property infringement against the Resulting Issuer may potentially result in a temporary or permanent injunction, prohibiting it from marketing or selling certain products or requiring it to pay royalties to a third party. In the event of a meritorious claim or the inability of the Resulting Issuer to develop or license substitute technology, its business and results of operations may be materially adversely affected. The laws of certain countries do not protect proprietary rights to intellectual property to extent as do the laws of the United States and Canada, and therefore there can be no assurance that the Resulting Issuer will be able to adequately protect its intellectual property against unauthorized third party copying or use. Such unauthorized copying or use may adversely affect the Resulting Issuer's competitive position and operations. In addition, there can be no assurance that the Resulting Issuer will successfully obtain licenses to any technology that it may require to conduct its business or that, if obtainable, such technology can be licensed at a reasonable cost.

The Resulting Issuer's operations depend, in part, on how it makes use of certain open source software products. These open source software products are developed by third parties over whom the Resulting Issuer has no control. The Resulting Issuer could be exposed to infringement claims and liability in connection with the use of these open source software components, and the Resulting Issuer may be forced to replace these components with internally developed software or software obtained from another supplier, which may increase its expenses. The Resulting Issuer has conducted no independent investigation to determine whether the sources of the open source software have the rights necessary to permit the Resulting Issuer to use this software free of claims of infringement by third parties. The developers of open source software may be under no obligation to maintain or update that software, and the Resulting Issuer may be forced to maintain or update such software itself or replace such software with internally developed software or software obtained from another supplier, which may increase its expenses and delay enhancements to the Resulting Issuer's services. Certain open source software licenses provide that the licensed software may be freely used, modified and distributed to others provided that any modifications made to such software, including the source code to such modifications, are also made available under the same terms and conditions. As a result, any modifications the Resulting Issuer makes to such software may be made available to all downstream users of the software, including its competitors. Open source software licenses may require the Resulting Issuer to make source code for the derivative works available to the public. In the event that the Resulting Issuer inadvertently use open source software without the correct license form, or a copyright holder of any open source software were to successfully establish in court that the Resulting Issuer had not complied with the terms of a license for a particular

work, we could be required to release the source code of that work to the public. The Resulting Issuer could also incur costs associated with litigation or other regulatory penalties as a result.

Difficulty to Forecast

BuildDirect must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of BuildDirect.

Voting Control

Certain shareholders of the Resulting Issuer will exercise a significant portion of the voting power in respect of the outstanding Resulting Issuer Common Shares. As a result, they are expected to have the ability to influence the outcome of all matters submitted to BuildDirect's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of BuildDirect.

This concentrated control could delay, defer, or prevent a change of control of BuildDirect, arrangement or amalgamation involving BuildDirect or sale of all or substantially all of the assets of BuildDirect that its other shareholders support. Conversely, this concentrated control could allow the holders of Common Shares to consummate such a transaction that BuildDirect's other shareholders do not support.

Risks Associated with Internal Controls over Financial Reporting

Effective internal controls are necessary for BuildDirect to provide reliable financial reports and to help prevent fraud. Although BuildDirect has undertaken a number of procedures and implemented a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on BuildDirect under Canadian securities law, BuildDirect cannot be certain that such measures will ensure that BuildDirect will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm BuildDirect's results of operations or cause it to fail to meet its reporting obligations. If BuildDirect or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in BuildDirect's consolidated financial statements and materially adversely affect the trading price of Resulting Issuer Common Shares.

INFORMATION CONCERNING VLCTY CAPITAL INC.

CORPORATE STRUCTURE

Name and Incorporation

VLCTY's full corporate name is "VLCTY Capital Inc.". VLCTY was incorporated pursuant to the BCBCA on September 16, 2019 and completed its IPO under the CPC Policy on October 28, 2020. The head office and registered office of VLCTY are located at 206-3500 Carrington Road, Westbank, British Columbia V4T 3C1.

GENERAL DEVELOPMENT OF THE BUSINESS

History

VLCTY is a CPC and to date has not carried on any operations. The principal business of VLCTY has been to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction and, having identified and evaluated such opportunities, to negotiate participation in a Qualifying Transaction, subject to acceptance by the Exchange.

VLCTY completed its IPO under the CPC Policy on October 28, 2020. The VLCTY Common Shares were listed for trading on the Exchange on October 28, 2020 under the symbol "VLCY.P".

The authorized share capital of VLCTY consists of an unlimited number of VLCTY Common Shares and an unlimited number of preferred shares without nominal or par value. As of the date hereof, 6,000,000 VLCTY Common Shares are issued and outstanding. The VLCTY Shareholders are entitled to receive notice of and attend all meetings of the VLCTY Shareholders and are entitled to one vote at such meetings, in respect of each VLCTY Common Share held. In the event of the liquidation, dissolution or winding-up of VLCTY, the VLCTY Shareholders are entitled to share rateably in the remaining assets of VLCTY, subject to the rights, privileges, restrictions and conditions attached to the preferred shares in the capital of VLCTY.

VLCTY has no Subsidiaries except for Newco. Newco is a wholly-owned Subsidiary of VLCTY formed solely for the purpose of entering into the Amalgamation Agreement and completing the Amalgamation to effect the Business Combination. Newco was incorporated under the CBCA on April 28, 2021.

THE BUSINESS COMBINATION

Management of VLCTY has identified the acquisition of BuildDirect as an appropriate transaction to constitute its Qualifying Transaction. It is proposed that VLCTY would indirectly acquire all of the issued and outstanding securities of BuildDirect in exchange for a number of post- VLCTY Consolidation VLCTY Common Shares and options.

The purchase price in connection with the Business Combination was determined pursuant to arm's length negotiations.

In connection with the Business Combination it is proposed that the VLCTY Common Shares be consolidated on the basis of the VLCTY Consolidation Ratio prior to the Business Combination. Upon completion of the VLCTY Consolidation, the number of post-VLCTY Consolidation VLCTY Common Shares issuable upon exercise of the outstanding VLCTY Options and VLCTY Broker Options will be adjusted by the VLCTY Board on the basis of the VLCTY Consolidation Ratio with the exercise price to be adjusted on a basis inversely proportional to the VLCTY Consolidation Ratio pursuant to the terms of the Amalgamation Agreement.

After giving effect to the VLCTY Consolidation, VLCTY will have issued and outstanding approximately 226,091 post-VLCTY Consolidation VLCTY Common Shares and VLCTY Options exercisable to acquire 22,608 post-VLCTY Consolidation VLCTY Common Shares at an exercise price of $2.6538 per share and VLCTY Broker Options exercisable to acquire 11,305 post-VLCTY Consolidation VLCTY Common Shares at an exercise price of $2.6538 per share, subject to minor deviation as a result of the effects of rounding at the individual securityholder's level. Based on the valuation used for the Subscription Receipt Financing and the Unit Financing, the implied price per Resulting Issuer Common Share is $0.2167.

VLCTY is required to complete a Qualifying Transaction with this requirement being satisfied by the Exchange issuing a Final Exchange Bulletin that evidences the Exchange's final acceptance and the closing of the Qualifying Transaction. However, if this requirement is not met by October 28, 2022, then VLCTY may be transferred to the NEX board of the Exchange.

Except for historical issuance information and information regarding the capitalization of VLCTY as of the date of this Filing Statement and the VLCTY Consolidation, information in this Filing Statement concerning the VLCTY Common Shares, including the number of VLCTY Common Shares to be issued in connection with the Business Combination and information as to the capitalization of the Resulting Issuer, are presented on a post-VLCTY Consolidation basis.

In addition, the information in this Filing Statement about the number of VLCTY Common Shares and other securities to be issued in exchange for BuildDirect Common Shares and other BuildDirect securities on Closing assumes that no existing BuildDirect Options will be exercised prior to Closing.

The Business Combination will be completed by way of the Amalgamation between Newco and BuildDirect pursuant to the terms of the Amalgamation Agreement, including the following:

(a) Newco and BuildDirect will amalgamate, with Amalco, the corporation to be formed as a result of the Amalgamation, continuing as a direct, wholly-owned Subsidiary of the Resulting Issuer;

(b) VLCTY will issue one (1) Resulting Issuer Common Shares to the BuildDirect Shareholders in exchange for each BuildDirect Common Share held, prior to giving effect to the Subscription Receipt Financing or the Unit Financing. Based on the number of BuildDirect Common Shares outstanding as of the date of this Filing Statement, the aggregate number of Resulting Issuer Common Shares to be issued is expected to be 22,243,250;

(c) VLCTY will issue in exchange for BuildDirect Common Shares issued pursuant to the Subscription Receipt Financing 3,487,000 Resulting Issuer Common Shares;

(d) VLCTY will issue in exchange for BuildDirect Warrants issued pursuant to the Subscription Receipt Financing 3,487,000 Resulting Issuer Warrants;

(e) VLCTY will issue in exchange for BuildDirect Common Shares issued pursuant to the Unit Financing 90,264 Resulting Issuer Common Shares;

(f) VLCTY will issue in exchange for BuildDirect Warrants issued pursuant to the Unit Financing 90,264 Resulting Issuer Warrants;

(g) VLCTY will issue in exchange for BuildDirect Common Shares issued pursuant to the conversion of the Convertible Notes 3,563, 072 Resulting Issuer Common Shares;[1]

(h) VLCTY will issue in exchange for BuildDirect Warrants issued pursuant to the conversion of the Convertible Notes 3,563,072 Resulting Issuer Warrants;[1]

(i) VLCTY will issue in exchange for BuildDirect Warrants other than Agents' Compensation Warrants, the Exempt Marker Dealer Compensation Warrants and those issued in connection with the Subscription Receipt Financing, the Unit Financing or the conversion of Convertible Notes, 753,725 Resulting Issuer Warrants;

(j) VLCTY will issue in exchange for the Agents' Compensation Warrants and the Exempt Market Dealer Compensation Warrants issued pursuant to the Subscription Receipt Financing and the Unit Financing, respectively, 193,710 Replacement Compensation Warrants; and

(k) VLCTY will issue Replacement Options to the holders of BuildDirect Options, in exchange for all outstanding BuildDirect Options. The rate of exchange of Replacement Options for BuildDirect Options shall be the Exchange Ratio. Subject to the policies of the Exchange, each Replacement Option will be issued by VLCTY under the VLCTY Stock Option Plan on substantially the same

terms as the BuildDirect Option it replaces (subject to appropriate adjustments to the exercise price inversely proportional to the Exchange Ratio). Based on the number of BuildDirect Options outstanding as of the date of this Filing Statement, it is expected that VLCTY will issue approximately 2,859,877 Replacement Options (on a post-VLCTY Consolidation basis) to the holders of BuildDirect Options.

The Business Combination is subject to certain conditions, including but not limited to the Exchange being satisfied that after completion of the Business Combination, the Resulting Issuer will satisfy the Exchange's initial listing requirements in order to become a Tier 1 – Technology or Investment Issuer on the Exchange.

SELECTED FINANCIAL INFORMATION AND MD&A

Since VLCTY is a CPC, other than its IPO, its business to date has consisted solely of identifying a suitable Qualifying Transaction. Since incorporation, VLCTY has incurred costs in carrying out its IPO, in seeking, evaluating and negotiating potential Qualifying Transactions, and in meeting the disclosure obligations imposed upon it as a reporting issuer. The following tables set out selected historical financial information for VLCTY for the period from September 16, 2019 (the date of incorporation) to February 28, 2021. Such information is derived from and should be read in conjunction with the financial statements of VLCTY attached as Schedule "A" to this Filing Statement and the management's discussion and analysis of financial condition and result of operations of VLCTY attached as Schedule "B" to this Filing Statement.

Income Statement Data	9 Months Ended February 28, 2021 (Unaudited)	From Incorporation (September 16, 2019) to May 31, 2020 (Audited)
Revenues	-	-
Total Expenses	$162,024	$7,985
Net Loss	$162,024	$7,985

Balance Sheet Date	February 28, 2021 (Unaudited)	May 31, 2020 (Audited)
Cash and cash equivalents	$311,007	$132,833
Total Assets	$322,826	$138,833
Liabilities	$15,507	$4,726
Shareholders' equity	$307,319	$134,107

The cumulative operating expenses of VLCTY for the period from September 16, 2019 (the date of incorporation) to February 28, 2021, were $170,009, and consist of the following:

Expense (From Incorporation, September 16, 2019 to February 28, 2021)	Amount (unaudited)
Professional fees	$51,919
Administrative expenses	$95,585[(1)]
Securities and Regulatory	$22,505
Total:	$170,009

Note:

(1) Includes non-cash stock-based compensation ($81,943) and prepaid amortization ($5,250)

VLCTY continues to expect to generate negative cash flow from operating activities in the future until VLCTY commences revenue generation upon completion of the Qualifying Transaction and in accordance with the business of BuildDirect.

As of February 28, 2021, VLCTY had working capital in the amount of $307,319, had no outstanding capital commitments, and had not pledged any of its assets as security for loans, or otherwise, and was not subject to any debt covenants. Management of VLCTY believes that VLCTY has sufficient working capital to meet its anticipated financial obligations for 2021, and to pursue another Qualifying Transaction should the Business Combination not be completed.

DESCRIPTION OF THE SECURITIES

The authorized share capital of VLCTY consists of an unlimited number of VLCTY Common Shares and an unlimited number of preferred shares without nominal or par value. As of the date hereof, 6,000,000 VLCTY Common Shares are issued and outstanding. As at the date hereof, an aggregate of 3,000,000 VLCTY Common Shares are currently held in escrow pursuant to the policies of the Exchange (on a pre-VLCTY Consolidation basis). After giving effect to the Business Combination, an aggregate of approximately 226,091 post-VLCTY Consolidation VLCTY Common Shares will be issued and outstanding, subject to minor deviation as a result of the effects of rounding at the individual securityholder's level.

The holders of VLCTY Common Shares are entitled to dividends, if, as and when declared by the directors, to one vote per VLCTY Common Share at meetings of the VLCTY Shareholders, upon dissolution, to share equally in such assets of VLCTY as are distributable to the holders of VLCTY Common Shares, subject to the rights, privileges, restrictions and conditions attached to the preferred shares in the capital of VLCTY.

VLCTY has also issued VLCTY Broker Options exercisable to acquire 300,000 pre-VLCTY Consolidation VLCTY Common Shares at a price of $0.10 share on or before October 28, 2022.

STOCK OPTION PLAN

VLCTY has adopted the VLCTY Stock Option Plan, which provides that the VLCTY Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants of VLCTY, non-transferable options to purchase VLCTY Common Shares, provided that the number of VLCTY Common Shares reserved for issuance pursuant to such options will not exceed 10% of the total number of then-issued and outstanding VLCTY Common Shares. Such VLCTY Options will be exercisable for a period of up to ten (10) years from the date of grant, provided that, until the completion of the Qualifying Transaction, the number of common shares reserved for issuance shall not exceed 600,000. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised the greater of 12 months after the completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Resulting Issuer, provided that if the cessation of office, directorship or technical consulting agreement was by reason of death, the option may be exercised within a maximum period one (1) year after such death, subject to the expiry date of such option. Any common shares acquired pursuant to the exercise of options prior to the completion of the Qualifying Transaction will be subject to escrow restrictions until the issuance of the Final Exchange Bulletin. VLCTY has also issued VLCTY Options exercisable to acquire 600,000 VLCTY Common Shares at a price of $0.10 per VLCTY Common Share on or before October 28, 2030, all of which are outstanding as of the date of this Filing Statement.

For more information, please see the Final Prospectus of VLCTY, dated August 28, 2020, and the VLCTY Stock Option Plan, both of which are available at www.sedar.com.

PRIOR SALES

Since the date of incorporation of VLCTY, an aggregate of 6,000,000 VLCTY Common Shares have been issued as follows (all numbers presented on a pre- VLCTY Consolidation basis):

Date of Issue	Number of VLCTY Common Shares Issued	Issue Price Per Share	Aggregate Issue Price	Nature of Consideration Received
September 16, 2019	2,000,000 Founders' Shares[(1)]	$0.05	$100,000[(2)]	cash
December 6, 2019	500,000 Founders' Shares[(1)]	$0.05	$25,000[(2)]	cash

Date of Issue	Number of VLCTY Common Shares Issued	Issue Price Per Share	Aggregate Issue Price	Nature of Consideration Received
February 24, 2020	500,000 Founders' Shares[(1)]	$0.05	$25,000[(2)]	cash
October 28, 2020	3,000,000	$0.10	$300,000[(2)]	cash

Notes:

(1) All of the 3,000,000 VLCTY Common Shares issued at a price of $0.05 are held in escrow. See "Information Concerning the Resulting Issuer – Escrowed Securities."

(2) Before deducting the costs and expenses of VLCTY's IPO and in connection with the initial issuance of VLCTY Common Shares which in the aggregate were approximately $135,000.

In addition, VLCTY also issued VLCTY Options exercisable to acquire 600,000 VLCTY Common Shares at a price of $0.10 per VLCTY Common Share and VLCTY Broker Options exercisable to acquire 300,000 pre-VLCTY Consolidation VLCTY Common Shares at a price of $0.10 share on or before October 28, 2022. (all on a pre-VLCTY Consolidation basis).

MARKET PRICE AND TRADING VOLUME DATA

The VLCTY Common Shares have been listed and posted for trading on the Exchange since October 28, 2020. The following table sets forth certain trading information for the VLCTY Common Shares on the Exchange for the period noted below.

Period	High	Low	Trading Volume
November 2020	$0.15	$0.125	85,000
December 2020	$0.15	$0.14	18,000
January 2021	$0.15	$0.14	60,535
February 2021	$0.145	$0.135	16,000
March 1 – 18, 2021[(1)]	$0.145	$0.145	Nil

Note:

(1) Trading of the VLCTY Common Shares has been halted by the Exchange since March 19, 2021, upon VLCTY's announcement of the LOI.

ARM'S LENGTH TRANSACTION

The proposed Qualifying Transaction described in this Filing Statement does not constitute a Non-Arm's Length Qualifying Transaction for VLCTY within the meaning of the CPC Policy.

LEGAL PROCEEDINGS

VLCTY is not currently a party to any legal proceedings, nor is VLCTY currently contemplating any legal proceedings, which are material to its business. Management of VLCTY is currently not aware of any legal proceedings contemplated against VLCTY or any legal proceedings of which VLCTY's property is the subject matter.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

The auditor for VLCTY is Segal LLP, at 502 - 4101 Yonge Street, Toronto, Ontario M2P 1N6. Segal LLP is independent of VLCTY, in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Transfer Agent and Registrar

The transfer agent and registrar for the VLCTY Common Shares is Computershare Investor Services Inc., 510 Burrard Street, 3rd Floor Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

VLCTY has not entered into any contracts material to investors in the VLCTY Common Shares since incorporation, and is not expected to enter into any material contracts prior to the Closing, other than contracts in the ordinary course of business, except:

(a) Registrar and Transfer Agent Agreement dated February 6, 2020 between VLCTY and the Escrow Agent;

(b) Agency Agreement dated August 28, 2020 between VLCTY and Leede Jones Gable Inc., the agent for VLCTY's IPO;

(c) Escrow Agreement dated August 13, 2020 between VLCTY, the Escrow Agent, and the holders of the Founders' Shares;

(d) VLCTY Stock Option Plan approved on January 29, 2020;

(e) Amalgamation Agreement;

(f) Agency Agreement;

(g) Subscription Receipt Agreement; and

(h) Warrant Indenture.

Copies of these agreements are, or will upon finalization and execution, be available for inspection, without charge, at the offices of Quantum Law, located at Suite 206, 3500 Carrington Road, Westbank, British Columbia V4T 3C1 during ordinary business hours and until 30 days after the completion of the Business Combination.

INFORMATION CONCERNING BUILDDIRECT

CORPORATE STRUCTURE

Name and Incorporation

BuildDirect's full corporate name is "BuildDirect.com Technologies Inc.". BuildDirect was incorporated under the CBCA on October 20, 1999. BuildDirect is authorized to issue an unlimited number BuildDirect Common Shares of which there are currently 10,315,007 BuildDirect Common Shares, 65,000,000 Series 1 Class AA Preferred Shares and 44,642,845 Series 2 Class AA Preferred Shares are issued and outstanding (on a pre- BuildDirect Consolidation basis).

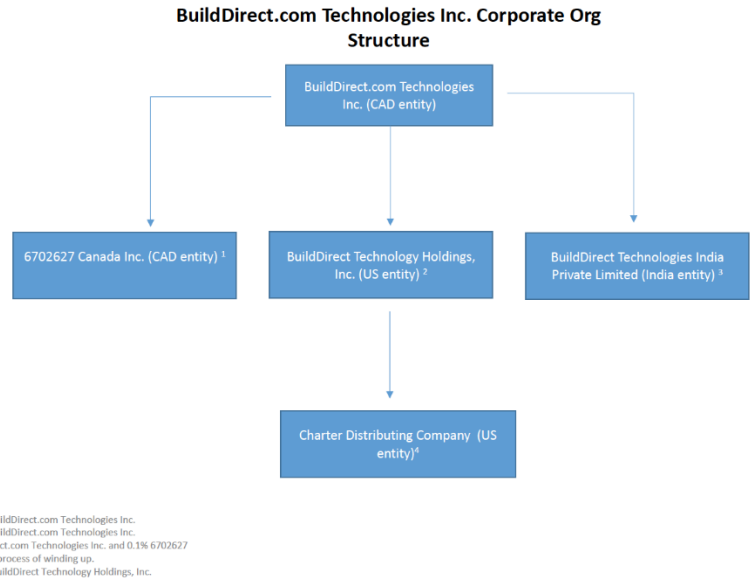
BuildDirect's is located at Suite 1900, 401 West Georgia Street and its registered office is located at 1900, 401 West Georgia Street, Vancouver, British Columbia V6B 5A1.

Intercorporate Relationships

BuildDirect currently has four wholly-owned subsidiaries:

- 6702627 Canada Inc.
- BuildDirect Technology Holdings, Inc.
- BuildDirect Technologies India Private Limited (dormant)
- Charter Distributing Company (dba FloorSource Wholesale & Supply) ("**FloorSource**")

The following chart is an illustration of the organizational structure of BuildDirect:



GENERAL DEVELOPMENT OF THE BUILDDIRECT BUSINESS

History

BuildDirect was incorporated under the CBCA on October 20, 1999. BuildDirect's initial material expansion and development was funded through a series of secured debt and convertible debt as well as equity financings between 2014 and 2017.

On October 31, 2017, BuildDirect filed and was granted protection under the *Companies' Creditors Arrangement Act* ("**CCAA**"). On November 3, 2017, the United States court granted an order under Chapter 15 of the United States Bankruptcy Code which essentially extended the effect of the Canadian proceedings into the United States. On March 22, 2018, BuildDirect completed a capital financing transaction (pursuant to which it raised US $28 million of new funds and converted US$15 million of interim financing provided during the CCAA proceeding) and implemented its plan of compromise and arrangement under CCAA and emerged from CCAA protection.

On March 22, 2018, BuildDirect issued a series of secured promissory notes to Deans Knight Capital Management Ltd. and Kelly Booth in the aggregate principal amount of CAD $5,000,000 (the "**2018 Notes**"). The initial maturity date of these notes was originally March 22, 2021 provided that such maturity date for a majority of the principal outstanding under the 2018 notes was extended to June 30, 2022 pursuant to amending agreements between certain holders of the 2018 Notes and BuildDirect on December 31, 2020.

On December 31, 2020, BuildDirect issued a series of secured convertible notes in the principal aggregate amount of USD $12,600,000 to a collection of investors led by Pelecanus Investment Ltd., Mohr Davidow Ventures and Beedie Capital Partners Inc. (the "**2020 Convertible Notes**"). The 2020 Convertible Notes have a maturity date of December 31, 2023 and convert upon certain events including automatic conversion upon a USD $10,000,000 qualified financing.

On December 31, 2020, BuildDirect, via its subsidiary BuildDirect Technology Holdings Inc. acquired all of the outstanding shares of Charter Distributing Company (dba FloorSource Wholesale and Supply) from its former shareholders.

On March 19, 2021, BuildDirect entered into a binding letter of to complete the Business Combination which would constitute VLCTY's Qualifying Transaction pursuant to the policies of the Exchange.

Subscription Receipt Financing

Under the terms of the Agency Agreement, BuildDirect has completed the Subscription Receipt Financing of Subscription Receipts at a price of $5.75 per Subscription Receipt on April 30, 2021.

Each Subscription Receipt will be automatically exchangeable, without additional payment of additional consideration, into one (1) SR Underlying Share and one (1) SR Underlying Warrant for each Subscription Receipt, pursuant to the terms of the Subscription Receipt Agreement and the Warrant Indenture.

In connection with the Subscription Receipt Financing, BuildDirect paid the Agents an Agents' Fee equal to 6% of the gross proceeds from the Subscription Receipt Financing, subject to a reduced commission of 3% for certain subscribers on a President's List of BuildDirect, and issued Agents' Compensation Warrants exercisable for BuildDirect Common Shares equal to 6% of the number of Subscription Receipts sold under the Subscription Receipt Financing, subject to a reduced percentage of 3% for certain subscribers on the President's List of BuildDirect. Each Agents' Compensation Warrant entitles the holder to acquire one BuildDirect Common Share (on a post-BuildDirect Consolidation basis) at the Offering Price for a period of 24 months from the Closing. For additional details regarding the Subscription Receipt Financing, see "*Information Concerning BuildDirect - Narrative Description of the BuildDirect Business – Subscription Receipt Financing*").

Under the Business Combination, the BuildDirect Shareholders resulting from the Subscription Receipt Financing will receive one (1) Resulting Issuer Common Share in exchange for each of their SR Underlying Shares and one (1) Resulting Issuer Warrant in exchange for each of their SR Underlying Warrants, and the Agents will receive Replacement Compensation Warrants in exchange for its Agents' Compensation Warrants, as described elsewhere in this Filing Statement.

Unit Financing

Under the terms of the Exempt Market Dealer Services Agreement, BuildDirect anticipates completing, prior to the completion of the Qualifying Transaction, the Unit Financing at a price of $5.75 per Unit .

Each Unit consists of one (1) Unit Underlying Share and one (1) Unit Underlying Warrant for each Unit, pursuant to the terms of the Exempt Market Dealer Services Agreement and the Warrant Indenture.

In connection with the Unit Financing, BuildDirect will pay the Exempt Market Dealer an Exempt Market Dealer Fee equal to 6% of the gross proceeds from the Unit Financing, and will issue Exempt Market Dealer Compensation Warrants exercisable for BuildDirect Common Shares equal to 6% of the number of Subscription Receipts sold under the Unit Financing. Each Exempt Market Dealer Compensation Warrant entitles the holder to acquire one BuildDirect Common Share (on a post-BuildDirect Consolidation basis) at the Offering Price for a period of 24 months from the Closing. For additional details regarding the Unit Financing, see "*Information Concerning BuildDirect - Narrative Description of the BuildDirect Business – Unit Financing*").

Under the Business Combination, the BuildDirect Shareholders resulting from the Unit Financing will receive one (1) Resulting Issuer Common Share in exchange for each of their Unit Underlying Shares and one (1) Resulting Issuer Warrant in exchange for each of their Unit Underlying Warrants, and the Exempt Market Dealer will receive Replacement Compensation Warrants in exchange for its Exempt Market Dealer Compensation Warrants, as described elsewhere in this Filing Statement.

The closing of the Unit Financing and release of corresponding gross proceeds is subject to substantially the same conditions that apply to the release of the escrowed funds in connection with the Subscription Receipt Financing.

NARRATIVE DESCRIPTION OF THE BUILDDIRECT BUSINESS

General

Founded in 1999, BuildDirect is an innovative marketplace for purchasing and selling quality home improvement and flooring materials online. BuildDirect is pioneering how building materials are purchased online by homeowners and home improvement professionals ("**Pros**"). BuildDirect generates the majority of its revenue from flooring products, including solid hardwood, laminate, engineered bamboo, vinyl, cork, and tile products.

Operations

Although the online flooring market is growing at 3x the rate of the overall market, online penetration is very low today (only ~4% of the total market sales). The low level of online penetration is driven by the complexities of heavyweight shipping (high cost and damage rates), long sales cycles, and the high touch sales process involved in a flooring purchase. By developing a tailored approach to the flooring market, BuildDirect has developed the infrastructure to reduce the pain points of ordering online and create a competitive advantage as online penetration grows.

E-commerce Platform

Over the last 20 years, BuildDirect has invested a significant amount of capital to develop an integrated technology platform (website, order management, delivery network) for the flooring industry. This has created a repeatable process and "know how" to reach customers and drive conversion. Today, BuildDirect has a broad assortment of online flooring and receives over 9 million unique sessions annually, making it one of the top home improvement websites in North America. Website traffic is supported by a highly data driven process that creates a personalized experience for each customer. The online buying experience is also supported by specialized sales teams, who provide customer support before and after a purchase. BuildDirect's customer service is a key differentiator, evidenced by an NPS score of 75.

Sampling Operations

BuildDirect has a dedicated sampling operation that allows customers to order samples before buying any product on its website. BuildDirect provides multiple flooring samples for free and shipped within 1-2 days across the entire US.

Suppliers

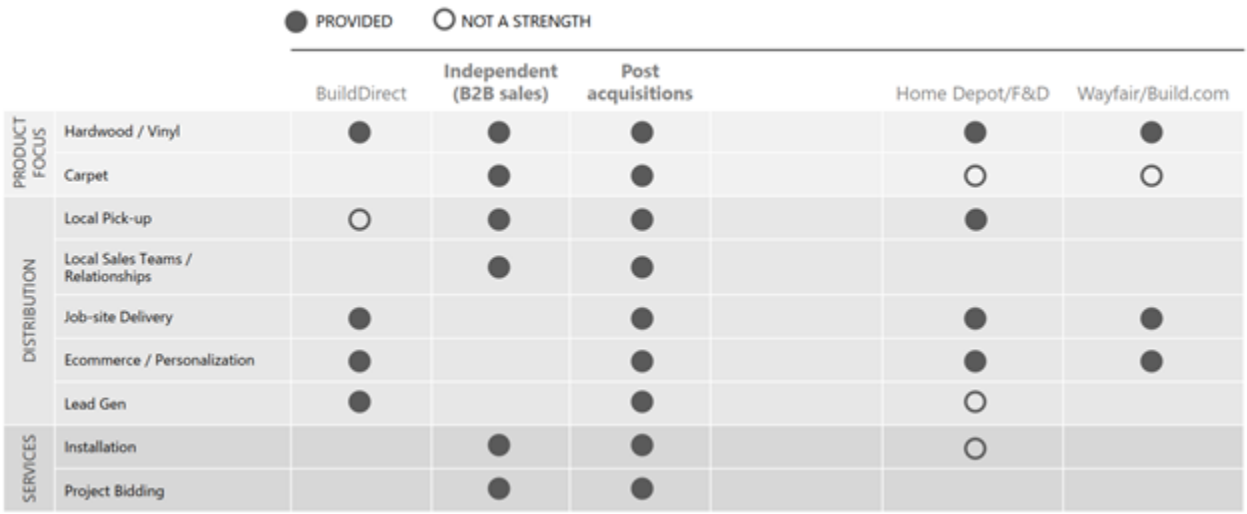
BuildDirect has established strong multi-year relationships with over 70 domestic and international suppliers in the flooring industry. BuildDirect's ability to accurately forecast demand in real-time lowers its suppliers' inventory costs, allowing BuildDirect to operate a consignment model with limited working capital required for inventory. BuildDirect is typically the dominant customer for its suppliers, providing it with significant negotiating power versus its competitors.

Logistics

BuildDirect has invested in its own proprietary inventory management and delivery network called Gateway, which is specialized to store and move heavyweight goods. Gateway leverages 5 company distribution centers, 60 supplier warehouses, and national shipping providers to dynamically optimize the cost and speed of shipping. Gateway allows BuildDirect to scale with demand, with limited incremental capital requirements, and ship extremely heavy orders to a customer's home or job site within 2 days or less. BuildDirect believes it has the lowest damage rates in the industry.

BuildDirect's Acquisition Strategy

To accelerate the conversion of Pro customers, BuildDirect is actively seeking to acquiring independent flooring retailers ("**IRs**"), which represent nearly 50% of the US flooring market. IRs often have been in business for decades and have developed sticky relationships with their customers. BuildDirect is targeting IRs who primarily focus on Pros, have a dominant regional market position, and exhibit strong financial performance and cash flows. The combination of a digital and physical footprint ("**DiPhy**") is anticipated to provide BuildDirect with an end-to-end service offering to Pros that would be unmatched by competitors.



Key benefits of a DiPhy strategy include:

- Product: full assortment of products including hard surface, carpet, accessories, and tools. No online or big box retailer can offer carpet, which represents 40% of the flooring market, given the need for specialized cutting tools and transportation
- Distribution: IRs can leverage Gateway and offer direct to job site delivery and create online ordering capabilities for Pros and their customers. In addition, BuildDirect can offer same day delivery from IR warehouses
- Data driven sales: BuildDirect can provide localized data to IRs to optimize merchandising as well as provide online leads
- Bundled services: IRs allow BD to offer local installation services for larger Pro customers (e.g. builders and multi-family owners) which is not provided today

In addition to the above benefits, BuildDirect can generate substantial sourcing savings for IRs through its supplier relationships described above.

BuildDirect completed its first acquisition of an IR in December 2020 (FloorSource) and has developed a proprietary pipeline of highly actionable opportunities. The acquisition of FloorSource included a portion of the consideration in vendor loan and earn-out, which BuildDirect expects to replicate going forward. BuildDirect has identified at least 40-60 potential acquisition candidates that meet its investment criteria and offer sufficient scale. Owners of IRs typically do not have digital capabilities and are attracted to how the DiPhy strategy will help grow their businesses. With sufficient capital, BuildDirect expects to accelerate the pace of acquisitions and fully roll-out the DiPhy strategy across key markets in the US.

Marketing plans and strategies

BuildDirect's mission is to be the #1 source for flooring online, and the marketing objectives are in service to that mission.

BuildDirect marketing plan consists of two core objectives: (1) Build brand awareness, affinity and reputation; and (2) Market our core product and service offerings to our two priority customer segments: homeowners / DIY-ers, and Pros.

Over the past 10 years, BuildDirect has developed the capabilities, analytics and technology to run a diversified, stable and efficient marketing operation. A range of strategies and tactics are employed to achieve our two marketing objectives with direct and indirect marketing campaigns across both digital / online, and traditional / offline customer facing channels.

BuildDirect sources a significant volume of site traffic through strong organic search rankings against priority keywords. Top rankings are achieved through ongoing investment in (1) high-quality, relevant home improvement content on inspiration, education and information; and (2) technical SEO capabilities and web-development.

The second largest source of traffic comes from paid media spend against digital search and display campaigns. Display campaigns are focused on building brand awareness for target customer segments while search campaigns focus on acquiring customers in the middle and bottom of funnel journeys. With 10 years of analytics on campaign performance, BuildDirect is able to spend efficiently in these online channels and utilize machine learning in a number of digital paid media channels to further improve marketing efficiency.

Social media platforms are used to drive brand awareness and reputation alongside customer acquisition. Directly managed accounts on Facebook, Instagram and Pinterest have a significant number of followers and interactions. BuildDirect partners with a range of social media influencers to drive brand awareness and affinity in target markets and customers segments.

In addition to customer acquisition, BuildDirect runs digital display retargeting, marketing (email) automation, and physical marketing materials to drive customer conversion and retention. In 2019, BuildDirect decided to exit from third party coupon sites, and as a result shut its affiliate marketing program.

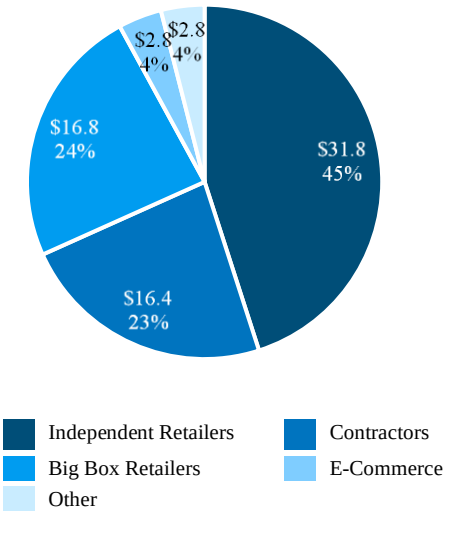
BuildDirect employs B2B marketing campaigns to target Pros. A mixed media approach is employed for this target segment including digital media, traditional media, partnerships and, prior to COVID-19, in-person events (primarily trade-shows).

Market[1]

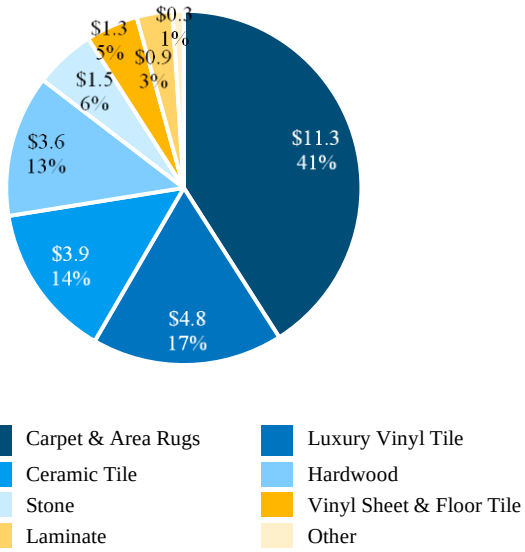
The U.S. flooring market, including products and labor, was a US$71 billion industry in 2019. It is dominated by bricks and mortar retailers, which represent 73% of the market. Contractors represent 23% of the market and e-commerce represents only 4% of the market.

The industry is highly fragmented, with 45% of the market comprised by independent flooring retailers. "Big box" retailers, including Home Depot, Lowe's, Lumber Liquidators, Floor & Décor, and The Tile Shop represent 24% of the market. Other retailers, such as department, discount, furniture, and home furnishing stores make up the remainder of bricks and mortar retailers where flooring is purchased in the U.S.

2019 U.S. Flooring Market Product and Labor Sales Breakdown *(USD billions)*



2019 U.S. Floor Covering Product Sales Breakdown *(USD billions)*



[1] Floor Covering Weekly; Vol 69 No 16; Jul 27, 2020.

The U.S. flooring market has grown at a compound annual growth rate of ~4% from 2016 to 2019. Despite modest growth in the sector overall, the U.S. e-commerce flooring market grew by ~13% in 2019. BuildDirect believes that it is are well-positioned to capitalize on this opportunity by consolidating independent bricks and mortar retailers who lack online sales channels, and by leveraging BuildDirect's e-commerce platform to increase online market penetration.

Competitive Conditions

Independent retailers, which represent the largest share of the U.S. flooring market, possess a competitive advantage through their localized knowledge, service and relationships, particularly with professional customers. They are also the only flooring retailers with carpet as a major product focus, which represents 41% of U.S. floor covering sales.[1] Big box retailers typically lack a significant carpet offering due to the specialized cutting tools and transportation required, while independent retailers typically lack an e-commerce presence and job-site delivery.

Proprietary Information / Technology:

While BuildDirect's core online platform is secured through a series of licensing agreements with reputable third party services providers, BuildDirect utilizes its personnel to continue to maintain and develop new services, features and functionality, and enhancements to its platform

In order to ensure that BuidlDirect's intellectual property rights are properly protected, BuildDirect requires its employees, consultants, and other third parties to enter into confidentiality and proprietary rights agreements under which such parties assign to BuildDirect any inventions, trade secrets, works of authorship, developments, processes, and other intellectual property generated by them on BuildDirect's behalf and under which they agree to protect BuildDirect's confidential information. BuildDirect also maintains controls and monitors access to its software, documentation, proprietary technology, and other confidential information. BuildDirect has also secured and maintains and takes steps to protect a portfolio of trademarks which BuildDirect utilizes across the various categories of products offered via its online platform.

Future Developments

BuildDirect continues to introduce new tools and e-commerce features, such as inventory tracking that drive Pro engagement and retention. Recent examples include a Pro online sign-up page that automates qualifications and provides a personalized experience (e.g. discounts depending on purchase volumes, easy repeat orders, payment terms for larger customers, and concierge services for claims and returns). BuildDirect will continue to refine its customer journey through the development of new tools and improved features over time

BuildDirect is also developing a white-label e-Commerce-as-a-Service platform targeted to 3rd party building product companies who sell heavyweight products (e.g. flooring, decking, siding, railing). This turnkey solution is being built to provide easy to deploy websites with e-commerce and Gateway shipping capabilities. Development work around this effort includes modifying BuildDirect's frontend and backend technology to support individually branded websites and order management capabilities.

Charter Distributing Company (dba FloorSource Wholesale and Supply)

Founded in 1980, FloorSource operates four flooring showrooms and warehouses in the state of Michigan. FloorSource exclusively services Pro customers and primarily services the repair and remodel market. FloorSource offers a full assortment of hard surface and carpet flooring, most of which can be picked up same day by contractors. BuildDirect acquired FloorSource in December 2020 and was BuildDirect's first acquisition as part of its DiPhy strategy.

FloorSource's mission is to be the one-stop flooring source for industry professionals in Michigan state. The primary marketing goal is to drive customer retention and loyalty by investing in high touch, quality customer service. Given its reputation amongst regional industry professionals, customer advocacy and highly targeted acquisition campaigns for high-value customers acts as the primary pipeline of new business.

BuildDirect Technology Holdings Inc.

BuildDirect Technology Holdings Inc. purchased all of the outstanding shares of FloorSource on December 31, 2020 as noted in this Filing Statement and these shares are the sole asset of BuildDirect Technology Holdings Inc.

6702627 Canada Inc.

There are no material assets of are there any material operations conducted under 6702627 Canada Inc. This entity is utilized in a limited manner for independent contractor and certain third party services provider engagements.

BuildDirect Technologies India Private Limited

BuildDirect Technologies India Private Limited previously provided certain software development services to BuildDirect in support of its online platform. BuildDirect has since transitioned these services to a third party services

provider and BuildDirect Technologies India Private Limited currently has no material assets or operations. BuildDirect is in the process of winding up this entity.

SELECTED FINANCIAL INFORMATION AND MD&A

The following table sets out selected historical financial information for BuildDirect for the last two completed financial years and for the unaudited financial statements for the three month period ended March 31, 2021. The following table includes selected balance sheet data and the statement of loss data for such periods. Such information is derived from and should be read in conjunction with the BuildDirect Financial Statements attached as Schedule "C" to this Filing Statement. These statements are reviewed by management and circulated to the board of directors. The quarterly statements are management prepared and are not subject to audit or a review.

Expressed in United States dollars	As at March 31, 2021 (Unaudited)	As at Year Ended December 31, 2020 (Audited)	As at Year Ended December 31, 2019 (Audited)
Total Revenues	$20,887,037	$52,110,155	$40,535,939
Loss from Operations	($2,296,106)	($4,257,999)	($11,290,952)
Net Income (or loss)	($4,657,332)	($4,559,236)	($11,464,620)
Total Assets	$30,976,080	$28,725,818	$12,953,772
Total Liabilities	$40,958,169	$34,149,830	$14,052,130
Cash Dividends Declared	$-	$-	$-

Management's Discussion and Analysis of Financial Condition and Results of Operations

See Schedule "D" to this Filing Statement for BuildDirect's management's discussion and analysis of financial condition and results of operations for the period the two most recently completed financial years and for the three month period ended March 31, 2021.

DESCRIPTION OF SECURITIES

BuildDirect is authorized to issue an unlimited number of common shares, of which 10,229,285 BuildDirect Common Shares, 65,000,000 Series 1 Class AA Preferred Shares and 44,642,845 Series 2 Class AA Preferred Shares are issued and outstanding as fully paid and non-assessable as at the date hereof (on a pre-BuildDirect Consolidation basis).

In addition 15,423,353 BuildDirect Common Shares are reserved for issuance upon the exercise of outstanding BuildDirect Options, 4,064,838 BuildDirect Common Shares are reserved for issuance upon the exercise of outstanding BuildDirect Warrants, 3,563,072 BuildDirect Common Shares are reserved for issuance upon the conversion of the Convertible Notes, and 3,563,072 BuildDirect Common Shares are reserved for issuance upon the exercise of the BuildDirect Warrants issuable upon conversion of the Convertible Notes.

Other than as disclosed above, no other securities of BuildDirect are issued and outstanding.

BuildDirect Common Shares

The holders of BuildDirect Common Shares are entitled to receive notice of and attend all meetings of the BuildDirect Shareholders and are entitled to one vote at such meetings, in respect of each BuildDirect Common Share held. The holders of the BuildDirect Common Shares will, together with the holders of Class AA Preferred Shares, on a *pro rata* basis (calculated as if the Class AA Preferred Shares had been converted to BuildDirect Common Shares as of the record date for such dividends), be entitled to receive cash dividends as and when declared by the directors of BuildDirect. Subject to the rights of the holders of Class AA Preferred Shares, as described below, in the event of the liquidation, dissolution or winding-up of BuildDirect, such holders are entitled to share rateably in the remaining assets of BuildDirect.

Class AA Preferred Shares

The holders of Class AA Preferred Shares of BuildDirect are entitled to receive notice of and attend all meetings of the BuildDirect Shareholders and are entitled to one vote at such meetings, in respect of each Class AA Preferred Shares held.

The Class AA Preferred Shares rank as the most senior class of shares in the capital of BuildDirect and specifically rank senior to the BuildDirect Common Shares. The Class AA Preferred Shares of each series rank on parity with the Class AA Preferred Shares of every other series with respect to priority in payment of dividends and in the distribution of assets of BuildDirect in the event of the liquidation, dissolution or winding-up of BuildDirect, whether voluntary or involuntary, or in respect of any other distribution of the assets of BuildDirect.

The Class AA Preferred Shares are convertible, at any time and from time to time, at the option of the holder thereof and without payment of additional consideration, into BuildDirect Common Shares, and automatically upon a conversion approved by a Class AA Preferred Majority, being a majority of the Class AA Preferred Shares, including certain shareholders, or the closing of a Qualified IPO (as defined in BuildDirect's Articles of Amalgamation.

It is expected that the Class AA Preferred Shares will convert directly into Resulting Issuer Common Shares upon approval of the Business Combination at the BuildDirect Meeting.

CONSOLIDATED CAPITALIZATION

The following values are provided on a pre-BuildDirect Consolidation basis.

Designation of Security	Amount Authorized	Outstanding as of December 31, 2020	Outstanding as of March 31, 2021	Outstanding as of the date hereof
Common Shares	unlimited	10,229,285	10,229,285	10,315,007
Series 1 Class AA Preferred Shares	unlimited	65,000,000	65,000,000	65,000,000
Series 2 Class AA Preferred Shares	unlimited	44,642,845	44,642,845	44,642,845
Warrants	4,064,838	4,064,838	4,064,838	4,064,838
Options	13%	12,289,462	12,289,462	15,423,353
Indebtedness[(1)]	N/A	$21,746,448	$23,039,984	$23,039,984
Deficit[(2)]	N/A	($108,279,361)	($112,936,694)	($112,936,694)

Notes:

(1) Pursuant to senior note, convertible note and promissory note agreements as at March 31, 2021.

(2) This does not include BuildDirect's earnings from operating activities between March 31, 2021 and the date of this Filing Statement.

PRIOR SALES

The following were the sales and issuances of securities by BuildDirect in the past 12 months preceding the date of this Filing Statement.

Date	Number and Type of Securities	Issue Price/Exercise Price	Aggregate Proceeds	Nature of Consideration Received
November 10, 2020 **(1)**	204 BuildDirect Common Shares	$0.14	$28.56	cash
November 13, 2020**(1)**	25,000 BuildDirect Common Shares	$0.14	$3,500	cash

Date	Number and Type of Securities	Issue Price/Exercise Price	Aggregate Proceeds	Nature of Consideration Received
December 31, 2020[(2)]	10,204,081 BuildDirect Common Shares	-	-	-
April 29, 2021 [(1)]	2000 BuildDirect Common Shares	$0.14	$280	cash
April 29, 2021 [(1)]	4,500 BuildDirect Common Shares	$0.10	$450	cash
April 29, 2021 [(1)]	4,062 BuildDirect Common Shares	$0.10	$406.20	cash
April 30, 2021	3,487,000 Subscription Receipts	$5.75		cash
May 4, 2021 [(1)]	2000 BuildDirect Common Shares	$0.14	$280	cash
May 4, 2021 [(1)]	4,500 BuildDirect Common Shares	$0.10	$450	cash
May 4, 2021 [(1)]	4,375 BuildDirect Common Shares	$0.10	$437.50	cash
May 26, 2021 [(1)]	64,285 BuildDirect Common Shares	$0.14	$8,999.90	cash

Notes:

(1) Exercise of stock options

(2) Transferred within Share Capital, Preferred Shares to Common Shares at 1:1 ratio. No proceeds from the transfer.

EXECUTIVE COMPENSATION

Named Executive Officers

During the financial year ended December 31, 2020, BuildDirect had 4 Named Executive Officers ("**NEOs**") being Dan Park, the Chief Executive Officer, Natalie Ku, Chief Operations Officer, Mukund Mohan, Chief Technology Officer, and David Montagliani VP, Category Management.

"**Named Executive Officer**" means: (a) each CEO, (b) each CFO, (c) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000; and (d) each individual who would be a NEO under (c) above but for the fact that the individual was neither an executive officer of the BuildDirect, nor acting in a similar capacity, at the end of that financial year.

Director and Named Executive Officer Compensation

The following table (presented in accordance with National Instrument Form 51-102F6V, is a summary compensation (excluding compensation securities)) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the directors and NEOs for each of BuildDirect's two most recently completed financial years and the interim period between January 1, 2021 and March 31, 2021.

Table of compensation excluding compensation securities							
Name and position	**Year ended December 31[1]**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Dan Park, Chief Executive Officer	2021	95,000	Nil	Nil	Nil	Nil	95,000
	2020	380,000	72,677	Nil	Nil	Nil	452,677
	2019	430,000	Nil	Nil	Nil	Nil	430,000
Natalie Ku, Chief Operations Officer	2021	55,000	Nil	Nil	Nil	Nil	55,000
	2020	210,000	40,164	Nil	Nil	Nil	250,164
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Ethan Rudin, Chief Financial Officer	2021	61,250	Nil	Nil	Nil	Nil	61,250
	2020	N/A	N/A	N/A	N/A	N/A	N/A
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Dennis Nehro Charter Distributing Company, Executive Officer	2021	76,575	Nil	Nil	Nil	Nil	76,575
	2020	N/A	N/A	N/A	N/A	N/A	N/A
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Doug Zawada, Charter Distributing Company, Executive Officer	2021	53,600	Nil	Nil	Nil	Nil	53,600
	2020	N/A	N/A	N/A	N/A	N/A	N/A
	2019	N/A	N/A	N/A	N/A	N/A	N/A
David Montagliani, VP Category Management	2021	N/A	N/A	Nil	Nil	Nil	Nil
	2020	150,000	22,500	Nil	Nil	45,000	217,500
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Mukund Mohan, Chief Technology Officer	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	233,219	Nil	Nil	Nil	Nil	233,219
	2019	375,000	Nil	Nil	Nil	Nil	375,000
Ken Stanick, Chief Revenue Officer	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	281,944	Nil	Nil	Nil	454,000	735,944
Godwin Pavamani, Chief Merchandising Officer	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	300,000	Nil	Nil	Nil	Nil	300,000
Julie Todaro, Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Tim Howley, Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil

Table of compensation excluding compensation securities							
Name and position	**Year ended December 31[(1)]**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Milan Roy, Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Bryan Stolle, Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil

Note:
(1) For 2021, the disclosure is for the period between January 1, 2021 and March 31, 2021.

Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each NEO or director by BuildDirect or its subsidiaries in the year ended December 31, 2020, for services provided or to be provided, directly or indirectly to BuildDirect or any of its subsidiaries:

Compensation Securities							
Name and position	**Type of compensation security**	**Number of compensation securities, number of underlying securities, and percentage of class**	**Date of Issue or grant**	**Issue, conversion or exercise price ($)**	**Closing price of security or underlying security on date of grant ($)[(1)]**	**Closing price of security or underlying security at year end ($)**	**Expiry date**
Dan Park, Chief Executive Officer	Stock Option Grant	1,377,552	December 16, 2020	USD $0.10		N/A	December 16, 2030

No compensation securities were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified in BuildDirect's financial year ended December 31, 2020.

Exercise Compensation Securities

No compensation securities were exercised by any NEO or director of BuildDirect in the year ended December 31, 2020.

Stock Option Plans and Other Incentive Plans

The BuildDirect Board adopted an incentive stock option plan for BuildDirect, the BuildDirect Stock Option Plan, under which the directors were authorized to grant options to purchase up to 13% of the issued and outstanding common shares of BuildDirect from time to time.

The purpose of the BuildDirect Stock Option Plan is to attract and motivate directors, officers and employees of and consultants to BuildDirect and its subsidiaries and thereby advance BuildDirect's interests by affording such persons with an opportunity to acquire an equity interest in BuildDirect through the stock options.

Pursuant to BuildDirect Stock Option Plan, option grants to eligible directors, officers, employees and consultants are non-transferable and are vested based on the sole determination of the administrator of the BuildDirect Stock Option Plan at the time they are granted. The administrator of the BuildDirect Stock Option Plan will, at the time the BuildDirect Option is granted, determine the date or dates upon which a BuildDirect Option will expire, which date cannot be greater than Ten (10) years from the date of the grant of the BuildDirect Option. On the expiry of a BuildDirect Option, the BuildDirect Option will be void and of no effect.

Employment, Consulting and Management Agreements

BuildDirect and its subsidiaries do not have any contracts, agreements, plans or arrangements that provides for payments to a director or NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of BuildDirect or a change in an NEO's responsibilities, except as follows:

- BuildDirect entered into an employment agreement with Dan Park dated August 17, 2017 pursuant to which BuildDirect may be obligated to pay Mr. Park the equivalent of six (6) months' base salary and six (6) months of continue coverage in BuildDirect's group health benefits plan in the event BuildDirect terminates this agreement, in its sole discretion, without cause or the agreement is subject to Constructive Termination;

- BuildDirect entered into an employment agreement with Natalie Ku dated October 31, 2019 pursuant to BuildDirect may terminate this agreement, in its sole discretion, without cause upon providing Ms. Ku six (6) months' notice of termination or pay in lieu thereof;

- Charter Distributing Company entered into an employment agreement with Dennis Nehro dated December 31, 2020 pursuant to which Charter Distributing Company may be obligated to pay Mr. Nehro the equivalent

of three (3) months' base salary in the event Charter Distributing Company terminates the agreement on a without cause basis, due to Disability or Mr. Nehro resigns with Good Reason; and

- Charter Distributing Company entered into an employment agreement with Douglas Zawada dated December 31, 2020 pursuant to which Charter Distributing Company may be obligated to pay Mr. Zawada the equivalent of three (3) months' base salary in the event Charter Distributing Company terminates the agreement on a without cause basis, due to Disability or Mr. Zawada resigns with Good Reason.

Oversight and Description of Director and Named Executive Officer Compensation

The compensation of BuildDirect's NEOs is determined by the BuildDirect Board.

BuildDirect does not have a formal compensation program and relies upon the grant of stock options pursuant to the BuildDirect Stock Option Plan to provide compensation to the NEOs and directors. Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of BuildDirect, but these rewards are highly dependent upon the volatile stock market, much of which is beyond the control of the NEOs.

When new options are granted, the BuildDirect Board takes into account the previous grants of options, the number of stock options currently held, position, overall individual performance, anticipated contribution to BuildDirect's future success and the individual's ability to influence corporate and business performance. The purpose of granting such stock options is to assist BuildDirect in compensating, attracting, retaining and motivating the officers, directors and employees of BuildDirect and to closely align the personal interest of such persons to the interest of the shareholders. The exercise price of the stock options granted is determined by the BuildDirect Board.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Corporation's financial resources and prospects.

Pension Disclosure

BuildDirect does not have any pension or retirement plan which is applicable to the NEOs or directors. BuildDirect has not provided compensation, monetary or otherwise, to any person who now or previously has acted as an NEO of BuildDirect, in connection with or related to the retirement, termination or resignation of such person, and BuildDirect has provided no compensation to any such person as a result of a change of control of BuildDirect.

Management Contracts

BuildDirect has no arrangements, standard or otherwise, pursuant to which directors are compensated for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts during the most recently completed financial year or subsequently, up to and including the date of this Filing Statement. The directors are reimbursed for expenses incurred in carrying out their duties as directors; and directors are eligible to receive options under the BuildDirect Stock Option Plan.

LEGAL PROCEEDINGS

On September 21, 2020, BuildDirect filed an action in the U.S. Court of International Trade against U.S. Customs and Border Protection and the U.S. Trade Representative challenging the imposition and collection of certain tariffs on goods imported into the U.S. This action is ongoing and is substantially similar to lawsuits filed by approx. 3,500 other importers similarly affected by the above noted tariffs.

Except as disclosed in this Filing Statement, management of BuildDirect is not aware of any material pending or threatened proceedings since the beginning of the most recently completed financial year.

NON-ARM'S LENGTH TRANSACTIONS

Other than as disclosed in this Filing Statement, since the date of incorporation of BuildDirect and to BuildDirect's knowledge, BuildDirect has not acquired any assets or services from (i) any director, officer or promoter of

BuildDirect; (ii) any party disclosed in this Filing Statement as a principal securityholder; or (iii) an Associate or Affiliate of any of the persons or companies referred to in section (i) or (ii).

MATERIAL CONTRACTS

The following is a list of each material contract of BuildDirect, other than contracts entered into in the ordinary course of business, that were entered into since BuildDirect's successful exit from Companies Creditor Arrangement Act protection:

(a) the Amalgamation Agreement;

(b) the Agency Agreement;

(c) the Subscription Receipt Agreement;

(d) the Exempt Market Dealer Services Agreement[3]; and

(e) the Warrant Indenture.

Copies of the contracts may be inspected, without charge, during business hours at the offices of Fasken Martineau DuMoulin LLP, Suite 2900, 550 Burrard Street, Vancouver, British Columbia V6C 0A3.

[3] To be entered into prior to completion of the Qualifying Transaction.

INFORMATION CONCERNING THE RESULTING ISSUER

Information contained in this part is forward-looking in nature and assumes completion of the Business Combination. See "*Notice Concerning Forward-Looking Statements*".

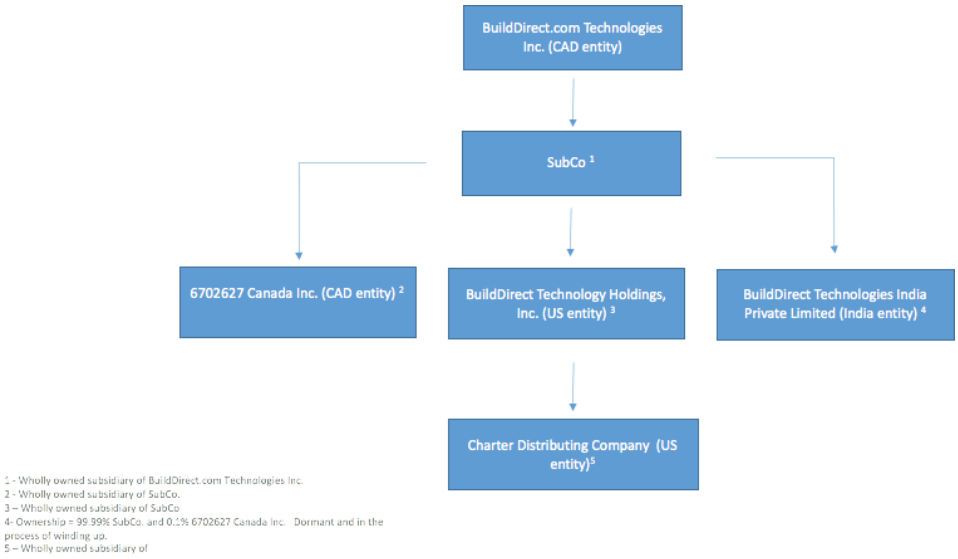
CORPORATE STRUCTURE

Name and Incorporation

The corporate name of the Resulting Issuer is expected to be "*BuildDirect.com Technologies Inc.*", or such similar name as may be approved by BuildDirect, in its discretion, and accepted by the Exchange. The Resulting Issuer will be a corporation incorporated under the BCBCA. The Resulting Issuer's head office will be at #1900, 401 West Georgia Street, Vancouver, British Columbia V6B 5A1 and the Resulting Issuer's registered office will be at the offices of Fasken Martineau DuMoulin LLP, Suite 2900, 550 Burrard Street, Vancouver, British Columbia V6C 0A3.

Intercorporate Relationships

The following chart is an illustration of the organizational structure of the Resulting Issuer:



NARRATIVE DESCRIPTION OF THE BUSINESS

Following the Closing, the Resulting Issuer anticipates amalgamating with Amalco pursuant to a vertical short form amalgamation. The Resulting Issuer will continue to carry on the BuildDirect Business described above in "Information Concerning BuildDirect.com Technologies Inc. – Narrative Description of the BuildDirect Business." The primary objectives the Resulting Issuer intends to achieve in the next twelve months with its available funds is to continue growing its e-commerce marketplace for home improvement and flooring materials and acquiring independent flooring retailers that are well positioned in their regional markets. Given the extensive experience of the BuildDirect management team, track record of organic growth, and proven ability to source and execute acquisitions, it is expected that the Resulting Issuer will be well positioned to be a dominant provider of online flooring in North America.

See *"Information Concerning BuildDirect.com Technologies Inc. – Narrative Description of the BuildDirect Business" and "Information Concerning The Resulting Issuer – Available Funds and Principal Purposes"*.

DESCRIPTION OF SECURITIES

The authorized share capital of the Resulting Issuer will consist of an unlimited number of common shares and an unlimited number of preferred shares without nominal or par value. In connection with the Business Combination it is proposed that the VLCTY Common Shares be consolidated on the basis of the VLCTY Consolidation Ratio. Except for historical issuance information and information regarding the capitalization of VLCTY as of the date of this Filing Statement and the VLCTY Consolidation, information in this Filing Statement concerning the VLCTY Common Shares, including the number of Resulting Issuer Common Shares to be issued in connection with the Business Combination and information as to the capitalization of the Resulting Issuer, are presented on a post-VLCTY Consolidation basis.

The holders of Resulting Issuer Common Shares will be entitled to dividends, if, as and when declared by the directors, to one vote per Resulting Issuer Common Share at meetings of the Shareholders of the Resulting Issuer, upon dissolution, to share equally in such assets of the Resulting Issuer as are distributable to the holders of Resulting Issuer Common Shares, subject to the rights, privileges, restrictions and conditions attached to the preferred shares in the capital of the Resulting Issuer.

PRO FORMA CONSOLIDATED CAPITALIZATION

Pro Forma Consolidated Capitalization

The following table sets out the pro forma capitalization of the Resulting Issuer after giving effect to the Business Combination. This table should be read in conjunction with the pro forma financial statement for the Resulting Issuer included in this Filing Statement.

Designation of Security	Amount Authorized	Outstanding as of March 31, 2021 prior to giving effect to the Business Combination and Completion of the Offering	Outstanding after giving effect to the Business Combination and completion of the Offering
Common shares	Unlimited	22,453,447	29,609,677[(1)]
Stock Options	10% of issued Resulting Issuer Common Shares	2,238,510	2,882,485
Resulting Issuer Warrants	7,894,061	753,725	7,894,061
Replacement Compensation Warrants	193,710	-	193,710
Resulting Issuer Broker Options	11,305	-	11,305
Indebtedness[(2)]	-	$23,039,984	$9,729,949
Deficit[(2)]	-	($113,071,890)	($113,726,121)

Notes:

(1) Based on the valuation used for the Subscription Receipt Financing and the Unit Financing, the implied price per Resulting Issuer Common Share is $5.75. This includes Resulting Issuer Common Shares after giving effect to the Business Combination including the BuildDirect Consolidation and VLCTY Consolidation, all Resulting Issuer Common Shares issued in relation to the Subscription Receipt Financing and Unit Financing as well as the conversion of the Convertible Notes and corresponding issuance of Resulting Issuer Common Shares at a conversion price equal to the lesser of USD $4.23 per share and CAD $4.60 per share (ie 80% of above implied price per Resulting Issuer Common Share of $5.75) subject to the CAD/US exchange rate on the closing of the Qualifying Transaction.

(2) This does not include BuildDirect's earnings from operating activities between March 31, 2021 and the date of this Filing Statement.

Fully Diluted Share Capital

The following table sets out the fully diluted share capital of the Resulting Issuer after giving effect to the Business Combination (including the VLCTY Consolidation and the BuildDirect Consolidation):

	Resulting Issuer Common Shares after giving effect to the Business Combination and completion of the Offering
Resulting Issuer Common Shares held by former VLCTY Shareholders	226,091 / 0.56%
Resulting Issuer Common Shares to be exchanged for BuildDirect Shares held by existing BuildDirect shareholders prior to the Closing	22,243,250 / 54.80%
Resulting Issuer Common Shares reserved for issuance upon conversion of Subscription Receipts	3,487,000 / 8.59%
Resulting Issuer Common Shares reserved for issuance pursuant to Unit Financing	90,264 / 0.22%
Resulting Issuer Common Shares reserved for issuance upon conversion of Convertible Notes	3,563,072 / 8.78%
Resulting Issuer Common Shares reserved for issuance upon exercise of Resulting Issuer Warrants reserved for issuance upon conversion of the Subscription Receipts	3,487,000 / 8.59 %
Resulting Issuer Common Shares reserved for issuance upon exercise of Resulting Issuer Warrants reserved pursuant to Unit Financing	90,264 / 0.22%
Resulting Issuer Common Shares reserved for issuance upon exercise of Resulting Issuer Warrants issued to holders of Convertible Notes	3,563,072 / 8.78%
Resulting Issuer Common Shares reserved for issuance pursuant to Replacement Options issued in replacement of BuildDirect Options	2,859,877 / 7.04%
Resulting Issuer Common Shares reserved for issuance pursuant to the exercise of warrants issued in replacement of existing BuildDirect warrants	753,725 / 1.86%
Resulting Issuer Common Shares reserved for issuance pursuant to VLCTY Options	22,608 / 0.06%
Resulting Issuer Common Shares reserved for issuance pursuant to VLCTY Broker Options	11,305 / 0.03%
Resulting Issuer Common Shares reserved for issuance pursuant to the Replacement Compensation Warrants	193,710 / 0.48%
Total Number of Diluted Securities	40,591,238

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Funds Available

The table below sets forth the estimated total funds available to the Resulting Issuer upon completion of the Business Combination.

Purpose	Amount
Estimated working capital of VLCTY as of April 30, 2021	$303,317
Estimated working capital of BuildDirect as of April 30, 2021	($2,497,616)
Gross proceeds of Subscription Receipt Financing	$20,050,250
Gross proceeds of Unit Financing	$519,018
Agent's commission in respect of Subscription Receipt Offering	($1,085,746)
Exempt Market Dealer commission in respect of the Unit Offering	($31,141)
Estimated to be utilized by VLCTY to Closing	($100,000)
Estimated costs of the Business Combination (e.g. professional fees, Exchange fees, Agent's expenses, etc.)	($300,000)
Estimated cost incidental to the Qualifying Transaction	($600,000)
Estimated available funds:	**$16,258,082**

Dividends

It is not anticipated that the Resulting Issuer will pay any cash dividends in the foreseeable future. It is expected that the Resulting Issuer will use its earnings to finance further business development. Any future determination to pay dividends will be at the discretion of the Resulting Issuer Board and will depend on, among other things, the Resulting Issuer's results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Resulting Issuer Board may deem relevant. Apart from those imposed by statute, there are no restrictions on the Resulting Issuer's ability to pay dividends.

Principal Purpose of Funds

The table below sets forth the principal purposes for which the estimated funds available to the Resulting Issuer upon completion of the Business Combination will be used for the next 18 months. The following are estimates only – there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult at this time to definitively project the total funds necessary to effect the planned undertakings of the Resulting Issuer, and as such management considers it to be in the best interest of the Resulting Issuer and its shareholders to permit management a reasonable degree of flexibility as to how the Resulting Issuer's funds are employed among the below uses or for other purposes, if and when the need arises.

Purpose	Amount
Estimated Available Funds	**$16,258,082**
Projected gross profit for 18 months following the completion of the Qualifying Transaction	$51,146,700[(1)]
Fulfilment costs	($12,345,000)
Sales and Marketing	($17,620,900)
Administration	($22,759,100)
Research and development	($1,993,100)
Unallocated funds	($12,686,682)
Total	**$16,258,082[(2)]**

Note:

(1) Based on management projections. Please refer to Notice Concerning Forward-Looking Statements.

(2) BuildDirect anticipated that these funds will be sufficient for these uses for an 18 month period following the date of completion of the Qualified Transaction.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and senior officers of each of VLCTY and BuildDirect, as of the date hereof, no shareholder is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over, more than 10% of any class of voting securities of the Resulting Issuer after giving effect to the Business Combination, other than as set forth below:

Name and Municipality of Residence of Securityholder	Type of Ownership	After Giving Effect to the Business Combination and Completion of Offering[1]	
		Number of Resulting Issuer Common Shares Beneficially Owned or Controlled	Percentage of Resulting Issuer Common Shares Beneficially Owned or Controlled
Pelecanus Investments Ltd.[2]		10,150,349	34.3%
MDV IX, L.P., as nominee for MDV IX, L.P., and MDV ENF IX, L.P.		4,854,515	16.4%
Lyra Growth Partners Inc.[3]		3,357,495	11.3%

Note:

(1) Assumes completion of the BuildDirect Consolidation and the VLCTY Consolidation.

(2) Anthony von Mandl is the sole interest holder of AvM Holding Company Ltd., being the sole shareholder of Pelecanus Investments Ltd.

(3) Charles Chang has a controlling interest in Clarus Holdings (2015) Ltd., being the sole shareholder of Lyra Growth Partners Inc.

DIRECTORS AND OFFICERS

Name, Address, Occupation and Security Holdings

Following completion of the Business Combination the following will be the directors and senior officers of the Resulting Issuer:

Name and Municipality	Position/Offices to be Held	Principal Occupation During Past 5 Years	Number of Resulting Issuer Common Shares Beneficially Owned or Controlled after giving effect to the Business Combination
Dan Park, Vancouver BC	CEO / Director	CEO and Director of BuildDirect	7,095 Common Shares[1]
Natalie, Ku, Vancouver, BC	Chief Operations Officer	COO of BuildDirect; VP, Finance of BuildDirect	Nil
Ethan Rudin, Vancouver, BC	Chief Financial Officer	CFO of BuildDirect; CFO of Greenlane Holdings Inc.; Senior VP Head of Corporate Development and Partnerships at Octave Group; CFO of Napster	Nil

Name and Municipality	Position/Offices to be Held	Principal Occupation During Past 5 Years	Number of Resulting Issuer Common Shares Beneficially Owned or Controlled after giving effect to the Business Combination
Geoff Fawkes, Vancouver, BC	VP, Technology	VP, Technology at BuildDirect; VP, Software Development at DDS Wireless; Senior VP, Development at Enliven; CEO/Co-Founder of Vancosys Data Security Inc.	Nil
David Montagliani, Vancouver, BC	VP, Category Management	VP, Category Management at BuildDirect; Director, Category Management, at BuildDirect	1,456 Common Shares
Malcolm Sask Vancouver, BC	VP, Sales	VP, Sales at BuildDirect; Founder of Terreband Executive, VP of Viceroy Houses; VP of Wiston Building Materials Co.	Nil
Tim Howley, Vancouver BC	Director	Director of BuildDirect; CFO of Mark Anthony Group	13,661 Common Shares
Milan Roy, Vancouver BC	Director	Director of BuildDirect; CFO of Lyra Growth Partners Inc.	8,600 Common Shares [0]
Julie Todaro, San Francisco, CA	Director	Director of BuildDirect; Advisor President, Home and Services at Opendoor	Nil
Andrew Elbaz, Toronto ON	Director	Partner at Minden Gross LLP	18,841 Common Shares

Name and Municipality	Position/Offices to be Held	Principal Occupation During Past 5 Years	Number of Resulting Issuer Common Shares Beneficially Owned or Controlled after giving effect to the Business Combination
John Farlinger, Centennial CO	Director	Mr. Farlinger was appointed as a Director of Lite Access Technologies Inc. on April 9, 2021. Mr. Farlinger was appointed as Chief Executive Officer and Executive Chairperson on August 28, 2019 at Assure Holdings Corp. Prior to his appointment at Assure Holdings Corp. as Chief Executive Officer and Executive Chairperson, Mr. Farlinger was appointed as Interim Chief Executive Officer and Executive Chairperson on May 15, 2018. Mr. Farlinger held the position of Chairperson and CEO of Urban Communications Inc. from July 8, 2014 to June 2018. His past positions also include director and Chairperson of the Governance and Audit Committee of Killi Ltd (formerly known as Freckle Ltd.) (TSXV) (June 2019 to February 2020), Senior Vice-President of Teliphone Navigata-Westel (February 2013 to April 2014), and CEO of Titan Communications (2009 to 2013). He is also an advisor to CareCru Inc., a healthcare start up.	18,841 Common Shares

Notes:
(1) These shares are owned by Jessica April Park, who is Dan Park's wife.

Assuming completion of the Business Combination but prior to giving effect to any Resulting Issuer Common Shares subscribed for by such persons pursuant to the Subscription Receipt Financing and the Unit Financing, or any Resulting Issuer Common Shares issuable upon conversion of the Convertible Notes, the proposed directors and officers of the Resulting Issuer will beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 68,494 Resulting Issuer Common Shares, representing approximately 0.023% of the issued and outstanding Resulting Issuer Common Shares.

Audit Committee

The Resulting Issuer's audit committee is expected to be re-constituted following completion of the Business Combination, such that the audit committee will be chaired by Milan Roy with Messrs. Tim Howley and John Farlinger as the other members.

Management and Director Information

The following are brief résumés of the proposed directors and officers of the Resulting Issuer. Each member of senior management devote a majority of their business hours to their respective duties to the company, and their respective employment agreements will also provide for customary non-disclosure and non-competition obligations. The non-management directors of the Resulting Issuer will not work full time for the Resulting Issuer but will devote such time as is required in connection with their duties.

Dan Park – Chief Executive Officer, Director (age: 50)

Dan brings nearly three decades of experience building and leading world-class teams at top-tier multi-billion dollar retail and technology companies. At BuildDirect, Dan leads the executive leadership team and also sits on the BuildDirect Board of Directors. He is responsible for all aspects of the BuildDirect Business including strategy and vision creation, operational execution against the strategy, fundraising and external financing, team recruitment and leadership, developing the product strategy and executing against the technology roadmap, and overall P&L management. Dan's career has spanned various sectors and executive management roles including McKinsey and Company, Target, and Payless Shoesource, and as a Captain in the U.S. Army. Most recently, Dan was General Manager and Commercial Vertical Leader of Amazon Business, a channel he built from scratch to several billions of dollars and one of their fastest growing businesses. Prior to that role, he led the global product management team for Amazon Business and held GM roles in the Amazon Consumer Electronics category. Dan earned a Bachelor of Science in Mechanical Engineering from West Point United States Military Academy and a Master's of Business Administration from Harvard University Graduate School of Business Administration.

Ethan Rudin – Chief Financial Officers (age: 47)

Ethan is a financial executive with over 20 years of financial, strategic, and operational leadership over a diverse set of industries, including retail, distribution, CPG, music/media/tech, and financial services. He joined BuildDirect in January 2021 and in addition to leading Finance and Accounting he will also lead Strategic Partnerships and Mergers & Acquisitions. Prior to joining BuildDirect, Ethan was the Chief Financial Officer at Greenlane Holdings Inc. (GNLN), a leading distributor to smoke shops and dispensaries for vape supplies, packaging, and smoking accessories, which he took public on the NASDAQ in 2019. Ethan's early career began in public accounting at KPMG LLP and in investment banking at Banc of America Securities LLC, JP Morgan, and Citigroup Global Markets. Ethan received a Bachelor of Arts degree in Economics from Tufts University and a Master of Business Administration degree from Columbia Business School.

Natalie Ku – Chief Operations Officer (age: 44)

Natalie Ku is the Chief Operations Officer at BuildDirect and is responsible for leading the Corporation's sales, marketing, supply chain operations and category management teams. Natalie joined BuildDirect in 2003 and has previously held positions as BuildDirect's Controller and Vice President, Finance. Natalie holds a Bachelor of Business Administration from Simon Fraser University and a CMA, CPA designation.

Geoff Fawkes – VP, Technology, (age: 56)

Geoff Fawkes is the Vice President, Technology at BuildDirect. Geoff has over 25 years of leadership, management and strategic planning experience in business sectors including retail, security authentication, international banking, and customer relationship management, among others. Prior to joining BuildDirect, Geoff was the VP, Software Development at DDS Wireless and held senior technology positions with Teradata and HSBC. Geoff holds an Executive MBA degree from Simon Fraser University, Beedie Graduate School of Business, and a Bachelor of Science degree in Computer Science from the University of British Columbia.

David Montagliani – VP, Category Management (age: 56)

David is the Vice President of Category Management at BuildDirect and is responsible for product sourcing, category management, pricing and domestic warehousing. David joined BuildDirect in 2012, and held multiple leadership roles within Category Management, Sourcing, and Retail Channel Management. He has over 30 years of experience working in the flooring and millwork industries.

Malcolm Sask – VP, Sales (age: 50)

Malcolm Sask is the Vice-President of Sales at BuildDirect. Malcolm brings over 15 years of senior management experience in the construction and building materials distribution industry and has experience building and managing sales teams that spanned the continent as well as implementing CRM, ERP and Business Management Systems.

Tim Howley FCA, FCPA, CBV – Director (age: 63)

Tim Howley is the Chief Financial Officer for the Mark Anthony Group of Companies, one of North America's most diversified and successful private beverage companies focused on the alcohol beverage sector. Prior to joining the Mark Anthony Group in 2005, Mr. Howley was CFO then CEO of a major western Canadian retail chain (1999 to 2005) following being a partner with KPMG (1988-1999). Mr. Howley is a member of the Chartered Professional Accountants of Canada, was elected a Fellow of the Chartered Professional Accountants of British Columbia and is a member of the Canadian Institute of Chartered Business Valuators. He holds an Honours B.A. in Philosophy from the University of Western Ontario and a Masters of Liberal Studies from Simon Fraser University.

Milan Roy – Director (age: 42)

Milan Roy is the CFO of Lyra Growth Partners Inc. Milan supports the investment team at Lyra and sits on the Board of a number of investee companies. He has over 20 years of entrepreneurial and corporate finance experience. Prior to joining Lyra, he started his own firm where he advised food and beverage and tech companies, sometimes acting as a fractional CFO to rapidly growing companies. Prior to that, he worked at Deloitte Corporate Finance for eight years where he led numerous mid-market M&A and growth capital transactions and where he was a National Senior Sector Specialist for Food & Beverage. Milan is a CFA Charterholder and completed a BBA at the Schulich School of Business.

Julie Todaro – Director (age: 50)

Julie Todaro is an advisor to technology-based consumer-facing companies on strategic, people, and operational issues, including Airbnb, Inc., Coupang, and Callisto Media Inc. Previously, she served as President of Homes and Services of Opendoor Technologies Inc. and has also held roles such as the Chief Operating Officer of Drop Technologies, Inc., and Vice President, Consumer Electronics, Vice President, U.S. Books and Amazon.ca and Director of Finance at Amazon.com, Inc. Julie holds a B.B.A. in Business Administration and Accounting from Texas A&M University and an M.B.A. from The Wharton School of the University of Pennsylvania.

Andrew Elbaz – Director (age: 44)

Mr. Elbaz is a partner and founder of the securities and capital markets practice at Minden Gross LLP. Mr. Elbaz regularly advises public companies and investment banks on a variety of public market transactions ranging from public offerings, private placements, initial public offerings, reverse take-overs, M&A and M&A advisory mandates. Mr. Elbaz was previously a partner in the securities and capital markets practice at a large international law firm and has been practicing securities law almost exclusively since 2005. Mr. Elbaz has an LLB from Dalhousie University (2003); a BCL from the Universite de Montréal (2002) and a BA from McGill University (1999).

John Farlinger –Director (age: 62)

Mr. Farlinger is currently a director of Lite Access Technologies Inc. and the Chief Executive Officer and Executive Chairperson of Assure Holdings Corp. Mr. Farlinger had also served as Chairperson and CEO of Urban Communications Inc. (TSXV) from July 2014 to June 2018, serving on both of the compensation and the audit committees and served as a director and Chairperson of the Governance and Audit Committee of Killi Ltd. (formerly Freckle Ltd.)(TSXV). Mr. Farlinger has extensive capital markets experience in both of the United States and Canada, having led multiple rounds of venture and private equity funding over the past 20 years. Mr. Farlinger is a Chartered Professional Accountant (CPA, CA) and graduated with a Bachelor of Commerce (Hons) from Queen's University.

Corporate Cease Trade Orders or Bankruptcies

No director, officer or Promoter of the Resulting Issuer, or securityholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, is, or has been within the past ten years, a

director, officer, Insider or Promoter of any other issuer that, while such person was acting in that capacity, was the subject of a cease trade order or similar order, or an order that denied the other issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days, or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On October 31, 2017, BuildDirect filed for, and was granted, creditor protection under the Companies' Creditors Arrangement Act ("**CCAA**") by the Supreme Court of British Columbia (which order was subsequently given recognition and effect in the United States by the United States Bankruptcy Court). On March 22, 2018, BuildDirect implemented its plan (the "**Plan**") of compromise and arrangement under the CCAA and emerged from CCAA protection. Prior to implementation, the Plan was voted on and approved by BuildDirect's creditors and was sanctioned by the British Columbia Supreme Court and the US Bankruptcy Court. During the above noted CCAA process, Messrs. Howley and Roy served as Directors of BuildDirect and Mr. Park served as BuildDirect's Chief Executive Officer.

International Herbs (B.C.) Ltd. was a producer and distributor of fresh herb products to retail grocers across Canada with operations in British Columbia and Ontario. This company filed an assignment into bankruptcy on January 9, 2019 and The Bowra Group Inc. was appointed as the Licensed Insolvency Trustee of the bankrupt estate. The bankruptcy was discharged in November 2020. During the above noted process, Mr. Roy served as a director of International Herbs (B.C.) Ltd.

John Farlinger is a director (currently, the Executive Chairperson, Chief Executive Officer and Director) of Assure Holdings Corp. ("**Assure**"), which was subject to a cease trade order issued by the British Columbia Securities Commission on May 1, 2018 (the "**May CTO**") for failing to file annual audited financial statements and annual management discussion and analysis for the year ended December 31, 2017 (the "**Assure 2017 Annual Filings**"), which were required to be filed on or before April 30, 2018. On August 7, 2018, a cease trade order was issued by the British Columbia Securities Commission against Assure (together with the May CTO, the "**Assure CTOs**") for failure to file unaudited interim financial statements, interim management discussion and analysis and certification of interim filings for the interim period ended March 31, 2018 (together with the Assure 2017 Annual Filings, the "**Assure Required Filings**"). The Assure CTOs were revoked on August 20, 2018 after Assure made the Assure Required Filings.

Penalties or Sanctions

No director, officer or Promoter of the Resulting Issuer, or securityholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable securityholder making a decision about the Business Combination.

Personal Bankruptcies

No director, officer or Promoter of the Resulting Issuer, or securityholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or personal holding company of any such persons, has within the past ten years, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Conflicts of Interest

There may be potential conflicts of interest to which some of the directors, officers and Insiders of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. Some of the directors, officers and Insiders may have been engaged in, are engaged in or will continue to be engaged in corporations or businesses which may be in competition with those of the Resulting Issuer. Accordingly, situations may arise where some or all of the directors, officers and Insiders of the Resulting Issuer will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA. See "*Summary of the Filing Statement - Risk Factors*".

Other Reporting Issuer Experience

The following table sets out the proposed directors and officers of the Resulting Issuer that are, or have been within the last five (5) years, directors or officers of other reporting issuers.

Name	Name and Jurisdiction of Reporting Issuer	Name of Exchange or Market	Position	From	To
Dan Park	Amazon.com Inc.	Nasdaq	GM Commercial Vertical, Amazon Business	January 2011	August 2017
Ethan Rudin	Greenlane Holdings, Inc.	Nasdaq	Chief Financial Officer	February 2019	August 2020
	Citigroup Inc.	NYSE	Vice President, Global Investment Banking	March 2006	February 2009
Geoff Fawkes	HSBC Bank	NYSE	Director, Internet Business Systems	2004	2011
Julie Todaro	Opendoor Technologies Inc.	Nasdaq	President, Home and Services	October 2019	April 2021
Andrew Elbaz	VLCTY Capital Inc.	TSX-V	CEO, Corporate Secretary and Director	September 2019	Present
John Farlinger	VLCTY Capital Inc.	TSX-V	CFO and Director	September 2019	Present
	Urban Communications Inc.	TSX-V	CEO and Director	July 2014	June 2018
	Freckle Ltd.	TSX-V	Director	June 2019	Feb 2020
	Assure Holdings Corp.	TSX-V	CEO and Executive Chairman	June 2018	Present
			Director	May 2017	Present

PROPOSED STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The purpose of the Compensation Discussion and Analysis is to provide information about the Resulting Issuer's executive compensation objectives and process and to discuss compensation relating to the CEO and CFO and the three most highly compensated executive officers, other than the CEO and CFO, regardless of the amount of such compensation, collectively referred to as the NEOs. It is anticipated that the Named Executive Officers of Resulting Issuer will be as follows: Dan Park (CEO), Ethan Rudin (CFO) and Natalie Ku (COO).

The Resulting Issuer Board plans to discuss and determine management compensation without reference to formal criteria. The general objective will be to provide a competitive overall compensation program, comprised of a reasonable base salary component, a discretionary bonus component and stock options to reward company and shareholder performance. The specific metrics, and targets of each Named Executive Officers of the Resulting Issuer will be determined following the closing of the Business Combination and will be in line with similar-stage technology companies.

Stock Option Plan

The proposed Resulting Issuer Stock Option Plan presented to approved by the VLCTY Shareholders at the VLCTY Meeting will operate as the Resulting Issuer's stock option plan when and if approved by the Resulting Issuer Board at or following the completion of the Qualifying Transaction.

The Resulting Issuer Stock Option Plan will enable the directors, officers, employees and consultants of the Resulting Issuer and its affiliates to participate in the growth and development of the Resulting Issuer by providing such persons with the opportunity, through options to purchase shares, to acquire an increased proprietary interest in the Resulting Issuer that is aligned with the interests of the shareholders.

The Resulting Issuer Stock Option Plan will provide that the Resulting Issuer Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Resulting Issuer, non-transferable options to purchase shares, provided that the number of shares reserved for issue will not exceed 10% of the number of then outstanding shares as at the date of the grant. Subject to the terms of grant as may be determined by the Resulting Issuer Board at the time options are granted, options may be exercisable for a period of up to ten years after the date of grant thereof. The number of shares reserved for issue to any individual director or officer will not exceed five per cent (5%) of the number of then-outstanding shares and the number of shares reserved for issue to any consultants or persons conducting investor relations activities will not exceed two per cent (2%) of the number of then-outstanding shares.

The Resulting Issuer Stock Option Plan will be administered by the Resulting Issuer Board which may grant options to directors, officers, employees and consultants of the Resulting Issuer and its affiliates. The Resulting Issuer Board has the discretion to determine to whom options will be granted, the number and exercise price of such options and the terms and time frames in which the options will vest and be exercisable. Options, however, may only be exercisable for a maximum of ten calendar years from the date of grant and the exercise price of the options must be no less than the Discounted Market Price as defined in Exchange Policy 1.1 – *Interpretation*.

Upon completion of the Qualifying Transaction, it is anticipated that the Resulting Issuer Stock Option Plan will replace the BuildDirect Stock Option Plan and will have granted and outstanding 2,882,485Resulting Issuer Options, on a post-Consolidation basis. See "*Information Concerning the Resulting Issuer – Pro Forma Consolidated Capitalization*".

Pension Plan Benefits

No benefits are proposed to be paid to any of the Resulting Issuer's Named Executive Officers or directors of the Resulting Issuer under any pension or retirement plan or under any deferred compensation plan during the twelve months following completion of the Qualifying Transaction.

Employment Agreements

In connection with the closing of the Qualifying Transaction it is anticipated that Dan Park (Chief Executive Officer), Natalie Ku (Chief Operations Officer), Ethan Rudin (Chief Financial Officer), Geoff Fawkes (VP, Technology), David Montagliani (VP, Category Management) and Malcolm Sask, VP Sales will enter into an employment agreement with the Resulting Issuer similar to his employment with BuildDirect. See "*Information Concerning BuildDirect – Executive Compensation – Executive Employment Contracts*".

It is not anticipated that any other employees of BuildDirect or its subsidiaries will enter into employments agreements with the Resulting Issuer.

Compensation of Directors

It is anticipated that the directors of the Resulting Issuer will be paid fees for their services with reference to industry practice. However, the amounts of such fees will be determined in the discretion of the Resulting Issuer Board following completion of the Qualifying Transaction.

It is also expected that the Resulting Issuer will grant stock options to directors in recognition of their service as directors of the Resulting Issuer. The actual timing, amounts, terms (including exercise price and vesting terms) of these future option-based awards will similarly be considered and determined in the discretion of the Resulting Issuer Board following completion of the Qualifying Transaction.

Insurance Coverage for Directors and Officers and Indemnification

The Resulting Issuer will obtain a directors' and officers' liability insurance policy, which will cover corporate indemnification of directors and officers and individual directors and officers of the Resulting Issuer in certain circumstances. In addition, the Resulting Issuer will enter into indemnification agreements with its directors and officers for liabilities and costs in respect of any action or suit against them in connection with the execution of their duties, subject to customary limitations prescribed by applicable law.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the officers or directors of VLCTY or BuildDirect and none of the proposed directors or officers of the Resulting Issuer, have been indebted to any of VLCTY, BuildDirect or their respective Subsidiaries at any time during the most recently completed fiscal year of VLCTY or BuildDirect, as applicable, nor has VLCTY, BuildDirect or their respective Subsidiaries guaranteed or otherwise supported the indebtedness of any such person during that period.

INVESTOR RELATIONS ARRANGEMENTS

BuildDirect has not entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Resulting Issuer or its securities or to engage in activities for the purpose of stabilizing the market. Any such agreement or understanding that may be entered into following the Closing will be at the determination of the Board.

OPTIONS TO PURCHASE SECURITIES

Options to Purchase Securities

The tables below, arranged by identifiable groups of individuals, set forth the options granted under the BuildDirect Stock Option Plan that will be held upon completion of the Business Combination pursuant to the Resulting Issuer Stock Option Plan on a post-VLCTY Consolidation basis.

Proposed Officers and Directors of the Resulting Issuer

Optionee	Date of Grant	Securities Under Options Granted (#)[(1)]	Exercise of Base Price ($/Security)	Market Value of Securities Underlying Options at the Date of Grant	Expiration Date
Dan Park – Chief Executive Officer	Between August 27, 2018 and December 16, 2020	1,404,883	Between USD $0.5393 and USD $0.75502	Between USD $0.10 and USD $0.14	Between August 27, 2028 and December 16, 2030
Ethan Rudin – Chief Financial Officer	April 21, 2021	222,510	USD $1.94148	USD $0.36	April 1, 2030
Natalie Ku – Chief Operations Officer	Between July 20, 2018 and April 21, 2021	311,061	Between USD $0.5393 and USD $1.94148	Between USD $0.10 and USD $0.36	Between July 29, 2028 and April 1, 2030
Geoff Fawkes – VP Technology	December 16, 2020	74,170	USD $0.5393	USD $0.10	December 16, 2030
David Montagliani – VP, Category Management	Between July 20, 2018 and April 21, 2021	129,797	Between USD $0.5393 and USD $1.94148	Between USD $0.10 and USD $0.36	Between July 29, 2028 and April 1, 2030
Julie Todaro, Director	August 23, 2018	76,630	USD $0.75502	USD $0.14	August 23, 2021

Note:
(1) Assumes completion of the BuildDirect Consolidation and the VLCTY Consolidation.

Other Employees of the Resulting Issuer

Optionee	Date of Grant	Securities Under Options Granted (#)[(1)]	Exercise of Base Price ($/Security)	Market Value of Securities Underlying Options on the Date of Grant ($/Security)	Expiration Date
Other employees	April 21, 2021	347,302	USD $1.94148	USD$ 0.36	Between September 12, 2030 and December 31, 2031
Other employees	December 16, 2020	32,090	USD $0.5393	USD $0.10	December 16, 2030
Other employees	October 28, 2020	22,608	CAD $2.6538	CAD$0.10	October 28, 2030
Other employees	April 21, 2020	35,000	USD $0.5393	USD $0.10	April 21, 2030
Other employees	December 18, 2019	5,563	USD $0.5393	USD $0.10	December 18, 2029
Other employees	October 31, 2019	169,006	USD $0.5393	USD $0.10	October 31, 2029
Other employees	May 2, 2019	39,551	USD $0.755	USD $0.14	May 2, 2029
Other employees	December 18, 2018	14,553	USD $0.755	USD $0.14	December 19, 2028
Other employees	August 27, 2018	556	USD $0.755	USD $0.14	August 27, 2028
Other employees	August 23, 2018	83,361	USD $0.755	USD $0.14	August 23, 2028
Other employees	July 20, 2018	54,243	USD $0.755	USD $0.14	July 29, 2028

Note:
(1) Assumes completion of the BuildDirect Consolidation and the VLCTY Consolidation.

Additional Options to Purchase Securities

The table below sets forth additional securities exercisable to acquire Resulting Issuer Common Shares that will be held by agents or underwriters upon completion of the Business Combination.

Optionee	Date of Grant	Securities Under Options Granted (#)[(1)]	Exercise of Base Price ($/Security)[(1)]	Market Value of Securities Underlying Options on the Date of Grant ($/Security)	Expiration Date
Leede Jones Gable Inc.	October 28, 2020	11,305	$2.6238		October 28, 2022
CIBC World Markets Inc.	April 30, 2021	75,789	$5.75		April 30, 2023
Canaccord Genuity Corp.	April 30, 2021	75,789	$5.75		April 30, 2023
Cormark Securities Inc.	April 30, 2021	13,651	$5.75		April 30, 2023
Raymond James Ltd.	April 30, 2021	13,651	$5.75		April 30, 2023
PI Financial Corp.	April 30, 2021	9,414	$5.75		April 30, 2023

Note:
(1) Assumes completion of the BuildDirect Consolidation and the VLCTY Consolidation.

ESCROWED SECURITIES

CPC Escrow

A total of 113,046 Founders' Shares issued (on a post-VLCTY Consolidation basis) are currently held in escrow as CPC Escrow Shares pursuant to the CPC Policy and they will remain subject to the same applicable release terms upon closing of the Business Combination.

The following table sets out, as at the date hereof, the number of Resulting Issuer Common Shares which will be held in escrow with the Escrow Agent pursuant to the CPC Escrow Agreement.

Designation of Class	Number of Securities subject to Contractual Restriction on Transfer	Percentage of Class prior to giving effect to the Subscription Receipt Financing, Unit Financing or Business Combination	Percentage of Class after giving effect to the Subscription Receipt Financing, Unit Financing or Business Combination
Resulting Issuer Common Shares	113,046	50%	0.28%

Upon completion of the Business Combination, it is expected that the Resulting Issuer will be listed on the Exchange as a Tier 1 technology issuer. Accordingly, 25% of the Resulting Issuer Common Shares held subject to the CPC Escrow Agreement will be released from escrow upon the issuance of the Final Exchange Bulletin, and an additional 25% will be released on the dates that are 6 months, 12 months, and 18 months following the date of the Final Exchange Bulletin.

The Exchange's prior consent must be obtained before a transfer within escrow of escrowed Founders' Shares. Generally, the Exchange will only permit a transfer within escrow to be made to incoming Principals in connection with a proposed Qualifying Transaction.

If a Final Exchange Bulletin is not issued, the escrowed Founders' Shares will not be released. Under the CPC Escrow Agreement, each Non-Arm's Length Party to VLCTY who holds escrowed Founders' Shares acquired at a price below the offering price under this prospectus has irrevocably authorized and directed the Escrow Agent to immediately:

(a) cancel all of those escrowed Founders' Shares upon the issuance by the Exchange of a bulletin delisting the common shares; or

(b) if VLCTY lists on NEX, either:

(i) cancel all Founders' Shares purchased by Non-Arm's Length Parties to the CPC at a discount from the IPO price, in accordance with section 11.2(a) of the CPC Policy, or

(ii) subject to majority shareholder approval, cancel the number of Founders' Shares purchased by Non-Arm's Length Parties to the CPC so that the average cost of the remaining Founders' Shares is at least equal to the IPO price.

Qualifying Transaction Escrow

Resulting Issuer securities to be issued pursuant to the Business Combination to Principals of the Resulting Issuer will be subject to escrow in accordance with Exchange policies. Upon completion of the Business Combination, such persons will be required to place their Resulting Issuer securities into escrow pursuant to a Tier 1 Value Escrow Agreement (the "**QT Escrow Agreement**"). Escrowed Resulting Issuer securities may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the written consent of the Exchange. An entity, controlled by one or more persons, that holds escrowed Resulting Issuer securities may not participate in a transaction that results in a change of its control or a change in the economic exposure of the persons to the risks of holding escrowed Resulting Issuer securities.

The following table lists the names of beneficial owners of the securities that will be subject to escrow pursuant to the QT Escrow Agreement, and the number of securities held by each (as appliable, on a post-VLCTY Consolidation basis):

		Prior to giving effect to the Business Combination		**After giving effect to the Business Combination**	
Name and municipal residence of securityholder	**Designation of Class**	**Number of securities held in escrow**	**Percentage of class**	**Number of securities to be held in escrow**	**Percentage of class Following Completion of Transaction**
Pelecanus Investments Ltd. British Columbia	Resulting Issuer Common Shares	Nil	Nil	10,150,349[4, 6]	34.3%
	Resulting Issuer Options	Nil	Nil	Nil	Nil
	Resulting Issuer Warrants	Nil	Nil	1,651,215[5, 6]	20.39%
Lyra Growth Partners Inc. British Columbia	Resulting Issuer Common Shares	Nil	Nil	3,357,495[4, 6]	11.3%
	Resulting Issuer Options	Nil	Nil	Nil	Nil
	Resulting Issuer Warrants	Nil	Nil	532,487[5, 6]	6.57%

[4] Includes Resulting Issuer Common Shares issuable in connection with conversion of Convertible Notes, based on the accrued interest calculated as of June 30, 2021. The actual number of Resulting Issuer Common Shares so issuable will depend on the interest accrued on the Convertible Notes immediately prior to Closing.

[5] Includes Resulting Issuer Warrants issuable in connection with conversion of Convertible Notes, based on the accrued interest calculated as of June 30, 2021. The actual number of Resulting Issuer Warrants so issuable will depend on the interest accrued on the Convertible Notes immediately prior to Closing.

[6] It includes the Resulting Issuer Common Shares and Resulting Issuer Warrants issued in connection with Lyra Growth Partners Inc. participation in the Subscription Receipt Offering.

[6] It includes the Resulting Issuer Common Shares and Resulting Issuer Warrants issued in connection with Pelecanus Investment Ltd.'s participation in the Subscription Receipt Offering.

Name and municipal residence of securityholder	Designation of Class	Prior to giving effect to the Business Combination: Number of securities held in escrow	Prior to giving effect to the Business Combination: Percentage of class	After giving effect to the Business Combination: Number of securities to be held in escrow	After giving effect to the Business Combination: Percentage of class Following Completion of Transaction
Dan Park	Resulting Issuer Common Shares	Nil	Nil	7,095	0.02%
Vancouver, BC	Resulting Issuer Options	Nil	Nil	1,404,883	48.73%
	Resulting Issuer Warrants	Nil	Nil	Nil	Nil
Natalie Ku	Resulting Issuer Common Shares	Nil	Nil	Nil	Nil
Vancouver, BC	Resulting Issuer Options	Nil	Nil	311,061	10.79%
	Resulting Issuer Warrants	Nil	Nil	Nil	Nil
Ethan Rudin	Resulting Issuer Common Shares	Nil	Nil	Nil	Nil
Vancouver, BC	Resulting Issuer Options	Nil	Nil	222,511	7.72%
	Resulting Issuer Warrants	Nil	Nil	Nil	Nil
Geoff Fawkes	Resulting Issuer Common Shares	Nil	Nil	Nil	Nil
Vancouver, BC	Resulting Issuer Options	Nil	Nil	74,170	2.57%
	Resulting Issuer Warrants	Nil	Nil	Nil	Nil
David Montagliani	Resulting Issuer Common Shares	Nil	Nil	1,456	0.00%
Vancouver, BC	Resulting Issuer Options	Nil	Nil	129,799	4.50%
	Resulting Issuer Warrants	Nil	Nil	Nil	Nil
Julie Todaro	Resulting Issuer Common Shares	Nil	Nil	Nil]	Nil
San Francisco, CA	Resulting Issuer Options	Nil	Nil	76,630	2.66%
	Resulting Issuer Warrants	Nil	Nil	Nil	Nil
Timothy Howley	Resulting Issuer Common Shares	Nil	Nil	13,661	0.04%
Vancouver, BC	Resulting Issuer Options	Nil	Nil	Nil	Nil
	Resulting Issuer Warrants	Nil	Nil	Nil	Nil
Milan Roy	Resulting Issuer Common Shares	Nil	Nil	8,600	0.02%
Vancouver, BC	Resulting Issuer Options	Nil	Nil	Nil	Nil
	Resulting Issuer Warrants	Nil	Nil	8,600	0.10%
Andrew Elbaz	Resulting Issuer Common Shares	18,841	<0.1%	18,841	0.06%
Toronto, ON	Resulting Issuer Options	3,768	16.7%	3,768	0.13%
	Resulting Issuer Warrants	Nil	Nil	Nil	Nil
John Farlinger	Resulting Issuer Common Shares	18,841	<0.1%	18,841	0.06%
Centennial, CO	Resulting Issuer Options	3,768	16.7%	3,768	0.13%
	Resulting Issuer Warrants	Nil	Nil	Nil	Nil
Total	Resulting Issuer Common Shares	37,682	<0.10%	13,569,243	45.83%
	Resulting Issuer Options	7,536	33.4%	2,226,590	77.25%
	Resulting Issuer Warrants	Nil	Nil	2,192,302	27.07%

Notes:

(1) These shares are owned by Jessica April Park, who is Dan Park's wife and will be a signatory to the QT Escrow Agreement..

The QT Escrow Agreement provides that 25% of the escrowed securities will be released from escrow upon issuance of the Final Exchange Bulletin, an additional 25% will be released on the dates that are 6 months, 12 months, and 18 months following the date of the Final Exchange Bulletin.

Where escrowed Resulting Issuer Common Shares are to be held by a person that is not an individual, such person will be required to agree not engage in any transaction that would result in the change of control of such person while

its securities of the Resulting Issuer are held in escrow. Any such person will be required to further undertake to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities which could reasonably result in a change of control of the person. All holders of escrowed securities must obtain Exchange consent to transfer securities held in escrow, other than in specified circumstances set out in the applicable escrow agreement.

Lock-Up Agreements

In connection with the Subscription Receipt Financing, certain shareholders have agreed to enter into contractual lock-up agreements with the Lead Agents restricting transfer of their securities (other than the securities acquired in connection with the Subscription Receipt Offering) (the "**Locked-Up Securities**"), pursuant to which, for a term of 180 days after the date that the Escrowed Funds are released pursuant to the Subscription Receipt Agreement, they will not , without the prior written consent of the Lead Agents (on behalf of the Agents), such consent not to be unreasonably withheld, directly or indirectly, (i) offer, issue, sell, grant, secure, pledge, or otherwise transfer, dispose of or monetize any Locked-Up Securities, (ii) engage in any hedging transaction, or enter into any form of agreement the consequence of which is to alter economic exposure to, any Locked-Up Securities, or (iii) enter into an agreement to, or announce any intention to, do any of the foregoing, except in conjunction with: (A) the grant or exercise of stock options and other similar issuances pursuant to the stock option plan of the Resulting Issuer and other similar share compensation arrangements; (B) the exercise, but not the resale, of outstanding warrants or convertible debt; (C) obligations of the Resulting Issuer in respect of existing agreements (all of which must have been disclosed to the Lead Agents); (D) in the case of a person other than the Resulting Issuer, in order to accept a bona fide take-over bid made to all securityholders of the Resulting or similar business combination transaction including the Business Combination; or (E) issuances to arm's-length third parties relating to strategic acquisitions.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

The auditor for the Resulting Issuer is expected to be KPMG LLP at its office at Vancouver, British Columbia.

Transfer Agent and Registrar

The transfer agent and registrar for the Resulting Issuer Common Shares will be Computershare Investor Services Inc. located at 510 Burrard Street, 3rd Floor Vancouver, British Columbia, V6C 3B9.

GENERAL MATTERS

SHAREHOLDER APPROVALS

Under the terms of the Amalgamation Agreement, the Business Combination is subject to approval of the BuildDirect Shareholders, which approval is a condition to closing the Business Combination. No approval of the Business Combination is required from the VLCTY Shareholders other than in connection with the matters for which shareholder approval is being sought at the VLCTY Meeting, being the appointment of KPMG LLP, the Director Appointments, the approval of the Name Change, the approval of the VLCTY Consolidation and the approval of the Resulting Issuer Stock Option Plan. This Filing Statement is filed in connection with the requirements of the policies of the Exchange.

SPONSORSHIP

Sponsorship for the Qualifying Transaction is required by the CPC Policy unless an exemption from the sponsorship requirement is granted to VLCTY by the Exchange. VLCTY has applied for, and the Exchange has provided VLCTY with, an exemption from the sponsorship requirement.

EXPERTS

The financial statements of VLCTY included in this Filing Statement have been audited by Segal LLP, Chartered Professional Accountants, located at Toronto, Ontario, as set forth in their audit reports. Segal LLP, is the independent

auditor of VLCTY and is independent within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Ontario.

The financial statements of BuildDirect included in this Filing Statement have been audited by KPMG LLP, Chartered Professional Accountants, at its offices at Vancouver, British Columbia, as set forth in their independent auditor's reports. KPMG LLP is the independent auditor of BuildDirect and is independent within the Rules of Professional Conduct of Chartered Professional Accountants of British Columbia.

No person or company who is named as having prepared or certified a part of the Filing Statement or prepared or certified a report or valuation described or included in the Filing Statement has, or will have, immediately following completion of the Business Combination, any direct or indirect interest in the BuildDirect Business or in VLCTY or in the Resulting Issuer.

OTHER MATERIAL FACTS

There are no additional material facts about VLCTY, BuildDirect, the Resulting Issuer or the Business Combination that are not otherwise disclosed and are necessary in order for the Filing Statement to contain full, true and plain disclosure of all material facts relating to VLCTY, BuildDirect and the Resulting Issuer.

BOARD APPROVAL

The VLCTY Board has approved the contents of this Filing Statement. Where information contained in this Filing Statement rests particularly within the knowledge of a Person other than VLCTY, VLCTY has relied upon information furnished by such Person.

CERTIFICATE OF VLCTY CAPITAL INC.

DATED August 4, 2021

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of VLCTY Capital Inc. assuming completion of the Qualifying Transaction.

By: *(Signed "Andrew Elbaz")*
Andrew Elbaz
Chief Executive Officer and Corporate Secretary

By: *(Signed "John Farlinger")*
John Farlinger
Chief Financial Officer

On behalf of the board of directors of VLCTY Capital Inc.:

By: *(Signed "Elyssia Patterson")*
Elyssia Patterson
Director

By: *(Signed "Michael Silver")*
Michael Silver
Director

CERTIFICATE OF BUILDDIRECT.COM TECHNOLOGIES INC.

DATED August 4, 2021

The foregoing, as it relates to BuildDirect.com Technologies Inc., constitutes full, true and plain disclosure of all material facts relating to the securities of BuildDirect.com Technologies Inc.

By: *(Signed "Dan Park")*
Dan Park
Chief Executive Officer

By: *(Signed "Ethan Rudin")*
Ethan Rudin
Chief Financial Officer

On behalf of the board of directors of BuildDirect.com Technologies Inc.:

By: *(Signed "Tim Howley")*
Tim Howley
Director

By: *(Signed "Milan Roy")*
Milan Roy
Director

ACKNOWLEDGEMENT – PERSONAL INFORMATION

"**Personal Information**" means any information about an identifiable individual, and includes information contained in any items in the attached Filing Statement that are analogous to items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40, and 41 of Form 3B2 of the Exchange, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B to the Corporate Finance Manual of the Exchange ("**Appendix 6B**")) pursuant to this Filing Statement; and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated at as of August 4, 2021

VLCTY CAPITAL INC.

Per: *(Signed "Andrew Elbaz")*
Name: Andrew Elbaz
Title: Chief Executive Officer and Corporate Secretary

SCHEDULE A

FINANCIAL STATEMENTS OF VLCTY CAPITAL INC.

VLCTY CAPITAL INC. (A Capital Pool Company)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(Presented in Canadian Dollars)

THREE AND NINE MONTHS ENDED FEBRUARY 28, 2021 AND THE PERIOD FROM THE DATE OF INCORPORATION ON SEPTEMBER 16, 2019 TO FEBRUARY 28, 2020

In connection with VLCTY Capital Inc.'s proposed qualifying transaction with BuildDirect.com Technologies Inc., VLCTY Capital Inc. is required to have its most recent interim financial statements auditor reviewed and include certain other disclosure contemplated herein pursuant to the policies of the TSX Venture Exchange. Accordingly, the accompanying revised unaudited condensed interim financial statements for the three and nine months ended February 28, 2021 and the period from the date of incorporation on September 16, 2019 to February 28, 2020 are being re-filed today on behalf of VLCTY Capital Inc. with the following changes: (i) removal of the requisite disclaimer regarding no auditor review; (ii) insertion of comparative information on the statement of loss and comprehensive loss, statement of shareholders' equity, and statement of cash flow; and (iii) insertion of updated subsequent event information (see note 6).

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VLCTY CAPITAL INC. (A Capital Pool Company)
Condensed Interim Statements of Financial Position
(Presented in Canadian Dollars)

	February 28, 2021 (unaudited)	May 31, 2020
ASSETS		
Current assets		
Cash	$ 311,007	$ 132,833
Prepaids	5,250	-
Deposits and other	6,569	6,000
Total assets	$ 322,826	$ 138,833
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current liabilities		
Accrued liabilities	$ 15,507	$ 4,726
Total liabilities	15,507	4,726
SHAREHOLDERS' EQUITY		
Capital stock, Note 3	367,655	142,092
Additional paid-in capital	109,673	-
Accumulated deficit	(170,009)	(7,985)
Total shareholders' equity	307,319	134,107
Total liabilities and shareholders' equity	$ 322,826	$ 138,833

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

/s/ Andrew Elbaz
Board Signature

/s/ Michael Silver
Board Signature

VLCTY CAPITAL INC. (A Capital Pool Company)
Condensed Interim Statements of Loss and Comprehensive Loss (Unaudited)
For the three months ended February 28, 2021 and 2020, the nine months ended February 28, 2021 and the period from the date of incorporation on September 16, 2019 to February 28, 2020
(Presented in Canadian Dollars)

	Three Months Ended February 28,		Nine Months Ended February 28, 2021	Incorporation, September 16, 2019, to February 28, 2020
	2021	2020		
Revenue				
Total revenue	$ -	$ -	$ -	$ -
Operating expenses				
Professional fees	1,221	3,667	44,044	3,667
Listing and filing fees	5,200	-	22,505	-
Bank charges and interest	-	85	218	110
Insurance	2,625	-	5,250	-
Stock based compensation, note 3	-	-	81,943	-
Other	7,500	-	8,064	-
Total operating expenses	16,546	3,752	162,024	3,777
Net loss and comprehensive loss	$ (16,546)	$ (3,752)	$ (162,024)	$ (3,777)
Basic and diluted loss per common share	$ -	$ -	$ -	$ -
Weighted average number of shares outstanding	6,000,000	3,000,000	4,351,648	3,000,000

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

VLCTY CAPITAL INC. (A Capital Pool Company)
Condensed Interim Statements of Shareholders' Equity (Unaudited)
For nine months ended February 28, 2021 and the period from the date of incorporation on September 16, 2019 to February 28, 2020
(Presented in Canadian Dollars)

	Number of shares issued and outstanding	Share capital amount	Additional paid-in capital	Accumulated Deficit	Total
Balances, at incorporation, September 16, 2019	-	$ -	$ -	$ -	$ -
Share issuance	3,000,000	150,000	-	-	150,000
Share issue costs	-	(7,908)	-	-	(7,908)
Net loss	-	-	-	(3,777)	(3,777)
Balances, February 28, 2020	**3,000,000**	**$ 142,092**	**$ -**	**$ (3,777)**	**$ 138,315**
Balances, May 31, 2020	**3,000,000**	**$ 142,092**	**$ -**	**$ (7,985)**	**$ 134,107**
Share issuance	3,000,000	300,000	-	-	300,000
Share issue costs	-	(74,437)	27,730	-	(46,707)
Stock based compensation, note 3	-	-	81,943	-	81,943
Net loss	-	-	-	(162,024)	(162,024)
Balances, February 28, 2021	**6,000,000**	**$ 367,655**	**$ 109,673**	**$ (170,009)**	**$ 307,319**

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

VLCTY CAPITAL INC. (A Capital Pool Company)
Condensed Interim Statements of Cash Flows (Unaudited)
For the nine months ended February 28, 2021 and the period from the date of incorporation on September 16, 2019 to February 28, 2020
(Presented in Canadian Dollars)

	Nine Months Ended February 28, 2021	Incorporation, September 16, 2019, to February 28, 2020
Cash flows from operating activities		
Net loss	$ (162,024)	$ (3,777)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock based compensation, note 3	81,943	-
Change in operating assets and liabilities		
Prepaids	(5,250)	-
Deposit and other assets	(569)	(6,000)
Accounts payable and accrued liabilities	10,781	4,725
Cash used in operating activities	(75,118)	(5,052)
Cash flows from financing activities		
Proceeds from share issuance, net	253,292	142,092
Cash provided by financing activities	253,292	142,092
Increase in cash	178,174	137,040
Cash, beginning of period	132,833	-
Cash, end of period	$ 311,007	$ 137,040

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

1. NATURE OF BUSINESS

VLCTY Capital Inc. (the "Company" or "VLCTY") was incorporated under the Business Corporations Act (British Columbia) on September 16, 2019. The Company intends to carry on business as a Capital Pool Company ("CPC") as defined in policy 2.4 of the TSX Venture Exchange (the "Exchange" or "TSXV") with a view to completing an initial public offering. The Company has no commercial operations and has no significant assets other than cash and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction as defined under the policies of the Exchange.

The Company's registered head office is located 206-3500 Carrington Road, Westbank, British Columbia, Canada V4T 3C1.

There is no assurance that the Company will identify a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Company's shares from trading.

COVID-19

The outbreak of COVID-19 has spread across the globe and is impacting worldwide economic activity. Conditions surrounding COVID-19 continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which COVID-19 may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements were approved by the Board of Directors on July 21, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of presentation

These unaudited condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities. These unaudited condensed interim financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

These unaudited condensed interim financial statements have been prepared in accordance with the same accounting policies and methods of application as the most recent audited financial statements for the period from the date of incorporation of September 16, 2019 to May 31, 2020 (fiscal yearend), except that they do not include all the disclosures required for the annual audited financial statements. These condensed interim financial statements should be read in conjunction with the audited financial statements for the Company for the period from the date of incorporation of September 16, 2019 to May 31, 2020 (fiscal yearend).

3. CAPITAL STOCK

Authorized

Unlimited number of voting common shares
Unlimited number of non-voting, redeemable, retractable preferred shares issuable in series

Issued and Outstanding

Upon incorporation on September 16, 2019, the Company issued 2,000,000 common shares at a price of $0.05 per share for gross proceeds of $100,000. On December 6, 2019, the Company issued 500,000 common shares at a price of $0.05 per share for gross proceeds of $25,000. On February 24, 2020, the Company issued 500,000 common shares at a price of $0.05 per share for gross proceeds of $25,000.

All of the common shares issued are to be held in escrow until completion of a Qualifying Transaction. For the escrowed common shares, 10% will be released on the issuance of the Final Exchange Bulletin and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months, and 36 months following the initial release. These common shares, which are considered contingently issuable until the Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

3. CAPITAL STOCK – continued

Issued and Outstanding – continued

2020 Offering

On August 28, 2020, the Company filed a prospectus with the securities regulatory authorities in the provinces of Alberta, British Columbia, and Ontario, and with the Exchange offering 3,000,000 common shares at $0.10 per share (the "Offering") to the public, for total estimated proceeds of $300,000 before transaction costs of $46,707. Pursuant to the agency agreement (the "Agreement") entered into on August 28, 2020 between the Company and Leede Jones Gable Inc. (the "Agent"), the Agent was granted options to purchase up to 300,000 shares at a price of $0.10 per share exercisable for a period of twenty-four months from the listing of the Company's shares on the Exchange. The fair value of the option granted to the Agent was $27,730.

The Company paid the Agent a commission equal to 10% of the gross proceeds as well as a corporate finance fee of $10,000, which is included in the total transaction costs discussed above.

The Offering closed October 28, 2020.

Stock Option Plan

The Company has adopted an Incentive Stock Option Plan (the "Plan") in accordance with the policies of the Exchange which provides that the Board of Directors of the Company may from time to time, at its discretion, grant to directors, officers, employees, and technical consultants of the Company nontransferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed ten percent of the Corporation's issued and outstanding common shares, exercisable for a period of up to ten years from the date of grant, provided that, until the completion of the Qualifying Transaction the number of common shares reserved for issuance shall not exceed 600,000. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent of the issued and outstanding common shares.

Concurrently with the completion of the Offering, the Company entered into stock option agreements with directors of the Company, entitling them to purchase up to 600,000 common shares in aggregate at a price of $0.10 per share for a period of ten years from the date of issuance. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.59%, expected volatility of 100% and an expected life of ten years. The value attributed to these options was $81,943.

3. CAPITAL STOCK – continued

Stock Option Plan – continued

As at February 28, 2021, 600,000 stock options had been issued, with an exercise price of $0.10 and an expiry date of October 2030.

4. MANAGEMENT OF CAPITAL

The Company includes the following in its managed capital:

	February 28, 2021 (unaudited)	May 31, 2020
Capital stock	$ 367,655	$ 142,092
Deficit	(170,009)	(7,985)
	$ 197,646	$ 134,107

The Company's objectives in managing capital are to:

a. Maintain sufficient capital to identify, evaluate, and complete a Qualifying Transaction;
b. Ensure the Company maintains the minimum level of capital required to effectively operate its business;
c. Ensure the Company's ability to provide capital growth to its shareholders; and
d. Maintain a flexible structure that optimizes the cost of capital at acceptable levels of risk.

Apart from the above, the Company is not subject to any externally or internally imposed capital requirements at period-end.

5. FINANCIAL RISK MANAGEMENT

Fair Values

The Company's financial instruments consist of cash and accrued liabilities. The fair values of these instruments approximate their carrying values due to the short-term nature of these instruments.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by forecasting cash flows and anticipated investing and financing activities. Officers of the Company are actively involved in the review and approval of planned expenditures. As at February 28, 2021, the Company has liabilities of $15,507 due within twelve months and has cash of $311,007 to meet its current obligations. As a result, management has judged liquidity risk to be low.

5. FINANCIAL RISK MANAGEMENT – continued

Credit Risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

6. SUBSEQUENT EVENTS

VLCTY and BuildDirect.com Technologies Inc. ("BuildDirect") entered into an amalgamation agreement dated April 30, 2021, which outlines the terms and conditions pursuant to which VLCTY and BuildDirect will complete a transaction that will result in a reverse take-over of VLCTY by BuildDirect (the "Proposed Transaction"). The Proposed Transaction will be an arm's length transaction, and, if completed, will constitute VLCTY's "Qualifying Transaction".

The Proposed Transaction is expected to be completed by way of a three-cornered amalgamation pursuant to the provisions of the *Canada Business Corporations Act* (the "CBCA"), whereby a wholly-owned subsidiary of VLCTY will amalgamate with BuildDirect (the "Amalgamation") to form a newly amalgamated company ("Amalco"). In connection with the Amalgamation, holders of common shares in the capital of BuildDirect ("BuildDirect Shares") will receive common shares in the capital of the Resulting Issuer (as defined below) for each BuildDirect Share held immediately before the Amalgamation and the holders of stock options to purchase BuildDirect Shares will receive stock options to acquire common shares in the capital of the Resulting Issuer for each BuildDirect stock option held immediately before the Amalgamation.

It is the intention of the parties that VLCTY, following the closing of the transaction (then referred to as the "Resulting Issuer"), will be listed on the TSXV as a Tier 1 Technology issuer, and that the business of the Resulting Issuer will be the business of BuildDirect.

Immediately prior to the completion of the Transaction, VLCTY will effect: (i) the VLCTY Consolidation, resulting in an aggregate of approximately 226,091 post-VLCTY Consolidation common shares of VLCTY (each a "VLCTY Share" and, upon closing of the Transactions, a "Resulting Issuer Share") being issued and outstanding; (ii) a name change pursuant to which VLCTY will change its name to "BuildDirect.com Technologies Inc." or such other name as may be determined by the Company and approved by the board of directors of VLCTY (the "Name Change"); and (iii) the adoption of the new equity incentive Plan.

6. SUBSEQUENT EVENTS – continued

Concurrent Financing

In connection with the Proposed Transaction, on April 30, 2021, BuildDirect completed a private placement offering (the "Offering") of 3,487,000 subscription receipts of BuildDirect (the "Subscription Receipts") at an issue price of CDN$5.75 per Subscription Receipt for aggregate gross proceeds of CDN $20,050,250. The proceeds of the Offering were deposited into escrow with Computershare Trust Company of Canada, as subscription receipt agent. Each Subscription Receipt will automatically convert into BuildDirect Share and one common share purchase warrant of BuildDirect (each, a "BuildDirect Warrant") immediately prior to the closing of the Proposed Transaction. Upon completion of the proposed transaction, each BuildDirect Share and each Build Direct Warrant issued upon conversion of the Subscription Receipts will be exchanged for one Resulting Issuer Share and one common share purchase warrant of the Resulting Issuer (each, a "Resulting Issuer Warrant"). Each Resulting Issuer Warrant will entitle the holder thereof to purchase one Resulting Issuer Share at a price of CDN$6.90 per warrant at any time for a period of 24 months from closing of the Proposed Transaction. If prior to the expiry date of the Resulting Issuer Warrant, the daily volume-weighted average trading price of the Resulting Issuer Shares exceeds CDN$8.00 for a period of at least 30 consecutive trading days, the Resulting Issuer may accelerate the expiry of the Resulting Issuer Warrant to a date not earlier than the date that is 30 days following the acceleration of the Resulting Issuer Warrants.

The gross proceeds of the Offering, less the certain fees and expenses, are held in escrow pending satisfaction of certain conditions, including, among others, the completion or waiver of all conditions precedent to the completion of the Proposed Transaction and the receipt of shareholder and regulatory approvals required for the completion of the Proposed Transaction (the "Escrow Release Conditions") on or before the date that is 120 days after closing of the Offering, pursuant to a subscription receipt agreement entered into with Computershare Trust Company of Canada, as escrow agent. Upon satisfaction of the Escrow Release Conditions, the escrowed proceeds of the Offering, less any outstanding fees and expenses, will be released to BuildDirect.

Trading in VLCTY Shares

Trading in VLCTY Shares has been halted in compliance with the policies of the TSXV. Trading in VLCTY Shares will remain halted pending the review of the Proposed Transaction by the TSXV and satisfaction of the conditions of the TSXV for resumption of trading. It is likely that trading in the VLCTY Shares will not resume prior to the closing of the Proposed Transaction.

6. SUBSEQUENT EVENTS – continued

Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to TSXV acceptance. Where applicable, the Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

VLCTY CAPITAL INC. (A Capital Pool Company)

FINANCIAL STATEMENTS
MAY 31, 2020
(Presented in Canadian Dollars)

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SEGAL
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SEGAL LLP
Chartered Professional Accountants
4101 Yonge Street
Suite 502, P.O. Box 202
Toronto, ON M2P 1N6

416 391 4499 | 800 206 7307

segalllp.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of VLCTY Capital Inc.

Opinion

We have audited the accompanying financial statements of VLCTY Capital Inc. (the "Company") which comprise the statement of financial position as at May 31, 2020 and the statement of comprehensive loss, statement of changes in equity, and statement of cash flows for the period from the date of incorporation on September 16, 2019 to May 31, 2020, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2020, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

Segal LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
August 28, 2020

VLCTY CAPITAL INC. (A Capital Pool Company)

STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2020
(Presented in Canadian Dollars)

ASSETS	
Current	
Cash, note 4	$ 132,833
Deposit	6,000
	$ 138,833
LIABILITIES	
Current	
Accrued liabilities	$ 4,726
SHAREHOLDERS' EQUITY	
Capital stock, note 5	142,092
Deficit	(7,985)
	134,107
	$ 138,833

Approved on behalf of the Board:

"Andrew Elbaz" Director

"Michael Silver" Director

See accompanying notes to the financial statements

VLCTY CAPITAL INC. (A Capital Pool Company)

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM THE DATE OF INCORPORATION ON SEPTEMBER 16, 2019 TO MAY 31, 2020
(Presented in Canadian Dollars)

	Share Capital	Deficit	Shareholders' Equity
At incorporation, September 16, 2019	$ -	$ -	$ -
Share issuance, note 5	150,000	-	150,000
Share issuance costs	(7,908)	-	(7,908)
Net loss and comprehensive loss	-	(7,985)	(7,985)
Balance, May 31, 2020	$ 142,092	$ (7,985)	$ 134,107

See accompanying notes to the financial statements

VLCTY CAPITAL INC. (A Capital Pool Company)

STATEMENT OF COMPREHENSIVE LOSS
FOR THE PERIOD FROM THE DATE OF INCORPORATION ON SEPTEMBER 16, 2019 TO MAY 31, 2020
(Presented in Canadian Dollars)

Revenue	$ -
Expenses	
Professional fees	7,875
Bank charges and interest	110
Net loss and comprehensive loss for the period	$ (7,985)
Loss per share - basic and diluted, note 5	$ -
Weighted average number of shares outstanding, note 5	-

See accompanying notes to the financial statements

VLCTY CAPITAL INC. (A Capital Pool Company)

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM THE DATE OF INCORPORATION ON SEPTEMBER 16, 2019 TO MAY 31, 2020
(Presented in Canadian Dollars)

Cash flows from operating activities	
Net loss and comprehensive loss for the period	$ (7,985)
Changes in non-cash working capital balances	
Increase in deposit	(6,000)
Increase in accrued liabilities	4,726
Cash flows used in operating activities	(9,259)
Cash flows from financing activities	
Proceeds from issuance of common shares, note 5	150,000
Share issuance costs, note 5	(7,908)
Cash flows provided from financing activities	142,092
Net increase in cash	132,833
Cash, beginning of period	-
Cash, end of period	$ 132,833

See accompanying notes to the financial statements

1. NATURE OF BUSINESS

VLCTY Capital Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on September 16, 2019. The Company intends to carry on business as a Capital Pool Company ("CPC") as defined in policy 2.4 of the TSX Venture Exchange (the "Exchange") with a view to completing an initial public offering. The Company has no commercial operations and has no significant assets other than cash and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction as defined under the policies of the Exchange.

The Company's registered head office is located 206-3500 Carrington Road, Westbank, British Columbia, Canada V4T 3C1.

There is no assurance that the Company will identify a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Company's shares from trading.

2. BASIS OF PREPARATION

Statement of Compliance

These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). Significant accounting estimates, judgments, and assumptions used or exercised by management in the preparation of these financial statements are presented below.

On August 28, 2020, the Board of Directors approved the financial statements for the period from the date of incorporation on September 16, 2019 to May 31, 2020.

Basis of Measurement

These financial statements have been prepared on the historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

Functional and Presentation Currency

The Company's functional and presentation currency is the Canadian dollar.

2. **BASIS OF PREPARATION** (Continued...)

Critical Accounting Judgments, Estimates, and Assumptions

Preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the 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. Uncertainty about these judgments, estimates, and assumptions could result in material adjustment to the carrying amount of the asset or liability affected in future periods.

Significant areas of estimation uncertainty considered by management in preparing the financial statements are as follows:

Deferred Tax Assets

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. These estimates will affect the reported amounts of deferred tax assets and expenses.

3. **SIGNIFICANT ACCOUNTING POLICIES**

Financial Instruments

Recognition and Derecognition

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Classification

Financial assets and financial liabilities are classified in the following measurement categories:

i. Those to be measured subsequently at fair value (either through profit or loss or through other comprehensive income), and;

ii. Those to be measured subsequently at amortized cost.

3. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

Financial Instruments (Continued...)

Classification (Continued...)

The classification of financial assets depends on the business model for managing the financial assets and contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss. For financial assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income. Classification of financial assets or financial liabilities at fair value through either profit or loss or other comprehensive income, is an irrevocable designation at the time of recognition.

Financial assets are reclassified when, and only when, the Company's business model for managing those assets changes. Financial liabilities are not reclassified.

The Company has implemented the following classifications:

Cash and deposit are classified as subsequently measured at amortized cost.

Accrued liabilities are classified as other financial liabilities and are subsequently measured at amortized cost using the effective interest method. Interest expense is recorded in profit or loss.

Measurement

All financial instruments are required to be measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of that instrument are added to financial instruments not measured at fair value through profit or loss. Transaction costs of financial instruments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest are measured at amortized cost at the end of the subsequent accounting period. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any change taken through profit or loss or other comprehensive income.

Impairment

The Company assesses all information available, including on a forward looking basis the credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is significant increase in credit risk, the Company compares the risk of default occurring as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward looking information.

3. **SIGNIFICANT ACCOUNTING POLICIES** (Continued...)

Capital Stock

Capital stock is classified as equity. Incremental costs directly attributable to the issue of shares and share options are recognized as a deduction from equity. When capital stock is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity.

Income Taxes

The Company follows the asset and liability method of tax allocation in accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for loss carry-forwards. The resulting changes in the net deferred tax asset or liability are included in income.

Deferred tax assets and liabilities are measured using enacted, or substantively enacted, tax rates expected to apply to taxable income (loss) in the years in which temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates, is included in income in the period that includes the substantive enactment date. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Share-Based Payments

The Company applies a fair value based method of accounting to all share-based payments. Stock options issued to Directors are measured at their fair value on the grant date and recognized over their respective vesting periods. Stock options issued to technical consultants (see note 9) are measured based on the fair value of the service provided. The cost of stock options is presented as share-based payment expense when applicable, with a corresponding credit to contributed surplus. On the exercise of stock options, capital stock is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

Loss Per Share

Basic earnings or loss per share is calculated by dividing the loss by the weighted average number of common shares outstanding during the period. The weighted average number of common shares outstanding is calculated by adjusting the shares issued at the beginning of the period by the number of shares bought back or issued during the period, multiplied by a time-weighting factor.

Diluted earnings or loss per share is calculated by adjusting the number of common shares for the effects of dilutive options and other dilutive potential units. Shares held in escrow that are only released upon contingent events are not included in the calculation of the weighted average number of common shares.

Instruments which would be anti-dilutive are not included in the calculation of diluted loss per share.

4. CASH

The proceeds raised from the issuance of capital stock may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds and $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions may apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

5. CAPITAL STOCK

Authorized

Unlimited number of voting common shares
Unlimited number of non-voting, redeemable, retractable preferred shares issuable in series

Issued

Upon incorporation on September 16, 2019, the Company issued 2,000,000 common shares at a price of $0.05 per share for gross proceeds of $100,000. On December 6, 2019, the Company issued 500,000 common shares at a price of $0.05 per share for gross proceeds of $25,000. On February 24, 2020, the Company issued 500,000 common shares at a price of $0.05 per share for gross proceeds of $25,000.

All of the common shares issued are to be held in escrow until completion of a Qualifying Transaction. For the escrowed common shares, 10% will be released on the issuance of the Final Exchange Bulletin and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months, and 36 months following the initial release. These common shares, which are considered contingently issuable until the Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

Stock Option Plan

The Company has adopted an Incentive Stock Option Plan (the "Plan") in accordance with the policies of the Exchange which provides that the Board of Directors of the Company may from time to time, at its discretion, grant to directors, officers, employees, and technical consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed ten percent of the Corporation's issued and outstanding common shares, exercisable for a period of up to ten years from the date of grant, provided that, until the completion of the Qualifying Transaction the number of common shares reserved for issuance shall not exceed 600,000. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent of the issued and outstanding common shares. As at May 31, 2020, no stock options had been issued (see note 9).

6. INCOME TAXES

Income Tax Expense

A reconciliation of the combined statutory federal and provincial corporate tax rate to the income tax expense is as follows:

	2020
Comprehensive loss before taxes	$ (7,985)
Corporate tax rate	26.5%
Expected recovery at statutory rates	(2,116)
Deferred tax asset not recognized	2,116
Income tax expense	$ -

The components of income tax expense are as follows:

	2020
Current income taxes	$ -
Deferred income taxes	-
Income tax expense	$ -

Deferred Taxes

The components of deferred income taxes have been determined at the combined federal and provincial statutory rate of 26.5% and are as follows:

	2020
Non-capital losses available for carryforward	$ (2,413)
Share issuance costs, note 5	1,798
	(615)
Valuation allowance	615
Deferred tax asset	$ -

The Company has non-capital losses of approximately $9,107, which are available to be carried forward and used against future taxable income. These losses expire in 2040.

7. MANAGEMENT OF CAPITAL

The Company includes the following in its managed capital:

	2020
Capital stock	$ 142,092
Deficit	(7,985)
	$ 134,107

The Company's objectives in managing capital are to:

a. Maintain sufficient capital to identify, evaluate, and complete a Qualifying Transaction;
b. Ensure the Company maintains the minimum level of capital required to effectively operate its business;
c. Ensure the Company's ability to provide capital growth to its shareholders; and
d. Maintain a flexible structure that optimizes the cost of capital at acceptable levels of risk.

Apart from the above, the Company is not subject to any externally or internally imposed capital requirements at period-end.

8. FINANCIAL RISK MANAGEMENT

Fair Values

The Company's financial instruments consist of cash and accrued liabilities. The fair values of these instruments approximate their carrying values due to the short-term nature of these instruments.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by forecasting cash flows and anticipated investing and financing activities. Officers of the Company are actively involved in the review and approval of planned expenditures. As at May 31, 2020, the Company has liabilities of $4,726 due within twelve months and has cash of $132,833 to meet its current obligations. As a result, management has judged liquidity risk to be low.

Credit Risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

9. SUBSEQUENT EVENTS

The Company intends to file a prospectus with the securities regulatory authorities in the provinces of Alberta, British Columbia, and Ontario, and with the Exchange to offer 3,000,000 common shares at $0.10 per share (the "Offering") to the public, for total estimated proceeds of $300,000 before transaction costs. Pursuant to the agency agreement (the "Agreement") to be entered into between the Company and Leede Jones Gable Inc. (the "Agent"), the Agent will be granted an option to purchase up to 300,000 shares at a price of $0.10 per share that is to be executed within twenty-four months of the listing of the Company's shares on the Exchange.

The Company will pay the Agent a commission equal to 10% of the gross proceeds as well as a corporate finance fee of $10,000.

Concurrently with the completion of the offering, the Company intends to enter into stock option agreements with directors of the Company, entitling them to purchase up to 600,000 common shares in aggregate at a price of $0.10 per share for a period of ten years from the date of issuance (see note 5).

The recent outbreak of COVID-19 has spread across the globe and is impacting worldwide economic activity. Conditions surrounding COVID-19 continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which COVID-19 may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

SCHEDULE B

MANAGEMENT DISCUSSION AND ANALYSIS OF VLCTY CAPITAL INC.

See attached.

VLCTY CAPITAL INC. (a Capital Pool Company)
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND NINE MONTHS ENDED FEBRUARY 28, 2021 AND THE PERIOD FROM THE DATE OF INCORPORATION ON SEPTEMBER 16, 2019 TO FEBRUARY 28, 2020

This Management's Discussion and Analysis ("MD&A") explains the variations in the condensed interim operating results and financial position and cash flows of VLCTY Capital Inc. ("VLCTY" or the "Company") as of and for the three and nine months ended February 28, 2021 and for the period from the date of incorporation on September 16, 2019 to February 28, 2020. This analysis should be read in conjunction with VLCTY's condensed interim financial statements for the three and nine months ended February 28, 2021 and for the period from the date of incorporation on September 16, 2019 to February 28, 2020 and related notes (the "condensed interim financial statements"). The condensed interim financial statements of VLCTY, and extracts of those condensed interim financial statements provided in this MD&A, were prepared in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"). Readers are cautioned that this MD&A contains certain forward-looking information. Please see the "Forward Looking Statements" section below for a discussion of the use of such information in this MD&A.

The condensed interim financial statements include the accounts of the Company and its wholly-owned subsidiaries. All inter-company balances and transactions have been eliminated on consolidation.

The information in this report is dated as of July 26, 2021.

Amounts are stated in Canadian dollars.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Our MD&A includes "forward-looking statements" that are subject to risks and uncertainties that may result in actual results differing from the statements we make. Certain information included or incorporated by reference in this report may contain forward-looking statements. This information may involve known and unknown risks, uncertainties, and other factors which may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "plan," "intend" or "project" or the negative of these words or other variations on these words or comparable terminology. Certain risks underlying our assumptions are highlighted below; if risks materialize, or if assumptions prove otherwise to be untrue, our results will differ from those suggested by our forward-looking statements and our results and operations may be negatively affected.

Forward-looking statements in this report include statements regarding financing plans and our anticipated needs for working capital. Actual events or results may differ materially from those discussed in forward-looking statements. There can be no assurance that the forward-looking statements currently contained in this report will in fact occur. The Company bases its forward-looking statements on information currently

available to it. The Company disclaims any intent or obligations to update or revise publicly any forward-looking statements whether as a result of new information, estimates or options, future events or results or otherwise, unless required to do so by law. Forward-looking information reflects current expectations of management regarding future events and operating performance as of the date of this document. Such information involves significant risks and uncertainties and should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved.

A number of factors could cause actual results to differ materially from the results discussed in forward-looking information, including, without limitation: our need for additional financing and our estimates regarding our capital requirements, future revenues and profitability; unfavorable economic conditions could have an adverse effect on our business; our ability to comply and the cost of compliance with extensive existing regulation and any changes or amendments thereto; changes in key Canadian laws, rules, and regulations; changes in the industry and the economy may affect the Company's business; evolving practices and regulation of corporate governance and public disclosure may result in additional corporate expenses; various risks associated with legal, regulatory or investigative proceedings; risks associated with governmental or other investigations or inquiries into marketing and other business practices; risks associated with the trading of our common shares on a public marketplace which could result in changes to stock prices unrelated to our performance; risks related to our ability to retain and manage third-party service providers; risks related to the failure of our employees and third-party contractors to appropriately record or document services that they provide; and risks associated with a possible qualified transaction.

COVID-19

The outbreak of COVID-19 has spread across the globe and is impacting worldwide economic activity. Conditions surrounding COVID-19 continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which COVID-19 may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

OVERVIEW

The Company proposes to identify and evaluate businesses and assets with a view to completing an acquisition of significant assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company (a "Qualifying Transaction"). Any proposed Qualifying Transaction must be accepted by the TSX Venture Exchange (the "Exchange" or "TSXV"). The Company has not conducted commercial operations. The Company currently has not identified a specific business sector in which it proposes to pursue a Qualifying Transaction. Until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a 12 potential Qualifying Transaction. With the consent of the Exchange, this may

include the raising of additional funds in order to finance an acquisition. Any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

For further information about VLCTY, please visit www.sedar.com.

RESULTS OF OPERATIONS

Financial and operating highlights for the three and nine months ended February 28, 2021 and for the period from the date of incorporation on September 16, 2019 to February 28, 2020 and to the date of this report

The following table provides selected financial information from the unaudited condensed interim financial statements for the three and nine months ended February 28, 2021 and for the period from the date of incorporation on September 16, 2019 to February 28, 2020.

	Three Months Ended February 28,		Nine Months Ended February 28, 2021	Incorporation, September 16, 2019, to February 28, 2020
	2021	2020		
Revenue				
Total revenue	$ -	$ -	$ -	$ -
Operating expenses				
Professional fees	1,221	3,667	44,044	3,667
Listing and filing fees	5,200	-	22,505	-
Bank charges and interest	-	85	218	110
Insurance	2,625	-	5,250	-
Stock based compensation, note 3	-	-	81,943	-
Other	7,500	-	8,064	-
Total operating expenses	16,546	3,752	162,024	3,777
Net loss and comprehensive loss	$ (16,546)	$ (3,752)	$ (162,024)	$ (3,777)
Basic and diluted loss per common share	$ -	$ -	$ -	$ -
Weighted average number of shares outstanding	6,000,000	3,000,000	4,351,648	3,000,000

Operating Expenses

For the three and nine months ended February 28, 2021, operating expenses were $16,546 and $162,024, respectively. Operating expenses primarily consist of stock based compensation, legal expenses, listing fees, and other related expenses. The Company expects operating expenses to remain constant until the Company completes a Qualified Transaction.

For the three months ended February 28, 2020 and for the period from the date of incorporation of September 16, 2019 to February 28, 2020, operating expenses were $3,752 and $3,777, respectively. Operating expenses primarily consisted of legal expenses.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position at February 28, 2021 was $311,007 compared to the May 31, 2020 cash balance of $132,833. Working capital increased to $307,319 as of February 28, 2021 compared to $134,107 as of May 31, 2020, due to normal operating expenses.

Cash used in operating activities for nine months ended February 28, 2021 was $75,118. Cash used in operating activities for the period from the date of incorporation of September 16, 2019 to February 28, 2020 was $5,052. The Company's historical and near-term cash requirements relate primarily to general corporate obligations.

Cash provided by financing activities for the nine months ended February 28, 2021was $253,292 as a result of the Offering, discussed below. Cash provided by financing activities for the period from the date of incorporation of September 16, 2019 to February 28, 2020 was $142,092 as a result of an equity financing transaction whereby the Company issued 3,000,000 common shares for net proceeds of $142,092.

As of February 28, 2021, the Company has no material cash contractual obligations.

OUTSTANDING SHARE CAPITAL

As of February 28, 2021, there were 6,000,000 (May 31, 2020: 3,000,000) common shares issued and outstanding.

3,000,000 common shares issued are to be held in escrow until completion of a Qualifying Transaction. For the escrowed common shares, 10% will be released on the issuance of the Final Exchange Bulletin and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months, and 36 months following the initial release. These common shares, which are considered contingently issuable until the Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

2020 Offering

On August 28, 2020, the Company filed a prospectus with the securities regulatory authorities in the provinces of Alberta, British Columbia, and Ontario, and with the Exchange offering 3,000,000 common shares at $0.10 per share (the "Offering") to the public, for total estimated proceeds of $300,000 before transaction costs. Pursuant to the agency agreement (the "Agreement") entered into on August 28, 2020 between the Company and Leede Jones Gable Inc. (the "Agent"), the Agent was granted options to purchase up to 300,000 shares at a price of $0.10 per share exercisable for a period of twenty-four months from the listing of the Company's shares on the Exchange.

The Company paid the Agent a commission equal to 10% of the gross proceeds as well as a corporate finance fee of $10,000.

The Offering closed as of October 28, 2020.

Concurrently with the completion of the offering, the Company entered into stock option agreements with directors of the Company, entitling them to purchase up to 600,000 common shares in aggregate at a price of $0.10 per share for a period of ten years from the date of issuance.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on our results of operations or financial condition.

PROPOSED TRANSACTIONS

Other than the transaction disclosed below in Subsequent Events, the Company has no material undisclosed transactions in process.

LEGAL PROCEEDINGS

The Company has not been a party to any legal proceedings since inception.

SUBSEQUENT EVENT

VLCTY and BuildDirect.com Technologies Inc. ("BuildDirect") entered into an amalgamation agreement dated April 30, 2021, which outlines the terms and conditions pursuant to which VLCTY and BuildDirect will complete a transaction that will result in a reverse take-over of VLCTY by BuildDirect (the "Proposed Transaction"). The Proposed Transaction will be an arm's length transaction, and, if completed, will constitute VLCTY's "Qualifying Transaction".

The Proposed Transaction is expected to be completed by way of a three-cornered amalgamation pursuant to the provisions of the *Canada Business Corporations Act* (the "CBCA"), whereby a wholly-owned subsidiary of VLCTY will amalgamate with BuildDirect (the "Amalgamation") to form a newly amalgamated company ("Amalco"). In connection with the Amalgamation, holders of common shares in the capital of BuildDirect ("BuildDirect Shares") will receive common shares in the capital of the Resulting Issuer (as defined below) for each BuildDirect Share held immediately before the Amalgamation and the holders of stock options to purchase BuildDirect Shares will receive stock options to acquire common shares in the capital of the Resulting Issuer for each BuildDirect stock option held immediately before the Amalgamation.

It is the intention of the parties that VLCTY, following the closing of the transaction (then referred to as the "Resulting Issuer"), will be listed on the TSXV as a Tier 1 Technology issuer, and that the business of the Resulting Issuer will be the business of BuildDirect.

Immediately prior to the completion of the Transaction, VLCTY will effect: (i) the VLCTY Consolidation, resulting in an aggregate of approximately 226,091 post-VLCTY Consolidation common shares of VLCTY (each a "VLCTY Share" and, upon closing of the Transactions, a "Resulting Issuer Share") being issued and outstanding; (ii) a name change pursuant to which VLCTY will change its name to "BuildDirect.com

Technologies Inc." or such other name as may be determined by the Company and approved by the board of directors of VLCTY (the "Name Change"); and (iii) the adoption of the new equity incentive Plan.

Concurrent Financing

In connection with the Proposed Transaction, on April 30, 2021, BuildDirect completed a private placement offering (the "Offering") of 3,487,000 subscription receipts of BuildDirect (the "Subscription Receipts") at an issue price of CDN$5.75 per Subscription Receipt for aggregate gross proceeds of CDN $20,050,250. The proceeds of the Offering were deposited into escrow with Computershare Trust Company of Canada, as subscription receipt agent. Each Subscription Receipt will automatically convert into BuildDirect Share and one common share purchase warrant of BuildDirect (each, a "BuildDirect Warrant") immediately prior to the closing of the Proposed Transaction. Upon completion of the proposed transaction, each BuildDirect Share and each Build Direct Warrant issued upon conversion of the Subscription Receipts will be exchanged for one Resulting Issuer Share and one common share purchase warrant of the Resulting Issuer (each, a "Resulting Issuer Warrant"). Each Resulting Issuer Warrant will entitle the holder thereof to purchase one Resulting Issuer Share at a price of CDN$6.90 per warrant at any time for a period of 24 months from closing of the Proposed Transaction. If prior to the expiry date of the Resulting Issuer Warrant, the daily volume-weighted average trading price of the Resulting Issuer Shares exceeds CDN$8.00 for a period of at least 30 consecutive trading days, the Resulting Issuer may accelerate the expiry of the Resulting Issuer Warrant to a date not earlier than the date that is 30 days following the acceleration of the Resulting Issuer Warrants.

The gross proceeds of the Offering, less the certain fees and expenses, are held in escrow pending satisfaction of certain conditions, including, among others, the completion or waiver of all conditions precedent to the completion of the Proposed Transaction and the receipt of shareholder and regulatory approvals required for the completion of the Proposed Transaction (the "Escrow Release Conditions") on or before the date that is 120 days after closing of the Offering, pursuant to a subscription receipt agreement entered into with Computershare Trust Company of Canada, as escrow agent. Upon satisfaction of the Escrow Release Conditions, the escrowed proceeds of the Offering, less any outstanding fees and expenses, will be released to BuildDirect.

Trading in VLCTY Shares

Trading in VLCTY Shares has been halted in compliance with the policies of the TSXV. Trading in VLCTY Shares will remain halted pending the review of the Proposed Transaction by the TSXV and satisfaction of the conditions of the TSXV for resumption of trading. It is likely that trading in the VLCTY Shares will not resume prior to the closing of the Proposed Transaction.

Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to TSXV acceptance. Where applicable, the Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.

SCHEDULE C

FINANCIAL STATEMENTS OF BUILDDIRECT.COM TECHNOLOGIES INC.

See attached.

Condensed Consolidated Interim Financial Statements
(Expressed in United States dollars)

BUILDDIRECT.COM TECHNOLOGIES INC.

For the three months ended March 31, 2021 and 2020

(Unaudited)

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INTERIM REVIEW REPORT

To the Members of the Audit Committee of BuildDirect.com Technologies Inc.

In accordance with our engagement letter dated March 16, 2021 we have reviewed the condensed consolidated interim financial statements of BuildDirect.com Technologies Inc., consisting of:

- the consolidated statement of financial position as at March 31, 2021 and March 31, 2020.
- the consolidated statements of profit or loss and other comprehensive income for the three-month periods ended March 31, 2021 and March 31, 2020.
- the consolidated statement of changes in equity for the three-month periods ended March 31, 2021 and March 31, 2020.
- the consolidated statement of cash flows for the three months periods ended March 31, 2021 and March 31, 2020.
- and notes to the condensed consolidated interim financial statements, including a summary of significant accounting policies

(hereinafter referred to as the “interim financial statements”).

These interim financial statements are the responsibility of management.

We performed our review in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity’s auditors (an “interim review”). An interim review is substantially less in scope than an audit, whose objective is the expression of an opinion regarding the financial statements; accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our interim review, we are not aware of any material modification that needs to be made for these interim financial statements to be in accordance with International Accounting Standard No. 34, Interim Financial Reporting.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.
KPMG Canada provides services to KPMG LLP.

Use of the report

This report is for the use of the Audit Committee and the Board of Directors of BuildDirect.com Technologies Inc. to assist them in discharging their obligation regarding these interim financial statements and should not be used for any other purpose.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
August 4, 2021

BUILDDIRECT.COM TECHNOLOGIES INC.

Condensed Consolidated Interim Statement of Financial Position
(Unaudited)
(Expressed in United States dollars)

	March 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 5,187,746	$ 5,416,511
Short-term investments	118,000	118,000
Trade and other receivables (note 3)	2,696,663	2,727,955
Advances to vendors	845,372	391,641
Inventories (note 4)	5,768,452	5,446,940
Prepaid materials, expenses and deposits	748,296	994,597
Total current assets	15,364,529	15,095,644
Non-current assets:		
Property and equipment (note 5)	525,457	835,921
Intangible assets (note 6)	10,721,453	11,326,135
Right-of-use assets (note 7)	3,797,267	900,834
Non-current advances to vendors	567,374	567,284
Total Assets	$ 30,976,080	$ 28,725,818
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	$ 7,548,265	$ 6,834,980
Income taxes payable	342,202	-
Current portion of lease liabilities (note 9)	948,528	458,841
Deferred revenue	2,888,987	1,531,960
Current portion of promissory note (note 12)	1,180,178	1,145,986
Current portion of deferred consideration payable	618,893	602,681
Loan payable (note 10)	3,860,333	3,927,113
	17,387,386	14,501,561
Non-current liabilities		
Deferred consideration payable	1,073,791	1,018,555
Lease liabilities (note 9)	3,876,178	1,476,044
Convertible notes (note 11)	13,310,035	12,120,679
Warrants (note 11)	621,341	480,321
Promissory note (note 12)	4,689,438	4,552,670
	23,570,783	19,648,269
Shareholders' equity (deficiency):		
Share capital	92,459,612	92,459,612
Share based payment reserve	10,494,993	10,395,737
Deficit	(112,936,694)	(108,279,361)
	(9,982,089)	(5,424,012)
Total Liabilities and Equity	$ 30,976,080	$ 28,725,818

Commitments and contingencies (note 16)
Subsequent events (note 20)

See accompanying notes to Condensed Consolidated Interim Financial Statements.

Approved on behalf of the Board:

DocuSigned by:
Daniel Park
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Director

DocuSigned by:
Milan Roy
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Director

BUILDDIRECT.COM TECHNOLOGIES INC.

Condensed Consolidated Interim Statement of Operations and Comprehensive Loss
(Unaudited)
(Expressed in United States dollars)

For the three months ended March 31, 2021 and 2020

	March 31, 2021	March 31, 2020
Revenue (note 14)	$ 20,887,037	$ 9,143,647
Cost of goods sold (note 4)	13,502,232	5,564,225
Gross Profit	7,384,805	3,579,422
Operating expenses:		
Fulfillment costs	2,110,000	1,556,003
Selling and marketing	2,726,290	1,505,662
Administration	3,271,263	1,690,200
Research and development	308,372	310,332
Depreciation and amortization	1,193,537	237,473
	9,609,462	5,299,670
Loss from operations	(2,224,657)	(1,720,248)
Other income (expense):		
Interest income	21,502	30,432
Interest expense	(799,600)	(211,080)
Rental income	57,526	179,678
Fair value adjustment of convertible debt and warrants	(1,330,376)	-
Foreign exchange (loss)/gain	(39,525)	298,851
	(2,090,473)	297,881
Loss before income taxes	(4,315,130)	(1,422,367)
Income tax expense	(342,202)	-
Total loss and comprehensive loss for the period	(4,657,332)	(1,422,367)
Deficit, beginning of period	(108,279,362)	(103,720,125)
Deficit, end of period	$ (112,936,694)	$(105,142,492)
Loss per share (expressed in $ per share):		
Basic loss per share	$ (0.04)	$ (0.01)
Diluted loss per share	(0.04)	(0.01)

See accompanying notes to Condensed Consolidated Interim Financial Statements.

BUILDDIRECT.COM TECHNOLOGIES INC.

Condensed Consolidated Interim Statement of Changes in Equity (Deficiency)
(Unaudited)
(Expressed in United States dollars)

For the three months ended March 31, 2021 and 2020

	Series 1 AA		Series 2 AA		Common shares		Share based payment reserve	Deficit	Total
	Number	Amount	Number	Amount	Number	Amount			
Balance – December 31, 2019	65,000,000	$ 50,481,532	54,846,926	$ 41,974,552	204	$ 28	$ 10,165,655	$ (103,720,125)	$ (1,098,358)
Loss and comprehensive loss for the period	-	-	-	-	-	-	-	(1,422,367)	(1,422,367)
Share-based compensation expense	-	-	-	-	-	-	57,520	-	57,520
Balance – March 31, 2020	65,000,000	$ 50,481,532	54,846,926	$ 41,974,552	204	$ 28	$ 10,223,175	$ (105,142,492)	$ (2,463,205)
Balance – December 31, 2020	65,000,000	$ 50,481,532	44,642,845	$ 34,885,332	10,229,285	$ 7,092,748	$ 10,395,737	$ (108,279,362)	$ (5,424,013)
Loss and comprehensive loss for the period	-	-	-	-	-	-	-	(4,657,332)	(4,657,332)
Share-based payment expense	-	-	-	-	-		99,256	-	99,256
Balance – March 31, 2021	65,000,000	$ 50,481,532	44,642,845	$ 34,885,332	10,229,285	$ 7,092,748	$ 10,494,993	$ (112,936,694)	$ (9,982,089)

See accompanying notes to Condensed Consolidated Interim Financial Statements.

BUILDDIRECT.COM TECHNOLOGIES INC.

Condensed Consolidated Interim Statement of Cash Flows
(Unaudited)
(Expressed in United States dollars)

For the three months ended March 31, 2021 and 2020

	March 31, 2021	March 31, 2020
Cash provided by (used in):		
Operating activities:		
Loss for the period	$ (4,657,332)	$ (1,422,367)
Add (deduct) items not affecting cash:		
Depreciation and amortization	1,193,537	237,473
Stock-based compensation expense	99,256	57,520
Other interest and finance cost	689,985	111,042
Interest on leases	109,615	100,038
Interest earned on lease receivables	(21,502)	(30,432)
Fair value adjustment on convertible debt and warrants	1,330,376	-
Unrealized foreign exchange	47,602	(325,355)
	(1,208,463)	(1,272,081)
Changes in non-cash operating working capital:		
Trade and other receivables	(22,620)	111,427
Inventories	(321,512)	(48,471)
Prepaid materials, expenses and deposits	(253,699)	139,767
Advances to vendors	280,777	868,702
Accounts payable and accrued liabilities	820,889	(86,689)
Deferred revenue	1,357,026	541,563
Total operating activities	652,398	254,218
Investing activities:		
Purchase of property and equipment	(3,520)	(4,174)
Principal received on lease receivables	53,912	49,288
Interest received	21,502	30,432
Total investing activities	71,894	75,546
Financing activities:		
Principal lease payments	(281,483)	(186,717)
Interest paid	(776,789)	(211,080)
Loan repayment	105,215	-
Total financing activities	(953,057)	(397,797)
Decrease in cash and cash equivalents	(228,765)	(68,033)
Cash and cash equivalents, beginning of period	5,416,511	3,457,513
Cash and cash equivalents, end of period	$ 5,187,746	$ 3,389,480

See accompanying notes to Condensed Consolidated Interim Financial Statements.

1. Nature of business:

BuildDirect.com Technologies Inc. (the “Company”) was incorporated under the Canada Business Corporations Act (CBCA) on October 20, 1999. BuildDirect is an innovative marketplace for purchasing and selling building materials online. The BuildDirect platform connects homeowners and home improvement professionals in North America with suppliers and sellers of quality building materials from around the world, including flooring, tile, decking and more. The head office of the Company is located in Vancouver British Colombia.

On December 31, 2020, BuildDirect completed the acquisition of 100% of the outstanding shares of Charter Distributing Company (“FloorSource”). FloorSource was incorporated in 1980 and is a wholesale flooring distributor with four locations (distribution centers and showrooms) in the state of Michigan (“MI”). FloorSource provides carpeting, carpet padding, hardwood, vinyl, laminate and flooring supplies to customers such as contractors, project management companies and retailers.

2. Significant accounting policies:

(a) Basis of presentation:

These condensed consolidated interim financial statements, which have approved by the Board of Directors, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These condensed consolidated financial statements have been prepared using the historical cost basis and the same accounting policies as those disclosed in the BuildDirect.com Technologies Inc. annual financial statements as at and for the year ended December 31, 2020 except as noted in Note 2(d) for changes and impact of new accounting policies adopted effective January 1, 2021. Accordingly, these condensed consolidated interim financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with annual financial statements as at and for the year ended December 31, 2020 (which were prepared in accordance with International Financial Reporting Standards, or "IFRS").

Selected explanatory notes are included in these interim financial statements to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements of BuildDirect.com Technologies Inc.

(b) Going concern:

These consolidated financial statements have been prepared on the basis that the Company is a going concern, which assumes that the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. During the three months ended March 31, 2021, the Company generated a loss of $4,657,332, and as at March 31, 2021 had a total shareholders’ deficiency of $9,982,089. Management has forecasted its cash flow requirements and believes that it has sufficient cash resources to support operations for at least the next twelve months from March 31, 2021.

2. Significant accounting policies (continued):

(b) Going Concern (continued):

Management's forecast includes the assumption of release from escrow of the proceeds from a CDN $20,050,250 private placement of subscription receipts (note 20) which was funded in escrow on April 30, 2021, The proceeds are expected to be released from escrow following completion of release conditions including the complete of a reverse takeover transaction with VLCTY Capital Inc. (note 20) which would result in the Company becoming a listed entity,

The ability of the Company to continue as a going concern is dependent on release of proceeds from the private placement, its ability to achieve positive cash flow from operations, to maintain or obtain additional debt or equity financing and to achieve and maintain profitable operations. The outbreak of COVID-19 towards the end of 2019 and through 2020 resulted in a change in global economic environment and may lead to further adverse changes in cash flows. These consolidated financial statements do not give effect to any adjustments to the carrying value of recorded assets and liabilities, revenue and expenses, the consolidated statements of financial position classifications used and disclosures that might be necessary should the Company be unable to continue as a going concern.

(c) Use of Judgements, Estimates and Assumptions:

The preparation of these interim financial statements in accordance with IAS 34 requires management to use judgement and make estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities at the date of the interim financial statements, and the reported amounts of revenue and expenses during the reporting periods. The judgements, estimates and associated assumptions are based on historical experience and other factors that management considers to be relevant and are subject to uncertainty. Judgements, estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results could differ from these estimates due to changes in interest rates, foreign exchange rates, inflation, and economic conditions. The areas of significant judgement and estimation were identified in BuildDirect.com Technologies Inc.'s most recent audited consolidated financial statements for the year ended December 3 I, 2020, except for judgements pertaining to the adoption of new accounting policies effective on January 1, 2021. These condensed consolidated interim financial statements should be read in conjunction with Note 2(e) audited consolidated financial statements for the year ended December 31, 2020.

2. Significant accounting policies (continued):

(d) New accounting standards:

The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in most recent audited consolidated financial statements for the year ended December 31, 2020, except as noted below for changes and impact of new accounting policies adopted effective January 1, 2021.

Revenue recognition

Consequent to acquisition of Floorsource on December 31, 2020, the Company updated its revenue recognition policy to include revenues earned by Floorsource wherein it installs flooring products it sells when requested by customers in their premises. The revenues earned through installation services is recorded proportionately over the time of installation.

Conceptual framework

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting which assists entities in developing accounting policies when no IFRS Standard applies to a particular transaction and helps stakeholders to more fully understand the standards. The revised conceptual framework includes the following clarifications and updates: (a) a new chapter on measurement; (b) guidance on reporting financial performance; (c) improved definitions and guidance, particularly for the definition of a liability; and (d) clarifications on important items such as the role of stewardship, prudence and measurement uncertainty in financial reporting. The revised conceptual framework is effective for annual reporting periods beginning on or after January 1, 2021 and is applicable to the Company starting January 1, 2021. The adoption of this new standard has not had any impact on the amounts recognized in the Company's interim financial statements.

Definition of material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 Presentation of Financial Statements and 8 Accounting Policies, Changes in Accounting Estimates and Errors) to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and are applicable to the Company starting January 1, 2021. The adoption of this new standard does not have any impact on the amounts recognized in the Company's interim financial statements.

2. Significant accounting policies (continued):

(d) New accounting standards (continued):

Amendments to IFRS 3 Business Combination

In October 2018, the IASB issued Definition of a Business (Amendments to IFRS 3 Business Combination) which: (a) clarifies that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; (b) narrow. the definition of a business and of outputs by focusing on goods and services provided to customers; and (c) removes certain assessments and adds guidance and illustrative examples. The amendment is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning in or after January 1, 2021 and to asset acquisitions that occur on or after the beginning: of that period. The adoption of this new standard has not had any impact on the amounts recognized in the Company's interim financial statements.

3. Trade and other receivables:

	March 31, 2021	December 31, 2020
Trade receivables	$ 1,545,925	$ 1,537,653
Lease and other receivables	1,126,398	1,167,129
GST / HST Receivable	24,340	23,173
	$ 2,696,663	$ 2,727,955

4. Inventories:

	March 31, 2021	December 31, 2020
Building materials	$ 5,032,106	$ 5,080,120
Building materials in transit	736,346	366,820
Total	$ 5,768,452	$ 5,446,940

The cost of inventories recognized as cost of goods sold during the three months ended March 31, 2021 was $13,502,232 (2020 - $5,564,225).

5. Property and equipment:

	Computer Equipment	Office furniture and fixtures	Office equipment	Leasehold improvements	Total
Cost:					
Balance as at January 1, 2020	$ 665,544	$ 94,383	$ 286,209	$ 1,695,344	$ 2,741,480
Additions	18,241	-	-	4,174	22,415
Acquisition of FloorSource	-	4,796	17,582	479,719	502,097
Balance as January 1, 2021	683,785	99,179	303,791	2,179,237	3,265,992
Additions	3,520	-	-	-	3,520
Disposals	-	-	-	(1,551,447)	(1,551,447)
Balance as at March 31, 2021	$ 687,305	$ 99,179	$ 303,791	$ 627,790	$ 1,718,065
Accumulated amortization:					
Balance as January 1, 2020	$ 606,100	$ 92,719	$ 275,935	$ 963,901	$ 1,938,655
Depreciation	47,226	1,303	5,043	437,844	491,416
Balance as January 1, 2021	653,326	94,022	280,978	1,401,745	2,430,071
Depreciation	5,857	1,408	4,708	302,011	313,984
Disposals	-	-	-	(1,551,447)	(1,551,447)
Balance as at March 31, 2021	$ 659,183	$ 95,430	$ 285,686	$ 152,309	$ 1,192,607
Carrying amounts:					
Balance as at December 31, 2020	$ 30,459	$ 5,157	$ 22,813	$ 777,492	$ 835,921
Balance as at March 31, 2021	28,122	3,749	18,105	475,481	525,457

Management regularly assesses property and equipment for impairment indicators and has determined that no impairment is required for the three months ended March 31, 2021 (2020 - nil).

6. Intangible assets:

	Computer software	Customer list	Total
Cost:			
Balance as at January 1, 2020	$ 736,126	$ -	$ 736,126
Additions	83,093	-	83,093
Acquisition of FloorSource	-	11,157,419	11,157,419
Balance as January 1, 2021	819,219	11,157,419	11,976,638
Balance as at March 31, 2021	$ 819,219	$ 11,157,419	$ 11,976,638
Accumulated amortization:			
Balance as January 1, 2020	$ 612,488	$ -	$ 612,488
Amortization	38,015	-	38,015
Balance as January 1, 2021	650,503	-	650,503
Amortization	11,210	593,472	604,682
Balance as at March 31, 2021	$ 661,713	$ 593,472	$ 1,255,185
Carrying amounts:			
Balance as at December 31, 2020	$ 168,716	$ 11,157,419	$ 11,326,135
Balance as at March 31, 2021	157,506	10,563,947	10,721,453

Management regularly assesses intangible assets for impairment indicators and has determined that no impairment is required for the three months ended March 31, 2021 (2020 - nil).

7. Right-of-use assets:

	Premises	Equipment	Total
Cost:			
Balance as at January 1, 2020	$ 4,492,046	$ 65,747	$ 4,557,793
Adjustment from re-assessment of lease term	(2,828,326)	-	(2,828,326)
Balance as December 31, 2020	1,663,720	65,747	1,729,467
Additions	3,171,304	-	3,171,304
Balance as at March 31, 2021	$ 4,835,024	$ 65,747	$ 4,900,771
Accumulated amortization:			
Balance as January 1, 2020	$ 1,384,522	$ 20,264	$ 1,404,786
Amortization	532,606	12,573	545,179
Adjustment from re-assessment of lease term	(1,121,332)	-	(1,121,332)
Balance as December 31, 2020	795,796	32,837	828,633
Amortization	271,464	3,407	274,871
Balance as at March 31, 2021	$ 1,067,260	$ 36,244	$ 1,103,504
Carrying amounts:			
Balance as at December 31, 2020	$ 867,924	$ 32,910	$ 900,834
Balance as at March 31, 2021	3,767,764	29,503	3,797,267

Management regularly assesses right-of-use assets for impairment indicators and has determined that no impairment is required for the three months ended March 31, 2021 (2020 - nil).

8. Accounts payable and accrued liabilities:

	March 31, 2021	December 31, 2020
Trade accounts payable and accruals	$ 7,475,598	$ 6,745,164
Payroll and health taxes	53,531	89,617
Other payables	19,136	199
	$ 7,548,265	$ 6,834,980

9. Leases:

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. The Company's lease obligations have effective annual discount rates ranging from 8.25% to 9%.

(a) As a lessee:

Maturity analysis contractual undiscounted cash flows	March 31, 2021	December 31, 2020
Less than one year	$ 784,092	$ 607,537
One to five years	4,444,127	1,641,411
Total undiscounted lease liabilities period end,	5,228,219	2,248,948
Lease liabilities included in the consolidated statement of financial position as at period end,	4,824,706	1,934,885
Current lease liabilities	(948,528)	(458,841)
Non-current lease liabilities	$ 3,876,178	$ 1,476,044

During the year, the Company did not exercise renewal option on one its lease and exercised early termination lease option for another lease. These actions resulted in a gain due to re-assessment of lease terms of $273,742 in the consolidated statement of operations.

During the three months ended March 31, 2021 the Company entered into four leases for warehouse premises located in Michigan, USA for a period of 5 years, with an option to renew the lease for a further period of 5 years after that date.

The associated right-of-use assets are initially measured at the amount of the lease liability, of $3,171,304 (Note 7).

The following amounts relate to the leases recognized on the consolidated statement of operations:

	March 31, 2021	March 31, 2020
Interest on lease liabilities	$ 109,615	$ 100,038
Income from subleasing right-of-use assets	(133,258)	(280,135)
	$ (23,643)	$ (180,097)

9. Leases (continued):

(b) As a lessor:

The Company has two subleases for an office and warehouse. The office lease is for a term of 6 years and the warehouse lease is for a term of 1 year, both without extension options.

During the three months ended March 31, 2021 the Company leases a number of new warehouse premises located in Michigan. These leases run for a period of 5 years, with an option to renew the lease after that date.

The associated right-of-use assets are initially measured at the amount of the lease liability, which are equal to $3,171,304 (Note 7).

(i) Finance lease:

The Company classified the office lease as a finance lease, as it transfers substantially all of the risks and rewards of the head lease to the sub-lessee. During the year, the Company recognized interest income of $91,181 on the finance lease (2019 - $106,880).

The following table sets out the maturity analysis of lease receivables to be received after the reporting date:

	March 31, 2021	December 31, 2020
Less than one year	$ 295,139	$ 295,139
One to two years	295,139	295,139
Two to three years	295,139	295,139
Three to four years	122,973	196,758
Total remaining after 4 years	$ -	$ -
Total undiscounted lease receivables	$ 1,008,390	$ 1,082,175
Unearned finance income	136,577	156,450
Total net investment in the lease	$ 871,813	$ 925,725

(ii) Operating lease:

The Company classified the warehouse lease as an operating lease, as the risks and rewards of the head lease do not transfer to the sub-lessee.

10. Loan payable:

	March 31, 2021	December 31, 2020
Secured note	$ 3,860,333	$ 3,927,113

The secured note agreement has a principal amount of $3,927,113 (CDN$5,000,000) and bears interest at 12% per annum and in the event of default, the interest rate will be amended to 15% per annum. Interest is payable on the first anniversary of the agreement, and subsequently every quarter. A portion of the note in the amount of $114,382 (CDN$145,631) was paid in March of 2021, the remainder of the note has a maturity date of June 30, 2022. The note is secured by all property, assets, and rights of the Company, excluding property assets and rights of FloorSource. Covenants include, but are not limited to, making timely payments per the agreement, allowing the note holders access to financial records, maintaining appropriate insurance and accounting records including completing the audit of the consolidated financial statements within 120 days after the end of each fiscal year, complying with all material laws and regulations, filing and paying taxes as due. Since the Company did not complete the audited financial statements within 120 day period after the end of fiscal year ended December 2019 and 2020, the covenant was breached and as such the secured loan is classified as a current liability. On May 27, 2021 the lenders agreed to waive this covenant until the reporting period of March 31, 2021. The Company will be required to meet its financial reporting requirements commencing with the quarter ended June 30, 2021.

11. Convertible notes and warrants:

	March 31, 2021	December 31, 2020
Secured convertible notes	$ 13,310,035	$ 12,120,679
Warrant liabilities	621,341	480,321
Convertible notes and warrants	$ 13,931,376	$ 12,601,000

The secured convertible notes bear interest at 8% compounded monthly. Secured convertible notes are carried at fair value through profit and loss. The fair value of $13,310,035 at March 31, 2021 (December 31, 2020: $12,120,679) was calculated using a lattice valuation approach using a binomial tree. Under this valuation approach, a share price lattice was constructed according to a volatility of a group of comparable companies range of 60-62% (December 31, 2020: 60-62%), risk-free rate range of 0.43 to 0.49% (2020: 0.22 to 0.26%), estimated fair value of the Company's common shares of $0.76 (December 31, 2020: $0.64) and a credit spread of 15% (December 31, 2020: 15%) as at March 31, 2021.

11. Convertible notes and warrants (continued):

The fair value of the warrants which are carried at fair value through profit and loss was determined using Black Scholes model. The assumptions used in the model at March 31, 2021, based on the terms of the warrants, included volatility of a group of comparable companies range of 52-54% (December 31, 2020: 52-54%), risk-free rate range of 1.75 to 1.80% (December 31, 2020: 0.90 to 0.95%) and the estimated fair value of the Company's common shares of $0.76 (December 31, 2020: $0.64) as at March 31, 2021.

12. Promissory note:

	March 31, 2021	December 31, 2020
Secured promissory note	$ 5,869,616	$ 5,698,656

The promissory note, which has a principal amount of $6,225,000, was issued as part of the consideration for the acquisition of FloorSource. The promissory note bears interest at a rate of 5% compounded annually and is payable quarterly commencing on April 1, 2021. The Company is required to make a principal payment of $1,245,000 on December 31, 2021 and thereafter on the first day of each calendar quarter, in equal installments of $311,250. The promissory note was initially recorded at its estimated fair value using a risk adjusted effective discount rate of 12.0%. The initial discount from the principal amount of the note is being accreted over the life of the note using the effective interest method as a charge to interest expense Interest accrued for the period was $170,960 (2020: nil). No principal or interest payments have been made.

13. Income tax:

The Company and its subsidiaries, with the exception of FloorSource, are loss making entities and have no income tax payable. In addition, no deferred tax assets have been recognized by the Company, because it is not probable that future taxable profits will allow the deferred tax asset to be recovered. FloorSource, which was acquired by the Company on December 31, 2020, operates as a separate legal entity in the state of Michigan in the United States. As such, FloorSource is a separate taxable legal entity with no ability to utilize tax losses from other subsidiaries of the Company. The tax amount of $342,202 reflects the effective tax rate of 27% for the operations of FloorSource in the three months period ended March 31, 2021.

14. Revenue:

Revenues from external customers are split into five main streams. The first is Product revenue where customers can purchase goods in store and online through the Company's website. Service revenue is made up of four streams of revenue, MarketPlace, Freight, Warehouse and Installation revenue. MarketPlace revenue is commission earned on products sold by third parties on the Company's website. Freight revenue is the amount collected for the freight shipping and handling of products, either ones sold on the Company's website, or for third parties requiring the logistics services. Warehouse revenue is earned for the storage of third-party inventory. Installation revenue is the amount charged to customers for installation services. All five streams of revenue are recognized, when customer obtains control of the good or service.

The Company recognizes the Product, Freight, Warehouse and Installation revenue on a gross basis, whereas the MarketPlace Revenue commission is recorded net of the cash received and remitted to the third-party seller.

As all payments for items purchased through the Product, Freight and MarketPlace streams are paid for at the time of order, deferred revenue is recorded for the period of time between when the order is placed and when the order has been delivered at the customer's chosen destination.

	March 31, 2021	March 31, 2020
Product revenue	$ 19,380,456	$ 8,118,467
Service revenue:		
MarketPlace	-	31,231
Freight	708,504	742,860
Warehouse	207,297	251,089
Installation	590,779	-
	$ 20,887,037	$ 9,143,647

15. Segment information:

The Company's Chief Operating Decision-Maker (CODM), which consists of the Executive Leadership Team ("ELT"), regularly assesses the performance of, and makes resource allocation decisions based on, the Company as a whole. Consequent to the acquisition of Floorsource on December 31, 2020, the CODM reviews Floorsource as a separate operating business distinct from the operations of BuildDirect. As a result, the Company has determined that it comprises two operating segments, BuildDirect and Floorsource, and therefore both reportable segment are broken out below. In presenting the following information, segment revenue has been based on the geographic location of customers and non-current assets have been based on the geographic location of the assets.

(a) Revenue:

Please see a breakdown of the revenue by geographical region:

	March 31, 2021	March 31, 2020
BuildDirect:		
United States	$ 12,570,019	$ 9,115,647
Canada	136,334	28,000
Other	44,422	-
FloorSource:		
United States	8,136,262	-
	$ 20,887,037	$ 9,143,647

(b) Non-current assets:

Please see the breakdown of non-current assets by geographical region:

March 31, 2021	Property and equipment	Intangible assets
BuildDirect:		
Canada	$ 32,283	$ 157,506
FloorSource:		
United States	493,174	10,563,947
	$ 525,457	$ 10,721,453

16. Commitments and contingencies:

(a) Claims are made against the Company in the ordinary course of operations. The Company has made provisions for such claims, when necessary.

(b) The Company issues letters of guarantee through its financial institution to provide guarantees for duty on cross-border shipments. Outstanding letters of guarantee amount to $318,000 (2020 - $200,000).

17. Financial risk management:

The Company's operations expose it to a variety of financial risks including liquidity risk, market risk and credit risk.

(a) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements. The Company prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Liquidity risk has increased due to a net loss of $4,657,332 for the three months ended March 31, 2021 (2020 - $1,422,367), positive cash flow from operations of $673,530 (2020 - $339,605), and an accumulated deficit of $111,948,135 (2020 - $105,124,276).

The Company manages liquidity risk through ongoing review of working capital balances and management of cash.

The following table summarizes the amount of contractual undiscounted future cash flows for the Company's financial liabilities, including interest as at March 31, 2021:

	2021	2022	2023	2024	2025	Total
Accounts payable and accrued liabilities	$ 7,548,265	$ -	$ -	$ -	$ -	$ 7,548,265
Income tax payable-	342,202	-	-	-	-	342,202
Convertible debt	-	-	15,953,990	-	-	15,953,990
Promissory note	1,480,486	1,475,402	1,414,225	1,352,060	1,289,249	7,011,422
Loan payable	344,713	4,039,614				4,384,327
Deferred consideration payable	675,000	675,000	675,000	-	-	2,025,000
Lease liabilities	784,092	1,330,691	1,334,795	1,150,431	628,210	5,228,219
	$11,174,758	$7,520,707	$19,378,010	$2,502,491	$1,917,459	$42,493,425

17. Financial risk management (continued):

(b) Market risk:

(i) Currency risk:

Currency risk reflects the risk that the Company's earnings will decline due to fluctuations in exchange rates.

The Company has cash and cash equivalents denominated in Canadian dollars. As at March 31, 2021, the amount totaled $117,112 (2020 - $121,653).

The Company has accounts payable and accrued liabilities denominated in Canadian dollars. As at March 31, 2021, the amount totaled $1,583,450 (2020 - $1,254,757).

The Company holds a loan payable in Canadian dollars. As at March 31, 2021, the amount totaled $3,860,333 (2020 – $3,524,353).

If the period-end foreign exchange rate of Canadian dollar has been 10% higher, or 10% lower, with all other variables held constant, the effect on the Company's foreign exchange for the three months ended March 31, 2021 would have been $484,243 (2020 - $423,405) higher or lower.

(ii) Interest risk:

Interest Risk is the risk that the fair value or cash flows from a financial instrument will fluctuate due to a change in market interest rates. The Company does not hold any variable rate long-term debt thus is not subject to significant changes in the future cash flows due to interest rate risk. The interest rate risk on cash and short-term investments is considered insignificant due to the low interest rates in the current economic environment and short-term nature of its holdings and as such the Company does not take any actions to manage interest rate risk.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Company, in its normal course of business, evaluates the financial condition of its customers on a regular basis, in addition to assessing the loss allowance under the ECL model. In addition, the Company requires a majority of its customers to prepay for orders before shipment can be made. Therefore, the Company has determined there is no significant exposure to customer credit risk.

(d) Capital management:

The Company's objective when managing its capital structure is to maintain a strong financial position and to provide returns with sufficient liquidity to undertake further growth for the benefit of its shareholders. The Company's capital is comprised of long-term obligations and equity as outlines below:

17. Financial risk management (continued):

	March 31, 2021	December 31, 2020
External debt	$ 25,354,009	$ 23,848,005
Less cash	(5,187,746)	(5,416,511)
Net external debt	20,166,263	18,431,494
Total shareholders' deficiency	(9,982,089)	(5,424,012)
Total capitalization	$ 10,184,174	$ 13,007,482

There were no changes to the Company's approach to capital management during the period. The Company is subject to certain covenants (none of which are financial covenants) on its debt obligations. The Company's strategy is to ensure it remains in compliance with all of its existing covenants so as to ensure continuous access to required debt to fund growth. Management reviews results and forecasts to monitor the Company's compliance.

(e) Fair value hierarchy:

- Level 1: The fair value of financial instruments traded in active markets and based on quoted market prices at the end of the reporting period.
- Level 2 The fair value of financial instruments that are not traded in an active market and determined using valuation techniques using observable market data and rely little on entity-specific estimates If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3 (i.e. unlisted equity securities).

The Company's cash, trade and other receivables, short-term investments, accounts payable and accrued liabilities, and lease liabilities are classified as measured at amortized cost. The carrying amounts of these instruments approximate fair value as at March 31, 2021 and March 31, 2020. The fair value of the secured convertible notes, warrants, promissory note and deferred consideration are described below and the basis of their valuation are explained in the respective notes There have been no transfers between levels in the current year. There have been no transfers between levels in the current period.

	Level 1	Level 2	Level 3
Convertible debt (note 11)	$ -	$ -	$ (13,310,035)
Warrants (note 11)	-	-	(621,341)
Promissory note (note 12)	-	(5,869,616)	-
Deferred consideration payable	-	-	(1,692,684)

18. Breakdown of expenses by nature:

	March 31, 2021	March 31, 2020
Building materials and consumables	$ 15,612,232	$ 7,120,228
Employee costs	2,756,902	1,513,713
Marketing and promotion	1,490,690	968,412
Professional services	739,161	501,149
Depreciation and amortization	1,193,537	237,473
Share-based compensation expense	99,256	57,520
Rent and other	1,219,916	465,400
	$ 23,111,694	$ 10,863,895

19. Earnings (loss) per Share:

Earnings (loss) per share represents income (loss) from the period divided by the weighted average number of common and preference shares outstanding during the period. The weighted average number of shares is as follows:

	March 31, 2021	March 31, 2020
Beginning balance, shares outstanding	119,872,130	119,847,130
Effect of share issuances	-	-
Weighted average number of shares	119,872,130	119,847,130

Diluted earnings (loss) per share is calculated by dividing the applicable income (loss) by the sum of the weighted average number of shares outstanding and all additional common shares that would have been outstanding if potentially dilutive shares had been issued during the period. The diluted weighted average number of shares are as follows:

	March 31, 2021	March 31, 2020
Weighted average number of shares (basic)	119,872,130	119,847,130
Dilutive effect of convertible notes	-	-
Dilutive effect of warrants	-	-
Dilutive effect of stock options	-	-
Weighted average number of shares (diluted)	119,872,130	119,847,130

19. Earnings (loss) per Share (continued):

Earnings (loss) per share and diluted earnings (loss) per share are as follows:

	March 31, 2021	March 31, 2020
Loss for the period	$ (4,657,332)	$ (1,422,367)
Basic weighted average number of shares	119,872,130	119,847,130
Basic earning (loss) per share	$ (0.04)	$ (0.01)
Diluted weighted average number of shares	119,872,130	119,847,130
Basic earning (loss) per share	$ (0.04)	$ (0.01)

20. Subsequent events:

Reverse take-over transaction

On March 19, 2021, the Company entered into a definitive agreement with VLCTY Capital Inc. (“VLCTY”), a public company trading on the TSX Venture Exchange (“TSXV”), whereby the Company will complete a reverse take-over of VLCTY pursuant to which, among other things, VLCTY will acquire all of the issued and outstanding securities of BuildDirect (the “Transaction”).

Subject to approval by the TSXV, the Company will amalgamate with a wholly-owned subsidiary of VLCTY in order to facilitate the completion of the Transaction. It is the intention of the parties that VLCTY, following the closing of the transaction (then referred to as the “resulting issuer”), will be listed on the TSXV as a Tier 1 Technology issuer, and that the business of the resulting Issuer will be the business of BuildDirect.

Immediately prior to the completion of the Transaction, VLCTY will effect: (i) the VLCTY Consolidation, resulting in an aggregate of approximately 226,091 post-VLCTY Consolidation common shares of VLCTY (each a “VLCTY share” and, upon closing of the Transactions, a “resulting issuer share”) being issued and outstanding; (ii) a name change pursuant to which VLCTY will change its name to "BuildDirect.com Technologies Inc." or such other name as may be determined by the Company and approved by the board of directors of VLCTY (the “Name Change”); and (iii) the adoption of the new equity incentive Plan.

20. Subsequent events (continued):

In connection with the Transaction, on April 30, 2021, BuildDirect obtained funding from a private placement offering (the "Offering") of 3,487,000 subscription receipts (the "subscription receipts") at an issue price of CDN$5.75 per Subscription Receipt for aggregate gross proceeds of CDN $20,050,250. Each subscription receipt will automatically convert into one common share and one warrant of the Company upon completion of the Transaction. Each warrant entitles the holder to purchase one additional share of the Company at a price of CDN$6.90 per warrant of the Company at any time 24 months from the closing of the Transaction. If prior to the expiry date of the warrant, the daily volume-weighted average trading price of the Company exceeds CDN$8.00 for a period of at least 30 consecutive trading days, the Company may accelerate the expiry of the warrant to a date not earlier than the date that is 30 days following the acceleration of the warrant. The proceeds of the Offering have been deposited in escrow with Computershare Trust Company of Canada, as subscription receipt agent.

Immediately prior to the completion of the Transaction, the Company will effect a consolidation of all of the outstanding BuildDirect Shares and the Class AA preference shares of BuildDirect (collectively, the "BuildDirect Shares") on the basis of 5.393 pre-consolidation BuildDirect Shares to 1 post-consolidation BuildDirect Share, resulting in an aggregate of 25,767,153 BuildDirect Shares being issued, including 3,539,797 BuildDirect Shares to be issued upon conversion of the $12,601,000 principal amount of convertible notes (Note 11).

The completion of the Offering and release of the proceeds to the Company is conditional on conditions (the "Release Conditions") which include completion of the reverse takeover transaction with VLCTY and the shares of the resulting company being conditionally listed by the TSX Venture Exchange. If the Release Conditions are not met prior to August 28, 2021, the Subscription Agreement is terminated, and the escrowed proceeds are to be returned to the investors including accumulated interest in the escrow account.

Under the terms of an Exempt Market Dealer Services Agreement, BuildDirect anticipates completing prior to the completion of the Transaction, a non-brokered private placement offering (the "Non-brokered Offering") of 90,264 equity units (the "Units") at an issue price of CDN$5.75 per Unit for aggregate gross proceeds of CDN $519,018. The terms of the Units are consistent with those of the Subscription Receipts.

Employee options granted

On April 21, 2021, 3,473,000 stock options were issued to employees with an exercise price of $0.36 cents per share. These options vest over a four-year period and expire ten years from the grant date.

Consolidated Financial Statements
(Expressed in United States dollars)

BUILDDIRECT.COM TECHNOLOGIES INC.

And Independent Auditors' Report thereon

Years ended December 31, 2020 and 2019

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of BuildDirect.Com Technologies Inc.

Opinion

We have audited the consolidated financial statements of BuildDirect.Com Technologies Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019
- the consolidated statements of operations and comprehensive loss for the years then ended
- the consolidated statements of changes in equity (deficiency) for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.
KPMG Canada provides services to KPMG LLP.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis included in the Filing Statement dated August 4, 2021 filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

KPMG LLP

Vancouver, Canada

August 4, 2021

BUILDDIRECT.COM TECHNOLOGIES INC.

Consolidated Statements of Financial Position
(Expressed in United States dollars)

December 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ 5,416,511	$ 3,457,513
Short-term investments	118,000	35,000
Trade and other receivables (note 4)	2,727,955	1,621,511
Advances to vendors	391,641	823,511
Inventories (note 5)	5,446,940	494,339
Prepaid materials, expenses and deposits	994,597	2,030,349
Total current assets	15,095,644	8,462,223
Non-current assets:		
Property and equipment (note 6)	835,921	802,825
Intangible assets (note 7)	11,326,135	123,638
Right-of-use assets (note 8)	900,834	3,153,007
Non-current advances to vendors	567,284	412,079
Total Assets	$ 28,725,818	$ 12,953,772
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities (note 9)	$ 6,834,980	$ 4,316,707
Current portion of lease liabilities (note 10)	458,841	717,731
Deferred revenue	1,531,960	1,281,047
Current portion of promissory note (note 13)	1,145,986	-
Current portion of deferred consideration payable (note 3)	602,681	-
Loan payable (note 11)	3,927,113	3,849,707
Total current liabilities	14,501,561	10,165,192
Non-current liabilities		
Deferred consideration payable (note 3)	1,018,555	-
Lease liabilities (note 10)	1,476,044	3,886,938
Convertible notes (note 12)	12,120,679	-
Warrants (note 12)	480,321	-
Promissory note (note 13)	4,552,670	-
Shareholders' equity (deficiency):		
Share capital (note 15)	92,459,612	92,456,112
Share based payment reserve (note 15)	10,395,737	10,165,655
Deficit	(108,279,361)	(103,720,125)
	(5,424,012)	(1,098,358)
Total Liabilities and Equity	$ 28,725,818	$ 12,953,772

Commitments and contingencies (note 19)
Subsequent events (note 23)
See accompanying notes to Consolidated Financial Statements.

Approved on behalf of the Board:

DocuSigned by: Daniel Park F944780C23D14E1... Director

DocuSigned by: Milan Roy 07A174D5B95549B... Director

BUILDDIRECT.COM TECHNOLOGIES INC.

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in United States dollars)

Years ended December 31, 2020 and 2019

	2020	2019
Revenue (note 16)	$ 52,110,155	$ 40,535,939
Cost of goods sold (note 5)	32,083,225	24,838,680
Gross Profit	20,026,930	15,697,259
Operating expenses:		
Fulfillment costs	8,729,026	7,845,027
Selling and marketing	7,407,773	6,635,841
Administration	6,763,441	9,782,176
Research and development	310,079	1,704,391
Depreciation and amortization	1,074,610	1,020,776
	24,284,929	26,988,211
Loss from operations	(4,257,999)	(11,290,952)
Other income (expense):		
Interest income	123,997	291,826
Interest expense and other transaction cost	(965,654)	(891,850)
Gain on lease adjustments (note 10)	273,742	-
Rental income	404,203	465,232
Foreign exchange loss	(137,525)	(38,876)
	(301,237)	(173,668)
Loss before income taxes	(4,559,236)	(11,464,620)
Income tax (expense) recovery (note 18):	-	-
Total loss and comprehensive loss for the year	$ (4,559,236)	$ (11,464,620)
Loss per share (expressed in $ per share):		
Basic loss per share	$ (0.04)	$ (0.10)
Diluted loss per share	(0.04)	(0.10)

See accompanying notes to Consolidated Financial Statements.

BUILDDIRECT.COM TECHNOLOGIES INC.

Consolidated Statements of Changes in Equity (Deficiency)
(Expressed in United States dollars)

Years ended December 31, 2020 and 2019

	Series 1 AA		Series 2 AA		Common shares		Share based payment		
	Number	Amount	Number	Amount	Number	Amount	reserve	Deficit	Total
Balance – December 31, 2018	65,000,000	$ 50,481,532	54,846,926	$ 41,974,552	-	$ -	$ 9,842,007	$ (92,255,505)	$ 10,042,586
Issuance of common shares through exercise of stock options	-	-	-	-	204	28	-	-	28
Loss and comprehensive loss for the year	-	-	-	-	-	-		(11,464,620)	(11,464,620)
Share-based compensation expense (note 15)	-	-	-	-	-	-	323,648	-	323,648
Balance – December 31, 2019	65,000,000	50,481,532	54,846,926	41,974,552	204	28	10,165,655	(103,720,125)	(1,098,358)
Issuance of common shares through exercise of stock options	-	-	-		25,000	3,500		-	3,500
Conversion to common shares (note 15)	-	-	(10,204,081)	(7,809,220)	10,204,081	7,809,220	-	-	-
Loss and comprehensive loss for the year	-	-	-	-	-	-	-	(4,559,236)	(4,559,236)
Share-based payment expense (note 15)	-	-	-	-	-		230,082	-	230,082
Balance – December 31, 2020	65,000,000	$ 50,481,532	44,642,845	$ 34,165,332	10,229,285	$ 7,812,748	$ 10,395,737	$ (108,279,361)	$ (5,424,012)

See accompanying notes to Consolidated Financial Statements.

BUILDDIRECT.COM TECHNOLOGIES INC.

Consolidated Statements of Cash Flows
(Expressed in United States dollars)

Years ended December 31, 2020 and 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Loss for the year	$ (4,559,236)	$ (11,464,620)
Add (deduct) items not affecting cash:		
Depreciation and amortization	1,074,610	1,020,776
Stock-based compensation expense	230,082	323,648
Loss on disposal of assets	-	9,841
Interest paid on leases	311,204	439,621
Other interest and finance cost	654,450	452,229
Interest earned on lease receivables	(123,997)	(291,826)
Gain on lease adjustments	(273,742)	-
Debt financing transaction costs	195,195	-
Unrealized foreign exchange	110,683	262,507
	(2,380,751)	(9,247,824)
Changes in non-cash operating working capital:		
Short-term investments	(83,000)	(35,000)
Trade and other receivables	(60,174)	974,819
Inventories	(35,188)	398,593
Prepaid materials, expenses and deposits	1,119,735	(1,528,294)
Advances to vendors	276,665	1,631,991
Accounts payable and accrued liabilities	360,913	(2,205,556)
Deferred revenue	250,914	(502,926)
Total operating activities	(550,886)	(10,514,197)
Investing activities:		
Purchase of property and equipment	(105,508)	(75,697)
Principal received on lease receivables	203,958	149,440
Interest received	123,997	291,826
Acquisition of business, net of cash acquired and assumed debt	(8,475,800)	-
Total investing activities	(8,253,353)	365,569
Financing activities:		
Proceeds from convertible debt	12,601,000	-
Debt financing transaction costs	(195,195)	-
Principal lease payments	(689,048)	(668,110)
Interest paid	(965,653)	(891,850)
Common shares issued upon exercise of stock options	3,500	28
Total financing activities	10,754,604	(1,559,932)
Effects of currency translation on cash and cash equivalents	8,633	(16,573)
Increase (decrease) in cash and cash equivalents	1,958,998	(11,725,133)
Cash and cash equivalents, beginning of year	3,457,513	15,182,646
Cash and cash equivalents, end of year	$ 5,416,511	$ 3,457,513

See accompanying notes to Consolidated Financial Statements.

1. Nature of business:

BuildDirect.com Technologies Inc. (the "Company") was incorporated under the Canada Business Corporations Act (CBCA) on October 20, 1999. BuildDirect is an innovative marketplace for purchasing and selling building materials online. The BuildDirect platform connects homeowners and home improvement professionals in North America with suppliers and sellers of quality building materials from around the world, including flooring, tile, decking and more. The head office of the Company is located in Vancouver, British Colombia.

On October 31, 2017, BuildDirect filed and was granted protection under the Companies' Creditors Arrangement Act ("CCAA"). On November 3, 2017, the United States court granted an order under Chapter 15 of the United States Bankruptcy Code which essentially extended the effect of the Canadian proceedings into the United States. On March 22, 2018, BuildDirect implemented its plan of compromise and arrangement under CCAA and emerged from CCAA protection.

On December 31, 2020, BuildDirect completed the acquisition of 100% of the outstanding shares of Charter Distributing Company ("FloorSource") (note 3).

2. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein.

These consolidated financial statements were approved by the Board of Directors for issue on August 2, 2021.

(b) Consolidation:

The consolidated financial statements are presented in United States dollars, which is the Company's functional currency. Subsidiaries are all entities over which the Company has control. The Company controls an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

These consolidated statements include the accounts of the Company and its wholly owned subsidiaries, BuildDirect (Asia) Inc., BuildDirect Technology Holdings Inc., 6702627 Canada Inc., and BuildDirect Technologies India Private Limited and Charter Distributing Company ("FloorSource"). The Company acquired Floor Source on December 31, 2020. The Company consolidates subsidiaries the date that control is obtained and de-consolidates subsidiaries the date control ceases.

2. Significant accounting policies (continued):

(b) Consolidation (continued):

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

(c) Going Concern:

These consolidated financial statements have been prepared on the basis that the Company is a going concern, which assumes that the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. During the year ended December 31, 2020, the Company generated a loss of $4,559,236, negative cash flow from operations, and as at December 31, 2020 had a total shareholders' deficiency of $5,424,012. Management has forecasted its cash flow requirements and believes that it has sufficient cash resources to support operations for at least the next twelve months from December 31, 2020. Management's forecast includes the assumption of release from escrow of the proceeds from a CDN $20,050,250 private placement of subscription receipts (note 23) which was funded in escrow on April 30, 2021. The proceeds are expected to be released from escrow following completion of release conditions including the completion of a reverse takeover transaction with VLCTY Capital Inc. (note 23) which would result in the Company becoming a listed entity.

The ability of the Company to continue as a going concern is dependent on release of proceeds from the private placement, its ability to achieve positive cash flow from operations, to maintain or obtain additional debt or equity financing and to achieve and maintain profitable operations. The outbreak of COVID-19 towards the end of 2019 and through 2020 resulted in a change in global economic environment and may lead to further adverse changes in cash flows. These consolidated financial statements do not give effect to any adjustments to the carrying value of recorded assets and liabilities, revenue and expenses, the consolidated statements of financial position classifications used and disclosures that might be necessary should the Company be unable to continue as a going concern.

(d) Segmented Information:

The Company's Chief Operating Decision-Maker (CODM) consists of the Executive Leadership Team ("ELT"). The CODM is responsible for assessing the operational decisions, as well as the overall performance of the Company. The Company determines its segments based on the nature and geography of its operations. Management has determined that the Company operates as a single operating segment.

2. Significant accounting policies (continued):

(e) Business combinations:

The acquisition method of accounting is used to account for all business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Deferred consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

(f) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid, with original maturities of less than three months at the date of acquisition.

(g) Inventory:

Inventory consists of building materials and is stated at the lower of cost and net realizable value. Costs are assigned based on the first in, first out principle. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2. Significant accounting policies (continued):

(h) Property and equipment:

Property and equipment, which are not acquired as part of a business combination, are stated at cost less accumulated depreciation. Property and equipment acquired as part of the business combination consisted primarily of vehicles, equipment, furniture and fixtures and are recorded initially at the fair value on the acquisition date.

Depreciation is provided using the straight-line method at the following annual rates:

Asset	Years
Computer equipment	5
Office furniture and fixtures	5
Office equipment	5
Vehicles	5

(i) Leases:

The Company has a portfolio of both leases and subleases, including office space, warehouse space, equipment, furniture and fixtures. These leases have fixed terms of 2 to 8 years and may also include options to extend. Included in the measurement of the lease liabilities are all extension options that management is reasonably certain to exercise.

(i) Lessee accounting:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date of a lease, the Company recognizes a right-of-use ("ROU") asset and a lease liability for leases excluding leases for a period of 12-months or less, and leases in which the underlying asset is of a low value. The Company records these short-term and low value leases as an expense on a straight-line basis over the lease term.

The lease liabilities are initially measured as the present value of the minimum lease payments less lease incentives received at the commencement date and discounted using either the rate implicit in the lease or the Company's incremental borrowing rates, if the implicit rate cannot be readily determined. The incremental borrowing rate was determined as the rate that the individual lessee would pay to borrow a similar asset with similar terms and conditions. The lease payments subsequently increase the lease liabilities by the interest and decrease the liability by the principal payments made.

ROU assets are initially measured at the amount of the corresponding lease liabilities plus initial direct costs and any lease incentives received. The Company considers the dismantling and removal costs only if they relate directly to the leased asset. The ROU asset is subsequently depreciated over the underlying lease term under the straight-line method.

2. Significant accounting policies (continued):

(i) Leases (continued):

(i) Lessee accounting (continued):

Interest expense on the lease liabilities are included on the consolidated statement of cash flow from operating activities, whereas the cash from the principal payments are presented as a separate line item within the cash flow from financing activities.

(ii) Lessor accounting:

When the Company acts as a lessor, it determines at lease inception whether the lease is classified as either a finance or operating lease. The lease is a finance lease when the terms of the lease transfers substantially all of the risks and rewards of ownership of the underlying asset to the lessee, otherwise the lease is an operating lease.

When the Company is an intermediate lessor, it accounts for the head lease and sublease as two separate contracts. The sublease is classified as either a finance or operating lease with reference to the ROU asset arising from the head lease.

Under finance leases, the Company uses the interest rate implicit in the lease to measure the net investment in the lease or the discount rate used for the head lease (adjusted for initial direct costs associated with the sublease) if the implicit rate cannot be readily determined. The finance income is recognized over the lease term reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term.

(j) Intangible assets:

Intangible assets, which are not acquired as part of a business combination, are recognized at cost, net of accumulated amortization and accumulated impairment losses, if any. The internally generated intangible assets are recognized at development cost if they meet the criteria for capitalization. Intangibles acquired as part of a business combination are initially measured at their fair value on the acquisition date. Intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

Computer software	5 years
Customer list	5 years

The estimated useful lives, amortization method, and residual value of each asset are evaluated annually or more frequently if required, and are adjusted, if appropriate.

The Company has no indefinite-lived intangible assets.

2. Significant accounting policies (continued):

(k) Impairment of long-lived assets:

Long-lived assets, including property and equipment and intangible assets subject to amortization, are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets are grouped together to form a cash generating unit ("CGU") which is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. An impairment loss is recognized when the carrying value exceeds its recoverable amount and is recognized in the consolidated statement of operations. Impairment losses recognized in respect of CGUs or CGU group are allocated, first to reduce the carrying amount of any goodwill allocated to the CGU or CGU group, and then to reduce the net carrying amount of the other assets in the CGU or CGU group on a pro rata basis. The recoverable amount is the greater of its value in use and its fair value less costs to sell. The value in use is the estimated future cash flows that is discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets or CGU. Impairment losses related to long-lived assets recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no previous impairment loss had been recognized.

Regardless of any indication of impairment goodwill acquired in business combinations are tested for impairment on the CGU level once a year.

(l) Revenue recognition:

(i) General recognition:

Revenue is recognized in accordance with the five-step model under IFRS 15 – Revenue from Contracts with Customers when the goods or services promised are transferred to the customer. The model separates the following steps: identification of a contract with customers, identification of individual performance obligations, determination of transaction price, allocation of the transaction price to the individual performance obligations and the determination in timing of revenue recognition. The Company recognizes revenue at the point when the performance obligations are satisfied, typically at the point when the products have been delivered, or when the services are provided, the customer takes ownership and assumes risk of loss and the collection of consideration is probable.

2. Significant accounting policies (continued):

(l) Revenue recognition (continued):

(i) General recognition (continued):

Product sales represent revenue from the sale of products and shipping fees charged to customers. Service sales represent revenue from the logistic services provided by the Company to suppliers and commission earned by providing product services to sellers.

Deferred revenue represents funds collected in advance for inventory sales which have not been received by the Company's customers.

(ii) Principal versus agent consideration:

The Company records revenue on either a gross or net basis based on management's assessment of whether the Company is acting as the principal or agent in the transaction. This determination is based on whether the Company controls the good or service before the good or service is transferred to the customer. If the Company controls the good or service before the good or service is transferred to the customer, the Company is considered the principal in the transaction and records revenue on a gross basis, otherwise the Company is considered the agent and records revenue on a net basis. The Company has concluded that it is acting as a principal for all the revenue streams except for the marketplace revenue transactions (see note 16).

(iii) Return policy:

The Company provides customers a return policy and recognizes the expected return of goods on a gross basis in the consolidated statement of operations and reduces revenue by the expected amount of returns.

(m) Fulfillment costs:

Fulfillment costs represent costs paid to third parties to manage and operate the Company's distribution network and costs relating to the fulfillment of product orders. Fulfillment costs include costs attributable to buying, receiving, inspecting, and storing products, as well as picking, packaging, and preparing customer orders for shipment and freight-out costs.

(n) Research and development expenses:

Research activities are expensed as incurred. Development activities are capitalized provided they meet the capitalization criteria, which include the Company's ability to demonstrate technical feasibility of completing the intangible asset so that it will be available for use or sale, the Company's intention to complete the asset for use or for sale, the Company's ability to use or sell the asset, the adequacy of the Company's resources to complete the development, the Company's ability to measure reliably the expenditures during the development and the Company's ability to demonstrate that the asset will generate future economic benefits. As at December 31, 2020, the Company has not capitalized any development costs (2019 - nil).

2. Significant accounting policies (continued):

(o) Deferred income taxes:

The Company uses the liability method under International Accounting Standards ("IAS") 12 – Income Taxes to recognize deferred taxes for the income tax consequences attributable for differences between the financial statement carrying values of existing assets and liabilities and their respective income tax bases (temporary differences) and for losses carried forward. Deferred tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be reversed. Deferred tax assets are recognized to the extent that future taxable income will be available against which the deductible temporary differences, unused tax credits and tax losses can be utilized. Deferred tax assets and liabilities are only offset if there is a legally enforceable right to set off current income tax assets against current income tax liabilities and the deferred tax relates to the same taxable entity and the same taxation authority.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilized. Unrecognized deferred tax assets are assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

(p) Stock-based compensation:

The Company has a stock option plan, which is described in note 15. Equity instruments awarded to employees are measured and recognized based on the fair value of the equity instruments using the Black-Scholes option model. The compensation cost is recognized as the fair value of the options as at the date granted and is recorded over the period in which the related employee services are rendered, as an expense and an increase to share based payment reserve. Awards for past service are recognized as an expense in the period when granted. When a stock option is exercised, the cash received is credited to share capital, with the share-based payment reserve accumulated being reclassified to equity.

Stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable.

(q) Earnings per share

Basic earnings per share (EPS) is calculated by dividing the income (loss) for the period of the Company, by the weighted average number of common and preference shares outstanding during the period.

Diluted EPS is calculated by adjusting the average number of common shares outstanding for any dilutive instruments held by the Company.

2. Significant accounting policies (continued):

(r) Investment tax credits:

The Company claims Canadian federal and provincial refundable investment tax credits ("ITCs") which are earned as a percentage of eligible research and development expenditures incurred in each taxation year.

ITCs are accounted for as a reduction of the related expenditure for items of a current nature and a reduction of the related asset cost for items of a capital nature, when there is reasonable assurance the tax credits claimed will be realized by the Company.

(s) Government assistance:

The Company has access to certain Canadian federal and provincial tax incentives for qualified research and development in Canada. Certain research and development activities and related expenditures performed by the Company qualify for funding reimbursement from the Canadian government subsidy programs inclusive of scientific research and experimental development expenditures ("SR&ED"), the National Research Council of Canada Industrial Research Assistance Program ("IRAP") and other investment tax credits. These investment tax credits are recorded as a reduction to the related expenditures in the fiscal year when there is reasonable assurance that such credits will be realized.

(t) Foreign currency translation:

(i) Foreign transactions of the parent company

Monetary items denominated in a foreign currency are translated to United States dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired, or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in net earnings (loss).

(ii) Functional and presentational currency:

Foreign operations with a different functional currency are translated using the current rate method with the balance sheet using the period end rate, the income statement using the exchange rate at the date of the transactions and the resulting differences would go through Other Comprehensive Income.

These financial statements are presented in United States dollars, which is the functional currency of the parent company and its subsidiaries.

2. Significant accounting policies (continued):

(u) Financial instruments:

(i) Recognition and measurement:

Financial instruments are recorded at fair value on initial recognition. Non-derivative financial assets include cash and cash equivalents and trade and other accounts receivables which are subsequently measured at amortized cost. Non-derivative financial liabilities include accounts payable and accrued liabilities, lease liability, loans payable, promissory note, deferred consideration payable, are subsequently measured at amortized cost. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value through profit or loss. The Company has elected to carry convertible debt at fair value through profit and loss.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the effective interest rate method.

The Company derecognizes a financial instrument when its contractual obligations are cancelled or expired. The Company has not derecognized any financial instruments.

The Company recognizes a loss allowance under the expected credit loss ("ECL") method for all financial assets, other than those that are measured at fair value through profit or loss. The loss allowance is equal to an amount equal to 12-month expected credit losses. For trade receivables, the Company uses the simplified approach and measures the loss allowance at an amount equal to the lifetime expected credit losses. The ECL model requires the Company to apply considerable estimates and judgments in applying a range of both historic and forward-looking information that includes various possible outlooks, time value of money, and applying current and forecasted economic conditions.

The loss allowance reduces the carrying value of the asset and the amount of the loss is recognized in the consolidated statement of operations within administration expenses. Receivables and the allowance recognized are written-off when a receivable is deemed uncollectible.

(v) Critical accounting estimates, assumptions and judgements:

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Management's estimates, assumptions and judgements are based on historical experience and other reasonable factors, including the expectation of future events.

2. Significant accounting policies (continued):

(v) Critical accounting estimates, assumptions and judgements (continued):

Estimates that could affect the carrying amount of the assets and liabilities in the next financial year, in a material way are outlined below:

(i) Estimating the useful lives of non-financial assets:

Management is required to estimate the useful life of both property and equipment, as well as intangible assets, and analyze them based on factors including, but not limited to, the expected use of the asset. A change in the useful life of either property, plant and equipment or an intangible asset can result in an increase or decrease in the annual depreciation or amortization of the asset.

(ii) Fair value of identifiable assets and acquired liabilities in business combinations:

The measurement of the fair value of the identifiable assets acquired, and liabilities assumed on the date of acquisition in a business combination is subject to management estimation.

(iii) Fair value of derivative financial instruments and warrants:

The estimated fair value of derivative financial instruments and warrants is determined based on an appropriate valuation model. Fair values are calculated using assumptions including, timing of future cash flows, discount rates, market price of the Company's shares and future events that may be out of the Company's control.

(iv) Stock-based compensation:

Share-based compensation provided to employees of the Company requires management to estimate the inputs into the Black Scholes model, including volatility and share price.

Significant areas of judgment include:

(v) Leases:

Judgement is required by management when the Company is required to classify its subleases, between operating and finance, the certainty around extensions and terminations included in lease contracts, as well as the discount rate applied to the lease portfolio.

2. Significant accounting policies (continued):

(v) Critical accounting estimates, assumptions and judgements (continued):

Significant areas of judgment include (continued):

(v) Leases (continued):

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has lease contracts that include extension options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

(vii) Impact of COVID-19:

The uncertainties around the outbreak and developments of the novel coronavirus ("COVID-19") pandemic required the use of judgments and estimates which resulted in no material impacts for the period ended December 31, 2020. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a significant risk of material adjustment to the reported amounts of assets, liabilities, and expenses. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to contain the COVID-19 virus or remedy its impact, among others. The duration and impact of the COVID-19 outbreak is unknown at this time.

(viii) Going concern

Management has applied judgment in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considers a wide range of factors relating to current and expected profitability and potential sources of replacement financing.

2. Significant accounting policies (continued):

(w) Accounting pronouncements issued but not yet effective:

(i) Interest Rate Benchmark Reform - Phase 2*:*

On August 27, 2020 the IASB issued amendments to IFRS 9, IAS 39, and IFRS 7 to address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments relate to modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements. The Company intends to adopt the amendments in its consolidated financial statements for the annual period beginning January 1, 2021. The adoption of amendments to IFRS 9, IAS 39, and IFRS 7 are not expected to have a material impact on the consolidated financial statements.

(ii) Onerous Contracts – Cost of Fulfilling a Contract:

On May 14, 2020, the IASB issued amendments to IAS 37 to specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. This amendment is effective on January 1, 2022. The Company intends to adopt this amendment in its consolidated financial statement for the annual period beginning January 1, 2022. The extent of the impact of the adoption of this amendment has not yet been determined.

(iii) Classification of Liabilities as Current or Non-current:

On January 23, 2020, an amendment was issued to IAS 1 to address inconsistencies with how entities apply the standards over classification of current and non-current liabilities. The amendment serves to address whether, in the statement of financial position, debt and other liabilities with an uncertain settlement should be classified as current or non-current. This amendment is effective on January 1, 2023. The Company intends to adopt this amendment in its consolidated financial statement for the annual period beginning January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the consolidated financial statements.

2. Significant accounting policies (continued):

(w) Accounting pronouncements issued but not yet effective (continued):

(iv) Conceptual Framework

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting which assists entities in developing accounting policies when no IFRS Standard applies to a particular transaction and helps stakeholders to more fully understand the standards. The revised conceptual framework includes the following clarifications and updates: (a) a new chapter on measurement; (b) guidance on reporting financial performance; (c) improved definitions and guidance, particularly for the definition of a liability; and (d) clarifications on important items such as the role of stewardship, prudence and measurement uncertainty in financial reporting. The revised conceptual framework is effective for annual reporting periods beginning on or after January 1, 2021 and is applicable to the Company starting January 1, 2021. The Company does not expect any impact on the financial statements on adoption of these standard.

(v) Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 Presentation of Financial Statements and 8 Accounting Policies, Changes in Accounting Estimates and Errors) to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and are applicable to the Company starting January 1, 2021. The Company does not expect any impact on the financial statements on adoption of these standard.

(vi) Amendments to IFRS 3 Business Combination

In October 2018, the IASB issued Definition of a Business (Amendments to IFRS 3 Business Combination) which: (a) clarifies that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; (b) narrow. the definition of a business and of outputs by focusing on goods and services provided to customers; and (c) removes certain assessments and adds guidance and illustrative examples. The amendment is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning in or after January 1, 2021 and to asset acquisitions that occur on or after the beginning: of that period. The Company does not expect any impact on the financial statements on adoption of these standard.

3. Business combination:

On December 31, 2020, the Company completed the acquisition of 100% of the outstanding shares of FloorSource.

FloorSource, incorporated in 1980, is a wholesale flooring distributor with four locations (distribution centers and showrooms) in the state of Michigan ("MI"). FloorSource provides carpeting, carpet padding, hardwood, vinyl, laminate and flooring supplies to customers such as contractors, project management companies and retailers. Acquisition of FloorSource will provide BuildDirect with an end-to-end service offering which will drive increased revenue and profits.

FloorSource which constitutes a business under IFRS 3, was accounted for using the acquisition method. The following table summarizes the acquisition date fair value of consideration transferred:

	December 31, 2020
Cash	$ 8,480,000
Deferred consideration payable	1,621,236
Promissory note payable (note 13)	5,698,656
Total consideration	$ 15,799,892

The purchase consideration consists of $8,480,000 in cash paid on closing, a promissory note payable bearing interest at a rate of 5.0% (note 13), and potential deferred consideration of up to $2,025,000 based on the acquired business achieving future EBITDA targets, as defined in the acquisition agreement in the 3 years following the acquisition. The deferred consideration is unsecured and non-interest bearing. Deferred consideration of $675,000 is payable within 5 days of an EBITDA of $3,000,000 being achieved in 2021, and a further $675,000 in 2022 and 2023 is payable within 5 days of achieving EBITDA of $3,500,000 in each year. The deferred consideration has been initially recorded at an estimated fair value of $1,621,236 using a discounted cash flow approach considering the present value of future cash flows by using a risk adjusted discount rate of 12.0%, and assuming the entire deferred consideration will be payable. The carrying amount of the deferred consideration will be recorded at fair value over the next 3 years with changes in fair value being recorded in earnings in the period of the change, including changes in the present value from the passage of time.

3. Business combination (continued):

The following table summarizes the preliminary allocation of the purchase consideration to the acquired assets and assumed liabilities:

	December 31, 2020
Trade and other accounts receivable	$ 1,250,228
Building material	4,917,413
Property and equipment	502,097
Prepaid materials, expenses and deposits	83,983
Intangibles - customer list	11,157,419
	17,911,140
Accounts payable and accrued liabilities	(2,111,248)
Net assets acquired	$ 15,799,892

The intangible assets recognized relating to customer lists have been measured at a preliminary estimate of fair value based on multi-period excess earnings method which considers the present value of net cash flows expected to be generated by the customer list, by excluding any cash flows related to contributory assets. The valuation of the acquired intangible assets is ongoing including evaluation of the customer information needed for the estimate and assessment of the value of brands. Management expects that the purchase price allocation will be finalized by the end of 2021.

The fair value of building material inventories is determined based on estimated selling price in the ordinary course of business less the estimated costs of sale and a reasonable profit margin based on the effort required to sell the inventories.

The Company incurred $465,435 of transaction costs primarily for advisory and legal services. These costs are included in selling and administration expenses for the year ended December 31, 2020.

If the acquisition had occurred on January 1, 2020, management estimates that the revenue would have been $81,019,024 and comprehensive gain for the year would have been $157,107. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2020.

4. Trade and other receivables:

	2020	2019
Trade receivables	$ 1,537,653	$ 482,380
Lease and other receivables	1,167,129	1,096,214
GST / HST Receivable	23,173	42,917
	$ 2,727,955	$ 1,621,511

Ageing analysis of trade receivables follows:

	2020	2019
Current	$ 963,871	$ 234,087
1-30 days	179,161	71,631
31-60 days	27,174	7,536
61-90 days	16,932	6,627
Over 90 days	350,515	162,499
	$ 1,537,653	$ 482,380

5. Inventories:

	2020	2019
Building materials	$ 5,080,120	$ -
Building materials in transit	366,820	494,339
	$ 5,446,940	$ 494,339

The cost of inventories recognized as cost of goods sold during the period ended December 31, 2020 was $32,083,225 (2019 - $24,291,009).

6. Property and equipment:

	Computer Equipment	Office furniture and fixtures	Office equipment	Leasehold improvements	Total
Cost:					
Balance as at January 1, 2019	$ 673,386	$ 100,359	$ 288,076	$ 1,695,360	$ 2,757,181
Additions	4,752	-	-	-	4,752
Disposals	(12,594)	(5,976)	(1,867)	(16)	(20,453)
Balance as January 1, 2020	665,544	94,383	286,209	1,695,344	2,741,480
Additions	18,241	-	-	4,174	22,415
Acquisition of FloorSource (note 3)	-	4,796	17,582	479,719	502,097
Balance as at December 31, 2020	$ 683,785	$ 99,179	$ 303,791	$ 2,179,237	$ 3,265,992
Accumulated amortization:					
Balance as January 1, 2019	$ 527,222	$ 86,307	$ 263,117	$ 782,732	$ 1,659,378
Depreciation	88,132	6,693	13,205	181,185	289,215
Disposals	(9,254)	(281)	(387)	(16)	(9,938)
Balance as January 1, 2020	606,100	92,719	275,935	963,901	1,938,655
Depreciation	47,226	1,303	5,043	437,844	491,416
Balance as at December 31, 2020	$ 653,326	$ 94,022	$ 280,978	$ 1,401,745	$ 2,430,071
Carrying amounts:					
Balance as at December 31, 2019	$ 59,444	$ 1,664	$ 10,274	$ 731,443	$ 802,825
Balance as at December 31, 2020	30,459	5,157	22,813	777,492	835,921

Management regularly assesses property and equipment for impairment indicators and has determined that no impairment is required for the period ended December 31, 2020 (2019 - nil).

7. Intangible assets:

	Computer software	Customer list	Total
Cost:			
Balance as at January 1, 2019	$ 664,507	$ -	$ 664,507
Additions	71,619	-	71,619
Balance as January 1, 2020	736,126	-	736,126
Additions	83,093	-	83,093
Acquisition of FloorSource (Note 3)	-	11,157,419	11,157,419
Balance as at December 31, 2020	$ 819,219	$ 11,157,419	$ 11,976,638
Accumulated amortization:			
Balance as January 1, 2019	$ 504,074	$ -	$ 504,074
Amortization	108,414	-	108,414
Balance as January 1, 2020	612,488	-	612,488
Amortization	38,015	-	38,015
Balance as at December 31, 2020	$ 650,503	$ -	$ 650,503
Carrying amounts:			
Balance as at December 31, 2019	$ 123,638	$ -	$ 123,638
Balance as at December 31, 2020	168,716	11,157,419	11,326,135

Management regularly assesses intangible assets for impairment indicators and has determined that no impairment is required for the period ended December 31, 2020 (2019 - nil).

8. Right-of-use assets:

	Premises	Equipment	Total
Cost:			
Balance as at January 1, 2019	$ 4,492,046	$ 65,747	$ 4,557,793
Balance as January 1, 2020	4,492,046	65,747	4,557,793
Adjustment from re-assessment of lease term	(2,828,326)	-	(2,828,326)
Balance as at December 31, 2020	$ 1,663,720	$ 65,747	$ 1,729,467
Accumulated amortization:			
Balance as January 1, 2019	$ 770,365	$ 11,275	$ 781,640
Amortization	614,157	8,989	623,146
Balance as January 1, 2020	1,384,522	20,264	1,404,786
Amortization	532,606	12,573	545,179
Adjustment from re-assessment of lease term	(1,121,332)	-	(1,121,332)
Balance as at December 31, 2020	$ 795,796	$ 2,837	$ 828,633
Carrying amounts:			
Balance as at December 31, 2019	$ 3,107,524	$ 45,483	$ 3,153,007
Balance as at December 31, 2020	867,924	32,910	900,834

Management regularly assesses right-of-use assets for impairment indicators and has determined that no impairment is required for period ended December 31, 2020 (2019 - nil).

9. Accounts payable and accrued liabilities:

	2020	2019
Trade accounts payable and accruals	$ 6,745,164	$ 4,240,839
Payroll and health taxes	89,617	51,772
Other payables	199	24,096
	$ 6,834,980	$ 4,316,707

10. Leases:

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. The Company's lease obligations have effective annual discount rates ranging from 8.25% to 9%.

(a) As a lessee:

Maturity analysis contractual undiscounted cash flows	2020	2019
Less than one year	$ 607,537	$ 1,147,039
One to five years	1,641,411	4,534,693
Total undiscounted lease liabilities at December 31,	2,248,948	5,681,732
Lease liabilities included in the consolidated statement of financial position as at December 31,	1,934,885	4,604,669
Current lease liabilities	458,841	717,731
Non-current lease liabilities	1,476,044	3,886,938

During the year, the Company did not exercise renewal option on one its lease and exercised early termination lease option for another lease. These actions resulted in a gain due to re-assessment of lease terms of $273,742 in the consolidated statement of operations.

The following amounts relate to the leases recognized on the consolidated statement of operations:

	2020	2019
Interest on lease liabilities	$ 311,203	$ 439,621
Income from subleasing right-of-use assets	(752,898)	(756,593)
Expenses relating to leases of low-value assets, excluding short-term leases of low -value assets	-	1,675
	$ (441,695)	$ (315,297)

10. Leases (continued):

(b) As a lessor:

The Company has subleases for part of their leased office and warehouse. The office lease is for a term of 6 years and the warehouse lease is for a term of 1 year, both without extension options.

(i) Finance lease:

The Company classified the office lease as a finance lease, as it transfers substantially all of the risks and rewards of the head lease to the sub-lessee. During the year, the Company recognized interest income of $91,181 on the finance lease (2019 - $106,880).

The following table sets out the maturity analysis of lease receivables to be received after the reporting date:

	2020	2019
Less than one year	$ 295,139	$ 295,139
One to two years	295,139	295,139
Two to three years	295,139	295,139
Three to four years	196,759	295,139
Four to five years	-	196,759
Total remaining after 5 years	$ -	$ -
Total undiscounted lease receivables	$ 1,082,176	$ 1,377,315
Unearned finance income	156,451	247,632
Total net investment in the lease	$ 925,725	$ 1,129,683

(ii) Operating lease:

The Company classified the warehouse lease as an operating lease, as the risks and rewards of the head lease do not transfer to the sub-lessee.

11. Loan payable:

	2020	2019
Secured note	$ 3,927,113	$ 3,849,707

The secured note agreement has a principal amount of $3,927,113 (CDN$5,000,000) and bears interest at 12% per annum and in the event of default, the interest rate will be amended to 15% per annum. Interest is payable on the first anniversary of the agreement, and subsequently every quarter. A portion of the note in the amount of $114,382 (CDN$145,631) has a maturity date of March 2021, the remainder of the note has a maturity date of June 30, 2022. The note is secured by all property, assets, and rights of the Company, excluding property assets and rights of FloorSource. Covenants include, but are not limited to, making timely payments per the agreement, allowing the note holders access to financial records, maintaining appropriate insurance and accounting records including completing the audit of the consolidated financial statements within 120 days after the end of each fiscal year, complying with all material laws and regulations, filing and paying taxes as due. Since the Company did not complete the audited financial statements within 120 day period after the end of fiscal year ended December 2019 and 2020, the covenant was breached and as such the secured loan is classified as a current liability. On May 27, 2021 the lenders agreed to waive this breach at December 31, 2020 and at March 31, 2021. The Company will be required to meet its financial reporting requirements commencing with the quarter ended June 30, 2021.

12. Convertible notes and warrants:

	2020	2019
Secured convertible notes	$ 12,120,679	$ -
Warrant liabilities	480,321	-
Convertible notes and warrants	$ 12,601,000	$ -

12. Convertible notes and warrants:

Pursuant to a Note Purchase Agreement dated December 31, 2020, the Company issued secured convertible notes to investors in the aggregate principal amount of $12,601,000. Issued together with the convertible notes were 4,064,838 warrants entitling the investors to purchase one common share per warrant at an exercise price of $0.784, with an expiry date 10 years from the date of the issuance. The secured convertible notes bear interest at 8% compounded monthly and have a maturity date of December 2023, upon which the principal and all interest will be settled, if the notes are not converted prior to maturity. Total gross cash proceeds for the offering was $12,601,000. As part of the transaction, the Company incurred financing costs of $195,195 which were expensed. The convertible note is secured by all property, assets, and rights of the Company together with a beneficial interest in a secured charge against property, assets, and rights of FloorSource. Covenants include, but are not limited to, making timely payments per the agreement, allowing the note holders access to financial records, maintaining appropriate insurance and accounting records, complying with all material laws and regulations, filing and paying taxes as due.

The Secured Convertible Notes have three conversion options, as follows:

(i) Conversion at the time of a qualified financing event (when the Company issues preferred shares or securities in a public offering (“qualified financing securities”) in a transaction or series of related transactions closing within 30 days raising aggregate gross cash proceeds of at least $10,000,000, excluding the amounts raised from the conversion of the Notes, proceeds of warrants or any other debt of the Issuer, including converted debt) into Class AA preference shares at the lower of a) 80% of the lowest price per qualified financing event, or b) the conversion price of $0.784;

(ii) Conversion in the event of a change in control at the holders’ option at the set conversion price of $0.784.

(iii) Conversion upon maturity at the set conversion price of $0.784.

As the conversion options can result in conversion for a variable number of shares, the conversion options represent embedded derivatives.

The Company has made an accounting policy choice to account for the convertible notes and the embedded derivatives as a single financial instrument at fair value through profit and loss. As such, the convertible notes have been recognized at fair value at December 31, 2020. Given the unique conversion features of the secured convertible notes, the fair value of $12,120,679 was determined by the Company using a lattice valuation approach with a binomial tree. Under this valuation approach, a share price lattice was constructed according to a volatility of a group of comparable companies range of 60-62%, risk-free rate range of 0.22 to 0.26%, estimated fair value of the Company’s common shares of $0.64 and a credit spread of 15% as at December 31, 2020.

12. Convertible notes and warrants (continued):

The warrants issued in conjunction with the Secured Convertible Notes have the following conversion options:

(i) Conversion to common shares at the conversion price of $0.784; or

(ii) Conversion on a cashless basis, where the holder may exchange each warrant for the difference between the Market Price and the Exercise Price, and this value will be distributed into common shares at the conversion price of $0.784.

As the terms of the warrants can result in conversion for a variable number of shares, the warrants are accounted for as financial liabilities and are carried at 'fair value through profit and loss' for accounting purposes and have been recognized at fair value at December 31, 2020.

The $480,321 fair value of the warrants was determined using Black Scholes model. The assumptions used in the model, based on the terms of the warrants, included volatility of a group of comparable companies range of 52-54%, risk-free rate range of 0.90 to 0.95% and the estimated fair value of the Company's common shares of $0.64 as at December 31, 2020.

13. Promissory note:

	2020	2019
Secured promissory note	$ 5,698,656	$ -

The promissory note, which has a principal amount of $6,225,000, was issued as part of the consideration for the acquisition of FloorSource (note 3) on December 31, 2020, is secured by all present and future property, assets, and rights of FloorSource. The promissory note bears interest at a rate of 5% compounded annually and is payable commencing on April 1, 2021, and thereafter on the first day of each calendar quarter, on the outstanding principal amount. The Company is required to make a principal payment of $1,245,000 on December 31, 2021 and commencing on April 1, 2022, and thereafter on the first day of each calendar quarter, in equal installments of $311,250 each.

The promissory note has a maturity date of the earlier of:

(i) January 1, 2026,

(ii) Acceleration upon the occurrence of any event of default, the holder has the right to declare the entire principal amount and all interest outstanding thereon and expenses and other amounts payable under note to be due and payable immediately. The event of default defined in the promissory note agreement, includes the failure of the Company to make any payment within five (5) days of when such payment is due; the filing of any petition for relief by or against the Company under any provision Bankruptcy Laws; when the Company defaults, under any lease, indebtedness or guaranty involving an obligation to pay more than $200,000 or which is secured by any of the assets of the Company.

13. Promissory note (continued):

(iii) a change in control defined as (1) the sale of more than 50% of the issued and outstanding stock or other equity securities (on an as-converted basis) of any of the Company; or (2) the sale, lease, transfer, exclusive license, or other disposition of substantially all of the assets of the Company.

Since the secured promissory note is part of the consideration transferred in the acquisition of FloorSource, in accordance with IFRS 3 Business Combination, it was initially recorded at fair value in accordance with principles of IFRS 13 Fair Value Measurements. The $5,698,656 fair value was determined by using a discounted cash flow model using a risk adjusted discount rate of 12.0%. The secured promissory note is accounted for at amortized cost, with the $526,344 discount from the principal amount of the note being accreted over the life of the note as a charge to interest expense.

14. Related parties:

(a) Transactions with key management personnel:

(i) Key management personnel compensation:

Key management personnel include officers and vice president, compensation is comprised of the following:

	2020	2019
Short-term employee benefits	$ 943,228	$ 1,589,419
Share-based compensation	174,167	217,759
	$ 1,117,395	$ 1,807,178

(b) Other related party transactions:

On December 31, 2020, the Company issued $12,600,001 in secured convertible notes to existing investors of the Company, who hold joint control over the Company, see details in note 12.

15. Shareholders' equity:

(a) Share capital:

Authorized:

Unlimited common shares, without par value

Unlimited Class AA preference shares

Unlimited Series 1 AA preference shares ("Series 1 shares")

Unlimited Series 2 AA preference shares, ("Series 2 shares")

Class AA shares

Each Class AA preference shares entitles the holder thereof to the number of votes per share equal to the number of common shares into which such Class AA preference share is convertible pursuant to the Articles of the Company. Certain matters require approval of a majority of the cumulative holders of the outstanding Class AA preference shares, including amendments to the Articles of the Company, material matters impacting the liquidation of the Company, completing material acquisitions, paying dividends, or any fundamental change to the nature of the business of the Company.

The Class AA Shares are convertible into common shares at the option of the holder at a conversion ratio of the issue price over the conversion price. The issue price and conversion price are defined as $0.784 at the time of share issuance, the Class AA preference Shares automatically convert into common shares without any further action by the Company immediately upon the earlier of (1) a closing of a qualified initial public offering, defined as, a listing of the Company's common shares on the Toronto Stock Exchange, TSX Venture Exchange, New York Stock Exchange, NYSE MKT LLC, or NASDAQ and if preference shareholders hold at least 20% of the registrable securities or (2) upon approval by a majority of the cumulative Class AA preference for issued and outstanding shares, which must include shareholders so long as they hold their Class AA preference Shares.

The Class AA preference shares are entitled to receive dividends on a pro rata basis as if the Class AA shares had been converted to common shares as and when declared by the Board of Directors.

15. Shareholders' equity (continued):

(a) Share capital (continued):

Upon the occurrence of certain events, including a liquidation, change in control, or sale of all or substantially all of the Company's assets, subject to the right to convert to common shares prior to such event, the holders of the Class AA preference shares shall be entitled to receive, in priority to the registered holders of the common shares of the Company, an amount equal to the issue price plus any dividends declared but unpaid, and thereafter have no further entitlement to any distributions.

The preference share agreement contains a down-round feature related to the issuance of new shares, at a price per share that is less than the Class AA conversion price. As any issuance of common shares would require board approval and a shareholders' resolution, the consideration per share for any future issuances of common shares is within the control of the entity, and therefore the down-round feature is not expected to be triggered. As such, the Company classifies the preference shares as equity.

Issued and outstanding:

	2020		2019	
	Number	Amount	Number	Amount
Series 1 AA preference shares:				
Beginning of year	65,000,000	$ 50,481,532	65,000,000	$ 50,481,532
Ending balance	65,000,000	$ 50,481,532	65,000,000	$ 50,481,532
Series 2 AA preference shares:				
Beginning of year	54,846,926	$ 41,974,552	54,846,926	$ 41,974,552
Conversion to common shares	(10,204,081)	(7,809,220)	-	-
Ending balance	44,642,845	$ 34,165,332	54,846,926	$ 41,974,552
Common shares:				
Beginning of year	204	$ 28	-	$ -
Exercise of stock options	25,000	3,500	204	28
Transferred from preference shares	10,204,081	7,809,220	-	-
Ending balance	10,229,285	$ 7,812,748	204	$ 28
Total amount of common and preference shares	119,872,130	$ 92,459,612	119,847,130	$ 92,456,112

On December 31, 2020, in accordance with the Articles of the Company, a total of 10,204,081 Class AA preferred shares were converted into 10,204,081 common shares at the option of the holder of Class AA and were approved by the Board.

15. Shareholders' equity (continued):

(b) Share based payments:

Since July 2018, the Company has an incentive stock option plan under which up to a total 17,908,161 options can be issued. Stock options vest over a four-year period. 25% of a grant vests on the first anniversary, and the remaining 75% vests over 36 months, subsequent to the first 25% vesting.

The following summarizes stock option activity for the 2020 and 2019 fiscal years:

	2020		2019	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Options to purchase common shares:				
Outstanding, beginning of year	14,107,323	$ 0.12	13,960,949	$ 0.14
Granted	2,001,552	0.10	6,066,195	0.10
Cancelled or forfeited	(3,794,413)	0.12	(5,644,107)	0.14
Expired	-	-	(275,510)	0.14
Exercised	(25,000)	0.14	(204)	0.14
Outstanding, end of year	12,289,462	$ 0.12	14,107,323	$ 0.12

The following table summarizes information concerning outstanding and exercisable options at December 31, 2020 and 2019 respectively:

Exercise price	Outstanding options	Weighted average remaining contractual life (years)	Options exercisable	Weighted average remaining contractual life (years)
$ 0.10	5,550,046	9.13	1,171,561	8.62
$ 0.14	6,739,416	7.10	4,140,974	6.88
$ 0.12	12,289,462	8.02	5,312,535	7.26

Exercise price	Outstanding options	Weighted average remaining contractual life (years)	Options exercisable	Weighted average remaining contractual life (years)
$ 0.10	5,768,622	9.81	172,196	9.68
$ 0.14	8,338,701	8.65	3,001,485	8.54
$ 0.12	14,107,323	9.16	3,173,681	8.57

15. Shareholders' equity (continued):

(b) Share based payments (continued):

The Company uses the Black-Scholes option pricing model to estimate the fair value of the options at each grant date. The grant date fair value of the options granted during the period ended December 31, 2020 was estimated to be $0.52 (2019 - $0.05) based on the following inputs and assumptions.

	2020	2019
Exercise price	$ 0.10	$ 0.10
Grant date fair value of common shares	$0.36	$0.10
Dividend yield	0%	0%
Expected volatility	50-60%	45-55%
Risk-free interest rate	0.41% - 0.63%	1.17% - 1.71%
Expected lives	2-6 years	2-6 years

Stock option expense is $230,082 (2019 - $323,648) and is recorded in the consolidated statement of operations and comprehensive loss.

16. Revenue:

Revenues from external customers are split into Product and Service revenue. The first is Product revenue where customers can purchase goods online through the Company's website. Service revenue is made up of three streams of revenue, MarketPlace, Freight and Warehouse revenue. MarketPlace revenue is commission earned on products sold by third parties on the Company's website. Freight revenue is the amount collected for the freight shipping and handling of products, either sold on the Company's website, or for third parties requiring the logistics services. Warehouse revenue is earned for the storage of third-party inventory. All four streams of revenue are recognized, when customer obtains control of the good or service.

The Company recognizes the Product, Freight and Warehouse revenue on a gross basis, whereas the MarketPlace Revenue commission is recorded net of the cash received and remitted to the third-party seller.

As all payments for items purchased through the Product, Freight and MarketPlace streams are paid for at the time of order, deferred revenue is recorded for the period of time between when the order is placed and when the order has been delivered at the customer's chosen destination.

16. Revenue (continued):

For the year ended December 31, 2020, the Company recognized $68,029 (2019 - $110,390) of refund liability which is included in accounts payable and accrued liabilities.

	2020	2019
Product revenue	$ 46,906,649	$ 34,099,995
Service revenue:		
MarketPlace	91,564	637,214
Freight	4,066,914	3,973,011
Warehouse	1,045,028	1,825,719
	$ 52,110,155	$ 40,535,939

17. Segment information:

The Company's Chief Operating Decision-Maker (CODM), which consists of the Executive Leadership Team ("ELT"), regularly assesses the performance of, and makes resource allocation decisions based on, the Company as a whole. As a result, the Company has determined that it comprises a single operating segment and therefore a single reportable segment. The Company operates in one segment and therefore the geographic information below analyzes the Company's revenue and non-current assets by country of operations. In presenting the following information, segment revenue has been based on the geographic location of customers and non-current assets have been based on the geographic location of the assets.

(a) Revenue:

Please see a breakdown of the revenue by geographical region:

	2020	2019
United States	$ 51,939,082	$ 40,202,264
Canada	155,842	256,108
Other	15,231	77,567
	$ 52,110,155	$ 40,535,939

17. Segment information (continued) :

(b) Non-current assets:

Please see the breakdown of non-current assets by geographical region:

2020	Property and equipment	Intangible assets
United States	$ 502,097	$ 11,157,419
Canada	333,824	168,716
	$ 835,921	$ 11,326,135

2019	Property and equipment	Intangible assets
Canada	$ 802,825	$ 123,638

18. Income taxes:

Income tax rate reconciliations:

The Company's effective income tax rate differs from the statutory income tax rate. A reconciliation of income taxes at statutory rates to actual taxes is as follows:

For the year ended December 31, 2020 and 2019

	2020	2019
Loss before tax	$ (4,559,236)	$ (11,464,620)
Statutory rate	27%	27%
Expected income tax expense (recovery)	$ (1,230,994)	$ (3,095,447)
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses	1,862	5,308
Stock-based compensation	-	87,385
Change in deferred tax not recognized	1,084,031	3,095,808
Adjustments related to prior periods	-	52,118
Other	275,233	(170,127)
Income tax expense (recovery)	$ -	$ -

18. Income taxes (continued):

(a) Deferred tax assets and liabilities

Deferred tax assets not recognized in respect of deductible temporary differences, unused tax losses, and tax credits are as follows:

	2020	2019
Unrecorded deductible temporary differences:		
Lease asset and liability	$ 108,326	$ 425,626
Non-capital losses carried forward	220,682,732	219,055,017
Property and equipment	3,384,003	3,275,966
Scientific research and development expenses	3,453,076	3,416,465
Financing cost	139,790	465,379
Other	13,076	19,018
	$ 227,781,003	$ 226,657,471

At December 31, 2020, the Company has unclaimed tax deductions for scientific research and experimental development expenditures of $3,655,129 (2019 – $3,573,895) with no expiry.

At December 31, 2020, the Company has $93,503 (2019 – $94,540) of federal investment tax credits available to offset federal taxes payable in the future. These investment tax credits will expire by 2038.

At December 31, 2020, the Company has non-capital losses carried forward for tax purposes, which are available to reduce taxable income of future years of approximately $220,682,732 (2019 – $219,055,017). The losses will expire between 2031 – 2040.

As of December 21, 2020, the Company does not have any unrecognized tax benefits related to uncertain tax positions.

19. Commitments and contingencies:

(a) Claims are made against the Company in the ordinary course of operations. The Company has made provisions for such claims, when necessary.

(b) The Company issues letters of guarantee through its financial institution to provide guarantees for duty on cross-border shipments. Outstanding letters of guarantee amount to $318,000 (2019 - $200,000).

20. Financial risk management:

The Company's operations expose it to a variety of financial risks including liquidity risk, market risk and credit risk.

(a) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements. The Company prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Liquidity risk has increased due to a net loss of $4,559,236 for the period ended December 31, 2020 (2019 - $11,464,620), negative cash flow from operations of $550,886 (2019 - $10,514,197), and an accumulated deficit of $108,279,361 (2019 - $103,720,125).

The Company manages liquidity risk through ongoing review of working capital balances and management of cash.

The following table summarizes the amount of contractual undiscounted future cash flows for the Company's financial liabilities, including interest as at Dec 31, 2020:

	2021	2022	2023	2024	2025	Total
Accounts payable and accrued liabilities	$ 6,834,980	$ -	$ -	$ -	$ -	$ 6,834,980
Convertible debt	-	-	15,953,990	-	-	15,953,990
Promissory note	1,558,412	1,475,402	1,414,225	1,352,060	1,289,249	7,089,348
Loan payable	574,956	4,039,614				4,614,570
Deferred consideration payable	675,000	675,000	675,000	-	-	2,025,000
	$ 9,643,348	$ 6,190,016	$18,043,215	$1,352,060	$1,289,249	$36,517,888

(b) Market risk:

(i) Currency risk:

Currency risk reflects the risk that the Company's earnings will decline due to fluctuations in exchange rates.

The Company has cash and cash equivalents denominated in Canadian dollars. As at December 31, 2020, the amount totaled $262,742 (2019 - $228,073).

The Company has accounts payable and accrued liabilities denominated in Canadian dollars. As at December 31, 2020, the amount totaled $2,017,433 (2019 - $1,789,616).

The Company holds a loan payable in Canadian dollars. As at December 31, 2020, the amount totaled $3,927,113 (2019 – $3,849,707).

If the period-end foreign exchange rate of Canadian dollar has been 10% higher, or 10% lower, with all other variables held constant, the effect on the Company's foreign exchange for the year ended December 31, 2020 would have been $516,528 (2019 - $491,932) higher or lower.

20. Financial risk management (continued):

(b) Market risk (continued):

(ii) Interest risk:

Interest Risk is the risk that the fair value or cash flows from a financial instrument will fluctuate due to a change in market interest rates. The Company does not hold any variable rate long-term debt thus is not subject to significant changes in the future cash flows due to interest rate risk. The interest rate risk on cash and short-term investments is considered insignificant due to the low interest rates in the current economic environment and short-term nature of its holdings and as such the Company does not take any actions to manage interest rate risk.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Company, in its normal course of business, evaluates the financial condition of its customers on a regular basis, in addition to assessing the loss allowance under the ECL model. In addition, the Company requires a majority of its customers to prepay for orders before shipment can be made. Therefore, the Company has determined there is no significant exposure to customer credit risk.

(d) Capital management:

The Company's objective when managing its capital structure is to maintain a strong financial position and to provide returns with sufficient liquidity to undertake further growth for the benefit of its shareholders. The Company's capital is comprised of long-term obligations and equity as outlines below:

	2020	2019
External debt	$ 23,848,005	$ 3,849,707
Less cash	(5,416,511)	(3,457,513)
Net external debt	18,431,494	392,194
Total shareholders' deficiency	(5,424,012)	(1,098,358)
Total capitalization	$ 13,007,482	$ (706,164)

There were no changes to the Company's approach to capital management during the year. The Company is subject to certain covenants on its debt obligations. The Company's strategy is to ensure it remains in compliance with all of its existing covenants so as to ensure continuous access to required debt to fund operations and growth. Management reviews results and forecasts to monitor the Company's compliance.

20. Financial risk management (continued):

(e) Fair value hierarchy:

- Level 1: The fair value of financial instruments traded in active markets and based on quoted market prices at the end of the reporting period.
- Level 2 The fair value of financial instruments that are not traded in an active market and determined using valuation techniques using observable market data and rely little on entity-specific estimates If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3 (i.e. unlisted equity securities).

The Company's cash, trade and other receivables, short-term investments, accounts payable and accrued liabilities, and lease liabilities are classified as measured at amortized cost. The carrying amounts of these instruments approximate fair value as at December 31, 2020 and December 31, 2019. The fair value of the secured convertible notes, warrants, promissory note and deferred consideration are described below, and the basis of their valuation are explained in the respective notes There have been no transfers between levels in the current year.

	Level 1	Level 2	Level 3
Convertible notes (note 12)	$ -	$ -	$ (12,120,679)
Warrants (note 12)	-	-	(480,321)
Promissory note (note 13)	-	(5,698,656)	-
Deferred consideration payable (note 3)	-	-	(1,621,236)

21. Breakdown of expenses by nature:

	2020	2019
Building materials and consumables	$ 40,812,251	$ 32,683,707
Employee costs	5,776,761	9,151,827
Marketing and promotion	4,871,474	4,005,426
Professional services	2,194,603	2,438,931
Depreciation and amortization	1,074,610	1,020,776
Share-based compensation expense	230,082	323,648
Rent and other	1,408,373	2,202,576
	$ 56,368,154	$ 51,826,891

22. Earnings (loss) per Share:

Earnings (loss) per share represents income (loss) for the year divided by the weighted average number of common and preference shares outstanding during the year. The weighted average number of shares is as follows:

	2020	2019
Beginning balance, shares outstanding	119,847,130	119,846,936
Effect of share issuances (note 15)	3,347	29
Weighted average number of shares	119,850,477	119,846,955

Diluted earnings (loss) per share is calculated by dividing the applicable income (loss) by the sum of the weighted average number of shares outstanding and all additional common shares that would have been outstanding if potentially dilutive shares had been issued during the year. The diluted weighted average number of shares is as follows:

	2020	2019
Weighted average number of shares (basic)	119,850,477	119,846,955
Dilutive effect of convertible notes	-	-
Dilutive effect of warrants	-	-
Dilutive effect of stock options	-	-
Weighted average number of shares (diluted)	119,850,477	119,846,955

Earnings (loss) per share and diluted income (loss) per share are as follows:

	2020	2019
Net income (loss)	$ (4,559,236)	$ (11,464,620)
Basic weighted average number of shares	119,850,477	119,846,995
Basic earnings (loss) per share	$ (0.04)	$ (0.10)
Diluted weighted average number of shares	119,850,477	119,846,995
Diluted earnings (loss) per share	$ (0.04)	$ (0.10)

23. Subsequent events:

Reverse take-over transaction:

On March 19, 2021, the Company entered into a definitive agreement with VLCTY Capital Inc. (“VLCTY”), a public company trading on the TSX Venture Exchange (“TSXV”), whereby the Company will complete a reverse take-over of VLCTY pursuant to which, among other things, VLCTY will acquire all of the issued and outstanding securities of BuildDirect (the “Transaction”).

Subject to approval by the TSXV, the Company will amalgamate with a wholly-owned subsidiary of VLCTY in order to facilitate the completion of the Transaction. It is the intention of the parties that VLCTY, following the closing of the transaction (then referred to as the “resulting issuer”), will be listed on the TSXV as a Tier 1 Technology issuer, and that the business of the resulting Issuer will be the business of BuildDirect.

Immediately prior to the completion of the Transaction, VLCTY will effect: (i) the VLCTY Consolidation, resulting in an aggregate of approximately 226,091 post-VLCTY Consolidation common shares of VLCTY (each a “VLCTY share” and, upon closing of the Transactions, a “resulting issuer share”) being issued and outstanding; (ii) a name change pursuant to which VLCTY will change its name to "BuildDirect.com Technologies Inc." or such other name as may be determined by the Company and approved by the board of directors of VLCTY (the “Name Change”); and (iii) the adoption of the new equity incentive Plan.

In connection with the Transaction, on April 30, 2021, BuildDirect obtained funding from a private placement offering (the “Offering”) of 3,487,000 subscription receipts (the “subscription receipts”) at an issue price of CDN$5.75 per Subscription Receipt for aggregate gross proceeds of CDN $20,050,250. Each subscription receipt will automatically convert into one common share and one warrant of the Company upon completion of the Transaction. Each warrant entitles the holder to purchase one additional share of the Company at a price of CDN$6.90 per warrant of the Company at any time 24 months from the closing of the Transaction. If prior to the expiry date of the warrant, the daily volume-weighted average trading price of the Company exceeds CDN$8.00 for a period of at least 30 consecutive trading days, the Company may accelerate the expiry of the warrant to a date not earlier than the date that is 30 days following the acceleration of the warrant. The proceeds of the Offering have been deposited in escrow with Computershare Trust Company of Canada, as subscription receipt agent.

23. Subsequent events (continued):

Immediately prior to the completion of the Transaction, the Company will effect a consolidation of all of the outstanding BuildDirect Shares and the Class AA preference shares of BuildDirect (collectively, the "BuildDirect Shares") on the basis of 5.393 pre-consolidation BuildDirect Shares to 1 post-consolidation BuildDirect Share, resulting in an aggregate of 25,767,153 BuildDirect Shares being issued, including 3,539,797 BuildDirect Shares to be issued upon conversion of the $12,601,000 principal amount of convertible notes (Note 12).

The completion of the Offering and release of the proceeds to the Company is conditional on conditions (the "Release Conditions") which include completion of the reverse takeover transaction with VLCTY and the shares of the resulting company being conditionally listed by the TSX Venture Exchange. If the Release Conditions are not met prior to August 28, 2021, the Subscription Agreement is terminated, and the escrowed proceeds are to be returned to the investors including accumulated interest in the escrow account.

Under the terms of an Exempt Market Dealer Services Agreement, BuildDirect anticipates completing prior to the completion of the Transaction, a non-brokered private placement offering (the "Non-brokered Offering") of 90,264 equity units (the "Units") at an issue price of CDN$5.75 per Unit for aggregate gross proceeds of CDN $519,018. The terms of the Units are consistent with those of the Subscription Receipts.

SCHEDULE D

MANAGEMENT DISCUSSION AND ANALYSIS OF BUILDDIRECT.COM TECHNOLOGIES INC.

See attached.

BuildDirect.com Technologies Inc

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2021 and March 31, 2020

GENERAL INFORMATION AND CAUTIONARY STATEMENTS

Introduction The following management's discussion and analysis ("MD&A") dated August 4, 2021, provides information concerning the financial condition and results of operations of BuildDirect.com Technologies Inc. ("BuildDirect" or the "Company") for the three months ended March 31, 2021 ("2021") and March 31, 2020 ("2020"). This report intends to complement and supplement our unaudited condensed interim consolidated financial statements for the three-month period ended March 31, 2021 and March 31, 2020 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the accompanying notes. Readers are also advised to read the Company's audited financial statements and accompanying notes for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards and the Company's annual MD&A for the year ended December 31, 2020. Additional information relating to the Company is available on Company's website at www.builddirect.com

Basis of presentation

In this MD&A, unless otherwise indicated, all dollar amounts are expressed in US dollars. The MD&A has been prepared by reference to the MD&A disclosure requirements established under National Investment 52-202 "Continued Disclosure Obligations" ("NI 52-202") for the Canadian Securities Administrations. The information and disclosure in this report as at the date of filing, August 4, 2021, unless otherwise noted.

Forward looking Information

This MD&A contains "forward-looking information" within the meaning of applicable securities laws in Canada. These statements are based on current expectations and estimates about our business and include information regarding our financial position, business strategy, growth strategies, operations, financial results and objectives. Particularly, information regarding our expectations of future results, growth of our operations and performance opportunities in the market in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "anticipate", "believe", "expects" or "does not expect", "estimates", "outlook", "prospects"; "projection", "intends", "believes", "should", "will", "would" or the negative of these terms, and similar expressions intended to identify forward-looking statements. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The forward-looking information contained in this MD&A represents our expectations as of the date of the MD&A (or as of the date they are otherwise stated to be made) and are subject to changes after such date. We disclaim any intention or obligation or undertaking to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

Non-IFRS financial measures

This MD&A makes reference to certain non-IFRS measures. These measures are not recognised measures under IFRS, and do not have a standardized meaning prescribed by IFRS and are therefore

unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures including "EBITDA" and "Adjusted EBITDA". Management uses these non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts, and to determine components of management compensation. As required by Canadian securities laws, we reconcile these non-IFRS measures to the most comparable IFRS measures in this MD&A. For definitions and reconciliation of these non-IFRS measures to the relevant reported measures, see "Non-IFRS measures".

COMPANY STRATEGY AND OBJECTIVES

BuildDirect is an innovative marketplace for purchasing and selling building materials online. The BuildDirect platform connects homeowners and home improvement professionals in North America with suppliers and sellers of quality building materials from around the world, including flooring, tile, decking and more. BuildDirect's year-over-year growth, proprietary heavyweight delivery network, and digital reach have served to solidify its role as a ground-breaking player in the home improvement industry.

RECENT DEVELOPMENTS

Reverse take-over transaction

On March 19, 2021, the Company entered into a definitive agreement with VLCTY Capital Inc. ("VLCTY"), a public company trading on the TSX Venture Exchange ("TSXV"), whereby the Company will complete a reverse take-over of VLCTY pursuant to which, among other things, VLCTY will acquire all of the issued and outstanding securities of BuildDirect (the "Transaction").

Subject to approval by the TSXV, the Company will amalgamate with a wholly-owned subsidiary of VLCTY in order to facilitate the completion of the Transaction. It is the intention of the parties that VLCTY, following the closing of the transaction (then referred to as the "resulting issuer"), will be listed on the TSXV as a Tier 1 Technology issuer, and that the business of the resulting Issuer will be the business of BuildDirect.

Immediately prior to the completion of the Transaction, VLCTY will effect: (i) the VLCTY Consolidation, resulting in an aggregate of approximately 226,091 post-VLCTY Consolidation common shares of VLCTY (each a "VLCTY share" and, upon closing of the Transactions, a "resulting issuer share") being issued and outstanding; (ii) a name change pursuant to which VLCTY will change its name to "BuildDirect.com Technologies Inc." or such other name as may be determined by the Company and approved by the board of directors of VLCTY (the "Name Change"); and (iii) the adoption of the new equity incentive Plan.

In connection with the Transaction, on April 30, 2021, BuildDirect obtained funding from a private placement offering (the "Offering") of 3,487,000 subscription receipts (the "subscription receipts") at an issue price of CDN$5.75 per Subscription Receipt for aggregate gross proceeds of CDN $20,050,250. Each subscription receipt will automatically convert into one common share and one warrant of the Company upon completion of the Transaction. Each warrant entitles the holder to purchase one additional share of the Company at a price of CDN$6.90 per warrant of the Company at any time 24 months from the closing

of the Transaction. If prior to the expiry date of the warrant, the daily volume-weighted average trading price of the Company exceeds CDN$8.00 for a period of at least 30 consecutive trading days, the Company may accelerate the expiry of the warrant to a date not earlier than the date that is 30 days following the acceleration of the warrant. The proceeds of the Offering have been deposited in escrow with Computershare Trust Company of Canada, as subscription receipt agent.

In addition, under the terms of the Exempt Market Dealer Services Agreement, which will be finalized immediately prior to the completion of the transaction, BuildDirect obtained funding from a non-brokered private placement offering (the "Non-brokered Offering") of 90,264 equity units (the "Units") at an issue price of CDN$5.75 per Unit for aggregate gross proceeds of CDN $519,018. Each Unit will automatically convert into one common share and one warrant of the Company pursuant to the terms of the Exempt Market Dealer Services Agreement and the Warrant Indenture. Each warrant entitles the holder to purchase one additional share of the Company at a price of $6.90 per warrant of the Company at any time 24 months from the closing of the Transaction. If prior to the expiry date of the warrant, the daily volume-weighted average trading price of the Company exceeds CDN$8.00 for a period of at least 30 consecutive trading days, the Company may accelerate the expiry of the warrant to a date not earlier than the date that is 30 days following the acceleration of the warrant. The proceeds of the Offering have been deposited in escrow with Computershare Trust Company of Canada, as subscription receipt agent.

Immediately prior to the completion of the Transaction, the Company will effect a consolidation of all of the outstanding BuildDirect Shares and the Class AA preference shares of BuildDirect (collectively, the "BuildDirect Shares") on the basis of 5.393 pre-consolidation BuildDirect Shares to 1 post-consolidation BuildDirect Share, resulting in an aggregate of 25,767,153 BuildDirect Shares being issued, including 3,539,797 BuildDirect Shares to be issued upon conversion of the $12,601,000 principal amount of convertible notes (Note 12).

The completion of the Offering and release of the proceeds to the Company is conditional on conditions (the "Release Conditions") which include completion of the reverse takeover transaction with VLCTY and the shares of the resulting company being conditionally listed by the TSX Venture Exchange. If the Release Conditions are not met prior to August 28, 2021, the Subscription Agreement is terminated and the escrowed proceeds are to be returned to the investors including accumulated interest in the escrow account.

Tariff Dispute and Litigation

On September 21, 2020, BuildDirect filed an action in the U.S. Court of International Trade against U.S. Customs and Border Protection and the U.S. Trade Representative challenging the imposition and collection of certain tariffs on goods imported into the U.S. This action is ongoing and is substantially similar to lawsuits filed by approx. 3,500 other importers similarly affected by the above noted tariffs.

Management of BuildDirect is not aware of any material pending or threatened proceedings as at March 31, 2021.

SELECTED INTERIM INFORMATION

	March 31, 2021	March 31, 2020
Revenue	$ 20,887,037	$ 9,143,647
Cost of goods sold	13,502,232	5,564,225
Gross Profit	7,384,805	3,579,422
Operating expenses:		
Fulfillment costs	2,110,000	1,556,003
Selling and marketing	2,726,290	1,505,662
Administration	3,271,263	1,690,200
Research and development	308,372	310,332
Depreciation and amortization	1,193,537	237,473
	9,609,462	5,299,670
Loss from operations	(2,224,657)	(1,720,248)
Other income (expense):		
Interest income	21,502	30,432
Interest expense	(799,600)	(211,080)
Rental income	57,526	179,678
Fair value adjustment of convertible debt and warrants	(1,330,376)	-
Foreign exchange (loss)/gain	(39,525)	298,851
	(2,090,473)	297,881
Loss before income taxes	(4,315,130)	(1,422,367)
Income tax expense	(342,202)	-
Total comprehensive loss for the year	$ (4,657,332)	$ (1,422,367)

*****2021 income tax expense relates to the operations of Charter Distributing Company ("FloorSource"), which was acquired on December 31, 2020. FloorSource has four locations in the state of Michigan ("MI") and is subject to US federal and state taxes.

Revenue and Gross Margin

Total revenues for the three months ended March 31, 2021 increased by $11,743,389 (128.4%) over the same period in 2020.

Revenues for our Product Sales increased by $11,261,989 for the three months ended March 31, 2021 compared to the same period in 2020. The increase is mainly due to the acquisition of FloorSource, which occurred on December 31, 2020 and is also driven by an increase in customer demand for these services as the economy saw a shift to online shopping as a result of the COVID-19 pandemic and social distancing measures.

Revenues for our Freight decreased by $34,356 for the three months ended March 31, 2021 compared to the same period in 2020. The decrease is mainly due to additional free shipping promotions in Q1 2021.

Revenues for our Warehouse services decreased by $43,792 for the three months ended March 31, 2021 compared to the same period in 2020. The decrease in revenues in 2021 can be attributed to a strategic decision to shift away from charging supplier warehousing fees in order to reduce the product costs and improve our overall product margin.

Revenue from our Installation services increased by $590,779 for the three-month ended March 31, 2021 compared to the same period in 2020. The increase in revenue in 2021 is attributed to the acquisition of FloorSource which occurred on December 31, 2020.

Gross margin dollars for the three months ended March 31, 2021, increased by 3,805,383 (106.3%) over 2019. Gross margin percentage was 35.4%, a decrease from 39.1% achieved in the same year of 2019. The main driver of the decrease in margin is due to the $528,552 fair value adjustment of inventory related to Floorsource acquisitions, which was all expensed into cost of good sold in Q1.

Expenses:

Expenses for the three months ended March 31, 2021 were $9,609,462 versus $5,299,670 in 2020, an increase of $4,309,792 (81.3%). The increase reflects added expenses related to acquired business. As a percentage of revenue, expenses were 46.0% for the three months ended March 31, 2021, compared to 58.0% for the same period in 2020.

Fulfillment costs increased by $553,997 (35.6%) from $1,556,003 for the three months ended March 31, 2020 to $2,110,000 for the three months ended March 31, 2021 due to the increase in sales in 2021 resulting in higher fulfillment costs.

Selling and marketing expenses increased by $1,220,628 (81.1%) from $1,505,662 for the three months ended March 31, 2020 to $2,726,290 for the three months ended March 31, 2021 due to the increase sales driving higher sales commission and higher marketing expenses were incurred to drive the higher sales volume.

Administration expenses increased by $1,581,063 (93.5%) from $1,690,200 for the three month-end March 31, 2020 to $3,271,263 for the three months ended March 31, 2020. The increase reflects added expenses related to acquired business. As a percentage of revenue, administration expenses were 15.7% for the three months ended March 31, 2021, compared to 18.5%

Research and development expenses decreased slightly by $1,960 from $308,372 for the three months ended March 31, 2021 to $310,332 for the three months ended March 31, 2020. The change was insignificant year over year.

Depreciation and amortization expenses increased by $956,064 from $237,473 for the three months ended March 31, 2020 to $1,193,537 for the three months ended March 31, 2021. The major driver of the increase is the amortization of the intangible asset acquired from FloorSource on December 31, 2020 and amortization on additional right-of-use assets.

NON-IFRS MEASURES

We define EBITDA as net income or loss before interest, income taxes and amortization. Adjusted EBITDA removes fair value adjustment of convertible debt and warrants, fair value adjustment of inventory, restructuring expenses, non-recurring bad debt expense, foreign exchange gains and losses, and share-based compensation items from EBITDA. We are presenting these measures because we believe that our current and potential investors, and many analysts, use them to assess our current and future operating results and to make investments decisions. Management uses these measures in managing the business and making decisions. EBITDA and adjusted EBITDA are not intended as a substitute for IFRS measures.

Adjusted EBITDA	For the three months ended March 31 2021	2020
Loss for the Period	$ (4,657,332)	$ (1,422,367)
Income tax expense	342,202	-
Depreciation and amortization	1,193,537	237,473
Finance Costs	778,099	241,512
EBITDA	**(2,343,494)**	**(943,382)**
EBITDA adjustments		
Stock-based compensation	$ 99,256	$ 57,520
Foreign exchange (gain)/loss	39,524	(298,851)
Restructuring	-	38,354
Fair value adjustment of convertible debt and warrants	1,330,376	
Impact of fair value adjustment of inventory in FloorSource acquisition[1]	528,552	-
Significant bad debt expense[2]	257,891	-
Adjusted EBITDA	**(87,896)**	**(1,146,359)**
Adjusted EBITDA %	*(0%)*	*(13%)*

[1] The adjustment for the impact of the fair value of FloorSource inventory relates to the impact on normal selling profit from the fact that IFRS requires that the inventory be recorded at fair value on acquisition and not at FloorSource's historical cost. Earnings are impacted as this inventory was sold in the period.

[2] The adjustment is a non-recurring activity, relating to a provision for an advance made to a former employee, which was deemed uncollectible in 2021.

LIQUIDITY AND CAPITAL RESOURCES

For the three months ended March 31, 2021, the Company used $228,765 in cash, versus the $68,033 used in the same period in 2020. The change in cash was due to financing used for activities.

CASH FLOW

	For the three months ended March 31, 2021	2020
Cash provided by operating activities	$ 652,398	$ 254,218
Cash provided by investing activities	71,894	75,546
Cash used in financing activities	(953,057)	(397,797)
Decrease in cash	**(228,765)**	**(68,033)**

Operating activities

For the three months ended March 31, 2021, cash flow provided by our operating activities was $652,398 compared to $254,218 for the three months ended March 31, 2020. The increase of $398,180 is due to the acquisition of FloorSource and incorporating the positive operating cashflow in Q1 2021.

Investing activities

For the three months ended March 31, 2021, cash flow provided by our investing activities was $71,894 compared to $75,546 for the three months ended March 31, 2020. The change quarter over quarter was immaterial.

Financing activities

For the three months ended March 31, 2021, cash flow used by our financing activities was $953,057 compared to $397,797 for the three months ended March 31, 2020. The increase in cash used was a result of interest paid on promissory notes and principal repayments on the secured note during the quarter.

As at March 31, 2021 the Company had a negative working capital of $2,022,857 (December 31, 2020 working capital of $594,093). Current assets which primarily consisted of cash and inventory totalled $15,364,529 (December 31, 2020 – $15,095,644). Current liabilities which primarily consist of accounts payable and accrued liabilities and loans payable totalled $17,387,386 (December 31, 2020 – $14,501,561).

The Company's major capital expenditure in 2021, contingent on obtaining the required funding, will consist of acquiring additional independent flooring retailers.

The Company manages liquidity risk through ongoing review of working capital balances and management of cash and the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or growth plans and may be unable to continue in

operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements. The Company prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Liquidity risk has increased due to a net loss of $4,657,332 for the three months ended March 31, 2021 (2020 - $1,422,367), positive cash flow from operations of $652,398 (2020 - $254,218), and an accumulated deficit of $112,936,694 (2020 - $108,279,361).

The following table summarizes the amount of contractual undiscounted future cash flows for the Company's financial liabilities, including interest as at March 31, 2021:

	2021	2022	2023	2024	2025	Total
Accounts payable and accrued liabilities	$ 7,548,265	$ -	$ -	$ -	$ -	$ 7,548,265
Income tax payable-	342,202	-	-	-	-	342,202
Convertible debt	-	-	15,953,990	-	-	15,953,990
Promissory note	1,480,486	1,475,402	1,414,225	1,352,060	1,289,249	7,011,422
Loan payable	344,713	4,039,614				4,384,327
Deferred consideration payable	675,000	675,000	675,000	-	-	2,025,000
Lease liabilities	784,092	1,330,691	1,334,795	1,150,431	628,210	5,228,219
	$11,174,758	$7,520,707	$19,378,010	$2,502,491	$1,917,459	$42,493,425

LONG TERM DEBT IS AS FOLLOWS:

	March 31, 2021	December 31, 2020
Secured note	$ 3,860,333	$ 3,927,113
Secured convertible notes	13,310,035	12,120,679
Secured promissory note	5,869,616	5,698,656
Total	**23,039,984**	**21,746,448**

The secured note agreement has a principal amount of $3,927,113 (CDN$5,000,000) and bears interest at 12% per annum and in the event of default, the interest rate will be amended to 15% per annum. Interest is payable on the first anniversary of the agreement, and subsequently every quarter. A portion of the note in the amount of $114,382 (CDN$145,631) was paid in March of 2021, the remainder of the note has a maturity date of June 30, 2022. The note is secured by all property, assets, and rights of the Company, excluding property assets and rights of FloorSource. Covenants include, but are not limited to, making timely payments per the agreement, allowing the note holders access to financial records, maintaining appropriate insurance and accounting records including completing the audit of the consolidated financial statements within 120 days after the end of each fiscal year, complying with all material laws and regulations, filing and paying taxes as due. Since the Company did not complete the audited financial statements within 120 day period after the end of fiscal year ended December 2019 and 2020, the covenant was breached and as such the secured loan is classified as a current liability. On May

27, 2021 the lenders agreed to waive this covenant until the reporting period of March 31, 2021. The Company will be required to meet its financial reporting requirements commencing with the quarter ended June 30, 2021.

The secured convertible notes bear interest at 8% compounded monthly. Secured convertible notes are carried at fair value through profit and loss. The fair value of $13,310,035 (2020: $12,120,679) was calculated using a lattice valuation approach using a binomial tree. Under this valuation approach, a share price lattice was constructed according to a volatility of a group of comparable companies range of 60-62% (2020: 60-62%), risk-free rate range of 0.43 to 0.49% (2020: 0.22 to 0.26%), share price of $0.76 (2020:$0.64) and a credit spread of 15% (2020: 15%) as at March 31, 2021.

The fair value of the warrants which are carried at fair value through profit and loss was determined using Black Scholes model. The assumptions used in the model, based on the terms of the warrants, included volatility of a group of comparable companies range of 52-54% (2020: 52-54%), risk-free rate range of 1.75 to 1.80% (2020: 0.90 to 0.95%) and a share price of $0.76 (2020: $0.64) as at March 31, 2021.

The promissory note bears interest at an effective rate of 12% compounded annually and is payable commencing on April 1, 2021. Interest accrued for the period aggregate to $170,960 (2020: nil). No principal or interest payments have been made.

OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, the Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

BuildDirect.com Technologies Inc. has no related party transactions for the three months ended March 31, 2021.

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Use of Judgements, Estimates and Assumptions:

The preparation of these interim financial statements in accordance with IAS 34 requires management to use judgement and make estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities at the date of the interim financial statements, and the reported amounts of revenue and expenses during the reporting periods. The judgements, estimates and associated assumptions are based on historical experience and other factors that management considers to be relevant and are subject to uncertainty. Judgements, estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results could differ from these estimates due to changes in interest rates, foreign exchange rates, inflation, and economic conditions. The areas of significant judgement and estimation were identified in BuildDirect.com Technologies Inc.'s most recent audited consolidated financial statements for the year

ended December 31, 2020, except for judgements pertaining to the adoption of new accounting policies effective on January 1, 2021. These condensed consolidated interim financial statements should be read in conjunction with Note 2(e) audited consolidated financial statements for the year ended December 31, 2020.

FINANCIAL RISK FACTORS

The Company's operations expose it to a variety of financial risks including liquidity risk, market risk and credit risk.

(a) Market risk:

(i) Currency risk:

Currency risk reflects the risk that the Company's earnings will decline due to fluctuations in exchange rates.

The Company has cash and cash equivalents denominated in Canadian dollars. As at March 31, 2021, the amount totaled $117,112 (2020 - $121,653).

The Company has accounts payable and accrued liabilities denominated in Canadian dollars. As at March 31, 2021, the amount totaled $1,583,450 (2020 - $1,254,757).

The Company holds a loan payable in Canadian dollars. As at March 31, 2021, the amount totaled $3,860,333 (2020 – $3,524,353).

If the period-end foreign exchange rate of Canadian dollar has been 10% higher, or 10% lower, with all other variables held constant, the effect on the Company's foreign exchange for the three months ended March 31, 2021 would have been $484,243 (2020 - $423,405) higher or lower.

(ii) Interest risk:

Interest Risk is the risk that the fair value or cash flows from a financial instrument will fluctuate due to a change in market interest rates. The Company does not hold any variable rate long-term debt thus is not subject to significant changes in the future cash flows due to interest rate risk. The interest rate risk on cash and short-term investments is considered insignificant due to the low interest rates in the current economic environment and short-term nature of its holdings and as such the Company does not take any actions to manage interest rate risk.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Company, in its normal course of business, evaluates the financial condition of its customers on a regular basis, in addition to assessing the loss allowance under the ECL model. In addition, the Company requires a majority of its customers to prepay for orders before shipment can be made. Therefore, the Company has determined there is no significant exposure to customer credit risk.

(c) Capital management:

The Company's objective when managing its capital structure is to maintain a strong financial position and to provide returns with sufficient liquidity to undertake further growth for the benefit of its

shareholders. The Company's capital is comprised of long-term obligations and equity as outlines below:

	March 31, 2021	December 31, 2020
External debt	$ 25,354,009	$ 23,848,005
Less cash	(5,187,746)	(5,416,511)
Net long-term obligations	20,166,263	18,431,494
Total deficiency	(9,982,089)	5,424,012
Total capitalization	$ 10,184,174	$ 13,007,482

There were no changes to the Company's approach to capital management during the period. The Company is subject to certain covenants (none of which are financial covenants) on its debt obligations. The Company's strategy is to ensure it remains in compliance with all of its existing covenants so as to ensure continuous access to required debt to fund growth. Management reviews results and forecasts to monitor the Company's compliance.

(d) Fair value hierarchy:

- Level 1: The fair value of financial instruments traded in active markets and based on quoted market prices at the end of the reporting period.
- Level 2 The fair value of financial instruments that are not traded in an active market and determined using valuation techniques using observable market data and rely little on entity-specific estimates If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3 (i.e. unlisted equity securities).

The Company's cash, trade and other receivables, short-term investments, accounts payable and accrued liabilities, and lease liabilities are classified as measured at amortized cost. The carrying amounts of these instruments approximate fair value as at March 31, 2021 and March 31, 2020. The fair value of the secured convertible notes, warrants, promissory note and deferred consideration are described below and the basis of their valuation are explained in the respective notes There have been no transfers between levels in the current year. There have been no transfers between levels in the current period.

	Level 1	Level 2	Level 3
Convertible debt	$ -	$ -	$ (13,310,035)
Warrants	-	-	(621,341)
Promissory note	-	(5,869,616)	-
Deferred consideration payable	-	-	(1,692,684)

RISK FACTORS

(a) ***The Flooring Industry:***

The flooring industry is highly dependent on the remodeling of existing homes and commercial spaces and new home and commercial space construction. Remodeling and new home and commercial space construction depend on a number of factors which are beyond BuildDirect's control, including, without limitation, interest rates, tax policy, employment levels, consumer confidence, credit availability, real estate prices, demographic trends, weather conditions, natural disasters and general economic conditions. Risk therefore include, without limitation, rise in interest rates, decrease in the availability of credit, increase in costs of fuel and changes in real estate markets or unemployment levels which could limit discretionary consumer spending, reduce the purchase or remodelling of home and materially adverse effect on the BuildDirect's business, operating results and financial condition.

(b) ***Reliance on Management and Key Employees***

BuildDirect' success is highly dependent on the retention of key personnel both at the parent company level and within its subsidiaries. If BuildDirect or its subsidiaries should lose the services of one or more key members of its executive or key employees, its ability to implement its business plan could be severely impaired. As BuildDirect's business activity grows, additional key financial and administrative personnel, as well as additional staff, may be required. If BuildDirect and/or its subsidiaries are not successful in attracting, training and retaining qualified personnel, the efficiency of their operations may be affected.

(c) ***Reliance on Third-Party Service Providers***

BuildDirect relies heavily on third party vendors, suppliers and partners to provide some of its products and services. If these third parties were unable or unwilling to provide these products and services in the future, BuildDirect would need to obtain such products or services from other providers if they are available. This could cause BuildDirect to incur additional costs or cause material interruptions to its business until these products and services are replaced if possible and all of which could adversely affect BuildDirect's business, results of operations and financial condition.

(d) ***Product Suppliers***

BuildDirect relies on a concentrated group of suppliers for a significant portion of the products it sells including a select group of foreign suppliers of products that the BuildDirect's expectations. BuildDirect does not have long-term agreements with suppliers, and we usually obtain supplies on a container by container basis. BuildDirect's suppliers may be unable to supply it in the future including but not limited to as a result of include a supplier's financial instability, inability or refusal to comply with applicable laws, trade restrictions or tariffs, insufficient transport capacity

and other factors which are beyond the control of BuildDirect. There are also certain risks to BuildDirect associated with obtaining products from foreign suppliers which are beyond BuildDirect's control including terrorism, political unrest, and economic instability resulting in the disruption of trade from foreign countries where BuildDirect's products originate, currency fluctuations, the development of new laws and regulations (including, without limitation, in relation to imports, exports, duties, tariffs, taxes, trade restrictions, quality and safety standards, and shipping delays and disruptions. If BuildDirect can no longer obtain products from its key suppliers, or such suppliers refuse to continue to supply BuildDirect on commercially reasonable terms or at all, and BuildDirect cannot find replacement suppliers, this would have a materially adverse effect on its business, operating results and financial condition.

(e) ***Third-Party Supply Chain Network***

BuildDirect sources product from around the world and sells to customers throughout North America and relies on third party ocean, freight, trucking and warehouse service providers to transport and store its products and deliver products to its customers. BuildDirect is therefore subject to various risks including, without limitation, increased fuel costs, security concerns, rise in import tariffs, labour disputes, union organizing activity, and inclement weather, associated with service providers' ability to provide product fulfillment and delivery services to meet BuildDirect's distribution and shipping needs. Failure to procure and deliver products and services, either to BuildDirect or its customers in a timely and accurate manner, will harm BuildDirect's reputation, business, and results of operations. In addition, any increase in fulfillment costs and expenses could adversely affect business and operating results.

(f) ***Third Party Real Estate***

BuildDirect acts both as a tenant and a sub-landlord within the context of the commercial spaces that it operates in. BuildDirect does not own real property. There is a risk that these leases may not be renewed at the end of term, and a risk that an alternative location cannot be found. Moreover, these leased properties are managed by third parties and as such there is no assurance that they will be managed and maintained to meet any required legal standards (including, but not limited to, environmental and safety standards).

(g) ***Call Centre and Website***

BuildDirect's website and call center are material elements of BuildDirect's business. Customers use BuildDirect's website to source and purchase products and services. BuildDirect's website in particular is vulnerable to certain risks and uncertainties associated with the Internet, including, without limitation, website downtime and other technical failures, security breaches and consumer privacy concerns. If BuildDirect cannot successfully keep its website and call center operational, this would have a materially adverse effect on BuildDirect's business, operating results and financial condition.

(h) ***Product Recalls***

Manufacturers and distributors of products are sometimes required to recall or request the return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of BuildDirect's products are recalled due to an alleged product

defect or for any other reason, BuildDirect could be required to incur the unexpected expense of the recall and any legal proceedings that may arise in connection with the recall. BuildDirect may lose a significant amount of sales and not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although BuildDirect has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of BuildDirect's significant brands were subject to recall, the image of that brand and BuildDirect could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for BuildDirect's products and could have a material adverse effect on the results of operations and financial condition of BuildDirect.

(i) ***Licenses***

BuildDirect's licenses are subject to ongoing compliance and reporting requirements. Failure by BuildDirect to comply with the requirements of licenses or any failure to maintain licenses would have a material adverse impact on the business, financial condition and operating results of BuildDirect.

(j) ***Insurance and Uninsured Risks***

BuildDirect's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, damage, delays in operations, monetary losses and possible legal liability. Although BuildDirect intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. BuildDirect may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. BuildDirect might also become subject to liability hazards which may not be insured against or which BuildDirect may elect not to insure against because of premium costs or other reasons. Losses from these events may cause BuildDirect to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

(k) ***Failure to Comply with Anti-Bribery Laws***

BuildDirect is subject to the *Corruption of Foreign Public Officials Act* (Canada) ("**CFPOA**") and the *United States Foreign Corrupt Practices Act* ("**FCPA**"), which generally prohibit companies and company employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. The CFPOA and the FCPA also require companies to maintain accurate books and records and internal controls, including at foreign controlled subsidiaries. In addition, BuildDirect may become subject to other anti-bribery laws of any nations in which it conducts business that apply similar prohibitions as the CFPOA and FCPA (e.g. the Organization for Economic Co-operation and Development Anti-Bribery Convention). BuildDirect's employees or other agents may, without BuildDirect's knowledge and despite BuildDirect's efforts, engage in prohibited conduct under BuildDirect's policies and procedures and the CFPOA, the FCPA or other anti-bribery laws which BuildDirect may be subject to, and BuildDirect may be held responsible. If BuildDirect's employees or other agents are found to have engaged in such practices, BuildDirect could suffer severe penalties and other consequences that may have a material adverse effect on BuildDirect's business, financial condition and results of operations.

(l) ***Litigation***

BuildDirect may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause BuildDirect to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and BuildDirect could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. Substantial litigation costs, even if BuildDirect wins, or an adverse result in any litigation may adversely affect BuildDirect's ability to continue operating and the market price for BuildDirect Common Shares and could use significant resources.

(m) **The Requirements of Being a Public Company May Strain the Resulting Issuer's Resources**

In the event the Business Combination is completed, the Resulting Issuer will continue the BuildDirect Business. As a reporting issuer, the Resulting Issuer, and its business activities, will be subject to the reporting requirements of applicable securities legislation of the jurisdictions in which it is a reporting issuer, the listing requirements of the Exchange and other applicable securities rules and regulations. Compliance with those rules and regulations will increase the Resulting Issuer's legal and financial costs as compared to BuildDirect's current activities making some activities more difficult, time consuming or costly and increase demand on its systems and resources.

(n) ***Product Liability***

BuildDirect faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. BuildDirect may be subject to various product liability claims, including, among others, that BuildDirect's products caused injury or illness or death. A product liability claim or regulatory action against BuildDirect could result in increased costs, could adversely affect BuildDirect's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations and financial condition of BuildDirect. There can be no assurances that BuildDirect will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of BuildDirect's potential products.

(o) ***Environmental Laws and Employee Health and Safety Regulations***

BuildDirect's operations are subject to environmental and safety laws and regulations concerning, among other things, employee health and safety. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on BuildDirect's operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to BuildDirect's operations or give rise to material liabilities, which could have a material adverse effect on BuildDirect's business, results of operations and financial condition.

(p) ***Conflicts of Interest***

Certain of the directors and/or officers of BuildDirect may be engaged in a range of business activities, (including certain officers, directors and consultants that provide services to other companies involved in ecommerce) and may also serve as directors and/or officers of other companies. BuildDirect's executive officers, directors and consultants may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to BuildDirect. In some cases, BuildDirect's executive officers, directors and consultants may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to BuildDirect's business and affairs and that could adversely affect BuildDirect's operations. These business interests could require significant time and attention of BuildDirect's executive officers, directors and consultants. In addition, BuildDirect may also become involved in other transactions which conflict with the interests of its directors, officers and consultants who may from time to time deal with persons, firms, institutions or corporations with which BuildDirect may be dealing, or which may be seeking investments similar to those desired by it. Consequently, the interests of these persons could conflict with those of BuildDirect and such interests could interfere with these persons' ability to devote time to BuildDirect's business and affairs and that could adversely affect BuildDirect's operations. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws and any decision made by any of such directors and officers involving BuildDirect are subject to their duties and obligations to act honestly, in good faith and in the best interests of BuildDirect.

(q) ***Additional Financing***

BuildDirect may require additional equity and/or debt financing in the future and no assurance can be given that such capital will be available on terms commercially acceptable to BuildDirect or at all. Accordingly, depending on its ability to achieve the goals set out in its business plan, BuildDirect may need to raise further equity and/or debt financing to fund its operations and execute on its business plan. BuildDirect's inability to raise financing to support on-going operations or acquisitions could limit its growth, result in the delay or indefinite postponement of current business objectives and may have a material adverse effect upon future profitability. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of BuildDirect's shareholders. Further, due to regulatory impediments and lack of investor appetite, the ability of BuildDirect to issue additional securities to finance acquisitions may be restricted. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for BuildDirect to obtain additional capital and to pursue business opportunities, including potential acquisitions. If BuildDirect requires additional financing and is unable to obtain it, there may be a possibility that it will not be able to fund its operations and execute on its business plan, which would have a materially adverse effect on its business, operating results and financial condition.

(r) ***Resale of Shares***

There can be no assurance that the publicly-traded market price of BuildDirect Common Shares will be high enough to create a positive return for the existing investors. Further, there can be no assurance that BuildDirect Common Shares will be sufficiently liquid so as to permit investors to sell

their position in BuildDirect without adversely affecting the stock price. In such event, the probability of resale of BuildDirect Common Shares would be diminished.

(s) ***Market for Securities***

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for BuildDirect Common Shares will be subject to market trends generally, notwithstanding any potential success of BuildDirect in creating revenues, cash flows or earnings. The value of BuildDirect Common Shares will be affected by such volatility. An active public market for BuildDirect Common Shares might not develop or be sustained after the completion of the Business Combination. If an active public market for BuildDirect Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

(t) ***Global Financial Conditions***

Current global financial conditions have been subject to increased volatility and access to financial markets has been severely restricted. These factors may impact the ability of BuildDirect to obtain equity or debt financing in the future and, if obtained, on terms favourable to BuildDirect. If these increased levels of volatility and market turmoil continue, BuildDirect's operations could be adversely impacted and the value and the price of BuildDirect Common Shares could continue to be adversely affected.

(u) ***Management of Growth***

The growth of BuildDirect's operations has placed significant demands on managerial, financial and human resources. BuildDirect's ability to continue its rate of growth will depend on a number of factors, including the availability of capital, existing and emerging competition and the ability to recruit and train additional qualified personnel. Moreover, as BuildDirect's business grows, BuildDirect will need to devote additional resources to improve its operational infrastructure and to maintain the performance of its business.

(v) ***Risks Associated with Acquisitions***

BuildDirect may acquire additional businesses. Acquisitions involve a number of known and unknown risks, including diversion of management's attention, failure to retain key acquired personnel, legal liabilities, risk associated with the realization of synergies and overall integration of BuildDirect's operations with the acquired business and unanticipated events or circumstances, some or all of which could have a material adverse effect on the business, results of operations and financial condition of BuildDirect. In addition, there can be no assurance that BuildDirect can complete any acquisition it pursues on favourable terms, that any acquired businesses, products or technologies will achieve anticipated revenues and income, or that any acquisitions completed will ultimately benefit the business. An acquisition could also result in a potentially dilutive issuance of equity securities. The failure of BuildDirect to successfully manage its strategy of growth through acquisitions

could have a material adverse effect on BuildDirect's business, results of operations and financial condition.

(w) ***Tax Risk***

BuildDirect will be considered to have been carrying on business in Canada for purposes of the Tax Act. However, BuildDirect will be operating in a new and developing industry that has had historically low regulations and tax compliance. There is risk that foreign governments may look to increase their tax revenues or levy additional taxes. While BuildDirect does not foresee any adverse tax affects, there is no guarantee that governments will not impose such additional adverse taxes in the future.

(x) ***Currency Fluctuations***

Due to BuildDirect's present operations, and after completion of the Business Combination, the Resulting Issuer's proposed operations and intention is to have future operations in jurisdictions outside Canada, the Resulting Issuer is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the US dollar and other currencies may have a material adverse effect on the Resulting Issuer's business, financial condition and operating results. The Resulting Issuer may, after completion of the Business Combination, expand operations globally so it may be subject to additional gains and losses against additional currencies. BuildDirect does not currently have a foreign exchange hedging program in place. In the future, the Resulting Issuer may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if BuildDirect or the Resulting Issuer develops a hedging program, it may not hedge its entire exposure to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies

(y) ***Competitive Markets***

BuildDirect will face competition and new competitors will continue to emerge throughout the world. Products and services to be offered by competitors of BuildDirect may take a larger market share than anticipated, which could cause BuildDirect's performance to fall below expectations. It is expected that competition in the ecommerce environment will intensify. If competitors of BuildDirect develop and market more successful products or services, offer competitive products or services at lower price points, have a higher capitalization, more experienced management, or more mature as a business or if BuildDirect does not produce consistently high-quality and well-received products and services, revenues, margins and profitability of BuildDirect will decline.

In addition, the success of BuildDirect is subject to its ability to anticipate and forecast changes in trends and consumer preferences and continuously manage its products and services offerings. There can be no assurance that BuildDirect will be able to continue to maintain its inventory strategies and stock of the appropriate assortment of products. To the extent BuildDirect's predictions differ from its customers' purchasing preferences, BuildDirect may be faced with excess inventory for some products and/or shortages of other products. Low inventory levels can adversely affect BuildDirect's

ability to meet customer demand, which may lead to lost revenue and diminished brand loyalty. Any sustained failure to anticipate, identify and respond to emerging trends in consumer preferences could have a material adverse effect on BuildDirect's business, operating results and financial condition.

(z) ***Uncertainty and Adverse Changes in the Economy***

Adverse changes in the economy or a decline in the price of Resulting Issuer Common Shares could negatively impact the business of BuildDirect. Future economic distress may result in a decrease in demand for the products and services of BuildDirect, which could have a material adverse impact on BuildDirect's operating results and financial condition. Uncertainty and adverse changes in the economy or a prolonged decline in the price of Resulting Issuer Common Shares could also increase costs associated with the sourcing of products, increase the cost and decrease the availability of sources of financing, and increase BuildDirect's exposure to material losses from bad debts, any of which could have a material adverse impact on the financial condition and operating results of BuildDirect. Because a significant portion of BuildDirect's operations have been and are expected in future to be financed through the sale of equity securities, a decline in the price of Resulting Issuer Common Shares could be especially detrimental to BuildDirect's liquidity and its operations. Such reductions may force BuildDirect to reallocate funds from other planned uses and may have a significant negative effect on BuildDirect's business plan and operations, including its ability to repay outstanding obligations, to develop new products and continue its current operations.

Catastrophic events in general can have a material impact on the potential continuity of the business. The COVID-19 outbreak could result in adverse effects on the business and operations, including but not limited to business disruption, reduced operations, of BuildDirect and its third-party service providers which could materially affect business, financial condition and results of operations. The spread of COVID-19, which has caused a broad impact globally, may materially affect BuildDirect economically. While the potential economic impact brought by, and the duration of, COVID-19 may be difficult to assess or predict, a widespread pandemic could result in significant disruption of global financial markets, reducing BuildDirect's ability to access capital, which could in the future negatively affect liquidity. The global outbreak of COVID-19 continues to evolve rapidly. The extent to which COVID-19 may impact BuildDirect's business, operations and financial performance will depend on future developments, including but not limited to, matters such as (a) the duration and/or severity of the outbreak, (b) government policies, restrictions and requirements as it relates to COVID-19, (c) nongovernmental influences or challenges such as the failure of banks and/or (d) any corresponding effect caused by the substantial economic damage that can be inflicted by a pandemic like COVID-19. The ultimate long-term impact of COVID-19 is highly uncertain and cannot be predicted with confidence.

(aa) ***If BuildDirect is unable to attract new customers or sell additional products to existing customers, BuildDirect's revenue growth and profitability will be adversely affected***

To increase revenue and achieve and maintain profitability, BuildDirect must regularly add new customers and sell additional products and services to existing customers. Various factors may prevent BuildDirect's ability to add such new customers and retaining existing customers, including, without limitation BuildDirect's failure to attract, retain and effectively train new sales and marketing personnel, to develop and maintain relationships with professional contractors, partners and

suppliers, to ensure the effectiveness of BuildDirect's marketing programs, to secure high quality products and services at competitive prices and to convert customers referred to BuildDirect by its existing network into paying customers. In addition, if prospective customers do not perceive that BuildDirect's products and services are of sufficiently high value and quality, BuildDirect may not be able to attract the number and types of new customers that BuildDirect is seeking. The failure of BuildDirect to attract new customers or to obtain new business from existing clients may mean that BuildDirect will not increase its revenues as quickly as is anticipated, if at all.

(bb) ***Cybersecurity***

BuildDirect relies on digital and internet technologies to conduct and expand its operations, including reliance on information technology to process, transmit and store sensitive and confidential data, including personally identifiable information, and proprietary and confidential business performance data. As a result, BuildDirect and/or its customers will be exposed to risks related to cybersecurity. Such risks may include unauthorized access, use, or disclosure of sensitive information (including corruption or destruction of data, or operational disruption resulting from system impairment (e.g., malware). Third parties to whom BuildDirect outsources certain functions, or with whom their systems interface, are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A breach or attack affecting a third-party service provider or partner could harm BuildDirect's business even if the Resulting Issuer does not control the service that is attacked. BuildDirect's operations depend, in part, on how well it protects networks, equipment, information technology systems and software against damage from a number of threats, including, but not limited to damage to hardware, computer viruses, hacking and theft. BuildDirect's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as pre-emptive expenses to mitigate the risks of failures. A compromise of BuildDirect's information technology or confidential information, or that of BuildDirect's third parties with whom BuildDirect interacts, may result in negative consequences, including reputational harm affecting investor and customer confidence, potential liability under privacy, security, consumer protection or other applicable laws, regulatory penalties and additional regulatory scrutiny, any of which could have a material adverse effect on BuildDirect's business, financial position, results of operations or cash flows. As BuildDirect has access to sensitive and confidential information, including personal information, and since BuildDirect may be vulnerable to material security breaches, theft, misplaced, lost or corrupted data, programming errors, employee errors and/or malfeasance (including misappropriation by departing employees), there is a risk that sensitive and confidential information, including personal information, may be disclosed through improper use of Resulting Issuer systems, software solutions or networks or that there may be unauthorized access, use, disclosure, modification or destruction of such information. BuildDirect's on-going risk and exposure to these matters is partially attributable to, among other things, the evolving nature of these threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage, malfunction, human error, technological error or unauthorized access is a priority. As cyber threats continue to evolve, BuildDirect may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

(cc) ***Intellectual Property***

From time to time, BuildDirect may receive notices from third parties alleging that it has infringed their intellectual property rights or may need to pursue claims against third parties to defend its intellectual property rights. Responding and/or pursuing any such claim, regardless of its merit in the event of a defence of such claim, may be time-consuming, result in costly litigation, divert management's attention and resources and cause BuildDirect to incur significant expenses. Any meritorious claim of intellectual property infringement against BuildDirect may potentially result in a temporary or permanent injunction, prohibiting it from marketing or selling certain products or requiring it to pay royalties to a third party. In the event of a meritorious claim or the inability of BuildDirect to develop or license substitute technology, its business and results of operations may be materially adversely affected. The laws of certain countries do not protect proprietary rights to intellectual property to extent as do the laws of the United States and Canada, and therefore there can be no assurance that BuildDirect will be able to adequately protect its intellectual property against unauthorized third party copying or use. Such unauthorized copying or use may adversely affect BuildDirect's competitive position and operations. In addition, there can be no assurance that BuildDirect will successfully obtain licenses to any technology that it may require to conduct its business or that, if obtainable, such technology can be licensed at a reasonable cost. BuildDirect's operations depend, in part, on how it makes use of certain open-source software products. These open-source software products are developed by third parties over whom BuildDirect has no control. BuildDirect could be exposed to infringement claims and liability in connection with the use of these open-source software components, and BuildDirect may be forced to replace these components with internally developed software or software obtained from another supplier, which may increase its expenses. BuildDirect has conducted no independent investigation to determine whether the sources of the open-source software have the rights necessary to permit BuildDirect to use this software free of claims of infringement by third parties. The developers of open-source software may be under no obligation to maintain or update that software, and BuildDirect may be forced to maintain or update such software itself or replace such software with internally developed software or software obtained from another supplier, which may increase its expenses and delay enhancements to BuildDirect's services. Certain open-source software licenses provide that the licensed software may be freely used, modified and distributed to others provided that any modifications made to such software, including the source code to such modifications, are also made available under the same terms and conditions. As a result, any modifications BuildDirect makes to such software may be made available to all downstream users of the software, including its competitors. Open-source software licenses may require BuildDirect to make source code for the derivative works available to the public. In the event that BuildDirect inadvertently use open-source software without the correct license form, or a copyright holder of any open source software were to successfully establish in court that BuildDirect had not complied with the terms of a license for a particular work, we could be required to release the source code of that work to the public. BuildDirect could also incur costs associated with litigation or other regulatory penalties as a result.

(dd) ***Difficulty to Forecast***

BuildDirect must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of BuildDirect.

(ee) ***Voting Control***

Certain shareholders of BuildDirect will exercise a significant portion of the voting power in respect of the outstanding Resulting Issuer Common Shares. As a result, they are expected to have the ability to influence the outcome of all matters submitted to BuildDirect's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of BuildDirect.

This concentrated control could delay, defer, or prevent a change of control of BuildDirect, arrangement or amalgamation involving BuildDirect or sale of all or substantially all of the assets of BuildDirect that its other shareholders support. Conversely, this concentrated control could allow the holders of Common Shares to consummate such a transaction that BuildDirect's other shareholders do not support.

(ff) ***Risks Associated with Internal Controls over Financial Reporting***

Effective internal controls are necessary for BuildDirect to provide reliable financial reports and to help prevent fraud. Although BuildDirect has undertaken a number of procedures and implemented a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on BuildDirect under Canadian securities law, BuildDirect cannot be certain that such measures will ensure that BuildDirect will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm BuildDirect's results of operations, or cause it to fail to meet its reporting obligations. If BuildDirect or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in BuildDirect's consolidated financial statements and materially adversely affect the trading price of Resulting Issuer Common Shares.

BuildDirect.com Technologies Inc

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2020 and December 31, 2019

GENERAL INFORMATION AND CAUTIONARY STATEMENTS

Introduction

The following management's discussion and analysis ("MD&A") dated August 4, 2021, provides information concerning the financial condition and results of operations of BuildDirect.com Technologies Inc. ("BuildDirect" or the "Company") for the year ended December 31, 2020 ("2020") and December 31, 2019 ("2019"). The following MD&A should be read in conjunction with the Company's audited consolidated financial statements and notes thereto related to the year ended December 31, 2020 and 2019 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information relating to the Company is available on Company's website at www.builddirect.com

Basis of presentation

In this MD&A, unless otherwise indicated, all dollar amounts are expressed in US dollars. The MD&A has been prepared by reference to the MD&A disclosure requirements established under National Investment 52-202 "Continued Disclosure Obligations" ("NI 52-202") for the Canadian Securities Administrators. The information in this report is current as of August 4, 2021, which is the date of filing.

Forward looking Information

This MD&A contains "forward-looking information" within the meaning of applicable securities laws in Canada. These statements are based on current expectations and estimates about BuildDirect's business and include information regarding financial position, business strategy, growth strategies, operations, financial results and objectives. Particularly, information regarding our expectations of future results, growth of our operations and performance opportunities in the market in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "anticipate", "believe", "expects" or "does not expect", "estimates", "outlook", "prospects"; "projection", "intends", "believes", "should", "will", "would" or the negative of these terms, and similar expressions intended to identify forward-looking statements. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The forward-looking information contained in this MD&A represents our expectations as of the date of the MD&A (or as of the date they are otherwise stated to be made) and are subject to changes after such date. We disclaim any intention or obligation or undertaking to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

Non-IFRS financial measures

This MD&A makes reference to certain non-IFRS measures. These measures are not recognised measures under IFRS, and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these

measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures including "EBITDA" and "Adjusted EBITDA". Management uses these non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts, and to determine components of management compensation. As required by Canadian securities laws, we reconcile these non-IFRS measures to the most comparable IFRS measures in this MD&A. For definitions and reconciliation of these non-IFRS measures to the relevant reported IFRS measures, see "Non-IFRS measures".

COMPANY STRATEGY AND OBJECTIVES

BuildDirect is an innovative marketplace for purchasing and selling building materials online. The BuildDirect platform connects homeowners and home improvement professionals in North America with suppliers and sellers of quality building materials from around the world, including flooring, tile, decking and more. BuildDirect's year-over-year growth, proprietary heavyweight delivery network, and digital reach have served to solidify its role as a ground-breaking player in the home improvement industry.

RECENT DEVELOPMENTS

Acquisition of Charter Distributing Company ("FloorSource")

On December 31, 2020, the Company completed the acquisition of 100% of the outstanding shares of FloorSource.

FloorSource, incorporated in 1980, is a wholesale flooring distributor with four locations (distribution centers and showrooms) in the state of Michigan ("MI"). FloorSource provides carpeting, carpet padding, hardwood, vinyl, laminate and flooring supplies to customers such as contractors, project management companies and retailers. Acquisition of FloorSource will provide BuildDirect with an end-to-end service offering which will drive increased revenue and profits.

FloorSource which constitutes a business under IFRS 3 Business Combinations, was accounted for using the acquisition method. The following table summarizes the acquisition date fair value of consideration transferred:

Cash	$ 8,480,000
Deferred consideration payable	1,621,236
Note payable	5,698,656
Total consideration	$ 15,799,892

The purchase consideration consists of $8,480,000 in cash paid on closing, a promissory note payable bearing interest at a rate of 5.0%, and potential deferred consideration of up to $2,025,000 based on the acquired business achieving future EBITDA targets, as defined in the acquisition agreement in the 3 years following the acquisition. The deferred consideration is unsecured and non-interest bearing. Deferred consideration of $675,000 is payable within 5 days of an EBITDA of $3,000,000 being achieved in 2021, and a further $675,000 in 2022 and 2023 is payable within 5 days of achieving and EBITDA of $3,500,000 in each year. The deferred consideration has been initially recorded at an estimated fair value of $1,621,236 using a discounted cash flow approach considering the present value of future cash flows by

using a risk adjusted discount rate of 12.0%, and assuming the entire deferred consideration will be payable. The carrying amount of the deferred consideration will be recorded at fair value over the next 3 years with changes in fair value being recorded in earnings in the period of the change, including changes in the present value from the passage of time.

Reverse take-over transaction

On March 19, 2021, the Company entered into a definitive agreement with VLCTY Capital Inc. ("VLCTY"), a public company trading on the TSX Venture Exchange ("TSXV"), whereby the Company will complete a reverse take-over of VLCTY pursuant to which, among other things, VLCTY will acquire all of the issued and outstanding securities of BuildDirect (the "Transaction").

Subject to approval by the TSXV, the Company will amalgamate with a wholly-owned subsidiary of VLCTY in order to facilitate the completion of the Transaction. It is the intention of the parties that VLCTY, following the closing of the transaction (then referred to as the "resulting issuer"), will be listed on the TSXV as a Tier 1 Technology issuer, and that the business of the resulting Issuer will be the business of BuildDirect.

Immediately prior to the completion of the Transaction, VLCTY will effect: (i) the VLCTY Consolidation, resulting in an aggregate of approximately 226,091 post-VLCTY Consolidation common shares of VLCTY (each a "VLCTY share" and, upon closing of the Transactions, a "resulting issuer share") being issued and outstanding; (ii) a name change pursuant to which VLCTY will change its name to "BuildDirect.com Technologies Inc." or such other name as may be determined by the Company and approved by the board of directors of VLCTY (the "Name Change"); and (iii) the adoption of the new equity incentive Plan.

In connection with the Transaction, on April 30, 2021, BuildDirect obtained funding from a private placement offering (the "Offering") of 3,487,000 subscription receipts (the "subscription receipts") at an issue price of CDN$5.75 per Subscription Receipt for aggregate gross proceeds of CDN $20,050,250. Each subscription receipt will automatically convert into one common share and one warrant of the Company upon completion of the Transaction. Each warrant entitles the holder to purchase one additional share of the Company at a price of CDN$6.90 per warrant of the Company at any time 24 months from the closing of the Transaction. If prior to the expiry date of the warrant, the daily volume-weighted average trading price of the Company exceeds CDN$8.00 for a period of at least 30 consecutive trading days, the Company may accelerate the expiry of the warrant to a date not earlier than the date that is 30 days following the acceleration of the warrant. The proceeds of the Offering have been deposited in escrow with Computershare Trust Company of Canada, as subscription receipt agent.

In addition, under the terms of the Exempt Market Dealer Services Agreement, which will be finalized immediately prior to the completion of the transaction, BuildDirect obtained funding from a non-brokered private placement offering (the "Non-brokered Offering") of 90,264 equity units (the "Units") at an issue price of CDN$5.75 per Unit for aggregate gross proceeds of CDN $519,018. Each Unit will automatically convert into one common share and one warrant of the Company pursuant to the terms of the Exempt Market Dealer Services Agreement and the Warrant Indenture. Each warrant entitles the holder to purchase one additional share of the Company at a price of $6.90 per warrant of the Company at any time 24 months from the closing of the Transaction. If prior to the expiry date of the warrant, the daily volume-weighted average trading price of the Company exceeds CDN$8.00 for a period of at least 30 consecutive trading days, the Company may accelerate the expiry of the warrant to a date not earlier than the date

that is 30 days following the acceleration of the warrant. The proceeds of the Offering have been deposited in escrow with Computershare Trust Company of Canada, as subscription receipt agent.

Immediately prior to the completion of the Transaction, the Company will effect a consolidation of all of the outstanding BuildDirect Shares and the Class AA preference shares of BuildDirect (collectively, the "BuildDirect Shares") on the basis of 5.393 pre-consolidation BuildDirect Shares to 1 post-consolidation BuildDirect Share, resulting in an aggregate of 25,767,153 BuildDirect Shares being issued, including 3,539,797 BuildDirect Shares to be issued upon conversion of the $12,601,000 principal amount of convertible notes.

The completion of the Offering and release of the proceeds to the Company is conditional on conditions (the "Release Conditions") which include completion of the reverse takeover transaction with VLCTY and the shares of the resulting company being conditionally listed by the TSX Venture Exchange. If the Release Conditions are not met prior to August 28, 2021, the Subscription Agreement is terminated and the escrowed proceeds are to be returned to the investors including accumulated interest in the escrow account.

TARIFF DISPUTE AND LITIGATION

On September 21, 2020, BuildDirect filed an action in the U.S. Court of International Trade against U.S. Customs and Border Protection and the U.S. Trade Representative challenging the imposition and collection of certain tariffs on goods imported into the U.S. This action is ongoing and is substantially similar to lawsuits filed by approx. 3,500 other importers similarly affected by the above noted tariffs.

Management of BuildDirect is not aware of any material pending or threatened proceedings as at December 31, 2020.

SELECTED ANNUAL INFORMATION

The following table summarizes the company's overall performance for the year ended December 31, 2020, as compared with the prior year:

	2020	2019
Revenue	$ 52,110,155	$ 40,535,939
Loss from operations	(4,257,999)	(11,290,953)
Total comprehensive loss for the year	(4,559,236)	(11,464,620)
Adjusted EBITDA*	(2,083,669)	(9,442,942)
Basic loss per share	(0.04)	(0.10)
Diluted loss per share	(0.04)	(0.10)
Balance sheet items:		
Total assets	$ 28,725,818	$ 12,953,772
Non-current liabilities	19,648,269	3,886,938

*A non-IFRS measure. See "Non-IFRS measures" for definitions and reconciliation non-IFRS measures to the relevant IFRS measures.

	2020	2019
Revenue	$ 52,110,155	$ 40,535,939
Cost of goods sold	32,083,225	24,838,680
Gross Profit	20,026,930	15,697,259
Operating expenses:		
Fulfillment costs	8,729,026	7,845,027
Selling and marketing	7,407,773	6,635,841
Administration	6,763,441	9,782,176
Research and development	310,079	1,704,391
Depreciation and amortization	1,074,610	1,020,776
	24,284,929	26,988,211
Loss from operations	(4,257,999)	(11,290,952)
Other income (expense):		
Interest income	123,997	291,826
Interest expense and other transaction cost	(965,654)	(891,850)
Gain on lease adjustments	273,742	-
Rental income	404,203	465,232
Foreign exchange loss	(137,525)	(38,876)
	(301,237)	(173,668)
Loss before income taxes	(4,559,236)	(11,464,620)
Income tax (expense) recovery:	-	-
Total loss and comprehensive loss for the year	$ (4,559,236)	$ (11,464,620)

Revenue and Gross Margin

Total revenues for the year ended December 31, 2020, increased by $11,574,216 (28.6%) over 2019. Revenues for our Product Sales increased by $12,806,654 for the year ended December 31, 2020 compared to 2019. This increase in customer demand for these products as the economy saw a shift to online shopping as a result of the COVID-19 pandemic and social distancing measures. Revenues from our MarketPlace offering decreased by $545,650 for the year ended December 31, 2020. The decrease in revenue in 2020 can be attributed to a strategic decision to shift away from the MarketPlace offering and focus on Product Sales. Freight revenues increased by $93,903 for the year ended December 31, 2020 compared to the same period in 2019. Warehouse revenues decreased by $780,690 for the year ended December 31, 2020 compared to 2019. The decrease in revenues in 2020 can be attributed to a strategic decision to shift away from charging supplier warehousing fees in order to reduce the product costs and improve our overall product margin.

Gross margin dollars for the year ended December 31, 2020, increased by 4,329,671 (27.6%) over 2019. Gross margin percentage was 38.4%, a slight decrease from 38.7% achieved in the same year of 2019. The Company's margins remained consistent even as we increased revenue by 28.6% year-over-year.

Expenses

Expenses for the year ended December 31, 2020 were $24,284,929 versus $26,988,211 in 2019, a decrease of $2,703,282 (10.0%). As a percentage of revenue, expenses were 46.6% in 2020, compared 66.6% during in 2019.

Fulifillment costs increased by $883,999 (11.3%) from $7,845,027 for the year ended December 31, 2019 to $8,729,026 for the year ended December 31, 2020 due to the increase in sales in 2020 resulting in higher fulfillment costs.

Selling and marketing expenses increased by $771,932 (11.6%) from $6,635,841 for the year ended December 31, 2019 to $7,407,773 for the year ended December 31, 2020 due to the increase sales driving higher sales commission and more marketing expenses were incurred to drive the higher sales volume.

Administration expenses decreased by $3,018,735 (30.9%) from $9,782,176 for the year ended December 31, 2019 to $6,763,441 for the year ended December 31, 2020 due to organization restructuring which occurred in early 2020 which reduced salary expenses.

Research and development expenses decreased by $1,394,312 from $1,704,391 from the year ended December 31, 2019 to $310,079 for the year ended December 31, 2020 due to organization restructuring which occurred in early 2020 which reduced salary expenses.

Depreciation and amortization expenses increased by $53,834 from $1,020,776 from the year ended December 31, 2019 to $1,074,610 for the year ended December 31, 2020. The change was insignificant year over year.

NON-IFRS MEASURES

We define EBITDA as net income or loss before interest, income taxes and amortization. Adjusted EBITDA removes acquisition costs, one-time gains on sublease, foreign exchange gains and losses, and share-based compensation items from EBITDA. We are presenting these measures because we believe that our current and potential investors, and many analysts, use them to assess our current and future operating results and to make investments decisions. Management uses these measures in managing the business and making decisions. EBITDA and adjusted EBITDA are not intended as a substitute for IFRS measures.

Adjusted EBITDA	For the year ended 2020	December 31 2019
Net loss	$ (4,559,236)	$ (11,464,620)
Depreciation and amortization	1,074,610	1,020,776
Finance Costs	841,657	600,023
EBITDA	**(2,642,969)**	**(9,843,821)**
EBITDA adjustments		
Stock-based compensation	$ 230,082	$ 323,648
Foreign exchange loss	137,525	38,876
Restructuring	-	38,354
Acquisition costs	465,435	-
Gain on Sublease	(273,742)	-
Adjusted EBITDA	**(2,083,669)**	**(9,442,943)**
Adjusted EBITDA as a % of Revenue	*(4%)*	*(23%)*

LIQUIDITY AND CAPITAL RESOURCES

During the year ended December 31, 2020, the Company generated $1,958,998 in cash, versus the $11,725,133 used in 2019. The change in cash was due to financing activities, increased revenue, improved gross margin and reduced employee and rent costs.

CASH FLOW

	For the year ended 2020	December 31 2019
Cash used in operating activities	$ (550,886)	$ (10,514,197)
Cash used in investing activities	(8,253,353)	365,569
Cash provided by financing activities	10,754,604	(1,559,932)
Effect of currency translation	8,633	(16,573)
Increase/(decrease) in cash	**1,958,998**	**(11,725,133)**

Operating activities

For the year ended December 31, 2020, cash flow used in our operating activities was $550,886, compared to $10,514,197 for the year ended December 31, 2019. The reduction of $9,963,311 is due to higher revenues in 2020, improved gross margin percentages and reduced administrative and research and development costs.

Investing activities

For the year ended December 31, 2020, cash flow used by our investing activities was $8,253,353, compared to $365,569 for the year ended December 31, 2019. The increase of $8,618,922 is due to the acquisition of FloorSource on December 31, 2020 while in 2019, the Company did not make any acquisitions.

Financing activities

For the year ended December 31, 2020, cash flow provided from financing activities was $10,754,604, compared to cash flow used of $1,559,932 for the year ended December 31, 2019. The increase of $12,314,536 was primarily the result of convertible debt financing to support the acquisition of FloorSource on December 31, 2020.

As at December 31, 2020 the Company had working capital of $594,083 (December 31, 2019 negative working capital of $1,702,969) which primarily consisted of cash of $5,416,511 (December 31, 2019 – $3,457,513). Current liabilities which primarily consist of accounts payable and accrued liabilities and loans payable totalled $14,501,561 (December 31, 2019 – $10,165,192).

The Company's planned capital expenditure in 2021 are contingent upon obtaining the required funding.

The Company manages liquidity risk through ongoing review of working capital balances and management of cash and the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or growth plans and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements. The Company prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Liquidity risk has increased due to a net loss of $4,559,236 for the period ended December 31, 2020 (2019 - $11,464,620), negative cash flow from operations of $550,886 (2019 - $10,514,197), and an accumulated deficit of $108,279,361 (2019 - $103,720,125).

The Company manages liquidity risk through ongoing review of working capital balances and management of cash. The following table summarizes the amount of contractual undiscounted future cash flows for the Company's financial liabilities, including interest as at Dec 31, 2020:

	2021	2022	2023	2024	2025	Total
Accounts payable and accrued liabilities	$ 6,834,980	$ -	$ -	$ -	$ -	$ 6,834,980
Convertible debt	-	-	15,953,990	-	-	15,953,990
Promissory note	1,558,412	1,475,402	1,414,225	1,352,060	1,289,249	7,089,348
Loan payable	574,956	4,039,614				4,614,570
Deferred consideration payable	675,000	675,000	675,000	-	-	2,025,000
	$ 9,643,348	$ 6,190,016	$18,043,215	$1,352,060	$1,289,249	$36,517,888

LONG TERM DEBT IS AS FOLLOWS:

	For the year ended 2020	December 31 2019
Secured note	$ 3,927,113	$ 3,849,707
Secured convertible notes	12,120,679	-
Secured promissory note	5,698,656	-
Total	**21,746,448**	**3,849,707**

The secured note agreement has a principal amount of $3,927,113 ($5,000,000 Canadian dollars) and bears interest at 12% per annum and in the event of default, the interest rate will be amended to 15% per annum. Interest is payable on the first anniversary of the agreement, and subsequently every quarter. A portion of the note in the amount of $114,382 ($145,631 Canadian dollars) has a maturity date of March 2021, the remainder of the note has a maturity date of June 30, 2022. The note is secured by all property, assets, and rights of the Company, excluding property assets and rights of FloorSource. Covenants include, but are not limited to, making timely payments per the agreement, allowing the note holders access to financial records, maintaining appropriate insurance and accounting records including completing the audit of the consolidated financial statements within 120 days after the end of each fiscal year, complying with all material laws and regulations, filing and paying taxes as due. Since the Company did not complete the audited financial statements within 120 day period after the end of fiscal year ended December 2019 and 2020, the covenant was breached and as such the secured loan is classified as a current liability. On May 27, 2021 the lenders agreed to waive this breach at December 31, 2020 and at March 31, 2021. The Company will be required to meet its financial reporting requirements commencing with the quarter ended June 30, 2021.

Pursuant to a Note Purchase Agreement dated December 31, 2020, the Company issued secured convertible notes to investors in the aggregate principal amount of $12,601,000. Issued together with the convertible notes were 4,064,838 warrants entitling the investors to purchase one common share per warrant at an exercise price of $0.784, with an expiry date 10 years from the date of the issuance. The secured convertible notes bear interest at 8% compounded monthly and have a maturity date of December 2023, upon which the principal and all interest will be settled, if the notes are not converted prior to maturity. Total gross cash proceeds for the offering was $12,601,000. As part of the transaction, the Company incurred financing costs of $195,195 which were expensed. The convertible note is secured by all property, assets, and rights of the Company together with a beneficial interest in a secured charge against property, assets, and rights of FloorSource. Covenants include, but are not limited to, making timely payments per the agreement, allowing the note holders access to financial records, maintaining appropriate insurance and accounting records, complying with all material laws and regulations, filing and paying taxes as due.

The Secured Convertible Notes have three conversion options, as follows:

(i) Conversion at the time of a qualified financing event (when the Company issues preferred shares or securities in a public offering (“qualified financing securities”) in a transaction or series of related transactions closing within 30 days raising aggregate gross cash proceeds of at least $10,000,000, excluding the amounts raised from the conversion of the Notes, proceeds of warrants or any other

debt of the Issuer, including converted debt) into Class AA preference shares at the lower of a) 80% of the lowest price per qualified financing event, or b) the conversion price of $0.784;

(ii) Conversion in the event of a change in control at the holders' option at the set conversion price of $0.784.

(iii) Conversion upon maturity at the set conversion price of $0.784.

As the conversion options can result in conversion for a variable number of shares, the conversion options represent embedded derivatives.

The Company has made an accounting policy choice to account for the convertible notes and the embedded derivatives as a single financial instrument at fair value through profit and loss. As such, the convertible notes are classified as financial liabilities 'fair value through profit and loss' for accounting purposes and have been recognised at fair value at December 31, 2020.

The warrants issued in conjunction with the Secured Convertible Notes have the following conversion options:

(i) Conversion to common shares at the conversion price of $0.784; or

(ii) Conversion on a cashless basis, where the holder may exchange each warrant for the difference between the Market Price and the Exercise Price, and this value will be distributed into common shares at the conversion price of $0.784.

As the terms of the warrants can result in conversion for a variable number of shares, the warrants are accounted for as financial liabilities and are carried at 'fair value through profit and loss' for accounting purposes and have been recognised at fair value at December 31, 2020.

Given the unique conversion features of the secured convertible notes, the Company used a lattice valuation approach using a binomial tree. Under this valuation approach, a share price lattice was constructed according to a volatility of a group of comparable companies range of 60-62%, risk-free rate range of 0.22 to 0.26%, share price of $0.64 and a credit spread of 15% as at December 31, 2020.

The $480,321 fair value of the warrants was determined using Black Scholes model. The assumptions used in the model, based on the terms of the warrants, included volatility of a group of comparable companies range of 52-54%, risk-free rate range of 0.90 to 0.95% and a share price of $0.64 as at December 31, 2020.

The promissory note, which has a principal amount of $6,225,000, was issued as part of the consideration for the acquisition of FloorSource (note 3) on December 31, 2020, is secured by all present and future property, assets, and rights of FloorSource. The promissory note bears interest at a rate of 5% compounded annually and is payable commencing on April 1, 2021, and thereafter on the first day of each calendar quarter, on the outstanding principal amount. The Company is required to make a principal payment of $1,245,000 on December 31, 2021 and commencing on April 1, 2022, and thereafter on the first day of each calendar quarter, in equal installments of $311,250 each.

The promissory note has a maturity date of the earlier of:

(i) January 1, 2026,

(ii) Acceleration upon the occurrence of any event of default, the holder has the right to declare the entire principal amount and all interest outstanding thereon and expenses and other amounts payable under note to be due and payable immediately. The event of default defined in the promissory note agreement, includes the failure of the Company to make any payment within five (5) days of when such payment is due; the filing of any petition for relief by or against the Company under any provision Bankruptcy Laws; when the Company defaults, under any lease, indebtedness or guaranty involving an obligation to pay more than $200,000 or which is secured by any of the assets of the Company.

(iii) a change in control defined as (1) the sale of more than 50% of the issued and outstanding stock or other equity securities (on an as-converted basis) of any of the Company; or (2) the sale, lease, transfer, exclusive license, or other disposition of substantially all of the assets of the Company.

Since the secured promissory note is part of the consideration transferred in the acquisition of FloorSource, in accordance with IFRS 3 Business Combination, it was initially recorded at fair value in accordance with principles of IFRS 13 Fair Value Measurements. The $5,698,656 fair value was determined by using a discounted cash flow model using a risk adjusted discount rate of 12.0%. The secured promissory note is accounted for at amortized cost, with the $526,344 discount from the principal amount of the note being accreted over the life of the note as a charge to interest expense.

OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, the Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

On December 31, 2020, the Company issued $12,600,100 in secured convertible notes to existing investors of the Company, who hold joint control over the Company.

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Management's estimates, assumptions and judgements are based on historical experience and other reasonable factors, including the expectation of future events.

Estimates that could affect the carrying amount of the assets and liabilities in the next financial year, in a material way are outlined below:

(i) Estimating the useful lives of non-financial assets:

Management is required to estimate the useful life of both property and equipment, as well as intangible assets, and analyze them based on factors including, but not limited to, the expected use of the asset. A change in the useful life of either property, plant and equipment or an intangible asset can result in an increase or decrease in the annual depreciation or amortization of the asset.

(ii) Fair value of identifiable assets and acquired liabilities in business combinations:

The measurement of the fair value of the identifiable assets acquired, and liabilities assumed on the date of acquisition in a business combination is subject to management estimation.

(iii) Fair value of derivative financial instruments:

The estimated fair value of derivative financial instruments is determined based on an appropriate valuation model. Fair values are calculated using assumptions including, timing of future cash flows, discount rates, market price of the Company's shares and future events that may be out of the Company's control.

(iv) Stock-based compensation:

Share-based compensation provided to employees of the Company requires management to estimate the inputs into the Black Scholes model, including volatility and share price.

Significant areas of judgment include:

(v) Leases:

Judgement is required by management when the Company is required to classify its subleases, between operating and finance, the certainty around extensions and terminations included in lease contracts, as well as the discount rate applied to the lease portfolio.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has lease contracts that include extension options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

(vii) Impact of COVID-19:

The uncertainties around the outbreak and developments of the novel coronavirus ("COVID-19") pandemic required the use of judgments and estimates which resulted in no material impacts for the period ended December 31, 2020. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a significant risk of material adjustment to the reported amounts of assets, liabilities, and expenses. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to contain the COVID-19 virus or remedy its impact, among others. The duration and impact of the COVID-19 outbreak is unknown at this time.

(viii) Going concern

Management has applied judgment in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available

information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considers a wide range of factors relating to current and expected profitability and potential sources of replacement financing.

FINANCIAL INSTRUMENTS

The Company's operations expose it to a variety of financial risks including market risk and credit risk.

(a) Market risk:

(i) Currency risk:
Currency risk reflects the risk that the Company's earnings will decline due to fluctuations in exchange rates.

The Company has cash and cash equivalents denominated in Canadian dollars. As at December 31, 2020, the amount totaled $262,742 (2019 - $228,073).

The Company has accounts payable and accrued liabilities denominated in Canadian dollars. As at December 31, 2020, the amount totaled $2,017,433 (2019 - $1,789,616).

The Company holds a loan payable in Canadian dollars. As at December 31, 2020, the amount totaled $3,927,113 (2019 – $3,849,707).

If the period-end foreign exchange rate of Canadian dollar has been 10% higher, or 10% lower, with all other variables held constant, the effect on the Company's foreign exchange for the year ended December 31, 2020 would have been $516,528 (2019 - $491,932) higher or lower.

(ii) Interest risk:
Interest Risk is the risk that the fair value or cash flows from a financial instrument will fluctuate due to a change in market interest rates. The Company does not hold any variable rate long-term debt thus is not subject to significant changes in the future cash flows due to interest rate risk. The interest rate risk on cash and short-term investments is considered insignificant due to the low interest rates in the current economic environment and short-term nature of its holdings and as such the Company does not take any actions to manage interest rate risk.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Company, in its normal course of business, evaluates the financial condition of its customers on a regular basis, in addition to assessing the loss allowance under the ECL model. In addition, the Company requires a majority of its customers to prepay for orders before shipment can be made. Therefore, the Company has determined there is no significant exposure to customer credit risk.

(c) Capital management:

The Company's objective when managing its capital structure is to maintain a strong financial position and to provide returns with sufficient liquidity to undertake further growth for the benefit of its shareholders. The Company's capital is comprised of long-term obligations and equity as outlined below:

	2020	2019

External debt	$ 23,848,005	$ 3,849,707
Less cash	(5,416,511)	(3,457,513)
Net long-term obligations	18,431,494	392,194
Shareholders' equity (deficiency)	(5,424,012)	(1,098,358)
Total capitalization	$ 13,007,482	$ (706,164)

There were no changes to the Company's approach to capital management during the year. The Company is subject to certain covenants on its debt obligations. The Company's strategy is to ensure it remains in compliance with all of its existing covenants so as to ensure continuous access to required debt to fund operations and growth. Management reviews results and forecasts to monitor the Company's compliance.

(d) Fair value hierarchy:

- Level 1: The fair value of financial instruments traded in active markets and based on quoted market prices at the end of the reporting period.
- Level 2 The fair value of financial instruments that are not traded in an active market and determined using valuation techniques using observable market data and rely little on entity-specific estimates If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3 (i.e. unlisted equity securities).

The Company's cash, trade and other receivables, short-term investments, accounts payable and accrued liabilities, and lease liabilities are classified as measured at amortized cost. The carrying amounts of these instruments approximate fair value as at December 31, 2020 and December 31, 2019. The fair value of the secured convertible notes, warrants, promissory note and deferred consideration are described below and the basis of their valuation are explained in the respective notes There have been no transfers between levels in the current year.

	Level 1	Level 2	Level 3
Convertible notes	$ -	-	$(12,120,679)
Warrants	-	-	(480,321)
Promissory note	-	(5,698,656)	-
Deferred consideration payable	-	-	(1,621,236)

RISK FACTORS

(a) ***The Flooring Industry:***

The flooring industry is highly dependent on the remodeling of existing homes and commercial spaces and new home and commercial space construction. Remodeling and new home and commercial space construction depend on a number of factors which are beyond BuildDirect's control, including, without limitation, interest rates, tax policy, employment levels, consumer confidence, credit availability, real estate prices, demographic trends, weather conditions, natural disasters and general economic conditions. Risk therefore include, without limitation, rise in interest rates, decrease in the availability of credit, increase in costs of fuel and changes in real estate markets or unemployment levels which could limit discretionary consumer spending, reduce the purchase or remodelling of home and materially adverse effect on the BuildDirect's business, operating results and financial condition.

(b) ***Reliance on Management and Key Employees***

BuildDirect' success is highly dependent on the retention of key personnel both at the parent company level and within its subsidiaries. If BuildDirect or its subsidiaries should lose the services of one or more key members of its executive or key employees, its ability to implement its business plan could be severely impaired. As BuildDirect's business activity grows, additional key financial and administrative personnel, as well as additional staff, may be required. If BuildDirect and/or its subsidiaries are not successful in attracting, training and retaining qualified personnel, the efficiency of their operations may be affected.

(c) ***Reliance on Third-Party Service Providers***

BuildDirect relies heavily on third party vendors, suppliers and partners to provide some of its products and services. If these third parties were unable or unwilling to provide these products and services in the future, BuildDirect would need to obtain such products or services from other providers if they are available. This could cause BuildDirect to incur additional costs or cause material interruptions to its business until these products and services are replaced if possible and all of which could adversely affect BuildDirect's business, results of operations and financial condition.

(d) ***Product Suppliers***

BuildDirect relies on a concentrated group of suppliers for a significant portion of the products it sells including a select group of foreign suppliers of products that the BuildDirect's expectations. BuildDirect does not have long-term agreements with suppliers, and we usually obtain supplies on a container by container basis. BuildDirect's suppliers may be unable to supply it in the future including but not limited to as a result of include a supplier's financial instability, inability or refusal to comply with applicable laws, trade restrictions or tariffs, insufficient transport capacity and other factors which are beyond the control of BuildDirect. There are also certain risks to BuildDirect associated with obtaining products from foreign suppliers which are beyond BuildDirect's control including terrorism, political unrest, and economic instability resulting in the disruption of trade from foreign countries where BuildDirect's products originate, currency fluctuations, the development of new laws and regulations (including, without limitation, in relation

to imports, exports, duties, tariffs, taxes, trade restrictions, quality and safety standards, and shipping delays and disruptions. If BuildDirect can no longer obtain products from its key suppliers, or such suppliers refuse to continue to supply BuildDirect on commercially reasonable terms or at all, and BuildDirect cannot find replacement suppliers, this would have a materially adverse effect on its business, operating results and financial condition.

(e) ***Third-Party Supply Chain Network***

BuildDirect sources product from around the world and sells to customers throughout North America and relies on third party ocean, freight, trucking and warehouse service providers to transport and store its products and deliver products to its customers. BuildDirect is therefore subject to various risks including, without limitation, increased fuel costs, security concerns, rise in import tariffs, labour disputes, union organizing activity, and inclement weather, associated with service providers' ability to provide product fulfillment and delivery services to meet BuildDirect's distribution and shipping needs. Failure to procure and deliver products and services, either to BuildDirect or its customers in a timely and accurate manner, will harm BuildDirect's reputation, business, and results of operations. In addition, any increase in fulfillment costs and expenses could adversely affect business and operating results.

(f) ***Third Party Real Estate***

BuildDirect acts both as a tenant and a sub-landlord within the context of the commercial spaces that it operates in. BuildDirect does not own real property. There is a risk that these leases may not be renewed at the end of term, and a risk that an alternative location cannot be found. Moreover, these leased properties are managed by third parties and as such there is no assurance that they will be managed and maintained to meet any required legal standards (including, but not limited to, environmental and safety standards).

(g) ***Call Centre and Website***

BuildDirect's website and call center are material elements of BuildDirect's business. Customers use BuildDirect's website to source and purchase products and services. BuildDirect's website in particular is vulnerable to certain risks and uncertainties associated with the Internet, including, without limitation, website downtime and other technical failures, security breaches and consumer privacy concerns. If BuildDirect cannot successfully keep its website and call center operational, this would have a materially adverse effect on BuildDirect's business, operating results and financial condition.

(h) ***Product Recalls***

Manufacturers and distributors of products are sometimes required to recall or request the return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of BuildDirect's products are recalled due to an alleged product defect or for any other reason, BuildDirect could be required to incur the unexpected expense of the recall and any legal proceedings that may arise in connection with the recall. BuildDirect may lose a significant amount of sales and not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although BuildDirect has detailed procedures in place for testing its products, there can be no assurance that any

quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of BuildDirect's significant brands were subject to recall, the image of that brand and BuildDirect could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for BuildDirect's products and could have a material adverse effect on the results of operations and financial condition of BuildDirect.

(i) ***Licenses***

BuildDirect's licenses are subject to ongoing compliance and reporting requirements. Failure by BuildDirect to comply with the requirements of licenses or any failure to maintain licenses would have a material adverse impact on the business, financial condition and operating results of BuildDirect.

(j) ***Insurance and Uninsured Risks***

BuildDirect's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, damage, delays in operations, monetary losses and possible legal liability. Although BuildDirect intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. BuildDirect may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. BuildDirect might also become subject to liability hazards which may not be insured against or which BuildDirect may elect not to insure against because of premium costs or other reasons. Losses from these events may cause BuildDirect to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

(k) ***Failure to Comply with Anti-Bribery Laws***

BuildDirect is subject to the *Corruption of Foreign Public Officials Act* (Canada) ("**CFPOA**") and the *United States Foreign Corrupt Practices Act* ("**FCPA**"), which generally prohibit companies and company employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. The CFPOA and the FCPA also require companies to maintain accurate books and records and internal controls, including at foreign controlled subsidiaries. In addition, BuildDirect may become subject to other anti-bribery laws of any nations in which it conducts business that apply similar prohibitions as the CFPOA and FCPA (e.g. the Organization for Economic Co-operation and Development Anti-Bribery Convention). BuildDirect's employees or other agents may, without BuildDirect's knowledge and despite BuildDirect's efforts, engage in prohibited conduct under BuildDirect's policies and procedures and the CFPOA, the FCPA or other anti-bribery laws which BuildDirect may be subject to, and BuildDirect may be held responsible. If BuildDirect's employees or other agents are found to have engaged in such practices, BuildDirect could suffer severe penalties and other consequences that may have a material adverse effect on BuildDirect's business, financial condition and results of operations.

(l) ***Litigation***

BuildDirect may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether or

not meritorious, can be time-consuming, divert management's attention and resources and cause BuildDirect to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and BuildDirect could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. Substantial litigation costs, even if BuildDirect wins, or an adverse result in any litigation may adversely affect BuildDirect's ability to continue operating and the market price for BuildDirect Common Shares and could use significant resources.

(m) **The Requirements of Being a Public Company May Strain the Resulting Issuer's Resources**

In the event the Business Combination is completed, the Resulting Issuer will continue the BuildDirect Business. As a reporting issuer, the Resulting Issuer, and its business activities, will be subject to the reporting requirements of applicable securities legislation of the jurisdictions in which it is a reporting issuer, the listing requirements of the Exchange and other applicable securities rules and regulations. Compliance with those rules and regulations will increase the Resulting Issuer's legal and financial costs as compared to BuildDirect's current activities making some activities more difficult, time consuming or costly and increase demand on its systems and resources.

(n) ***Product Liability***

BuildDirect faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. BuildDirect may be subject to various product liability claims, including, among others, that BuildDirect's products caused injury or illness or death. A product liability claim or regulatory action against BuildDirect could result in increased costs, could adversely affect BuildDirect's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations and financial condition of BuildDirect. There can be no assurances that BuildDirect will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of BuildDirect's potential products.

(o) ***Environmental Laws and Employee Health and Safety Regulations***

BuildDirect's operations are subject to environmental and safety laws and regulations concerning, among other things, employee health and safety. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on BuildDirect's operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to BuildDirect's operations or give rise to material liabilities, which could have a material adverse effect on BuildDirect's business, results of operations and financial condition.

(p) ***Conflicts of Interest***

Certain of the directors and/or officers of BuildDirect may be engaged in a range of business activities, (including certain officers, directors and consultants that provide services to other companies involved in ecommerce) and may also serve as directors and/or officers of other

companies. BuildDirect's executive officers, directors and consultants may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to BuildDirect. In some cases, BuildDirect's executive officers, directors and consultants may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to BuildDirect's business and affairs and that could adversely affect BuildDirect's operations. These business interests could require significant time and attention of BuildDirect's executive officers, directors and consultants. In addition, BuildDirect may also become involved in other transactions which conflict with the interests of its directors, officers and consultants who may from time to time deal with persons, firms, institutions or corporations with which BuildDirect may be dealing, or which may be seeking investments similar to those desired by it. Consequently, the interests of these persons could conflict with those of BuildDirect and such interests could interfere with these persons' ability to devote time to BuildDirect's business and affairs and that could adversely affect BuildDirect's operations. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws and any decision made by any of such directors and officers involving BuildDirect are subject to their duties and obligations to act honestly, in good faith and in the best interests of BuildDirect.

(q) ***Additional Financing***

BuildDirect may require additional equity and/or debt financing in the future and no assurance can be given that such capital will be available on terms commercially acceptable to BuildDirect or at all. Accordingly, depending on its ability to achieve the goals set out in its business plan, BuildDirect may need to raise further equity and/or debt financing to fund its operations and execute on its business plan. BuildDirect's inability to raise financing to support on-going operations or acquisitions could limit its growth, result in the delay or indefinite postponement of current business objectives and may have a material adverse effect upon future profitability. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of BuildDirect's shareholders. Further, due to regulatory impediments and lack of investor appetite, the ability of BuildDirect to issue additional securities to finance acquisitions may be restricted. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for BuildDirect to obtain additional capital and to pursue business opportunities, including potential acquisitions. If BuildDirect requires additional financing and is unable to obtain it, there may be a possibility that it will not be able to fund its operations and execute on its business plan, which would have a materially adverse effect on its business, operating results and financial condition.

(r) ***Resale of Shares***

There can be no assurance that the publicly-traded market price of BuildDirect Common Shares will be high enough to create a positive return for the existing investors. Further, there can be no assurance that BuildDirect Common Shares will be sufficiently liquid so as to permit investors to sell their position in BuildDirect without adversely affecting the stock price. In such event, the probability of resale of BuildDirect Common Shares would be diminished.

(s) ***Market for Securities***

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for BuildDirect Common Shares will be subject to market trends generally, notwithstanding any potential success of BuildDirect in creating revenues, cash flows or earnings. The value of BuildDirect Common Shares will be affected by such volatility. An active public market for BuildDirect Common Shares might not develop or be sustained after the completion of the Business Combination. If an active public market for BuildDirect Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

(t) ***Global Financial Conditions***

Current global financial conditions have been subject to increased volatility and access to financial markets has been severely restricted. These factors may impact the ability of BuildDirect to obtain equity or debt financing in the future and, if obtained, on terms favourable to BuildDirect. If these increased levels of volatility and market turmoil continue, BuildDirect's operations could be adversely impacted and the value and the price of BuildDirect Common Shares could continue to be adversely affected.

(u) ***Management of Growth***

The growth of BuildDirect's operations has placed significant demands on managerial, financial and human resources. BuildDirect's ability to continue its rate of growth will depend on a number of factors, including the availability of capital, existing and emerging competition and the ability to recruit and train additional qualified personnel. Moreover, as BuildDirect's business grows, BuildDirect will need to devote additional resources to improve its operational infrastructure and to maintain the performance of its business.

(v) ***Risks Associated with Acquisitions***

BuildDirect may acquire additional businesses. Acquisitions involve a number of known and unknown risks, including diversion of management's attention, failure to retain key acquired personnel, legal liabilities, risk associated with the realization of synergies and overall integration of BuildDirect's operations with the acquired business and unanticipated events or circumstances, some or all of which could have a material adverse effect on the business, results of operations and financial condition of BuildDirect. In addition, there can be no assurance that BuildDirect can complete any acquisition it pursues on favourable terms, that any acquired businesses, products or technologies will achieve anticipated revenues and income, or that any acquisitions completed will ultimately benefit the business. An acquisition could also result in a potentially dilutive issuance of equity securities. The failure of BuildDirect to successfully manage its strategy of growth through acquisitions could have a material adverse effect on BuildDirect's business, results of operations and financial condition.

(w) ***Tax Risk***

BuildDirect will be considered to have been carrying on business in Canada for purposes of the Tax Act. However, BuildDirect will be operating in a new and developing industry that has had historically low regulations and tax compliance. There is risk that foreign governments may look to increase their tax revenues or levy additional taxes. While BuildDirect does not foresee any adverse tax affects, there is no guarantee that governments will not impose such additional adverse taxes in the future.

(x) ***Currency Fluctuations***

Due to BuildDirect's present operations, and after completion of the Business Combination, the Resulting Issuer's proposed operations and intention is to have future operations in jurisdictions outside Canada, the Resulting Issuer is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the US dollar and other currencies may have a material adverse effect on the Resulting Issuer's business, financial condition and operating results. The Resulting Issuer may, after completion of the Business Combination, expand operations globally so it may be subject to additional gains and losses against additional currencies. BuildDirect does not currently have a foreign exchange hedging program in place. In the future, the Resulting Issuer may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if BuildDirect or the Resulting Issuer develops a hedging program, it may not hedge its entire exposure to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies

(y) ***Competitive Markets***

BuildDirect will face competition and new competitors will continue to emerge throughout the world. Products and services to be offered by competitors of BuildDirect may take a larger market share than anticipated, which could cause BuildDirect's performance to fall below expectations. It is expected that competition in the ecommerce environment will intensify. If competitors of BuildDirect develop and market more successful products or services, offer competitive products or services at lower price points, have a higher capitalization, more experienced management, or more mature as a business or if BuildDirect does not produce consistently high-quality and well-received products and services, revenues, margins and profitability of BuildDirect will decline.

In addition, the success of BuildDirect is subject to its ability to anticipate and forecast changes in trends and consumer preferences and continuously manage its products and services offerings. There can be no assurance that BuildDirect will be able to continue to maintain its inventory strategies and stock of the appropriate assortment of products. To the extent BuildDirect's predictions differ from its customers' purchasing preferences, BuildDirect may be faced with excess inventory for some products and/or shortages of other products. Low inventory levels can adversely affect BuildDirect's ability to meet customer demand, which may lead to lost revenue and diminished brand loyalty. Any sustained failure to anticipate, identify and respond to emerging trends in consumer preferences could have a material adverse effect on BuildDirect's business, operating results and financial condition.

(z) ***Uncertainty and Adverse Changes in the Economy***

Adverse changes in the economy or a decline in the price of Resulting Issuer Common Shares could negatively impact the business of BuildDirect. Future economic distress may result in a decrease in demand for the products and services of BuildDirect, which could have a material adverse impact on BuildDirect's operating results and financial condition. Uncertainty and adverse changes in the economy or a prolonged decline in the price of Resulting Issuer Common Shares could also increase costs associated with the sourcing of products, increase the cost and decrease the availability of sources of financing, and increase BuildDirect's exposure to material losses from bad debts, any of which could have a material adverse impact on the financial condition and operating results of BuildDirect. Because a significant portion of BuildDirect's operations have been and are expected in future to be financed through the sale of equity securities, a decline in the price of Resulting Issuer Common Shares could be especially detrimental to BuildDirect's liquidity and its operations. Such reductions may force BuildDirect to reallocate funds from other planned uses and may have a significant negative effect on BuildDirect's business plan and operations, including its ability to repay outstanding obligations, to develop new products and continue its current operations.

Catastrophic events in general can have a material impact on the potential continuity of the business. The COVID-19 outbreak could result in adverse effects on the business and operations, including but not limited to business disruption, reduced operations, of BuildDirect and its third-party service providers which could materially affect business, financial condition and results of operations. The spread of COVID-19, which has caused a broad impact globally, may materially affect BuildDirect economically. While the potential economic impact brought by, and the duration of, COVID-19 may be difficult to assess or predict, a widespread pandemic could result in significant disruption of global financial markets, reducing BuildDirect's ability to access capital, which could in the future negatively affect liquidity. The global outbreak of COVID-19 continues to evolve rapidly. The extent to which COVID-19 may impact BuildDirect's business, operations and financial performance will depend on future developments, including but not limited to, matters such as (a) the duration and/or severity of the outbreak, (b) government policies, restrictions and requirements as it relates to COVID-19, (c) nongovernmental influences or challenges such as the failure of banks and/or (d) any corresponding effect caused by the substantial economic damage that can be inflicted by a pandemic like COVID-19. The ultimate long-term impact of COVID-19 is highly uncertain and cannot be predicted with confidence.

(aa) ***If BuildDirect is unable to attract new customers or sell additional products to existing customers, BuildDirect's revenue growth and profitability will be adversely affected***

To increase revenue and achieve and maintain profitability, BuildDirect must regularly add new customers and sell additional products and services to existing customers. Various factors may prevent BuildDirect's ability to add such new customers and retaining existing customers, including, without limitation BuildDirect's failure to attract, retain and effectively train new sales and marketing personnel, to develop and maintain relationships with professional contractors, partners and suppliers, to ensure the effectiveness of BuildDirect's marketing programs, to secure high quality products and services at competitive prices and to convert customers referred to BuildDirect by its existing network into paying customers. In addition, if prospective customers do not perceive that BuildDirect's products and services are of sufficiently high value and quality, BuildDirect may not be able to attract the number and types of new customers that BuildDirect is seeking. The failure of BuildDirect to attract new customers or to obtain new business from existing clients may mean that BuildDirect will not increase its revenues as quickly as is anticipated, if at all.

(bb) ***Cybersecurity***

BuildDirect relies on digital and internet technologies to conduct and expand its operations, including reliance on information technology to process, transmit and store sensitive and confidential data, including personally identifiable information, and proprietary and confidential business performance data. As a result, BuildDirect and/or its customers will be exposed to risks related to cybersecurity. Such risks may include unauthorized access, use, or disclosure of sensitive information (including corruption or destruction of data, or operational disruption resulting from system impairment (e.g., malware). Third parties to whom BuildDirect outsources certain functions, or with whom their systems interface, are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A breach or attack affecting a third-party service provider or partner could harm BuildDirect's business even if the Resulting Issuer does not control the service that is attacked. BuildDirect's operations depend, in part, on how well it protects networks, equipment, information technology systems and software against damage from a number of threats, including, but not limited to damage to hardware, computer viruses, hacking and theft. BuildDirect's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as pre-emptive expenses to mitigate the risks of failures. A compromise of BuildDirect's information technology or confidential information, or that of BuildDirect's third parties with whom BuildDirect interacts, may result in negative consequences, including reputational harm affecting investor and customer confidence, potential liability under privacy, security, consumer protection or other applicable laws, regulatory penalties and additional regulatory scrutiny, any of which could have a material adverse effect on BuildDirect's business, financial position, results of operations or cash flows. As BuildDirect has access to sensitive and confidential information, including personal information, and since BuildDirect may be vulnerable to material security breaches, theft, misplaced, lost or corrupted data, programming errors, employee errors and/or malfeasance (including misappropriation by departing employees), there is a risk that sensitive and confidential information, including personal information, may be disclosed through improper use of Resulting Issuer systems, software solutions or networks or that there may be unauthorized access, use, disclosure, modification or destruction of such information. BuildDirect's on-going risk and exposure to these matters is partially attributable to, among other things, the evolving nature of these threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage, malfunction, human error, technological error or unauthorized access is a priority. As cyber threats continue to evolve, BuildDirect may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

(cc) ***Intellectual Property***

From time to time, BuildDirect may receive notices from third parties alleging that it has infringed their intellectual property rights or may need to pursue claims against third parties to defend its intellectual property rights. Responding and/or pursuing any such claim, regardless of its merit in the event of a defence of such claim, may be time-consuming, result in costly litigation, divert management's attention and resources and cause BuildDirect to incur significant expenses. Any meritorious claim of intellectual property infringement against BuildDirect may potentially result in a temporary or permanent injunction, prohibiting it from marketing or selling certain products or requiring it to pay royalties to a third party. In the event of a meritorious claim or the inability of BuildDirect to develop or license substitute technology, its business and results of operations may be

materially adversely affected. The laws of certain countries do not protect proprietary rights to intellectual property to extent as do the laws of the United States and Canada, and therefore there can be no assurance that BuildDirect will be able to adequately protect its intellectual property against unauthorized third party copying or use. Such unauthorized copying or use may adversely affect BuildDirect's competitive position and operations. In addition, there can be no assurance that BuildDirect will successfully obtain licenses to any technology that it may require to conduct its business or that, if obtainable, such technology can be licensed at a reasonable cost. BuildDirect's operations depend, in part, on how it makes use of certain open-source software products. These open-source software products are developed by third parties over whom BuildDirect has no control. BuildDirect could be exposed to infringement claims and liability in connection with the use of these open-source software components, and BuildDirect may be forced to replace these components with internally developed software or software obtained from another supplier, which may increase its expenses. BuildDirect has conducted no independent investigation to determine whether the sources of the open-source software have the rights necessary to permit BuildDirect to use this software free of claims of infringement by third parties. The developers of open-source software may be under no obligation to maintain or update that software, and BuildDirect may be forced to maintain or update such software itself or replace such software with internally developed software or software obtained from another supplier, which may increase its expenses and delay enhancements to BuildDirect's services. Certain open-source software licenses provide that the licensed software may be freely used, modified and distributed to others provided that any modifications made to such software, including the source code to such modifications, are also made available under the same terms and conditions. As a result, any modifications BuildDirect makes to such software may be made available to all downstream users of the software, including its competitors. Open-source software licenses may require BuildDirect to make source code for the derivative works available to the public. In the event that BuildDirect inadvertently use open-source software without the correct license form, or a copyright holder of any open source software were to successfully establish in court that BuildDirect had not complied with the terms of a license for a particular work, we could be required to release the source code of that work to the public. BuildDirect could also incur costs associated with litigation or other regulatory penalties as a result.

(dd) ***Difficulty to Forecast***

BuildDirect must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of BuildDirect.

(ee) ***Voting Control***

Certain shareholders of BuildDirect will exercise a significant portion of the voting power in respect of the outstanding Resulting Issuer Common Shares. As a result, they are expected to have the ability to influence the outcome of all matters submitted to BuildDirect's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of BuildDirect.

This concentrated control could delay, defer, or prevent a change of control of BuildDirect, arrangement or amalgamation involving BuildDirect or sale of all or substantially all of the assets of

BuildDirect that its other shareholders support. Conversely, this concentrated control could allow the holders of Common Shares to consummate such a transaction that BuildDirect's other shareholders do not support.

(ff) ***Risks Associated with Internal Controls over Financial Reporting***

Effective internal controls are necessary for BuildDirect to provide reliable financial reports and to help prevent fraud. Although BuildDirect has undertaken a number of procedures and implemented a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on BuildDirect under Canadian securities law, BuildDirect cannot be certain that such measures will ensure that BuildDirect will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm BuildDirect's results of operations, or cause it to fail to meet its reporting obligations. If BuildDirect or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in BuildDirect's consolidated financial statements and materially adversely affect the trading price of Resulting Issuer Common Shares.

SCHEDULE E

PRO FORMA FINANCIAL STATEMENT OF THE RESULTING ISSUER

VLCTY CAPITAL INC.

Pro Forma Consolidated Statement of Financial Position

February 28, 2021

(Expressed in United States dollars)

(Unaudited)

VLCTY CAPITAL INC.

Pro Forma Consolidated Statement of Financial Position
Unaudited
(Expressed in United States dollars)

	BuildDirect.com Technology Inc. March 31, 2021	VLCTY Capital Inc. February 28, 2021	Adjustments	Pro Forma Consolidated
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	$ 5,187,746	$ 247,322	$ 15,277,792	$ 20,712,860
Short-term investments	118,000	-	-	118,000
Trade and other receivables	2,696,663	-	-	2,696,663
Advances to vendors	845,372	-	-	845,372
Inventories	5,768,452	-	-	5,768,452
Prepaid materials, expenses and deposits	748,296	9,399	-	757,695
Total current assets	15,364,529	256,720	15,277,792	30,899,042
Non-current assets:				
Property and equipment	525,457	-	-	525,457
Intangible assets	10,721,453	-	-	10,721,453
Right-of-use assets	3,797,267	-	-	3,797,267
Non-current advances to vendors	567,374	-	-	567,374
Total Assets	30,976,080	256,720	15,277,792	46,510,593
Liabilities and Shareholders' Equity (Deficiency)				
Current liabilities:				
Accounts payable and accrued liabilities	$ 7,548,265	$ 12,332	$ -	$ 7560,597
Income taxes payable	342,202	-	-	342,202
Current portion of lease liabilities	948,528	-	-	948,528
Deferred revenue	2,888,987	-	-	2,888,987
Current portion of promissory note	1,180,178	-	-	1,180,178
Current portion of deferred consideration payable	618,893	-	-	618,893
Loan payable	3,860,333	-	-	3,860,333
	17,387,386	12,332	-	17,399,718
Non-current liabilities				
Deferred consideration payable	1,073,791	-	-	1,073,791
Lease liabilities	3,876,178	-	-	3,876,178
Convertible notes	13,310,035	-	(13,310,035)	-
Warrants	621,341	-	4,723,553	5,344,894
Promissory note	4,689,438	-	-	4,689,438
	23,570,783	-	(8,586,482)	14,984,301
Shareholders' equity (deficiency):				
Share capital (note 2,3, 3a, 3c)	92,459,612	292,370	24,605,720	117,357,702
Additional paid-in capital (note 2)	-	22,052	(22,052)	-
Share based payment reserve (note 2)	10,494,993	65,163	(65,163)	10,494,993
Deficit (note 2)	(112,936,694)	(135,196)	(654,231)	(113,726,121)
	(9,982,089)	244,389	23,864,274	14,126,574
Total Liabilities and Equity	30,976,080	256,720	15,277,792	46,510,593

See accompanying notes

VLCTY CAPITAL INC.

Pro Forma Consolidated Statement of Financial Position
Unaudited
(Expressed in United States dollars)

March 31, 2021

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1. Basis of Presentation:

For the purposes of preparing the consolidated statement of financial position for VLCTY Capital Inc ("VLCTY") as at February 28, 2021, the statement of financial position of VLCTY has been translated from the Canadian dollar currency to United States dollars at the foreign exchange rate of CAD1.00 to USD0.80 as at February 28, 2021 and is consolidated with the statement of financial position of BuildDirect as at March 31, 2021.

2. Pro-forma Transactions

On February 28, 2021, BuildDirect.com Technologies Inc. ("BuildDirect" or the "Company"), VLCTY Capital Inc. ("VLCTY"), a TSX Venture Exchange listed capital pool company, and a wholly owned subsidiary company (9923896 Canada Inc.) of VLCTY, entered into an amalgamation agreement (the "Amalgamation Agreement") to complete a plan of arrangement under Section 192 of the Canada Business Corporations Act (the "Amalgamation").

Prior to the Amalgamation:

1. BuildDirect will consolidate ("BuildDirect Consolidation") the Common Shares, the Preferred Shares (including the Shares issuable upon conversion of securities convertible into Common Shares) on the basis of one (1) post-Consolidation Common Share (or Preferred Share) for 5.393 pre-Consolidation Common Shares (or Preferred Shares);

2. VLCTY will consolidate ("VLCTY Consolidation") the VLCTY Shares (including the VLCTY Shares issuable upon conversion of securities convertible into VLCTY Shares) on the basis of one (1) post-VLCTY Consolidation VLCTY Share for 26.538 pre-VLCTY Consolidation VLCTY Shares;

3. VLCTY will change its name to "*BuildDirect.com Technologies Inc.*", or such other name as may be determined by the Company, VLCTY and as may be acceptable to the TSX Venture Exchange and regulatory authorities;

Pursuant to the Amalgamation, all the issued and outstanding shares of BuildDirect will be exchanged for common shares in the capital of VLCTY. Following the completion of the Amalgamation and related qualifying transaction pursuant to the policies of the TSX Venture Exchange, the former shareholders of VLCTY will hold a combined 100% of the issued and outstanding shares in the capital of VLCTY (the "Transaction"). Further to this, it is expected that 9923896 Canada Inc and BuildDirect will amalgamate and all of the issued and outstanding securities of BuildDirect, immediately following completion of the BuildDirect Consolidation and the VLCTY Consolidation and the conversion of the convertible debentures of BuildDirect into BuildDirect Shares and BuildDirect Warrants, will be exchanged for equivalent securities of VLCTY on a one-for-one basis.

For the purposes of these pro forma consolidated financial statements, VLCTY is not considered a business.

VLCTY CAPITAL INC.

Pro Forma Consolidated Statement of Financial Position
Unaudited
(Expressed in United States dollars)

March 31, 2021

The pro forma consolidated Statement of Financial Position of the Company has been compiled from and include:

1. BuildDirect unaudited statement of financial position as at March 31, 2021.

2. VLCTY unaudited statement of financial position as at February 28, 2021.

3. The additional information set out in notes 2, 3, and 4.

As VLCTY has no operations and BuildDirect is not considered to have made a significant acquisition or disposition and does not propose to make one in connection with the reverse takeover transaction with VLCTY, a pro forma consolidated income statement is not required.

Further, the Company acquired Charter Distributing Company ("FloorSource") on December 31, 2020. The Company deemed the acquisition of FloorSource was not a significant acquisition and that a pro forma consolidated income statement is not required.

It is management's opinion that this pro forma consolidated statement of financial position includes all adjustments necessary for the fair presentation of the transactions described herein and are in accordance with International Financial Reporting Standards ("IFRS") applied on a basis consistent with the Company's accounting policies. The pro forma consolidated statement of financial position is not intended to reflect the financial position of VLCTY which would have actually resulted had the transactions been effected on the dates indicated. Actual amounts recorded upon consummation of the transactions will differ from those recorded in the February 28, 2021, unaudited pro forma consolidated statement of financial position and the differences may be material.

The unaudited pro forma consolidated financial statements are not intended to reflect the financial performance or the financial position of BuildDirect, which would have resulted had the transactions occurred on the date indicated. The pro forma financial information is not necessarily indicative of financial performance that may be obtained in the future. The unaudited pro forma consolidated statement of financial position should be read in conjunction with the unaudited consolidated financial statements of VLCTY for the year ended May 31, 2020, the audited financial statements of BuildDirect for the year ended December 31, 2020, the unaudited interim condensed consolidated financial statements of VLTCY for the three-month and nine-month periods ended February 28, 2021 and 2020 and the unaudited interim condensed consolidated financial statements of BuildDirect for the three-month period ended March 31, 2021 and 2020, and the notes thereto.

2. Reverse Acquisition for accounting purposes

As a result of the Merger and share exchange described in Note 1 and the concurrent financing explained in Note 3, the shareholders of BuildDirect will acquire control of VLCTY, and the Transaction is accounted for as a reverse takeover. Accordingly, the share exchange is accounted for with the net assets of VLCTY recorded at fair value at the date of acquisition. At the time of this transaction, the Company did not constitute a business as defined under IFRS 3 Business

Combination; therefore, the transaction is accounted for under IFRS 2 Share-Based Payment, where the difference between the consideration given to acquire the Company and the net asset value of the Company is recorded as a listing expense. In the accounting for the reverse acquisition, the VLCTY acquisition consideration is determined by reference to the fair value of the number of shares the legal subsidiary, being BuildDirect, would have issued to the legal parent entity, being VLCTY, to obtain the same percentage ownership interest in the combined entity. As a result, the consideration is measured at the value of the 226,091 shares on a post-consolidation basis that would have been issued by BuildDirect if it were the legal parent and acquirer. The excess of the fair value of the acquisition consideration to VLCTY over the estimated fair value of the net assets of VLCTY considered to be acquired by BuildDirect at February 28, 2021 is as follows:

The net assets acquired pursuant to the acquisition are as follows:

Cost of acquisition	
Share based payment [1]	$ 1,033,816
Total	$ 1,033,816
Allocation as follows:	
Net assets of VLCTY as at February 28, 2021	$ 244,389
Listing Expense	$ 789,427
Total	$ 1,033,816

[1]Being the number of shares BuildDirect would issue (after the consolidation) multiplied by the shares measured at $5.75 Canadian dollars (CAD) per share. For the purposes of preparing the unaudited consolidated pro forma financial statements, the net assets acquired are measured at preliminary estimated fair values at February 28, 2021. A final determination of fair values and consideration given will be based on the actual assets and liabilities that exist at closing date and on actual fair value of the BuildDirect shares issued at that time. Accordingly, the estimated fair values of assets and liabilities reflected in the table above are preliminary and subject to change pending additional information and facts that may become known at the closing date.

3. Pro Forma Assumptions and Adjustments

The following are the pro forma assumptions and adjustments relating to the acquisition of BuildDirect.

BuildDirect completed a private placement financing arrangement (“Concurrent Financing”) by issuing 3,487,000 subscription receipts at a subscription price of $5.75 (CAD) per subscription receipt for total gross proceeds of $20,050,250 (CAD) or $15,944,533 (USD). Each subscription receipt consists of one underlying share of BuildDirect valued at $5.11 (CAD) and one underlying warrant of BuildDirect valued at $0.64 (CAD). The fair value of the warrants was determined using a Black Scholes model. The assumptions used in the model at April 30, 2021, based on the terms of the warrants, include volatility of 61%, risk-free rate range of 0.46% and the estimated fair value of the Company’s common shares of $5.75.

a) Given the warrants are denominated in CAD, which is not the functional currency of BuildDirect, the warrants have been classified as a liability.

In consideration for the services rendered by the Agents for the Offering, the Company shall pay a cash commission (the "Commission") to the Agents equal to 6% of the gross proceeds on $12,755,626 (USD) and the Commission will be reduced to 3% of the gross proceeds on $3,188,907 (USD) into the Offering by the Company from existing securityholders of the Company (the "President's List Purchasers"). Additional share issuance costs of $193,686 (USD) have been recorded as a reduction to share capital.

BuildDirect also expects to complete an Exempt Market Dealer Services Agreement, in which BuildDirect obtains funding from a non-brokered private placement offering (the "Unit Financing") of equity units at a price of $5.75 per Unit (also referred to as the Offering Price) which is equivalent to $5.75 per Resulting Issuer Common Share. The aggregate gross proceeds of the Unit Financing $519,018 are reflected in cash proceeds.

Each equity unit consists of one underlying share of BuildDirect valued at $5.11 (CAD) and one underlying warrant of BuildDirect valued at $0.64 (CAD). Given the warrants are denominated in CAD, which is not the functional currency of BuildDirect, the warrants have been classified as a liability.

In consideration for the services rendered by the Agents for the Offering, the Company shall pay a cash commission (the "Commission") to the Agents equal to 6% of the gross proceeds on $519,018 (CAD). Additional share issuance costs of $31,141 (CAD) have been recorded as a reduction to share capital.

As additional compensation for the services provided, the Company agrees to issue to the Agents on the Closing Date that number of non-transferable broker warrants (the "Broker Warrants") which is equal to: (a) 6.0% of the aggregate number of the equity units issued, other than equity units sold to President's List Purchasers; plus (b) 3.0% of the aggregate number of Subscription Receipts sold to President's List Purchasers. Each Broker Warrant shall be exercisable at the Issue Price into one (1) post-Consolidation Common Share at any time on or before the date that is: (i) 24 months following the Closing Date or (ii) the date on which a Termination Event occurs, all in accordance with the terms of the certificates representing the Broker Warrants Certificates.

b) Immediately prior to the merger and conversion of subscription receipts, BuildDirect will consolidate its 119,872,130 issued and outstanding Class AA Preferred Shares on a 5.393 basis, which results in 22,243,250 Common Shares. The Company will consolidate its 6,000,000 issued and outstanding Common Shares on a 26.538 basis which results in 226,091 Common Shares.

c) Pursuant to the terms the convertible notes, immediately following the completion of the Amalgamation and the Concurrent Financing, the Company is expected to issue 3,563,072 of common shares in settlement of the convertible notes.

d) As a result of the reverse acquisition, the proforma consolidated statement of financial position has been adjusted for the elimination of the Company's Additional paid-in capital, share based payment reserve, share capital, and deficit.

4. Share Capital

Share capital as at March 31, 2021 in the unaudited pro-forma consolidated financial statements is comprised of the following:

	Opening Number Of Shares	Capital Stock	Share based payment reserve	Additional paid-in capital
Authorized				
Unlimited common shares				
Issued				
Capital Stock of VLCTY as at February 28, 2021	6,000,000	292,370	65,163	22,052
Shareholders Equity BuildDirect as at March 31,2021	119,872,130	92,459,612	10,494,993	-
Consolidation of Capital Stock of VLCTY	(5,773,909)	741,446	(65,163)	(22,052)
Consolidation of Capital Stock BuildDirect	(97,644,774)	-	-	-
Shares issued from Subscription Receipts (Note 3a)	3,577,264	11,758,286	-	-
Shares issued from convertible note (Note 3c)	3,563,072	13,310,035	-	-
Share issuance costs	-	(1,204,047)	-	-
	29,593,783	$ 117,357,702	$ 10,494,993	$ -

Stock Options

As at February 28, 2021 and after taking into effect the assumptions in Note 3, the Company has the following options outstanding:

a) 22,609 options to purchase common shares in the Company at an exercise price of $2.12 per share, the term of each VLCTY Option shall be extended until the date that is 12 months following completion of the Qualifying Transaction.

b) 2,859,877 options to purchase common shares in the Company at a weighted average exercise price of $0.65 per share, for a weighted average period of 7.6 years.