

**FACEDRIVE INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

**(Expressed in Canadian dollars)**

**(Unaudited)**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102 “Continuous Disclosure Obligations”, if an auditor has not performed a review of the interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by CPA (Chartered Professional Accountants) Canada for a review of interim financial statements by an entity’s auditor.

August 29, 2022

**Facedrive Inc.**  
**Condensed Consolidated Interim Financial Statements**  
**For the Three and Six Months Ended June 30, 2022 and 2021**  
**(Unaudited - In Canadian dollars, except where otherwise indicated)**

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# Facedrive Inc.

## Condensed Consolidated Interim Statements of Financial Position

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

As at	Notes	June 30, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 6,967,921	\$ 2,229,173
Trade and other receivables	14	2,028,858	1,915,348
Prepaid expenses and deposits	15	345,201	363,914
Inventories	16	5,860,828	5,433,350
		15,202,808	9,941,785
Restricted investment	17	146,079	221,202
Deposits	15	873,462	1,221,153
Investment in preferred shares	20	1,387,679	1,365,145
Property and Equipment	21	4,258,420	399,420
Right-of-use assets	30	11,364,626	9,877,066
Intangible assets	18	3,607,354	4,540,362
Goodwill	19	1,934,101	1,919,844
Deferred income tax assets		64,266	46,900
Total assets		\$ 38,838,795	\$ 29,532,877
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	22	\$ 7,486,795	\$ 7,037,112
Customer deposits		594,452	466,420
Deferred revenue	8	218,346	402,171
Due to related party	27	195,559	195,559
Lease liabilities – current	30	2,848,808	2,415,372
Income tax payable		87,082	85,677
		11,431,042	10,602,311
Loans	23	104,139	98,591
Lease liabilities	30	10,062,274	8,718,114
Total liabilities		21,597,455	19,419,016
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	25	86,107,368	62,659,497
Contributed surplus		3,771,463	4,155,087
Accumulated other comprehensive loss		(85,056)	(106,931)
Deficit		(72,552,435)	(56,593,792)
Total shareholders' equity		17,241,340	10,113,861
Total liabilities and shareholders' equity		\$ 38,838,795	\$ 29,532,877
Commitments, contingencies and guarantees	Note 29		
Subsequent events	Note 33		
Approved by:			

(signed) "Junaid Razvi" Director

(signed) "Suman Pushparajah" Director

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

## Facedrive Inc.

### Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

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

	Notes	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
<b>REVENUE</b>	8	\$ 15,048,939	\$ 4,521,548	\$ 25,783,455	\$ 7,294,382
<b>COSTS AND OPERATING EXPENSES</b>					
Cost of revenue	9	15,313,179	5,346,764	27,058,663	8,717,331
General and administration	10	1,850,006	1,679,591	3,854,390	3,738,840
Operational support	11	4,189,919	3,461,044	7,891,127	5,648,991
Research and development	12	685,425	465,113	1,422,904	809,548
Sales and marketing	13	525,349	938,504	1,116,464	1,796,591
Amortization	18	286,559	695,064	951,097	1,358,754
Depreciation	21, 30	383,417	92,004	740,206	122,178
Total operating expenses		23,233,854	12,678,084	43,034,851	22,192,233
<b>OPERATING LOSS</b>		(8,184,915)	(8,156,536)	(17,251,396)	(14,897,851)
<b>OTHER INCOME (EXPENSES)</b>					
Government grants	31	631,653	909,373	1,654,467	1,994,255
Foreign exchange gain (loss)		(12,743)	(110,245)	(20,687)	(159,635)
Interest expenses		(284,021)	(193,782)	(524,349)	(381,067)
Interest income		61	9,260	118	18,892
Gain from sale of equipment	21	12,628	-	32,198	-
Gain or Loss on Termination	30	47,684	(17,921)	134,458	(12,850)
Fair value loss on investment	20	-	-	132	-
<b>NET LOSS BEFORE INCOME TAXES</b>		\$ (7,789,653)	\$ (7,559,851)	\$ (15,975,059)	\$ (13,438,256)
Deferred income tax recovery		13,048	-	16,417	248,000
<b>NET LOSS</b>		(7,776,605)	(7,559,851)	(15,958,643)	(13,190,256)
Cumulative translation adjustment		44,864	(39,146)	21,875	(73,230)
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		(7,731,741)	(7,598,997)	(15,936,768)	(13,263,486)
<b>Loss per share</b>					
- <b>Basic and diluted</b>		\$ (0.06)	\$ (0.08)	\$ (0.14)	\$ (0.14)
<b>Weighted average number of shares outstanding</b>					
<b>Basic and diluted</b>		130,929,814	93,788,556	114,710,331	94,522,790

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

## Facedrive Inc.

### Condensed Consolidated Interim Statements of Changes in Equity

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

	Note	Number of common shares	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive losses	Total shareholders' equity (deficit)
<b>Balance, December 31, 2020</b>		<b>93,729,980</b>	<b>\$ 40,916,526</b>	<b>\$ 2,176,016</b>	<b>\$ (27,283,039)</b>	<b>\$ (75,835)</b>	<b>\$ 15,733,668</b>
Issuance of share capital	25	1,518,518	20,499,993	-	-	-	20,499,993
Share issuance costs	25	-	(292,849)	-	-	-	(292,849)
Acquisition of EcoCRED		38,936	659,926	-	-	-	659,926
Exercise of options	26	22,800	56,905	(45,505)	-	-	11,400
Share-based payments	26	-	-	1,077,980	-	-	1,077,980
Net loss and comprehensive loss		-	-	-	(13,190,256)	(73,230)	(13,236,486)
<b>Balance, June 30, 2021</b>		<b>95,310,234</b>	<b>\$ 61,840,501</b>	<b>\$ 3,208,491</b>	<b>\$ (40,473,295)</b>	<b>\$ (149,065)</b>	<b>\$ 24,426,632</b>
<b>Balance, December 31, 2021</b>		<b>95,721,499</b>	<b>\$ 62,659,497</b>	<b>\$ 4,155,087</b>	<b>\$ (56,593,792)</b>	<b>\$ (106,931)</b>	<b>\$ 10,113,861</b>
Issuance of share capital	25	37,004,766	22,199,999	-	-	-	22,199,999
Share issuance costs	25	-	(256,628)	-	-	-	(256,628)
Acquisition of Food Hwy (a)	6	(38,116)	-	-	-	-	-
Exercise of RSUs	26	167,441	1,435,000	(1,435,000)	-	-	-
Share-based payments	25,26	89,025	69,500	1,051,376	-	-	1,120,876
Net loss and comprehensive loss		-	-	-	(15,958,643)	21,875	(15,936,768)
<b>Balance, June 30, 2022</b>		<b>132,944,615</b>	<b>\$ 86,107,368</b>	<b>\$ 3,771,463</b>	<b>\$ (72,552,435)</b>	<b>\$ (85,056)</b>	<b>\$ 17,241,340</b>

(a) As a result of the Adjustment to the purchase price (see Note 6), the Company had to cancel 38,116 common shares. Accordingly, 26,841 common shares have been cancelled in Q1, 2022 and 11,275 common shares have been cancelled in Q2, 2022. The fair value of share capital issued reflects the adjusted purchase price.

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

# Facedrive Inc.

## Condensed Consolidated Interim Statements of Cash Flows

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

For the six months ended June 30	2022	2021
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (15,958,643)	\$ (13,190,256)
Items not affecting cash:		
Depreciation and amortization (Note 18, 21, 30)	2,858,455	2,407,203
Share-based payments (Note 26)	1,051,376	1,077,980
Other non-cash items	76,288	-
Inventory provision (Note 16)	411,706	-
Unrealized foreign exchange gain/loss	(17,700)	153,063
Fair value loss/(gain) on investment	(132)	-
Deferred income tax recovery	(16,417)	(248,000)
Gain on lease terminations	(96,284)	(19,449)
Gain from sale of property and equipment (Note 21)	(32,198)	-
Interest expenses	5,543	15,237
Government and other grants		(11,967)
Trade and other receivables	(91,867)	(302,391)
Prepaid expenses and deposits	19,292	(1,024,390)
Interest receivable	232	(17,342)
Deposits	166,610	145,023
Inventory	(845,972)	(2,584,361)
Accounts payable and accrued liabilities	422,705	2,611,928
Deferred income	(187,617)	8,967
Cash used in operating activities	(12,234,623)	(10,978,755)
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment (Note 21)	(4,201,681)	(949,023)
Proceeds from sale of property and equipment (Note 21)	295,145	736,570
Restricted investment	75,000	-
Deposit returns	319,200	-
Cash used in investing activities	(3,512,336)	(212,453)
<b>FINANCING ACTIVITIES</b>		
Repayments to related parties		(138,469)
Issuance of common shares and warrants (Note 25)	22,199,999	20,499,993
Exercise of options	-	11,400
Share issuance costs (Note 25)	(256,628)	(292,849)
Principal payment of lease liabilities (Note 30)	(1,475,485)	(566,408)
Proceeds from CEBA loans	-	20,000
Cash provided by financing activities	20,467,887	19,533,667
Impact of currency translation adjustment on cash	17,820	(32,931)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>4,738,748</b>	<b>8,309,528</b>
Cash and cash equivalents, beginning of period	2,229,173	3,915,788
Cash and cash equivalents, end of period	\$ <b>6,967,921</b>	\$ <b>12,225,316</b>

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

# **Facedrive Inc.**

## **Notes to the Condensed Consolidated Interim Financial Statements For the Three and Six Months Ended June 30, 2022 and 2021**

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

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### **1. CORPORATE INFORMATION**

Facedrive Inc. (“**Facedrive**” or the “**Company**”) was incorporated on January 18, 2018, under the *Business Corporations Act* (Alberta) as High Mountain Capital Corporation and was continued on December 31, 2019, under the *Business Corporations Act* (Ontario). The Company’s corporate headquarters is located at 44 East Beaver Creek, Suite 16, Richmond Hill, Ontario L4B 1G8.

Based on these global mega-trends, the Company carries out its vision by building a one-of-a-kind system that aggregates conscientious users through a series of connected offerings (serving as various entry points) and enables them to buy, sell, lease or invest with the same platform. The Company’s offerings generally fall into two categories: 1) Subscription-based offerings and 2) On-Demand Offerings. All services are ultimately powered by the Company’s data, analytics, and machine learning engine, EcoCRED to better capture, analyse, parse and report on key data points that will measure the Company’s impact on carbon reductions and offsets.

#### **Subscription-Based Offerings**

The Company’s Subscription-Based Services are led by its flagship STEER EV business unit, which allows consumers (typically on a monthly recurring subscription basis) to choose from a diverse fleet of automobiles that includes a range of premium luxury, comfort and entry-level electric vehicles (EV) – without the hassles that come with long-term ownership or daily rental. Subscription Services also include health technology services and related offerings. The Company has been pleased with the growth and success of its operations in Toronto and Washington, DC as two operational centers with strong utilization and subscriber growth rates. Consequently, the Company has further established operations in Vancouver, BC and Austin, Texas, and. Steer intends to aggressively expand in North America into targeted markets that have been identified for expansion. The Company anticipates this expansion translating into strong and organic monthly recurring revenue results and ultimately significant year-over-year revenue growth from its business-to-consumer (B2C) operations. Following this, the goal is to further expand, in the intermediate term, into electric charging and smart-community infrastructure.

#### **On-Demand Offerings**

On-Demand Services include the Company’s various mobility offerings catering to both businesses and consumers. This includes the Company’s rideshare platform, its food delivery service, its delivery-as-a-service (DaaS) business, and its fast-growing business-to-business offering “B2B Marketplace”. B2B Marketplace provides for the sale and delivery of just-in-time supplies to restaurants allowing them to not only reduce their inventory and storage costs, but also choose from among the Company’s environmentally conscious supply options. This increased adoption of environmentally conscious options will then be reflected in the carbon reduction and offset numbers that the Company will be tracking and reporting through its EcoCRED engine. These next stages will include the launch of the Company’s new “super-app” which will bring all affiliated On-Demand offerings onto the same platform with a view to streamlining both their operational footprint and the end-user experience.



# **Facedrive Inc.**

## **Notes to the Condensed Consolidated Interim Financial Statements For the Three and Six Months Ended June 30, 2022 and 2021**

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### **ESG and Data Driven Intelligence**

The Company is experiencing an increasing number of users and businesses transacting on its EcoCRED platform. EcoCRED, driven by data analytics, will take on a pivotal role in analysing the collected datasets related to general consumer behavior, consumption patterns, carbon impacts and offsets. First acquired from a wholly-owned subsidiary of Exelon Corporation in April of 2021, EcoCRED has become the Company's ESG big-data analytics machine for all carbon impacts and offsets coming through its platform. The goal is to power all of the Company's On-Demand and Subscription-Based services through EcoCRED to automatically capture carbon reductions and offsets created in real-time. This will include offsets created by the Company's EV subscription service and its B2B Marketplace (e.g., the materials used and purchased). The Company is also working closely with industry-leading consultants to better understand all carbon reductions and offsets within the context of global industry standards. The Company intends to not only further integrate key sustainability metrics and statistics into its user interface (as it currently does for consumers on its mobile app), but also to the broader market.

### FaceDrive's COVID-19 Internal Response

In March 2020, the World Health Organization declared the outbreak of a Novel Coronavirus (or "COVID-19") as a pandemic. The Company has responded to the COVID-19 pandemic by launching new, or expanding the existing services, features, or health and safety requirements on an expedited basis, particularly those relating to the delivery of food. COVID-19 has impacted the global economy and has and may continue to result in significant business disruptions. Since the beginning of the pandemic, the government of Ontario, the primary jurisdiction the Company has operations in, has imposed lockdowns at certain periods in order to curb infection rates. These lockdowns and restrictions, leading to reduction in non-essential travel and school closing, have adversely impacted the demand for the Company's ride sharing business and is a contributing factor to the impairment of the Company's car-pooling HiRide platform during the year ended December 31, 2021 and 2020. Given the dynamic nature of COVID-19, the full extent to which the global pandemic may have direct or indirect impact on the Company's business and the related financial reporting implications can not be reasonably estimated at this time, although the pandemic could materially affect the Company's business, results of operations and financial condition in the future. Additionally, concerns over the economic impact of the COVID-19 pandemic have caused volatility in financial markets, which may adversely impact the Company's stock price and the Company's ability to access capital markets.

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**2. BASIS OF PRESENTATION**

**(a) Statement of Compliance**

These unaudited condensed consolidated interim financial statements (“interim financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board, applicable to the preparation of interim financial statements as set out in International Accounting Standard 34 Interim Financial Reporting (“IAS 34”).

The Company has consistently applied the same accounting policies as described herein for all periods presented. These interim financial statements do not include all the disclosures required for a complete set of IFRS financial statements. Accordingly, they should be read in conjunction with the last audited consolidated annual financial statements and notes thereto for the year ended December 31, 2021 (“annual financial statements”), which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Selected explanatory notes are included in the 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.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors of the Company on August 29, 2022.

These interim financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances, transactions, income and expenses have been eliminated on consolidation. Entities controlled by the Company and included in the interim financial statements are as follows:

<b>SUBSIDIARIES</b>	<b>FUNCTIONAL CURRENCY</b>	<b>PRINCIPAL PLACE OF OPERATIONS</b>	<b>JUNE 30 2022 %</b>
Facedrive Food Inc.	Canadian Dollar	Canada	100
Facedrive Health Inc.	Canadian Dollar	Canada	100
Food Hwy Canada Inc.	Canadian Dollar	Canada	100
Facedrive USA LLC.	US Dollar	United States	100
HiRide Share Ltd.	Canadian Dollar	Canada	100
Steer EV Canada Inc.	Canadian Dollar	Canada	100
Steer Holdings, LLC	US Dollar	United States	100
EcoCRED, LLC	US Dollar	United States	100

# **Facedrive Inc.**

## **Notes to the Condensed Consolidated Interim Financial Statements For the Three and Six Months Ended June 30, 2022 and 2021**

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

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### **(b) Reclassification**

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

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

The preparation of these interim financial statements in conformity with IFRS requires management to make certain judgments, estimates, and assumptions that affect the application of accounting policies, the reported amounts of revenues and expenses for the periods presented, and the carrying amounts of assets, and liabilities, and the disclosure of contingent liabilities, at the date of financial statements. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events believed to be reasonable, that are considered to be relevant, the results of which form the basis of the estimates made or judgement exercised that are not readily apparent from other sources. Actual results may differ from these estimates. Judgments and estimates are often interrelated. The Company's judgments and estimates are continually re-evaluated to ensure they remain appropriate. Revisions to accounting estimates are recognized in the period in which they are revised and in future periods affected.

The areas of significant judgement and estimation were identified in the Company's annual financial statements for the year ended December 31, 2021.

### **4. NEW ACCOUNTING PRONOUNCEMENTS**

#### **(a) Standards Issued But Not Yet Effective**

##### ***Amendments to IAS 1: Classification of Liabilities as Current or Non-current***

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statements of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

##### ***Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendment narrowed the scope of certain recognition exemptions so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred tax for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendment is effective for annual periods beginning on or

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after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

***Definition of Accounting Estimates (Amendments to IAS 8)***

On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

***Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract***

The amendment specifies that '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. The amendment is effective for annual periods beginning on or after January 1, 2022 with early application permitted. The Company has concluded that the impact is not material.

***Disclosure initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)***

On February 12, 2021, the IASB issued Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments help companies provide useful accounting policy disclosures. The key amendments include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and,
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

## **Facedrive Inc.**

# **Notes to the Condensed Consolidated Interim Financial Statements For the Three and Six Months Ended June 30, 2022 and 2021**

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

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### **5. INVESTMENT IN TALLY TECHNOLOGY GROUP INC.**

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

In return for 727,273 common shares and 2,181,818 preferred shares of Tally, the Company paid USD\$1,000,000 (\$1,340,600) in cash and USD\$2,000,000 (\$2,326,425) in Shares at a deemed price per Share equal to \$17.84 (calculated as the 30-day volume weighted average trading price of the Shares as reported on Bloomberg, ending two trading days prior to the date of entering into the Tally Agreement). The Company issued 151,457 Shares which are subject to a twelve-month lock-up period from the date of issuance (the “**Lock-Up Period**”). The fair value of the Shares was determined to be a discounted price of \$15.36 per share, as a result of a discount of 24.1% being factored on the closing trading price of \$20.24 on the date of the issue due to lock-up terms on these Shares.

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

On August 8, 2021, the Company entered into an Amended Agreement with Tally to amend the terms of the agreement dated August 7, 2020.

The Company accounted for its investment in Tally as investment in associate using the equity method up to August 25, 2021, the date it lost its significant influence. Upon acquisition of the investment in Tally, management determined that the Company had significant influence over Tally, as the Company, represented by its former CEO, held one out of the four representations on Tally’s board of directors pursuant to the Tally Agreement. The Company’s share of the profit or loss and comprehensive income/loss in any of the reporting periods since the acquisition of the investment up to the date of loss of significant influence were not significant and as such were not factored into determining the carrying amount of the investment.

The Company’s former CEO resigned on August 25, 2021, since then, the Company was denied reappointing its representation on Tally’s board of directors. On October 27, 2021, Tally served a notice of default to the Company, alleging that the Company had defaulted on the terms of the options and 727,273 of the Company’s investment in Tally preferred shares will be converted into common shares of Tally, and together with the original Tally common shares, will be cancelled; the Company’s management believes that the notice is without merit.

The Company determined that it effectively lost significant influence over Tally as of August 25, 2021 upon the resignation of its former CEO. Since that date, the Company was not invited at any of Tally’s board meetings and was no longer involved in any of its operating, financing, and investing decisions. Accordingly, the Company classified the investment in Tally as FVTPL.

The Company has continued its ongoing negotiation with Tally regarding the notice of default and to dispute its rights under the Tally Agreement and the Amended Agreements. Due to the dilution

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# **Notes to the Condensed Consolidated Interim Financial Statements For the Three and Six Months Ended June 30, 2022 and 2021**

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

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of interest, loss of board seat, ongoing legal issue, uncertainty about future cash flows, unobservable inputs not being reflective of market participant assumptions, and restrictions on sale, the Company recognized the difference between the carrying amount of \$3,489,916 and the estimated fair value of retained interest as a charge in the consolidated statements of loss and comprehensive loss during the three and nine months ended September 30, 2021.

On April 22, 2022, the Company entered into another amended agreement with Tally whereby it would be able to retain 1,935,618 shares of Tally's Series Seed Preferred Stock, which have a deemed original issue price of \$0.6875, as well as warrants to purchase 250,000 shares of Common Stock of Tally at \$0.01 per share

While management of the Company was of the opinion that the Notice was without merit (as an earlier amended agreement of August 2021 had removed any obligations upon which Tally might claim default), the Company and its advisors felt based on a number of factors that the Company had lost significant influence over Tally investment during the year ended December 31, 2021. These factors included the dilution of interest, loss of board seat, ongoing legal dispute, uncertainty about future cash flows, unobservable inputs not being reflective of market participant assumptions, and restrictions on sale. Accordingly, the Company recognized the difference between the carrying amount of \$3,489,916 and the estimated fair value of retained interest as a charge in the consolidated statements of loss and comprehensive loss during the year.

## **6. ACQUISITION OF FOOD HWY**

On October 1, 2020, the Company completed the Food Hwy Acquisition with each of the shareholders of Food Hwy, a food delivery service. Pursuant to the terms of the Food Hwy Acquisition, the Company acquired all of the outstanding shares of Food Hwy for consideration of \$1,500,000 in cash and the issuance of 515,370 Shares, issued at a deemed price of \$14.75 per Share (calculated on the 30-day volume weighted average trading price of the Shares as reported on Bloomberg, ending two trading days prior to the date of the Food Hwy Acquisition). The Shares issued are subject to a lock-up agreement which specifies: 33,906 Shares are subject to a 90-day lock-up period, 159,358 Shares are subject to a 12-month lock-up period, and 322,106 Shares are subject to a 18-month lock-up period.

The purchase price is subject to a post-closing adjustment (the "**Adjustment**"). The parties shall have 90 days after the closing date to determine the amount of the Adjustment, calculated as the delta between Food Hwy's working capital on the closing date and negative \$100,000:

- If the Adjustment is between negative \$1 and negative \$100,000, the Company may cancel such number of the 18-month lock-up Shares equal to the absolute value of the Adjustment divided by the deemed price per share of \$14.75 (the "**Closing Price**").
- If the Adjustment is less than negative \$100,000, in addition to the above, the Company may cancel such number of the 90 day lock up Shares equal to the absolute value of the Adjustment, less \$100,000, and then divided by the Closing Price.
- If the Adjustment is a positive number, the Company shall pay the Food Hwy Shareholders in cash the amount of the Adjustment.

On December 31, 2020, the calculation of the Adjustment was completed and was determined to be negative \$516,268. The Company waived \$100,000 of the Adjustment and will cancel 28,228

## FaceDrive Inc.

### Notes to the Condensed Consolidated Interim Financial Statements For the Three and Six Months Ended June 30, 2022 and 2021

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of the 18 Month Lock-Up Shares. As at the date of this report, 28,228 common shares have been cancelled.

The post-Adjustment fair value of the Shares issued for the acquisition was estimated to be \$3,538,575. The fair value per share was determined to be \$7.26 per Share to reflect a discount within the range of 13.7% to 47.3% on the closing trading price of \$13.35 on the date of the issue, as the Shares were subject to 90-day, 12-month and 18-month lock-up.

The Food Hwy Acquisition was determined to be a business combination as substantive processes and assets were acquired as part of the transaction. The Company has retained most of Food Hwy's key management personnel and has also implemented Food Hwy's operational processes.

<b>Consideration paid:</b>	
Cash	\$ 1,500,000
Fair value of Shares issued (487,142 Shares at \$7.26 per Share)	3,538,575
	<b>\$ 5,038,575</b>
<b>Net identifiable assets acquired:</b>	
Cash	\$ 144,425
Trade and other receivables	882,508
Inventory	649
Intangible assets – Developed Technology	2,093,000
Intangible assets – Vendor Relationships	1,656,000
Intangible assets – Customer Relationships (the “Food Hwy Customer List”)	56,000
Intangible assets – Courier Relationships	176,000
Intangible assets – Brand name	1,388,000
Goodwill	1,050,843
Accounts payable and accrued liabilities	(1,436,500)
Customer deposits	(207,350)
Loans	(80,000)
Deferred income tax liability	(685,000)
	<b>\$ 5,038,575</b>

The excess of consideration over fair value of net assets acquired in the amount \$1,050,843 was recognized as goodwill (Note 19). Goodwill reflects the synergies that exist from the combination of the Company's marketing, administration and technology ecosystem, the expected revenue growth and margin expansion due to expansion to new markets and the benefits of future market development and growth in the food delivery service industry. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

## Facedrive Inc.

### Notes to the Condensed Consolidated Interim Financial Statements For the Three and Six Months Ended June 30, 2022 and 2021

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

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#### 7. ACQUISITION OF ECOCRED, LLC

On April 8, 2021, the Company completed the acquisition of 100% of the ownership interest of EcoCRED, LLC (the “**EcoCRED Acquisition**”), which estimates users’ carbon footprint and suggests simple tasks and useful lifestyle habits to help users reduce their carbon footprint through its mobile application.

In the EcoCRED Acquisition, the Company acquired the ownership interest in exchange for aggregate consideration of USD\$1,000,000, which was paid through the issuance of 38,936 Shares, issued at a deemed price of \$19.94 per Share (calculated on the 30-day volume weighted average trading price of the Shares as reported on Bloomberg, ending three trading days prior to the date of the EcoCRED Acquisition). The fair value of the Shares issued was determined to be a discounted \$16.95 per Share, to reflect a discount of 15% on the closing trading price of \$19.94 on the date of the issue, as the Shares were subject to an 18-month lock-up.

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<b>Consideration paid:</b>	
Fair value of Shares issued (38,936 Shares at \$16.95 per Share)	\$ 659,926
Transaction costs	35,001
	<hr/>
	<b>\$ 694,927</b>
<b>Net identifiable assets acquired:</b>	
Intangible assets – Developed Technology	694,927
	<hr/>
	<b>\$ 694,927</b>

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The EcoCRED Acquisition was determined to be an asset acquisition as substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset as per the concentration test under IFRS 3.



**Facedrive Inc.**  
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**8. REVENUE**

In the following table, revenue is disaggregated by nature:

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Revenue recognized at a point of time				
B2B Marketplace	\$ 12,730,370	\$ 2,207,042	\$ 21,060,409	\$ 2,386,738
Other (Foods Delivery, Rideshare, Daas, Health)	1,523,531	1,621,704	3,169,906	3,618,129
<b>Subtotal On-Demand Offerings</b>	<b>\$ 14,253,901</b>	<b>3,828,746</b>	<b>24,230,315</b>	<b>6,004,867</b>
Revenue recognized over the point of time				
Vehicle subscription	\$ 699,278	\$ 662,097	\$ 1,362,059	\$ 1,258,810
Other	95,760	30,705	191,081	30,705
<b>Subtotal Subscription-Based Offerings</b>	<b>\$ 795,038</b>	<b>\$ 692,802</b>	<b>\$ 1,553,140</b>	<b>\$ 1,289,515</b>
	<b>\$ 15,048,939</b>	<b>\$ 4,521,548</b>	<b>\$ 25,783,455</b>	<b>\$ 7,294,382</b>

Significant changes in deferred revenue balances during the period are as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Beginning balances	\$ 402,171	\$ 87,511
Additions	508,601	2,139,137
Recognized in revenue	(695,734)	(1,825,660)
Currency translation adjustments	3,308	1,183
<b>Ending balances</b>	<b>\$ 218,346</b>	<b>\$ 402,171</b>

## Facedrive Inc.

### Notes to the Condensed Consolidated Interim Financial Statements For the Three and Six Months Ended June 30, 2022 and 2021

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

#### 9. COST OF REVENUE

Cost of revenue consists of:

	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Automobile costs	\$ 172,161	\$ 139,392	\$ 297,318	\$ 298,315
Cost of goods sold	11,933,851	2,296,554	19,863,736	2,619,260
Inventory provision (Note 16)	176,345	-	411,706	-
Delivery on B2B Marketplace	797,764	158,244	1,415,009	172,482
Depreciation	648,763	462,760	1,167,151	926,273
Insurance expenses	153,234	113,978	310,925	247,184
Payment processing fees	355,343	414,912	739,987	790,148
Payout to drivers	1,035,418	1,689,656	2,731,047	3,430,647
Other cost of revenue	40,300	71,268	121,784	233,022
	<b>\$ 15,313,179</b>	<b>\$ 5,346,764</b>	<b>\$ 27,058,663</b>	<b>\$ 8,717,331</b>

#### 10. GENERAL AND ADMINISTRATION

General and administration expense consists of:

	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Consulting fees	\$ 121,519	\$ 15,110	\$ 198,212	\$ 41,163
Legal and accounting fees	656,919	480,125	888,660	1,086,452
Professional fees	67,224	315,435	92,247	466,224
Salaries and benefits	583,495	418,526	1,467,183	734,917
Share-based compensation (Note 26)	286,292	279,802	919,462	1,077,980
Insurance	105,053	102,028	225,749	224,561
Other general and administration expenses	29,504	68,565	62,877	107,543
	<b>\$ 1,850,006</b>	<b>\$ 1,679,591</b>	<b>\$ 3,854,390</b>	<b>\$ 3,738,840</b>

## Facedrive Inc.

### Notes to the Condensed Consolidated Interim Financial Statements For the Three and Six Months Ended June 30, 2022 and 2021

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

#### 11. OPERATIONAL SUPPORT

Operational support expenses consist of:

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Consulting fees	\$ 105,467	\$ 80,866	\$ 241,044	\$ 142,829
Rent- Office	245,055	151,093	345,714	267,284
Salaries and benefits	3,193,100	2,843,454	6,010,286	4,471,297
Share-based compensation (Note 26)	41,302	-	75,019	-
Telephone, internet and data	200,316	217,054	423,240	371,396
Warehouse expenses	224,277	33,496	457,497	38,064
Other operational support expenses	180,402	135,081	338,327	358,121
	<b>\$ 4,189,919</b>	<b>\$ 3,461,044</b>	<b>\$ 7,891,127</b>	<b>\$ 5,648,991</b>

#### 12. RESEARCH AND DEVELOPMENT

Research and development expenses consist of:

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Consulting fees	\$ 227,051	\$ 253,115	\$ 450,336	\$ 465,645
Salaries and benefits	437,962	211,998	933,593	343,903
Share-based compensation (Note 26)	20,412	-	38,975	-
	<b>\$ 685,425</b>	<b>\$ 465,113</b>	<b>\$ 1,422,904</b>	<b>\$ 809,548</b>

## Facedrive Inc.

### Notes to the Condensed Consolidated Interim Financial Statements For the Three and Six Months Ended June 30, 2022 and 2021

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

#### 13. SALES AND MARKETING

Sales and marketing expenses consist of:

	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Consulting fees	\$ 205,937	\$ 712,837	\$ 408,869	\$ 1,066,165
Salaries and benefits	203,477	60,267	456,873	60,267
Share-based compensation (Note 26)	9,010	-	17,922	-
User incentives and marketing expenses	106,925	165,400	232,800	670,159
	<b>\$ 525,349</b>	<b>\$ 938,504</b>	<b>\$ 1,116,464</b>	<b>\$ 1,796,591</b>

#### 14. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of:

	June 30, 2022	December 31, 2021
Trade receivables	\$ 1,088,591	\$ 1,413,591
HST receivable	940,267	501,757
	<b>\$ 2,028,858</b>	<b>\$ 1,915,348</b>

#### 15. PREPAID EXPENSES AND DEPOSITS

Current prepaid expenses and deposits consist of:

	June 30, 2022	December 31, 2021
Prepaid insurance	\$ 12,753	\$ 34,763
Prepaid licenses	8,216	13,868
Prepaid rent	12,886	31,344
Deposits	262,775	246,823
Other prepaid expenses	48,571	37,116
	<b>\$ 345,201</b>	<b>\$ 363,914</b>

Non-current deposits of \$873,462 (2021- \$1,221,153) consist of the Company's security deposits on its leases and Toronto hydro.

## FaceDrive Inc.

### Notes to the Condensed Consolidated Interim Financial Statements For the Three and Six Months Ended June 30, 2022 and 2021

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

#### 16. INVENTORIES

Inventories consist of goods in transit, finished goods, and work-in-process, less any provision. Finished goods is primarily made up of (i) business-to business restaurant supply merchandise that is offered for sale by B2B Marketplace; and (ii) TraceSCAN wearables.

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Goods in transit	\$ 382,173	\$ 615,383
Work-in-process	1,128,695	1,128,695
Finished goods	5,083,508	4,011,114
Inventory provision	(733,548)	(321,842)
	<b>\$ 5,860,828</b>	<b>\$ 5,433,350</b>

An inventory provision is estimated by management based on historical sales, inventory aging and expiry, and expected future sales and is included in cost of revenue. Subsequent changes to the provision are recorded in cost of sales in the Condensed consolidated interim statements of loss and comprehensive loss. For the three and six months ended June 30, 2022, inventory write-downs of \$176,345 and \$411,706 were expensed through cost of revenue (2021 - \$Nil).

During the three and six months ended June 30, 2022, \$11,699,491 and \$19,283,301 (2021 - \$2,296,600 and \$2,619,300) of inventory was sold and recognized in cost of revenue. A minor portion of inventory – \$11,167 and \$16,253 (2021 - \$79,300 and \$87,800) – was used for promotional purposes and recognized in other expense categories. For office expense, \$nil and \$820 (2021 \$21,100 and 21,100) of inventory were used. As of June 30, 2022, \$1,128,695 (2021 - \$Nil) of inventory was under development for upgrades and optimization, which has been classified as work-in-process.

#### 17. RESTRICTED INVESTMENT

Restricted investment represents short-term deposit of \$146,079 (2021 - \$221,202) with an original maturity of twelve months bearing an interest within the range of 0.05% to 0.25% held as a collateral with the Company's banker for a letter of credit of \$25,000 (2021 - \$100,000) and a credit card facility of \$121,000 (2021 - \$121,000); hence it is classified as non-current assets.

**Facedrive Inc.**  
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**18. INTANGIBLE ASSETS**

	Definite Useful Life						Indefinite	Total
	Brand Names	HiRide Platform	Customer Lists	Developed Technology	Vendor Relationships	Courier Relationships	Brand Names	
<b>Cost</b>								
Balance, December 31, 2020	\$ 1,458,000	\$ 761,209	\$ 1,223,959	\$ 2,093,000	\$ 1,656,000	\$ 176,000	\$ 632,271	\$ 8,000,439
Additions (Note 7)	-	-	-	694,927	-	-	-	694,927
Impact of currency translation	-	-	(2,678)	-	-	-	(2,681)	(5,359)
Balance, December 31, 2021	\$ 1,458,000	\$ 761,209	\$ 1,221,281	\$ 2,787,927	\$ 1,656,000	\$ 176,000	\$ 629,590	\$ 8,690,007
Impact of currency translation	-	-	10,313	-	-	-	10,329	20,642
<b>Balance, June 30, 2022</b>	<b>\$ 1,458,000</b>	<b>\$ 761,209</b>	<b>\$ 1,231,594</b>	<b>\$ 2,787,927</b>	<b>\$ 1,656,000</b>	<b>\$ 176,000</b>	<b>\$ 639,919</b>	<b>\$ 8,710,649</b>
<b>Accumulated Amortization and Impairment</b>								
Balance, December 31, 2020	\$ 141,917	\$ 635,453	\$ 159,152	\$ 348,833	\$ 44,757	\$ 29,333	\$ -	\$ 1,359,445
Amortization	488,917	75,453	363,918	1,496,870	179,027	117,333	-	2,721,518
Impairment	17,500	50,303	-	-	-	-	-	67,803
Impact of currency translation	-	-	879	-	-	-	-	879
Balance, December 31, 2021	\$ 648,334	\$ 761,209	\$ 523,949	\$ 1,845,703	\$ 223,784	\$ 146,666	\$ -	\$ 4,149,645
Amortization	231,333	-	182,590	418,326	89,514	29,334	-	951,097
Impact of currency translation	-	-	2,553	-	-	-	-	2,553
<b>Balance, June 30, 2022</b>	<b>\$ 879,667</b>	<b>\$ 761,209</b>	<b>\$ 709,092</b>	<b>\$ 2,264,029</b>	<b>\$ 313,298</b>	<b>\$ 176,000</b>	<b>\$ -</b>	<b>\$ 5,103,295</b>
<b>Net book value</b>								
<b>At December 31, 2021</b>	<b>\$ 809,666</b>	<b>\$ -</b>	<b>\$ 697,332</b>	<b>\$ 942,224</b>	<b>\$ 1,432,216</b>	<b>\$ 29,334</b>	<b>\$ 629,590</b>	<b>\$ 4,540,362</b>
<b>At June 30, 2022</b>	<b>\$ 578,333</b>	<b>\$ -</b>	<b>\$ 522,502</b>	<b>\$ 523,898</b>	<b>\$ 1,342,702</b>	<b>\$ -</b>	<b>\$ 639,919</b>	<b>\$ 3,607,354</b>

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During the six months ended June 30, 2022, no indicators of impairment were assessed on the Company's intangible assets.

**19. GOODWILL**

	<b>Food Delivery</b>		<b>Steer</b>		<b>Total</b>
<b>Balance, December 31, 2020</b>	\$ 1,050,843	\$	872,701	\$	1,923,544
Impact of currency translation	-		(3,700)		(3,700)
<b>Balance, December 31, 2021</b>	\$ 1,050,843	\$	869,001	\$	1,919,844
Impact of currency translation	-		14,257		14,257
<b>Balance, June 30, 2022</b>	\$ 1,050,843	\$	883,259	\$	1,934,101

Goodwill is tested for impairment on an annual basis. The Company performed goodwill testing on the Steer and Facedrive Foods as at December 31, 2021 and did not note any impairment.

**20. INVESTMENT IN PREFERRED SHARES**

On October 21, 2019, the Company completed a transaction with Westbrook Global Inc. ("Westbrook") whereby the Company purchased a USD \$1,000,000, 3.00% unsecured convertible promissory note of Westbrook, due December 31, 2022 (the "Note").

With Westbrook completing the Series A transaction on December 20, 2021, by confirming the Series A Stock Purchase Agreement and the Investors' Rights Agreement mutually agreed by both parties, the promissory notes were converted to 14,200 preferred shares, representing 0.247% of total ownership, earning 3% annually compounded dividend.

The preferred share was recognized as FVTPL at fair value determined based on a recent arm's length third party transaction; the difference between the carrying amount of the promissory notes and the fair value on conversion date was recognized immediately in the condensed consolidated interim statements of loss and comprehensive loss.

<b>Balance, December 31, 2021</b>	\$	<b>1,365,145</b>
Fair value gain on investment		132
Foreign exchange gain/loss		22,402
<b>Balance, June 30, 2022</b>	\$	<b>1,387,679</b>

**Facedrive Inc.**  
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**21. EQUIPMENT**

	<b>Computer s</b>		<b>Furniture</b>		<b>Vehicles</b>		<b>Warehouse Equipment</b>		<b>Total</b>	
<b>Cost</b>										
December 31, 2020	\$	23,128	\$	-	\$	-	\$	-	\$	23,128
Additions		33,717		31,770		998,155		249,968		1,313,610
Disposals		-		-		(883,205)		-		(883,205)
Impact of currency translation		3		-		-		-		3
<b>Balance, December 31, 2021</b>	<b>\$</b>	<b>56,848</b>	<b>\$</b>	<b>31,770</b>	<b>\$</b>	<b>114,950</b>	<b>\$</b>	<b>249,968</b>	<b>\$</b>	<b>453,536</b>
Additions		41,845		6,301		3,903,489		250,046		4,201,681
Disposals		-		-		(239,095)		(46,341)		(285,436)
Impact of currency translation		152		-		-		-		152
<b>Balance, June 30, 2022</b>	<b>\$</b>	<b>98,845</b>	<b>\$</b>	<b>38,071</b>	<b>\$</b>	<b>3,779,344</b>	<b>\$</b>	<b>453,673</b>	<b>\$</b>	<b>4,369,933</b>
<b>Accumulated Depreciation</b>										
December 31, 2020		2,606		-		-		-		2,606
Depreciation		16,115		5,989		20,086		23,633		65,823
Disposals		-		-		(14,339)		-		(14,339)
Impact of currency translation		26		-		-		-		26
<b>Balance, December 31, 2021</b>		<b>18,747</b>		<b>5,989</b>		<b>5,747</b>		<b>23,633</b>		<b>54,116</b>
Depreciation		11,263		3,561		31,378		33,614		79,816
Disposals		-		-		(16,578)		(5,911)		(22,489)
Impact of currency translation		70		-		-		-		70
<b>Balance, June 30, 2022</b>	<b>\$</b>	<b>30,080</b>	<b>\$</b>	<b>9,550</b>	<b>\$</b>	<b>20,547</b>	<b>\$</b>	<b>51,336</b>	<b>\$</b>	<b>111,513</b>
<b>Net Book Value</b>										
<b>At December 31, 2021</b>	<b>\$</b>	<b>38,101</b>	<b>\$</b>	<b>25,781</b>	<b>\$</b>	<b>109,203</b>	<b>\$</b>	<b>226,335</b>	<b>\$</b>	<b>399,420</b>
<b>At June 30, 2022</b>	<b>\$</b>	<b>68,765</b>	<b>\$</b>	<b>28,521</b>	<b>\$</b>	<b>3,758,797</b>	<b>\$</b>	<b>402,337</b>	<b>\$</b>	<b>4,258,420</b>



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**22. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consist of:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Trade payables	\$ 5,838,511	\$ 5,488,358
Accrued liabilities and other payables	567,825	355,087
Payroll liabilities and source deductions	423,052	501,370
Related party liabilities (Note 27)	657,407	692,297
	<b>\$ 7,486,795</b>	<b>\$ 7,037,112</b>

**23. LOANS**

On January 7, 2021, the Company received a loan in the principal amount of \$20,000 under the Canada Emergency Business Account (“CEBA”) program. The loan is non-interest bearing and eligible for \$10,000 forgiveness if repaid by December 31, 2023. If not repaid by December 31, 2023, the loan bears interest at 5% per annum and is due on December 31, 2025. The Company intends to repay the loan by December 31, 2023 and management has assessed that the Company will have the financial ability to do so. As it is probable that the conditions for the forgiveness of the loans will be met, the Company has recognized the \$10,000 loan forgiveness as government grant income for the year ended December 31, 2021. As the loan is issued at below market rates, the initial fair value of the loan was determined to be \$8,033, which was determined using an estimated effective interest rate of 11%. The difference between the face value of the loan and the fair value of the loan of \$1,967 (2020 - \$Nil) has been recognized as government grant income during period.

During the year ended December 31, 2020, the Company received loans in the principal amount of \$140,000 under the CEBA program. The loans are non-interest bearing and eligible for \$40,000 forgiveness if repaid by December 31, 2023. If not repaid by December 31, 2023, the loans bear interest at 5% per annum and are due on December 31, 2025. The Company intends to repay the loans by December 31, 2023 and management has assessed that the Company will have the financial ability to do so. As it is probable that the conditions for the forgiveness of the loans will be met, the Company has recognized the \$40,000 loan forgiveness as government grant income during the year ended December 31, 2020. As the loans are issued at below market rates, the initial fair value of the loans was determined to be \$76,417, which was determined using an estimated effective interest rate of 11%. The difference between the face value of the loans and the fair value of the loans of \$23,583 has been recognized as government grant income during the year ended December 31, 2020.

For the three and six months ended June 30, 2022, the Company recognized interest expense of \$2,812 and \$5,548 (2021 - \$2,520 and \$4,913) related to the CEBA loans.

As at June 30, 2022, the balance outstanding was \$104,139 (December 31, 2021- \$98,591).

## **Facedrive Inc.**

# **Notes to the Condensed Consolidated Interim Financial Statements For the Three and Six Months Ended June 30, 2022 and 2021**

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## **24. FAIR VALUE MEASUREMENT**

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

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

The carrying values of cash and cash equivalents, restricted investment, trade and other receivables, accounts payable and accrued liabilities, amounts due to related parties, and loans are considered reasonable approximations of their fair values due to the short-term nature of these instruments. The fair value measurement for investment in shares is derived using level 3 inputs.

## **25. SHARE CAPITAL**

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series with no par value for both. As at June 30, 2022, the Company had 132,944,615 (December 31, 2021 - 95,721,499) Shares issued and outstanding and no preferred shares issued and outstanding.

Share capital transactions during the six months ended June 30, 2022 consisted of the following:

- On March 1, 2022, the Company completed a non-brokered private placement of 7,343,750 units, with each unit consisting of one Share and one warrant, issued at a price of \$0.64 per unit for aggregate gross proceeds of \$4,700,000. The Company incurred legal fees of \$49,860 and professional fees of \$24,250 in connection with this financing.
- On March 31, 2022, the Company clawed back 26,841 common shares of the 18 Month Lock-Up Shares as a result of post-closing adjustment for acquisition of Food Hwy.
- On April 7, 2022, the Company completed a non-brokered private placement of 29,661,016 units, with each unit consistent of one Share and one warrant, issued at a price of \$0.59 per unit for aggregate gross proceeds of \$17,499,999. The Company incurred finder fees of \$47,495, legal fees of \$78,442 and professional fees of \$56,581 in connection with this financing.
- On June 1, 2022, the Company issued an aggregate of 89,025 Shares to two of the Company's former advisors as debt settlements. The arrangements are share-based payment transactions with non-employees. For accounting purposes, using the fair value

## Facedrive Inc.

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method of accounting, consideration comprised of 89,025 Shares with a fair value of \$69,500, representing a grant date fair value of the Shares of \$0.78 per Share.

- On June 1, 2022, the Company clawed back 11,275 common shares of the 18 Month Lock-Up Shares as a result of post-closing adjustment for acquisition of Food Hwy.

Share capital transactions during the six months ended June 30, 2021 consisted of the following:

- On February 2, 2021, the Company completed a non-brokered private placement of 1,518,518 Shares issued at a price of \$13.50 per Share for aggregate gross proceeds of \$20,499,993. The Company incurred finder's fees of \$224,600 in connection with this financing.
- On April 8, 2021, as purchase consideration for the EcoCRED Acquisition, the Company issued to the vendors an aggregate of 38,936 Shares with a fair value of \$659,926 (see Note 9).
- On June 10, 2021, the Company issued to one of the directors an aggregate of 22,800 Shares for the exercise of Options at the exercise price of \$0.50 per Share for gross proceeds of \$11,400 which resulted in a transfer from contributed surplus to share capital of \$45,505.

#### 26. OPTIONS, WARRANTS AND RESTRICTED SHARE UNITS

The Company's recorded share-based compensation for the three months ended June 30, 2022 and 2021 and six months ended June 30, 2022 and 2021 comprised of the following:

	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Options (a)	\$ 95,071	\$ (1,175)	\$ 193,648	\$ 50,144
RSUs (c)	261,946	280,977	857,728	1,027,836
<b>Total share-based compensations</b>	<b>\$ 357,017</b>	<b>\$ 279,802</b>	<b>\$ 1,051,376</b>	<b>\$ 1,077,980</b>

##### (a) Options

Continuity of the Options issued and outstanding are as follows:

	Number of options	Weighted average exercise price
<b>Outstanding, December 31, 2020</b>	<b>687,040</b>	<b>\$ 2.18</b>
Granted	354,628	1.72
Forfeited/Cancelled	(113,380)	1.62
Expired	(109,100)	3.10
<b>Outstanding, December 31, 2021</b>	<b>819,188</b>	<b>\$ 1.94</b>

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Granted	<b>704,283</b>	0.9
Expired	(114,528)	-
<b>Outstanding, June 30, 2022</b>	<b>1,408,943</b>	<b>\$ 1.42</b>
<b>Exercisable, June 30, 2022</b>	<b>319,842</b>	<b>\$ 2.04</b>

As at June 30, 2022, the following Options were outstanding:

Number of options	Exercise price	Expiry date	Remaining contractual life (years)
45,290	2.21	August 31, 2022	0.17
90,580	1.90	October 29, 2022	0.33
45,290	2.21	October 29, 2022	0.33
2,812	3.31	October 29, 2022	0.33
90,580	1.90	September 26, 2024	2.24
45,290	2.21	September 26, 2024	2.24
30,190	3.31	September 26, 2024	2.24
188,568	1.25	November 18, 2024	2.39
704,283	0.90	May 23, 2025	2.90
90,580	1.90	April 07, 2026	3.77
45,290	2.28	April 07, 2026	3.77
30,190	3.31	April 07, 2026	3.77
<b>1,408,943</b>			<b>2.52</b>

As at Dec 31, 2021, the following Options were outstanding:

Number of options	Exercise price	Expiry date	Remaining contractual life (years)
90,580	1.90	April 06, 2022	0.26
23,948	2.21	April 06, 2022	0.26
45,290	2.21	August 31, 2022	0.67
90,580	1.90	October 29, 2022	0.83
45,290	2.21	October 29, 2022	0.83
2,812	3.31	October 29, 2022	0.83
90,580	1.90	September 26, 2024	2.74
45,290	2.21	September 26, 2024	2.74
30,190	3.31	September 26, 2024	2.74
188,568	1.25	November 18, 2024	2.88
90,580	1.90	April 07, 2026	4.27
45,290	2.28	April 07, 2026	4.27
30,190	3.31	April 07, 2026	4.27
<b>819,188</b>			<b>2.30</b>

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The fair value of the options were valued using the Black-Scholes option pricing model with the following weighted average assumptions for the six months ended June 30, 2022 and for the year ended December 31, 2021:

	June 30, 2022	December 31, 2021
Grant date share price	\$0.62	\$1.13
Exercise price	\$0.90	\$1.72
Risk free rate	2.58%	1.17%
Expected life, years	3.00	3.67
Expected volatilities	140.55%	140%

**(b) Warrants**

The Company issued an aggregate of 7,343,750 common share purchase warrants (“Warrants”) in connection with the non-brokered private placement (Note 25) in March, 2022. The Warrants are exercisable at the option of the holder to acquire one Share at an exercise price of \$0.80 per Warrant.

The Company issued an aggregate of 29,661,016 common share purchase warrants (“Warrants”) in connection with the non-brokered private placement (Note 25) in April, 2022. The Warrants are exercisable at the option of the holder to acquire one Share at an exercise price of \$0.73 per Warrant.

Continuity of the Warrants issued and outstanding are as follows:

	Number of warrants	Weighted average exercise price
<b>Outstanding, December 31, 2020</b>	-	\$ -
Granted	-	-
Exercised	-	-
<b>Outstanding, December 31, 2021</b>	-	-
Granted	37,004,766	0.74
Exercised	-	-
<b>Outstanding, June 30, 2022</b>	<b>37,004,766</b>	<b>\$ 0.74</b>
<b>Exercisable, June 30, 2022</b>	-	\$ -

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(c) **Restricted Share Units**

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

	Number of RSUs		Weighted average grant date fair value
<b>Outstanding, December 31, 2020</b>	<b>764,127</b>	<b>\$</b>	<b>4.39</b>
Granted	335,297		7.51
Exercised	(281,623)		1.59
Cancelled	(182,133)		2.94
<b>Outstanding, December 31, 2021</b>	<b>635,668</b>	<b>\$</b>	<b>7.69</b>
Granted	617,474		0.65
Exercised	(167,441)		9.23
<b>Outstanding, June 30, 2022</b>	<b>1,085,701</b>		<b>3.45</b>
<b>Vested, pending settlement and issue</b>	<b>133,264</b>	<b>\$</b>	<b>7.38</b>

**27. RELATED PARTY DISCLOSURES**

Related parties include key management, the Board of Directors, close family members and entities which are controlled by these individuals as well as certain persons performing similar functions.

**Key management personnel compensation**

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company defines key management personnel as being the directors and key officers. For the three and six months ended June 30, 2022 and 2021, the compensation awarded to key management personnel is as follows:

	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Salaries, service fees and short-term benefits	\$ 191,873	\$ 112,606	\$ 455,204	\$ 244,743
Share based compensations	195,867	89,546	532,195	212,871
	<b>\$ 387,740</b>	<b>\$ 202,152</b>	<b>\$ 987,399</b>	<b>\$ 457,614</b>

**Related party transactions**

During the six months ended Jun 30, 2022 and 2021, the Company incurred office space, operational supports, consulting, and product development expenses for services provided by the following related entities controlled by key officers or directors:

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	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Connex Telecommunications Inc. (“Connex”)	\$ 47,619	\$ 34,200	\$ 63,613	\$ 69,800
Abrahams LLP.	51,131	40,000	51,131	48,700
Mujir Muneeruddin Professional Corporation	-	60,000	-	120,000
	<b>\$ 98,750</b>	<b>\$ 134,200</b>	<b>\$ 114,744</b>	<b>\$ 238,500</b>

above incurred expenses are included in cost of revenues, operational support expenses, and research and development expenses. Transactions with the related parties are measured at the amounts agreed to with the related parties.

#### Due to related parties:

As at June 30, 2022 and December 2021 amounts due to related parties include:

	June 30, 2022	December 31, 2021
Directors	\$ 90,000	\$ 130,000
Founders	195,559	195,559
Entities controlled by key officers or directors	567,407	562,297
	<b>\$ 852,966</b>	<b>\$ 887,856</b>

Amounts due to directors and entities controlled by key officers or directors are included in accounts payable and accrued liabilities (Note 22). Amounts due to founders are included as due to related parties. The amounts owing by the Company are unsecured, and non-interest bearing, with no specific terms for repayment.

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company’s senior management oversees the management of these risks. The Company’s

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

**Market risk**

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

**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at June 30, 2022, the Company is primarily exposed to foreign exchange risk through its United States dollars denominated, investment in preferred shares. The Company mitigates foreign exchange risk by monitoring foreign exchange rate trends. The Company does not currently hedge its currency risk.

Based on current exposures as at June 30, 2022 and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar relative to the United States dollar would result in a gain or loss of approximately \$64,000 in the Company's consolidated statements of loss and comprehensive loss.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at June 30, 2022 the Company is not exposed to significant interest rate risk.

**Other price risk**

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

Examples include changes in commodity prices or equity prices. As at June 30, 2022, the Company is not exposed to significant other price risk, except with regards to FVTPL investments.

**Credit risk**

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company's financial instruments that are exposed to credit risk consist primarily of cash and cash equivalents and trade and other receivables. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with financially stable and insured institutions. The Company mitigates its exposure to credit risk from trade and other receivables through a payment collection platform which processes users' pre-authorized credit cards. As payments from users are typically pre-authorized, the risk of credit loss is expected to be minimal. As at June 30, 2022, the Company is not exposed to significant credit risk.



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**Liquidity risk**

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

As at June 30, 2022	Carrying Amount	Undiscounted Contractual Cash Flows		
		< 1 year	1 – 5 years	Total
Accounts payables and accrued liabilities	\$ 7,486,795	\$ 7,486,795	\$ -	\$ 7,486,795
Due to related parties	195,559	195,559	-	195,559
Loans	104,139	160,000	-	160,000
Lease liabilities	12,911,082	3,892,888	11,665,103	15,557,991
	<b>\$ 20,697,575</b>	<b>\$ 11,735,242</b>	<b>\$ 11,665,103</b>	<b>\$ 23,400,345</b>

**As at December 31, 2021**

Accounts payables and accrued liabilities	\$ 7,037,112	\$ 7,037,112	\$ -	\$ 7,037,112
Due to related parties	195,559	195,559	-	195,559
Loans	98,591	-	160,000	160,000
Lease liabilities	11,133,486	3,308,548	9,920,109	13,228,657
	<b>\$ 18,464,748</b>	<b>\$ 10,541,219</b>	<b>\$ 10,080,109</b>	<b>\$ 20,621,328</b>

**Capital management**

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

There have been no changes in the Company's approach to capital management during the six months period ended June 30, 2022, nor have there been any changes made in the objectives, policies, or processes of the Company in respect of capital management during the six months period ended June 30, 2022. The Company will continually assess the adequacy of its capital structure and capacity and make adjustments within the context of the Company's strategy,

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economic conditions, and the risk characteristics of the business.

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

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

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

## **29. COMMITMENTS, CONTINGENCIES AND GUARANTEES**

### **Legal claim contingency**

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

On March 2, 2020, an oppression remedy action was commenced by the individual pursuant to section 248 of the *Business Corporations Act* (Ontario) against the Company, its Board of Directors, and Odyssey Trust Company (its transfer agent), in the Ontario Superior Court of Justice. The plaintiff is seeking, among other relief, an order requiring the Company's Board of Directors to deliver to the plaintiff 340,947 common shares in the Company or, in the alternative, payment of damages equal to the greater of \$1,568,356 or the monetary value of the 340,947 common shares of the Company as of the date of trial. To date, the Company has not been required to deliver a statement of defence. The Company has assessed that the likelihood of delivering the shares or paying the damages to be remote. As such, no provision has been recognized for this matter as at June 30, 2022.

On February 22, 2022, a supplier commenced an action against the Company in the Ontario Superior Court of Justice for an amount of USD\$213,075 for breach of contract and unjust enrichment. The action is at an early stage and the Company has defended the action. The Company is of the view that the claim is without merit and that the likelihood of paying the claim to be remote. As such, no provision has been recognized for this matter as at June 30, 2022.

On October 27, 2021, Tally served a notice of default to the Company, alleging that the Company had defaulted on the terms of the Options and 727,273 of the Company's Initial Tally Preferred Shares will be converted into common shares of Tally and, together with the Initial Tally Common Shares, will be returned to Tally for cancellation. (Note 33)

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**Guarantees**

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

At June 30, 2022, the Company was contingently liable under an irrevocable letter of credit issued by its bank in February 2020 in the amount of \$25,000 which expires in February 2023. The letter of credit was issued to Greater Toronto Airports Authority (“GTAA”) as a security for the Company’s obligations in connection with an agreement between the Company and GTAA.

**30. LEASES**

**Right-of-use assets**

At June 30, 2022, the Company’s Right-of-use assets are as follows:

	Office space	Vehicles	Warehouse Equipment	Total
<b>As at January 1, 2021</b>	\$ 442,571	\$ 7,495,417	\$ -	\$ 7,937,988
Additions	3,069,464	1,748,560	-	4,818,024
Disposals	(50,103)	(469,652)	-	(519,755)
	(325,371)	(1,979,892)	-	(2,305,263)
Depreciation				)
Impact of currency translation	-	(53,928)	-	(53,928)
<b>As at December 31, 2021</b>	\$ 3,136,561	\$ 6,740,505	\$ -	\$ 9,877,066
Additions		3,877,718	131,193	4,008,911
Disposals	(442,715)	(322,374)		(765,089)
Depreciation	(645,813)	(1,176,395)	(5,334)	(1,827,542)
Impact of currency translation		71,280		71,280
<b>As at June 30, 2022</b>	\$ 2,048,033	\$ 9,190,734	\$ 125,859	\$ 11,364,626

The depreciation on the vehicles for Steer EV and Steer Holding Inc. have been recognized under cost of revenue (Note 9). The vehicles referred to in the table above are related to the Company’s services and offerings for vehicle subscription service.

**Lease liability**

At June 30, 2022, the Company’s lease liability is as follows:

<b>Lease liability</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Current portion	\$ 2,848,808	\$ 2,415,372
Long-term portion	10,062,274	8,718,114
<b>Total lease liability</b>	<b>\$ 12,911,082</b>	<b>\$ 11,133,486</b>

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The Company is committed to undiscounted minimum lease payments as follows:

<b>Lease commitments</b>	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Less than one year	\$	3,892,888	\$	3,308,548
One to five years		11,665,103		9,920,109
<b>Total undiscounted lease commitments</b>	<b>\$</b>	<b>15,557,991</b>	<b>\$</b>	<b>13,228,657</b>

#### Amounts recognized in the Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

	<b>For the three months ended June 30, 2022</b>		<b>For the three months ended June 30, 2021</b>		<b>For the six months ended June 30, 2022</b>		<b>For the six months ended June 30, 2021</b>	
Interest on lease liabilities	\$	282,028	\$	191,876	\$	516,588	\$	376,882
Expenses relating to short-term leases		88,271		77,317		155,916		172,783
Expenses relating to variable lease payments not included in lease liabilities	\$	31,063	\$	73,776	\$	77,221	\$	94,500

#### Amounts recognized in the Condensed Consolidated Interim Statements of Cash Flows

<b>During the six months ended June 30,</b>	<b>2022</b>		<b>2021</b>	
Interest paid	\$	520,430	\$	376,882
Payment of lease liabilities		1,475,485		490,842
Short-term lease payments		155,916		172,783
Expenses relating to variable lease payments not included in lease liabilities		77,221		94,500
<b>Total cash outflows for leases</b>	<b>\$</b>	<b>2,229,052</b>	<b>\$</b>	<b>1,135,007</b>

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**31. GOVERNMENT AND OTHER GRANTS**

	<b>For the three months ended June 30, 2022</b>	<b>For the three months ended June 30, 2021</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
CEBA loans (see note 23)	\$ -	\$ -	\$ -	\$ 11,967
Ontario Ministry of Economic Development, Job Creation and Trade (the “OTF”) Grant (a)	631,653	702,712	631,653	1,500,000
The National Research Council of Canada Industrial Research Assistance (“NRC IRAP”) (b)	-	-	-	275,627
Toronto Region Board of Trade’s Recovery Activation Program (c)	-	-	10,000	-
Canada Emergency Wage Subsidy (“CEWS”) (d)	-	196,648	1,012,814	196,648
<b>Total government and other grants</b>	<b>\$ 631,653</b>	<b>\$ 899,360</b>	<b>\$ 1,654,467</b>	<b>\$ 1,984,242</b>

**a) OTF Grant**

On February 11, 2021, the OTF agreed to provide funding of up to \$2,500,000 to fund the development and production of the TraceSCAN application. The grant is subject to the Company investing \$3,333,333 in the development and commercialization of the TraceSCAN application, and the Company delivering a total of 160,000 TraceSCAN units by July 5, 2021.

The Company received an initial tranche of \$1,500,000 from the OTF on February 17, 2021. The remainder of \$1,000,000 is subject to the Company completing the delivery of the 160,000 units and an audit of the costs incurred.

During Q2 of 2022, the Company recognized \$631,653 of the grant as government grant income in Q2 2022, as opposed to \$702,712 in Q2 of 2021. The Company has recognized \$631,653 of the grant as government grant income in YTD Period, as opposed to \$1,500,000 in Prior YTD Period.

**b) NRC IRAP wage subsidies**

During the six months ended June 30, 2022, the Company has received wage subsidies in the amount \$Nil (2021 - \$275,627), which assisted innovative, early-stage small and medium-sized enterprises that are unable to access other existing COVID-19 business support.

**c) Toronto Region Board of Trade’s Recovery Activation Program**

On February 18, 2022, the Company has received grant from Lenovo Evolve Small grant program in the amount \$10,000 (2021 - \$Nil), which aimed at providing relief to Black, Indigenous, and People of Colour-owned (BIPOC) small businesses navigating the challenges and impact of COVID-19.

**Facedrive Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the Three and Six Months Ended June 30, 2022 and 2021**  
(Unaudited - In Canadian dollars, except where otherwise indicated)

During the three and six months ended June 30, 2022, the Company has recognized \$Nil and \$10,000 (2021 - \$Nil) as government grant income.

**d) Canada Emergency Wage Subsidy (“CEWS”)**

The Canadian government announced CEWS program in April 2020 which provides a wage subsidy on eligible remuneration to eligible employers based on certain criteria. The Company determined that it qualified for this subsidy and accordingly applied for and received \$Nil and \$1,012,814 during the three and six months ended June 30, 2022, respectively. The subsidy is recorded as government grant income on the condensed consolidated interim statements of comprehensive loss for the respective periods.

**32. SEGMENT REPORTING**

The Company has one operating segment, being the provider of Subscription-Based Offerings and On-demand Offerings, and operates in two geographic areas, being the United States and Canada. The Company’s revenue and long-lived assets by geographic area during the six months ended and as at June 30, 2022 are set out below:

	<b>Canada</b>	<b>United States</b>	<b>Total</b>
<b>June 30, 2022:</b>			
Revenue recognized at a point of time			
B2B Marketplace	\$ 21,060,409	\$ -	\$ 21,060,409
Other (Foods Delivery, Rideshare, Daas, Health)	3,169,906	-	3,169,906
On-Demand Offerings	\$ 24,230,315	\$ -	\$ 24,230,315
Revenue recognized over the point of time			
Vehicle subscription service	\$ 269,088	\$ 1,092,971	\$ 1,362,059
Other	-	191,081	191,081
Subscription-Based Offerings	\$ 269,088	\$ 1,284,052	\$ 1,553,140
	<b>\$ 24,499,403</b>	<b>\$ 1,284,052</b>	<b>\$ 25,783,455</b>
Long-lived assets	\$ 15,623,032	\$ 8,012,955	\$ 23,635,987

**Facedrive Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the Three and Six Months Ended June 30, 2022 and 2021**  
(Unaudited - In Canadian dollars, except where otherwise indicated)

	Canada	United States	Total
<b>June 30, 2021:</b>			
Revenue recognized at a point of time			
B2B Marketplace	\$ 2,386,737	\$ -	\$ 2,386,737
Other (Foods Delivery, Rideshare, Daas, Health)	3,618,129	-	3,618,129
On-Demand Offerings	\$ 6,004,866	-	6,004,866
Revenue recognized over the point of time			
Vehicle subscription service	26,675	1,232,135	1,258,810
Other	-	30,705	30,705
Subscription-Based Offerings	26,675	1,262,840	1,289,515
	<b>\$ 6,031,541</b>	<b>\$ 1,262,840</b>	<b>\$ 7,294,381</b>

**December 31, 2021**

Long-lived assets	\$ 11,278,443	\$ 8,312,649	\$ 19,591,092
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The above disclosures are consistent with the financial information regularly reviewed by the chief operating decision makers.

**33. SUBSEQUENT EVENTS**

**Mike Albert Fleet Management Company**

The Company has an established sale-leaseback agreement with fleet management company Mike Albert. As part of a recent arrangement, Mike Albert will purchase 25 electric-vehicles from STEER for \$2,633,600 and lease back the same number of vehicles to STEER for operational use.

**Ontario Medical Association**

The Company has formed a partnership with the Ontario Medical Association (OMA), which represents the political, clinical and economic interests of Ontario physicians, residents, and medical students enrolled in any of the six Ontario faculties of medicine. The Company expects its partnership with OMA to increase its sales opportunities to professional networks and to potentially serve as a launchpad for relationships with other major professional affiliations and associations.

**Amendment on Office Leasing Agreement**

On July 19, 2022, The Company entered into an amendment to Office Leasing Agreement and agreed to issue a \$500,000 letter of credit to secure the rent payment at end of August 2022.

**Enterprise Fleet Management Partnership**

On August 5, 2022, STEER Holdings LLC a wholly-owned subsidiary of STEER, has entered into a master agreement with Enterprise Fleet Management to lease over 1,000 electric vehicles for its EV subscription business.