

Carbeeza



Condensed Interim Consolidated Financial Statements

Carbeeza Inc.

*As at September 30, 2021 and
for the three months ended September 30, 2021 and September 30, 2020
Stated in Canadian Dollars*

NOTE TO READER

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

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management. The Company's independent auditor has not performed a review of these interim financial statements.

Carbeeza Inc.

Condensed Interim Consolidated Statements of Financial Position

Stated in Canadian dollars

(Unaudited)

As at September 30, 2021 and June 30, 2021

	September 30, 2021	June 30, 2021
ASSETS		
Current assets		
Cash	\$ 1,271,648	\$ 1,439,352
Funds held in trust	-	400,000
Marketable securities	30,000	30,000
Goods and services tax receivable	37,400	40,456
Prepaid expenses	9,018	40,546
Total current assets	1,348,066	1,950,354
Property and equipment (Note 3)	3,957	4,190
Right of use asset (Note 4)	19,780	20,967
Intangible assets (Note 5)	5,494,904	5,202,653
Total assets	\$ 6,866,707	\$ 7,178,164
LIABILITIES and EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 789,786	\$ 703,788
Current portion of lease liability (Note 6)	1,008	21,535
	790,794	725,323
Lease Liability (Note 6)	19,544	-
Total liabilities	810,338	725,323
Shareholders' equity		
Share capital (Note 8)	6,374,983	6,374,983
Warrants (Note 8)	1,259,968	1,259,968
Contributed surplus	4,179,978	4,179,978
Deficit	(5,758,560)	(5,362,088)
Total shareholders' equity	6,056,369	6,452,841
Total liabilities and shareholders' equity	\$ 6,866,707	\$ 7,178,164

Nature of operations and going concern (Note 1)

Approved by the Board of Directors:

"signed"
Director

"signed"
Director

Carbeeza Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Stated in Canadian dollars

(Unaudited)

For the three months ended September 30, 2021 and September 30, 2020

	Three months ended September 30, 2021	Three months ended September 30, 2020
Expenses		
Professional fees	\$ 122,456	\$ 109,208
Advertising and marketing	12,931	-
Consulting services	135,488	-
Online hosting services	41,381	-
Subscriptions	70,224	42,500
Public company fees	8,965	-
Insurance	3,090	-
Amortization and accretion <i>(Note 3 and 4)</i>	1,937	-
Total expenses	396,472	151,708
Net loss and comprehensive loss	\$ (396,472)	\$ (151,708)
Loss per share <i>(Note 7)</i>		
Basic and diluted	\$ (0.01)	\$ (0.00)
Weighted average number of shares outstanding	63,814,824	43,480,000

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

Carbeeza Inc.

Condensed Interim Consolidated Statements of Shareholders' Equity

Stated in Canadian dollars

(Unaudited)

For the three months ended September 30, 2021 and September 30, 2020

	Common Shares	Warrants	Contributed Surplus	Deficit	Total Equity
	\$	\$	\$	\$	\$
Balance at June 30, 2020	1		3,776,544	(7,516)	3,769,029
Shares issued (Note 8)	1,009,635	422,364	-	-	1,431,999
Common control transaction	-	-	403,434	-	403,434
Net loss and comprehensive loss	-	-	-	(193,128)	(193,128)
Balance at September 30, 2020	1,009,636	422,364	4,179,978	(200,644)	5,411,334
Balance at June 30, 2021	6,374,983	1,259,968	4,179,978	(5,362,088)	6,452,841
Shares issued (Note 8)	-	-	-	-	-
Net loss and comprehensive loss	-	-	-	(396,472)	(396,472)
Balance at September 30, 2021	6,374,983	1,259,968	4,179,978	(5,758,560)	6,056,369

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

Carbeeza Inc.

Condensed Interim Consolidated Statements of Cash Flows

Stated in Canadian dollars

(Unaudited)

For the three months ended September 30, 2021 and September 30, 2020

	Three months ended September 30, 2021	Three months ended September 30, 2020
Cash provided by (used for) the following activities:		
Operating activities		
Net loss for the period	\$ (396,472)	\$ (151,708)
Amortization and accretion <i>(Note 3 and 4)</i>	1,937	-
Changes in non-cash working capital:		
Goods and services tax receivable	3,056	(11,012)
Prepaid expenses	31,528	(100,000)
Accounts payable and accrued liabilities	85,998	176,573
Cash flows used in operating activities	(273,953)	(86,147)
Financing activities		
Release of funds held in trust	400,000	-
Issue of share capital <i>(Note 8)</i>	-	1,390,578
Cash flows provided by financing activities	400,000	1,390,578
Investing activities		
Payments on lease liability	(1,500)	-
Expenditures on intangible asset <i>(Note 5)</i>	(292,251)	(27,057)
Cash flows used in investing activities	(293,751)	(27,057)
Increase (decrease) in cash	(167,704)	1,277,374
Cash, beginning of the period	1,439,352	1
Cash, end of the period	\$ 1,271,648	\$ 1,277,375

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

Carbeeza Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Stated in Canadian dollars

(Unaudited)

For the three months ended September 30, 2021 and 2020

1. Nature of Operations and Going Concern

Carbeeza Inc. (the “Carbeeza” or the “Company”) was incorporated on July 30, 2018 in the province of Alberta. Carbeeza provides a one-stop marketplace for consumers and dealers to meet and transact the purchase of any type of vehicle (the Platform”). The Platform allows consumers to research vehicles, find financing options and negotiate the lowest prices for their preferred vehicle from anywhere in the world.

Carbeeza completed a reverse takeover of HIT Technologies Inc. (the “HIT”) on June 29, 2021 and became the ongoing operations of the Company.

The address of the Company’s corporate and registered office is 620, 10180 101 Street Edmonton, Alberta, T5J 3S4.

These condensed interim consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the quarter ended September 30, 2021, the Company has incurred a loss of \$396,472, negative cash flows from operating activities of \$273,953, and has accumulated deficit of \$5,758,560 at September 30, 2021. These events and conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company’s ability to continue as a going concern.

There is a risk that these measures will not be sufficient, and that additional financing will not be available on a timely basis or on terms acceptable to the Company.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed interim consolidated financial statements. These adjustments could be material.

The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the effectiveness of interventions by governments and central banks as well as the impact to the Company including its ability to secure sources of financings and further fund its development of the Platform.

2. Basis of Preparation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) that are effective for the period and year presented.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 22, 2021.

Basis of measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value. These condensed interim consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiary.

Basis of consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its subsidiary. All intercompany transactions have been eliminated.

Carbeeza Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Stated in Canadian dollars

(Unaudited)

For the three months ended September 30, 2021 and 2020

2. Basis of Preparation (continued)

Comparative balances

Carbeeza's reverse takeover of the Company accordingly includes in the condensed interim consolidated financial statements a continuation of Carbeeza. All prior period comparative amounts are those of Carbeeza and include the results of the Company from the date of acquisition of June 29, 2021.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the years. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

3. Property and Equipment

Cost	Computer Equipment
Balance at December 31, 2020	\$ 5,475
Additions	-
Balance at June 30, 2021	\$ 5,475
Additions	-
Balance at September 30, 2021	\$ 5,475
Accumulated amortization	
Balance at December 31, 2020	\$ 820
Amortization	465
Balance at June 30, 2021	\$ 1,285
Amortization	233
Balance at September 30, 2021	\$ 1,518
Carrying amounts	
At June 30, 2021	\$ 4,190
At September 30, 2021	\$ 3,957

Carbeeza Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Stated in Canadian dollars

(Unaudited)

For the three months ended September 30, 2021 and 2020

4. Right-of-use assets

During the six months ended June 30, 2021, the Company entered into a five-year lease agreement with IDX with respect to office space. The lease expires in November 2025. The Company recognized the right of use asset and lease liability in accordance with IFRS 16, *Leases*. The lease is calculated using an incremental borrowing rate of 10% per annum.

Cost	
Balance at December 31, 2020	\$ -
Additions	23,736
Balance at June 30, 2021	\$ 23,736
Additions	0
Balance at September 30, 2021	\$ 23,736
Accumulated amortization	
Balance at December 31, 2020	\$ -
Amortization	2,769
Balance at June 30, 2021	\$ 2,769
Amortization	1,187
Balance at September 30, 2021	\$ 3,956
Carrying amounts	
At June 30, 2021	\$ 20,967
At September 30, 2021	\$ 19,780

Carbeeza Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Stated in Canadian dollars

(Unaudited)

For the three months ended September 30, 2021 and 2020

5. Intangible Assets

The Intangible assets will be amortized on a straight-line basis over the estimated useful lives. It is expected that the Company will begin amortizing the Intangible assets in the second half of fiscal 2022.

Cost	
Balance at December 31, 2020	\$ 4,616,842
Additions	585,811
Balance at June 30, 2021	\$ 5,202,653
Additions	292,251
Balance at September 30, 2021	\$ 5,494,904
Accumulated Amortization	
Balance at December 31, 2020	\$ -
Amortization	-
Balance at June 30, 2021	\$ -
Amortization	-
Balance at September 30, 2021	\$ -
Net Book Value	
At June 30, 2021	\$ 5,202,653
At September 30, 2021	\$ 5,494,904

6. Lease Liability

During the six months ended June 30, 2021, the Company entered into a five year lease agreement with IDX with respect to office space. The lease expires in November 2025. The Company recognized the right of use asset and lease liability in accordance with IFRS 16, *Leases*. The lease is calculated using an incremental borrowing rate of 10% per annum.

Balance at December 31, 2020	\$ -
Additions	23,736
Lease payments during the period	(3,500)
Accretion	1,299
Balance at June 30, 2021	\$ 21,535
Additions	0
Lease payments during the period	(1,500)
Accretion	517
Balance at September 30, 2021	\$ 20,552
Current portion	\$ 1,008
Long term portion	\$ 19,544

Carbeeza Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Stated in Canadian dollars

(Unaudited)

For the three months ended September 30, 2021 and 2020

6. Lease Liability (continued)

Maturity of the lease liability:		
2021	\$	1,008
2022		4,291
2023		4,740
2024		5,235
2025		5,278
Current portion	\$	20,552

7. Loss per share

The calculation of weighted average shares outstanding for the diluted loss per share calculation excludes the impact of the outstanding warrants and options as the effect is anti-dilutive.

8. Share Capital

Authorized:

Unlimited number of common shares and preferred shares without par value

Issued:

Common shares

	Number	\$
Balance, December 31, 2020	43,480,000	1,009,636
Private placement (i)	1,740,000	463,788
Private placement (ii)	1,000,000	262,966
Private placement (iii)	4,025,000	1,141,642
HIT debt conversion	11,000,000	3,014,000
HIT common shares outstanding prior to RTO	2,569,284	2,417,629
Share issued to effect RTO	50,245,000	3,727,636
Elimination of Carbeeza common shares and HIT equity	(50,245,000)	(5,431,629)
Less issuance costs	-	(230,685)
Balance, June 30, 2021 and September 30, 2021	63,814,284	6,374,984

(i) On April 9, 2021, the Company issued 1,740,000 Units at a price of \$0.40 per Unit for gross proceeds of \$696,000. Each Unit consists of one common share and one common share purchase warrants. Each whole Warrant entitles the holder to purchase one common share of the Company at an exercise price of \$1.00 per share for a period of two years. The value attributed to the Warrants based on the Black Scholes option pricing model was \$217,137 and additionally 120,800 Broker Warrants were issued and valued at \$15,075.

Carbeeza Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Stated in Canadian dollars

(Unaudited)

For the three months ended September 30, 2021 and 2020

8. Share Capital (continued)

(ii) On June 15, 2021, the Company issued 1,000,000 Units at a price of \$0.40 per Unit for gross proceeds of \$400,000. Each Unit consists of one common share and one common share purchase warrants. Each whole Warrant entitles the holder to purchase one common share of the Company at an exercise price of \$1.00 per share for a period of two years. The value attributed to the Warrants based on the Black Scholes option pricing model was \$125,547.

(iii) On June 28, 2021, the Company issued 4,025,000 Units at a price of \$0.40 per Unit for gross proceeds of \$1,610,000. Each Unit consists of one common share and one common share purchase warrants. Each whole Warrant entitles the holder to purchase one common share of the Company at an exercise price of \$1.00 per share for a period of two years. The value attributed to the Warrants based on the Black Scholes option pricing model was \$468,358. Additionally, 92,000 Broker warrants were issued and valued at \$11,487.

There were no share issuances during the three months ended September 30, 2021.

Warrants Issue Date	Warrant Expiry Date	Strike Price	# of Warrants issued	Valuation
September 23, 2020	September 23, 2022	\$ 1	3,491,550	\$ 422,364
April 9, 2021	April 9, 2023	\$ 1	1,860,800	232,212
June 15, 2021	June 15, 2023	\$ 1	1,000,000	125,547
June 28, 2021	June 28, 2023	\$ 1	4,117,000	479,845
				\$ 1,259,968

	September 30, 2021		June 30, 2021	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of period	10,469,350	1	3,828,000	1
Issued	-		6,977,800	1
Surrendered	-		(336,450)	1
Outstanding, end of period	10,469,350	1	10,469,350	1

The estimated value of the Warrants is based on a Black-Scholes option pricing model with the following assumptions:

Dividend yield	0%
Expected volatility	136.6%
Risk-free interest rate	0.45%
Forfeiture rate	0%
Share price – estimated fair value	\$ 0.275
Term	2 years
Fair value per option	\$ 0.125

Carbeeza Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Stated in Canadian dollars

(Unaudited)

For the three months ended September 30, 2021 and 2020

9. Stock options

On June 29, 2021, shareholders of the Company voted to adopt a new stock option plan which supersedes any prior stock option plans. Under the new plan, up to 10% of the issued and outstanding common shares may be allotted and reserved for issuance. The terms of the option, including the vesting terms and the option price are fixed by the directors at the time of grant subject to the price not being less than the market price of the Company's stock on the date of grant and a maximum term of 5 years. The following table summarizes activity under the Company's stock option plan as of September 30, 2021:

	Number of options	Weighted average exercise price
Balance, June 30, 2021 and September 30, 2021	6,381,428	\$ 0.58

There were no stock options issued during the three month period ended September 30, 2021. The average remaining contractual life of options outstanding on September 30, 2021 was 4.75 years.

10. Taxes

The net income tax provision differs from that expected by applying the Canadian federal and provincial corporate rate due to the following:

	September 30, 2021	June 30, 2021
Loss before taxes	\$ (396,472)	\$ (4,867,264)
Statutory tax rate	23%	23%
Expected income tax recovery	(91,189)	(1,119,471)
Rate differential	0	4,948
Impact of share issue costs	0	(90,924)
Impacting of listing expense	0	919,456
Tax benefit not recognized	91,189	285,991
Income tax expense	\$ -	\$ -

Carbeeza Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Stated in Canadian dollars

(Unaudited)

For the three months ended September 30, 2021 and 2020

10. Taxes (continued)

The Company's unrecognized deductible temporary differences for which no deferred tax assets is recognized consists of the following:

	September 30, 2021	June 30, 2021
Non-capital losses	1,802,000	1,406,000
Share issue costs	356,000	356,000

The Company's non-capital loss carry forwards balance is available to reduce future years' taxable income and, if not fully utilized, will commence to expire in fiscal year 2040.

11. Capital Management

The Company's objectives when managing capital are to:

- Deploy capital to provide an appropriate return on investment to its shareholders;
- Maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and,
- Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to responded to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements apart from its credit facility covenants.

The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, refinance existing credit facilities, raise new debt and issue share capital. The Company expects that funds generated from operations and working capital amounts will provide sufficient capital resources and liquidity to fund existing operations in 2022.

12. Related Party Transactions

The following transactions, in addition to related party transactions disclosed elsewhere, and period end balances with related parties were in the normal course of operations and are initially measured at fair value. Related parties include members of the board of directors and key management. The Company considers key management to be the Chief Executive Officer, Chief Financial Officer and President of the Company.

	September 30, 2021		June 30, 2021	
	Included in Accounts Payable	Paid during the period	Included in Accounts Payable	Paid during the period
Development costs / rent	217,852	216,090	94,071	628,771
Key management	-	38,220	28,298	38,220
Legal and accounting	18,580	123,917	61,875	250,011
Consulting / Marketing	3,322	56,700	7,875	19,368