LOOP INSIGHTS INC.

Condensed Consolidated Interim Financial Statements

Three months ended September 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

Notice of no Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim 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 condensed consolidated interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

LOOP INSIGHTS INC.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Notes	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
		$	$
ASSETS			
Current assets			
Cash		889,519	174,252
Amounts receivable	7	1,084,645	1,076,526
Prepaid expenses		376,609	344,804
		2,350,773	1,595,582
Equipment		33,963	37,430
Right-of-use asset		17,145	30,261
		2,401,881	**1,663,273**
LIABILITIES & SHAREHOLDERS' DEFICIENCY			
Current liabilities			
Accounts payable and accrued liabilities		1,705,674	1,945,400
Convertible debenture	8	419,770	396,983
Current portion of lease liabilities	9	13,678	25,260
Due to related parties	10	479,100	479,100
Loans payable		20,000	20,000
		2,638,222	2,866,743
Non-current portion of lease liabilities	9	5,459	8,010
Total liabilities		2,643,681	2,874,753
Deficiency			
Share capital	11	25,664,754	23,464,437
Subscriptions receivable	11	(195,568)	(140,000)
Contributed surplus	12,13	3,297,513	3,458,791
Deficit		(29,008,499)	(27,994,708)
Total deficiency		(241,800)	(1,211,480)
		2,401,881	**1,663,273**

Nature of operations and continuance of business (Note 1)
Commitments and contingencies (Note 16)
Subsequent events (Note 17)

Approved and authorized for issuance on behalf of the Board of Directors on November 18, 2020:

/s/ "Robert Douglas Anson"	*/s/ "Peter Green"*
Robert Douglas Anson, Director	Peter Green, Director

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

LOOP INSIGHTS INC.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Notes	Three months ended September 30, 2020	Three months ended September 30, 2019
		$	**$**
Operating expenses			
Advertising and marketing		108,042	37,004
Consulting fees		212,310	91,027
Depreciation		16,583	333
Interest and accretion expense	8,9	14,107	-
License and distribution fees	5	5,028	-
Office and general		13,814	34,971
Professional fees		111,402	178,522
Rent		3,362	26,800
Research and development		62,975	109,652
Share-based compensation	12	58,692	235,997
Transfer agent and filing fees		33,766	-
Travel		1,942	92,747
Wages and benefits		371,768	578,265
Net loss from operations before other items		(1,013,792)	(1,385,318)
Net loss and comprehensive loss for the period		**(1,013,792)**	**(1,385,318)**
Loss per share, basic and diluted		(0.01)	(0.02)
Weighted average shares outstanding		101,053,399	59,260,138

(The accompanying notes are an integral part of these consolidated financial statements)

LOOP INSIGHTS INC.
Condensed Consolidated Interim Statement of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Share Capital		Subscriptions receivable	Contributed surplus	Deficit	Total
	#	$	$	$	$	$
Balance, June 30, 2019	58,889,377	19,326,989	(715,000)	2,680,357	(22,743,687)	(1,451,341)
Issuance of common shares for cash	1,470,000	411,600	-	-	-	411,600
Share issuance costs	-	(47,028)	-	14,100	-	(32,928)
Warrants exercised	200,000	20,000	-	-	-	20,000
Subscription received	-	-	693,000	-	-	693,000
Share-based compensation	-	-	-	235,997	-	235,997
Net loss for the period	-	-	-	-	(1,385,318)	(1,385,318)
Balance, September 30, 2019	60,559,377	19,711,561	(22,000)	2,930,454	(24,129,005)	(1,508,990)
Balance, June 30, 2020	**91,383,209**	**23,464,437**	**(140,000)**	**3,458,791**	**(27,994,708)**	**(1,211,480)**
Issuance of common shares for cash	5,686,904	597,125	-	-	-	597,125
Warrants exercised	8,801,900	1,237,785	(75,000)	-	-	1,162,785
Stock option exercised	776,250	365,408	-	(219,970)		145,438
Subscription received	-	-	19,432	-	-	19,432
Share-based compensation	-	-	-	58,692	-	58,692
Net loss for the period	-	-	-	-	(1,013,792)	(1,013,792)
Balance, September 30, 2020	106,648,263	25,664,755	(195,568)	3,297,513	(29,008,500)	(241,800)

(The accompanying notes are an integral part of these consolidated financial statements)

LOOP INSIGHTS INC.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019
		$
OPERATING ACTIVITIES		
Net loss for the period	(1,013,791)	(1,385,318)
Items not affecting cash:		
Depreciation	16,583	333
Interest and accretion expense	23,846	-
Share-based compensation	58,692	235,997
Changes in non-cash working capital balances:		
Accounts payable and accrued liabilities	(239,725)	(103,828)
Amounts receivable	(8,119)	(20,023)
Due to related parties	-	38,986
Prepaid expenses	(31,805)	-
Cash used in operating activities	(1,194,320)	(1,233,852)
FINANCING ACTIVITIES		
Shares issued for cash	597,125	378,672
Exercise of option	145,438	-
Exercise of warrants	1,237,785	20,000
Loan repayment	-	(20,000)
Subscriptions received	(55,538)	693,000
Lease payments	(15,193)	-
Cash provided by financing activities	1,909,587	1,071,672
CHANGE IN CASH	715,267	(162,181)
CASH, BEGINNING OF THE PERIOD	174,252	227,678
CASH, END OF THE PERIOD	**889,519**	**65,498**
SUPPLEMENTAL CASH DISCLOSURES		
Cash paid for Income taxes	-	-
Cash paid for Interest	-	-
NON-CASH TRANSACTIONS		
See Note 11(d)		

(The accompanying notes are an integral part of these consolidated financial statements)

1. Nature of Operations and Continuance of Business

Loop Insights Inc. (the "Company") was incorporated under the laws of the province of British Columbia, Canada, on January 12, 1987, under the name 320092 British Columbia Ltd. On January 24, 2009, the Company continued into the province of Alberta. Effective August 11, 2016, the Company changed its name to AlkaLi3 Resources Inc. ("AlkaLi3") and began trading on the NEX board of the TSX Venture Exchange ("TSXV") under the symbol "ALK.H" on August 16, 2016.

On February 5, 2019, the Company completed a reverse takeover pursuant to an amalgamation agreement between a non-reporting issuer, Loop Insights Inc. ("Loop") and AlkaLi3 to form the continuing entity, Loop Insights Inc. Loop was incorporated under the laws of the province of British Columbia, Canada, on January 2, 2018. On February 16, 2018, Loop changed its name from Cannabis Big Data Holdings Inc. to Loop Cannabis Insight Inc. On March 21, 2018, Loop changed its name from Loop Cannabis Insights Inc. to Loop Insights Inc.

The Company operates in the technology industry and earns revenues from directly selling monthly software as a service ("SaaS"), reselling, referring and licensing its technology to licensors. The address of the Company's corporate office and principal place of business is Suite 2900 – 595 Burrard Street, Vancouver B.C., V7X 1J5.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to a going concern, which contemplates the realization of assets and the discharge of liabilities in the normal course of business. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company has incurred losses since inception and has an accumulated deficit of $29,008,499 as at September 30, 2020. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to September 30, 2020, is uncertain. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. These condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company's operations have not been drastically impacted by the pandemic. Management of the Company continues to monitor the situation and is following the protocols and rules set in place by the provincial and federal governments.

2. Basis of Preparation

a) Statement of Compliance

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the IASB and therefore, do not contain all disclosures required by IFRS for annual financial statements. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's most recently prepared audited annual financial statements for the fiscal year ended June 30, 2020.

The consolidated financial statements have been prepared on a historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value. The functional and presentation currency of the Company is the Canadian dollar.

b) Basis of Consolidation and Functional Currency

These consolidated financial statements include the accounts of the Company and the following subsidiaries:

Subsidiaries	Country of incorporation	Functional currency	Percentage of ownership
Loop Insights (USA) Inc.	USA	Canadian Dollar	100%
AlkaLi3 Resources Inc.	Canada	Canadian Dollar	100%

Subsidiaries are entities that the Company controls directly. Control is defined as the exposure, or rights, or variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights and the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All inter-company balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated upon consolidation. Where necessary, adjustments are made to the results of the subsidiaries and entities to bring their accounting policies in line with those used by the Company.

The Company's functional currency is the Canadian Dollar and the functional currencies of its subsidiaries are outlined above.

c) Reclassifications

Certain reclassifications have been made to the prior period's consolidated financial statements to conform to the current year's presentation on the consolidated statements of financial position and comprehensive loss.

3. Significant Accounting Policies

a) Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the inputs used in the fair value calculation of share-based compensation, and measurement of unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements include the factors that are used in the determination of unrecognized deferred income tax assets and liabilities, discount rate applicable to calculate the fair values of certain liabilities and the application of the going concern assumption which requires management to take into account all available information about the future, which is at least but not limited to, 12 months from the year end of the reporting period.

b) Revenue Recognition

The Company earns revenue from selling its products directly to customers, distribution (reseller and referral) agreements and the licensing of its technologies to other parties and subsequent service contracts.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company enters into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations, if applicable.

Licenses for the Company's technologies provide the customer with a right to use the technologies as they exist when made available to the customer. The Company also, from time to time, enters into contracts that contain maintenance and support for its licenses. In accordance with IFRS 15, the Company evaluates these arrangements to determine the appropriate accounting treatment in order to recognize revenue based in whether the multiple products in the contract are distinct. A product is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the product or services is separately identifiable from other promises in the contract. Non-distinct products or services are combined with other products or services until they are distinct as a bundle and therefore form a single performance obligation. Where a contract consists of more than one performance obligation, revenue is allocated to each performance obligation based on their estimated standalone selling price. Cash received in advance of revenue being recognized is classified as unearned revenues. Typically revenue from licenses is recognized upfront at the point in time when the software is made available to the customer provided that the following criteria are met: the parties to the contract have approved the contract and are committed to perform their respective obligations; the Company can identify each party's rights regarding the goods or services to be transferred; the Company can identify the payment terms for the goods or services to be transferred; the contract has commercial substance; and it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. Typically, revenue for support and maintenance is recognized over the term of the maintenance contract.

3. Significant Accounting Policies (continued)

c) Impairment of Long-lived Assets

Long-lived assets, including property and equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

d) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of comprehensive loss.

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired intangibles assets, property and equipment and contingent consideration.

Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs.

e) Property and Equipment

Property and equipment are measured at cost less accumulated amortization and impairment losses. The Company amortizes its office equipment on a straight-line basis over three years. Right-of-use assets are amortized over the lease term of the underlying asset.

3. Significant Accounting Policies (continued)

f) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

g) Leases

Effective July 1, 2019, the Company adopted IFRS 16 Leases using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively. On adoption of IFRS 16, the Company recognized lease liabilities of $82,723 in relation to lease arrangements measured at the present value of the remaining lease payments, adjusted by commitments in relation to arrangements not containing leases, short-term and low-value leases, and discounted using the Company's incremental borrowing rate as of July 1, 2019. The incremental borrowing rate used to determine the lease liabilities at adoption was 18%. The associated right-of-use assets were measured at the amount equal to the lease liabilities on July 1, 2019, with no impact on retained earnings.

Upon the adoption of IFRS 16, the Company adopted the following significant accounting policy effective January 1, 2019:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability.

Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include:

- The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.
- Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

3. Significant Accounting Policies (continued)

h) Financial Instruments

Recognition and measurement

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only when the Company has a legal right to offset the amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is both to hold assets to collect contractual cash flows and to potentially sell financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

All financial assets not classified as and measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Company may irrevocably elect to measure financial assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets are not reclassified subsequent to their initial recognition. Should the Company change its business model for managing financial assets, all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at FVTPL, such as derivatives liabilities. The Company may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency.

3. Significant Accounting Policies (continued)

h) Financial Instruments (continued)

Fair value through profit or loss

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive loss in the period in which they occur.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) is based on quoted market prices at the close of trading on the reporting date. The Company uses the last traded market price for both financial assets and financial liabilities. In circumstances where there is no closing price, the average of the closing bid and the closing ask price on the valuation date is used. The Company's policy is to recognize transfers into and out of the fair value hierarchy levels described in Note 15 as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including non-publicly traded derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other methods commonly used by market participants and which make the maximum use of observable inputs. Where the value of a financial asset or liability is not readily available or where management is of the opinion that the value available is inaccurate or unreliable, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

For investments that are not publicly traded securities (i.e., those not traded in an active market), the Company uses valuation techniques in order to estimate fair value. The initial transaction price of such an investment is considered to be a reasonable approximation of its fair value on the date on which the investment is made. Thereafter, valuation techniques are used to consider various inputs which may indicate a change to that fair value. These techniques may include recent arm's length transactions between knowledgeable, willing parties, discounted cash flows, or multiple-based techniques where there is a track record of the relevant performance criteria used in such multiples.

The process of estimating the fair value of investments for which there is no active market is based on inherent measurement uncertainties and it is reasonably possible that the resulting values may differ from values that would have been used had a ready market existed for the investments. These differences could be material.

Amortized cost

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequently measurement is at amortized cost using the effective interest method, less any impairment losses.

3. Significant Accounting Policies (continued)

h) Financial Instruments (continued)

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Classification of financial instruments

Cash and cash equivalents	FVTPL
Accounts payable	Amortized cost
Loans	Amortized cost
Convertible Debentures	Amortized cost
Due to related parties	Amortized cost
Lease liabilities	Amortized cost

i) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued. The Company has adopted the residual method with respect to the measurement of common shares and warrants issued as equity units.

j) Earnings (Loss) Per Share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Basic and diluted loss per share is the same for the periods presented.

k) Provisions

The Company recognizes a provision when all of these conditions are met:

a. an entity has present obligation (legal or constructive) as a result of a past event;
b. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
c. a reliable estimate can be made of the amount of the obligation.

In certain asset acquisitions, the Company provides consideration that is contingent on uncertain future events of which the existence will be confirmed only by the occurrence or non-occurrence of one or more future events. These events are typically in control of management and as a result do not meet the definition of a financial liability until the events have occurred. As a result, a contingent consideration in these situations is not measured until the event occurs.

3. Significant Accounting Policies (continued)

l) Share-Based Payments

The fair value of stock options granted is measured at the grant date using the Black-Scholes option pricing model. Where options are granted to consultants for goods or services rendered, the options are measured at the fair value of the goods or services received by the Company. If the fair value of the goods and services received cannot be reliably measured, the fair value of the stock option granted is used instead. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards expected to ultimately vest is computed. The movement in cumulative expense is recognized in the statement of loss with a corresponding entry within equity, against share based compensation reserve. No expense is recognized for awards that do not ultimately vest. When options are exercised, the proceeds received together with any related amount in share-based compensation reserve is credited to share capital.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

m) Government Grants

In accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance,* the Company recognizes government grants only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. Grants receivable as compensation for costs already incurred or for immediate financial support, with no future related costs are recognized as income in the period in which it is receivable. During the period ended September 30, 2020, the Company recognized other income in the amount of $400,930 receivable pursuant to the Government of Canada's Scientific Research and Experimental Development ("SR&ED") Program. The Company's SR&ED application was approved subsequent to June 30, 2020 and the balance of $400,930 was applied against certain payroll remittance liabilities.

n) Accounting pronouncements not yet adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. The Company did not identify any standards that may have any impact on the Company's consolidated financial statements during the period.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's consolidated financial statements.

4. License Agreement

During the year ended June 30, 2019, the Company entered into a license agreement wherein the Company licensed its technology to Kinect Technology, Inc. ("Kinect") for a fee of $5,000,000 USD, of which $3,000,000 USD was to be settled by the issuance of 12,000,000 common shares of Kinect and the remaining $2,000,000 USD is receivable in cash over a period of four years. As at September 30, 2020, the Company had not received the common shares of Kinect. As a result, no revenue has been recognized as at September 30, 2020 related to this transaction with Kinect.

5. License and Distribution Fees

(a) On February 9, 2018, the Company entered into a License Agreement with Fobisuite Technologies Inc. ("Fobisuite"), a significant shareholder of the Company, whereby the Company was granted a worldwide, royalty free, non-exclusive license to use the receipt intercept technology and social wifi mining technology (the "Fobisuite technology") to make, market and commercialize a mobile payment application in the medicinal marijuana industry. As consideration for the Fobisuite technology granted to the Company, the Company agreed to pay $4,000,000, comprised of a cash payment of $200,000 (paid) and $3,800,000 payable in common shares of the Company (issued). The term of the agreement is 10 years, and is renewable at an annual fee of $10,000 per year. As at June 30, 2018, management determined that the future economic benefits of the license acquired were not probable upon acquisition and the Company recorded the acquisition fee of $4,000,000 as license and distribution fees in the consolidated statement of comprehensive loss for the period from incorporation to June 30, 2018.

On November 15, 2018, the Company signed an Amended and Restated License Agreement with Fobisuite. The Amended and Restated License Agreement grants the Company a worldwide, royalty-free, perpetual and exclusive license, and resulted in the issuance of an additional 18,700,000 common shares to Fobisuite. As Fobisuite was a related party, the Company allocated a nominal value to the common shares issued to Fobisuite as consideration for the Amended and Restated License Agreement and recorded an expense of $1 in license and distribution fees in the consolidated statement of comprehensive loss for the year ended June 30, 2019.

(b) On February 9, 2018, the Company entered into a Manufacturing and Distribution Agreement with Juve Wellness Inc. ("Juve"). Pursuant to the Manufacturing and Distribution Agreement, Juve, which owns the rights to a line of cosmetic and wellness products (the "Products"), will appoint the Company as the non-exclusive distributor of the Products in Canada and the United States. The Company was also allowed to use the Products as a base to create Cannabis Products in compliance with applicable law. Cannabis Products are new products created by using any of the Products as a base and adding either THC, CBD or both as an active ingredient. In addition, the Company was granted the right to use the Products, the Cannabis Products and any of the Know-how to directly manufacture the Products and to enter into partnerships with locally licensed growers and suppliers. As consideration for the appointment, the Company agreed to: (i) place an initial order for $200,000 (before taxes) of Products at wholesale prices, payable by the Company upon delivery of the Products; and (ii) pay an appointment fee of $1,800,000 in shares of the Company (issued). Management determined that the future economic benefits of the manufacturing and distribution agreement are not probable upon acquisition and the Company recorded the acquisition cost of $1,800,000 as license and distribution fees in the consolidated statement of comprehensive loss for the period from incorporation to June 30, 2018.

On October 30, 2018, the Company signed a Termination and Release Agreement, wherein the above Manufacturing and Distribution Agreement was terminated. Pursuant to the Termination and Release Agreement, 5,700,000 of the 7,200,000 common shares issued to Juve were returned to the Company.

5. License and Distribution Fees (continued)

(c) On May 30, 2018, the Company entered into a Distribution Agreement with Medea, Inc. ("Medea"). Pursuant to the Distribution Agreement, Medea, which owns the rights to technology allowing to display customers' customized messages in LED, OLED, LCD and E-paper electronic displays that are adhered to objects and allowing to collect customer data when using such technology (the "LED Display Technology"), will appoint the Company as the distributor of the LED Display Technology in Canada, United Kingdom, Australia, Japan and India. In addition, the Company was granted the exclusive right for a three year period to commercially exploit any data collected in connection with the use by customers of the LED Display Technology.

As consideration for the appointment, the Company agreed to pay a non-cancellable, non-refundable technology license fee of $500,000 USD per year. During the period from incorporation to June 30, 2018, the Company paid the supplier $150,000 USD. The Company paid the supplier $100,000 USD on July 2, 2018 and $125,000 USD on October 1, 2018. The Company determined that the LED Display Technology did not meet its expectations, and on April 24, 2019, the Company and Medea mutually terminated the Distribution Agreement.

(d) On November 5, 2018, the Company entered into a License Agreement with Glance Pay Inc., whereby the Company was granted a worldwide, non-exclusive license to white label a mobile payment processing platform and anti-fraud technology for business-to-business and business-to-consumer mobile payments, which is the same technology that was sublicensed under the previous Sublicense Agreement with The Yield Growth Corp. (see Note 5). In consideration for the license, the Company agreed to issue 1,000,000 common shares at a price of $0.75 per share. Management determined that the future economic benefits of the license agreement are not probable upon acquisition and the Company recorded the acquisition cost of $750,000 as license and distribution fees in the consolidated statement of comprehensive loss for the year ended June 30, 2019.

6. Intellectual Property Purchase Agreement

On June 4, 2018, the Company entered into an Intellectual Property Purchase Agreement (the "Agreement"), whereby it agreed to acquire the trade name "Uklipz" along with the associated registered URL domain names and other related intellectual property. In consideration for the intellectual property, the Company issued 350,000 common shares and agreed to assume certain accounts payable of the vendor in the amount of US$67,875. In connection with the Agreement, the Company agreed to loan the vendor US$32,875 pursuant to a Secured Loan Agreement dated June 4, 2018, which accrued interest at 12% per annum. Upon closing, the secured loan amount plus accrued interest to the date of closing of $43,660 (US$33,270) was deemed repaid in full because it was applied to partial satisfaction of the assumed accounts payable. The balance of the assumed accounts payable $45,317 (US$34,605) was paid to the respective persons on closing. Management determined that the future economic benefits of the intellectual property acquired are indeterminable upon acquisition and the Company recorded the acquisition fee of $438,977 as intellectual property acquisition fees in the consolidated statement of comprehensive loss for the year ended June 30, 2019.

(Expressed in Canadian Dollars)

7. Amounts Receivable

Amounts receivable consist of the following:

	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
	$	$
GST receivable	683,715	675,596
SR&ED tax credits receivable	400,930	400,930
	1,084,645	**1,076,526**

8. Convertible Debentures

During the year ended June 30, 2019, the Company issued unsecured convertible debentures for gross proceeds of $360,000 (the "Debentures"). The Debentures accrue interest at a rate of 12%, payable semi-annually, and mature two years from issuance. At the option of the holders, the debentures, and any accrued and unpaid interest, may be converted to common shares of the Company at a price of $1.50 per common share.

The Company has estimated that a similar borrowing without a conversion feature would be available to the Company at an interest rate of 18% per annum. The Company has discounted the Debentures to recognize the value of the conversion feature as $33,719. The Company incurred other transaction costs of $25,200 and issued brokers' warrants valued at $11,500 which are being accreted over the term of the debentures.

	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
	$	$
Balance, beginning of period	396,983	293,019
Interest expense	10,889	62,847
Finance expense	11,898	41,117
Balance, end of period	**419,770**	**396,983**

9. Lease Liabilities

	September 30, 2020 (Unaudited)	June 30, 2020 (Audited)
	$	$
Balance, beginning of period	33,270	-
Recognized at adoption of IFRS 16	-	82,723
Finance cost	1,060	10,121
Payments	(15,193)	(59,574)
	19,137	**33,270**
Current lease liabilities	13,678	25,260
Non-current lease liabilities	5,459	8,010

(Expressed in Canadian Dollars)

10. Related Party Transactions and Balances

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-terms benefits and termination benefits were made during the period ended September 30, 2020. Short-term key management compensation consists of the following:

	Period ended September 30, 2020	Period ended September 30, 2019
	$	$
Salaries, management and professional fees	181,100	167,250
Share-based payments	58,692	(16,625)
	239,792	150,625

As at September 30, 2020, the Company owed $479,100 (September 30, 2019- $518,086) to the Company's CEO, a company controlled by the CEO, and significant shareholder. As at September 30, 2020, the Company also has a balance payable to other related parties totaling $74,901 which is included in accounts payable and accrued liabilities. The amounts due to related parties are unsecured, non-interest bearing and due on demand.

11. Share Capital

Authorized: Unlimited number of common shares without par value.

During the period ended September 30, 2020:

(a) On July 20, 2020, the Company completed a non-brokered private placement for 5,686,904 units at $0.105 per unit for proceeds of $597,125. Each unit consisted of one common share and one share purchase warrant exercisable at $0.25 per share for a period of two years from the date of issuance.

(b) The Company issued 8,801,900 common shares pursuant to the exercise of share purchase warrants for total proceeds of $1,237,785, of which $75,000 was not received as at September 30, 2020.

(c) The Company issued 776,250 common shares pursuant to the exercise of share purchase stock option for total proceeds of $145,438. Contributed surplus in the amount of $219,970 was reversed and included in the share capital.

During the year ended June 30, 2020:

(d) On September 16, 2019, the Company completed a non-brokered private placement for 1,470,000 units at $0.28 per unit for proceeds of $411,600. Each unit consisted of one common share and one share purchase warrant exercisable at $0.35 per share for a period of three years from the date of issuance.

(e) On November 12, 2019, the Company completed a non-brokered private placement for 2,613,797 units at $0.28 per unit for proceeds of $731,861. Each unit consisted of one common share and one share purchase warrant exercisable at $0.35 per share for a period of three years from the date of issuance.

(f) On April 30, 2020, the Company completed a non-brokered private placement for 21,130,010 units at $0.10 per unit for proceeds of $2,113,001. Each unit consisted of one common share and one share purchase warrant exercisable at $0.15 per share for a period of two years from the date of issuance.

(g) The Company issued 3,955,025 common shares to settle outstanding liabilities of $965,625.

(h) The Company issued 3,325,000 common shares pursuant to the exercise of share purchase warrants for total proceeds of $332,500.

(Expressed in Canadian Dollars)

11. Share Capital (continued)

In connection with the private placements completed during the year ended June 30, 2020, the Company incurred $193,386 in share issuance costs paid in cash. The Company also issued 1,367,513 share purchase warrants to finders which are exercisable at prices ranging from $0.15 to $0.35 per share for a period of one to three years from the date of issuance. The fair value of the share purchase warrants was determined to be $145,139, calculated using the Black-Scholes option pricing model under the following assumptions: exercise price - $0.22; price on grant date – $0.20; risk-free interest rate – 0.76%; dividend yield – 0%; expected volatility – 150%; and expected life – one to three years.

12. Stock Options

During the period ended September 30, 2020, the Company granted a total of 300,000 stock options to a former director of the Company. The total grant date fair value of the stock options was determined to be $58,692 or $0.09 per option using the Black-Scholes option pricing model, which requires management to make estimates that are subjective and may not be representative of the actual results. Changes in assumptions can materially affect estimates of fair value. The following weighted average assumptions were used for the calculation:

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price
		$
Outstanding, June 30, 2019	8,144,000	0.44
Granted	360,000	0.35
Cancelled	(100,000)	(0.70)
Outstanding, September 30, 2019	8,404,000	0.43
Outstanding, June 30, 2020	6,869,000	0.49
Granted	300,000	0.11
Exercised	(776,250)	0.19
Cancelled	(200,000)	(0.43)
Outstanding, September 30, 2020	6,192,750	0.36
Exercisable, September 30, 2020	6,192,750	0.36

Additional information regarding stock options outstanding as at September 30, 2020, is as follows:

Exercise price	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
$			
0.25	4,029,000	4,029,000	
0.75	1,450,000	1,450,000	
0.15	703,750	703,750	
0.35	10,000	10,000	
	6,192,750	6,192,750	2.89

(Expressed in Canadian Dollars)

12. Stock Options (continued)

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the period ended September 30, 2020, the Company recognized share-based compensation expense of $58,692 (2019 - $235,997) in share-based payment reserve, of which $58,892 (2019 - $15,557) pertains to directors and officers of the Company. The weighted average fair value of each option granted during the period ended September 30, 2020, was $0.09 per option. Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	September 30, 2020	September 30, 2019
Exercise price	$0.11	$0.35
Risk-free interest rate	0.33%	1.40%
Dividend yield	0%	0%
Expected volatility	120%	150%
Expected life (years)	0.21	5.00

13. Warrants

The following table summarizes the continuity of the Company's warrants:

	Number of warrants	Weighted average exercise price
		$
Outstanding, June 30, 2019	10,970,086	0.95
Issued	1,587,600	0.35
Exercised	(200,000)	(0.10)
Outstanding, September 30, 2019	12,357,686	0.89
Outstanding, June 30, 2020	34,183,733	0.28
Issued	5,686,904	0.25
Exercised	(8,801,900)	0.14
Expired	(1,429,335)	1.97
Outstanding, September 30, 2020	29,639,402	0.42

Additional information regarding warrants outstanding as at September 30, 2020, is as follows:

Exercise price	Warrants Outstanding	Weighted average remaining contracted life (years)
$		
0.15	14,909,910	
0.25	5,686,904	
0.35	4,544,504	
1.50	3,964,750	
2.00	533,334	
`	29,639,402	0.42

14. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include share capital and share-based payment reserve.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during period ended September 30, 2020. The Company is not subject to externally imposed capital requirements.

15. Financial Instruments

The Company’s financial instruments are comprised of cash, accounts payable, convertible debentures, due to related parties, lease liabilities and loans payable. The carrying value of cash and cash equivalents as presented in the statement of financial position is a reasonable estimate of its fair value.

Financial assets and liabilities measured at fair value on a recurring basis are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value financial assets and liabilities are described below.

Level 1 - Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash is valued using quoted market prices in active markets. Accordingly, it is included in Level 1 of the fair value hierarchy.

Level 2 - Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. There are no items in Level 2 of the fair value hierarchy.

Level 3 - Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices.

The following table sets forth the Company’s financial assets measured at fair value by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	**September 30, 2020**
	$	$	$	**$**
Cash	889,519	-	-	**889,519**

There were no transfers between Levels 1, 2, or 3 in these condensed consolidated interim financial statements.

15. Financial Instruments (continued)

Except as described in the following paragraphs, in management's opinion, the Company is not exposed to financial instrument risks including credit risk, foreign exchange rate risk or interest rate risk.

The Company will be exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, interest rate risk, liquidity risk, credit risk and foreign currency risk. These risks and related risk management practices employed by the Company are discussed below:

(a) Market risk

The Company's equities are susceptible to market price risk arising from uncertainties about future prices of the instruments.

As at September 30, 2020, the Company does not have any investments susceptible to market price risk.

(b) Interest rate risk

Interest rate risk refers to the effect on the fair value of the Company's assets and liabilities due to fluctuations in interest rates.

As at September 30, 2020 and 2019, the Company does not have investments in any variable interest bearing securities and therefore is not subject to interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

As at September 30, 2020, the Company does not have significant exposure to liquidity risk.

(d) Currency risk

As at September 30, 2020 and 2019, the Company does not have any significant assets held in currencies other than the USD cash of $46. As a result, a fluctuation in the CAD-USD foreign exchange rate would not have a significant impact on the financial position of the Company.

16. Commitments and Contingencies

a) From time to time, the Company is engaged in various legal proceedings and claims that have arisen in the normal course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Management believe that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company.

b) The Company has entered into employment agreements with its COO and CEO wherein the Company has agreed to pay annual salaries to these individuals. Should the employment of these individuals be terminated for any reason other than for-cause termination or resignation, the individuals will be eligible for compensation equivalent to an aggregate of one year's salary and any performance bonus equivalent to one-half of any of the average of the two highest performance bonuses paid in the previous five fiscal years.

c) From time to time, the Company enters into contracts for services in the normal course of operations. The Company's current contractual commitments vary in terms and can be terminated upon sufficient notice.

17. Subsequent Events

a) On October 5, 2020, the Company a provider of contactless solutions and artificial intelligence (“AI”) to drive automated marketing, contact tracing, and contactless solutions to the brick and mortar space, announced the filing of provisional patent applications and various Trademark Registries for its contactless data applications. The filings come in the wake of both actual integrations with globally renowned customers and a substantial increase in demand from various verticals, including college sports, professional sports, hotels, TV & movie productions, and hospitality & entertainment, amongst others.

b) On October 7, 2020, the Company a provider of contactless solutions and artificial intelligence ("AI") to drive automated marketing, venue tracing, and contactless solutions to the brick and mortar space, announced that it has entered into an agreement to acquire the intellectual property (“IP”) assets (the "Agreement") of Digital2Go Media Networks, Inc., d/b/a Locally.io (the "Vendor" or "Locally"), a global leader in location data intelligence and real-time consumer engagement.

c) On October 8, 2020, the Company a provider of contactless solutions and artificial intelligence ("AI") to drive automated marketing, venue tracing, and contactless solutions to the brick and mortar space, announced the signing of its first deal with partner bdG Sports ("bdG") to provide venue tracing and enhanced fan engagement solutions for its #VegasBubble, which will feature NCAA Division I men's and women's basketball when the new season launches next month.

d) On October 13, 2020, the Company a provider of contactless solutions and artificial intelligence ("AI") to drive automated marketing, contact tracing, and contactless solutions to the brick and mortar space, announced the signing of a referral agreement with leading UK-based SG-retail to expand Loop's services and products into the UK and Europe. SG-retail, led by retail industry veteran Steve Gray, will assist Loop with its efforts to establish a strong presence in Europe and take advantage of recent momentum in the US and Canada.

e) On October 15, 2020, the Company a provider of contactless solutions and artificial intelligence ("AI") to drive real-time insights, enhanced customer engagement, and automated contact tracing to the brick and mortar space, announced the Company has been accepted into the TELUS IoT Marketplace (T:TSX; TU: NYSE), which will serve to significantly expand Loop's sales distribution channels on a national scale.

f) On October 19, 2020, the Company a provider of contactless solutions and artificial intelligence (“AI”) to drive real-time insights, enhanced customer engagement and automated contact tracing to the brick and mortar space, announced a partnership with Empower Clinics (CBDT:CSE) (EPWCF:OTC) (8EC:FRA) to provide an end-to-end COVID-19 mitigation solution complete with venue tracing, real-time automated guest exposure notifications, and frequent testing with rapid results in 15 minutes.

g) On October 21, 2020, the Company announced that Loop Insights Senior Vice President (SVP) of Business Development Mike Canevaro has been selected to lead a roundtable discussion at Shoptalk 2020 regarding the future of the brick and mortar retail space.

h) On October 22, 2020 the Company announced that Amazon Web Services (AWS) and Loop Insights will be hosting an interactive webinar to showcase the Company's Venue Tracing Solution to a global audience on October 29th.

i) On October 27, 2020, the Company announced that the company has signed a referral and partnership agreement with Summit Services Inc. dba Summit One Source ("Summit") to provide a complete end-to-end integrated COVID-19 management solution consisting of rapid mobile testing, integrated lab results, and exposure alert notification capabilities.

j) On October 30, 2020, The Company to announced that early response from its interactive webinar with Amazon Web Services to showcase the Company's Venue Tracing Solution to a global audi-ence on October 29th is indicating great success.

k) On November 4, 2020, the Company announced the successful completion of initial 20-store pilot and will now roll out all 550 Your CBD Store retail locations.

l) On November 9, 2020, the Company announced the implementation its "Venue Bubble," a fully integrated contact tracing to rapid testing solution, in a live venue environment at the Gulf Coast Showcase in Florida hosting 14 NCAA college basketball teams.

m) On November 12, 2020, the Company announced the January 2021 launch of UKLIPZ, the first ever platform that enables consumers to create verified reviews using mobile video that can also be used, purchased or analyzed by brands and retailers to drive further engagement and sales. UKLIPZ was acquired by Loop on September 16th, 2019.

n) On November 18, 2020, the Company announced the Company has been selected to join the Impact Radius Marketplace (“Impact”), providing Loop with the opportunity to connect with and leverage marketing opportunities with Impact global brand partners such as Fanatics, Uber (UBER:NYSE), Nike (NKE:NYSE), Adidas (ADS:ETR), Airbnb, Levi’s (LEVI:NYSE) and many more.

o) On November 23, 2020, the Company announced their new partnership with VenueNext, the global industry leader in point-of-sale (POS), mobile commerce and loyalty solutions for every major professional sports league and a number of colleges. Loop Insights will work with VenueNext to integrate the POS leader’s mobile ordering and payment functionality with Loop’s Real Time Dashboard, which will provide their clients with key insights on fans visiting arenas and stadiums at both the professional and collegiate levels, as well as, universities, theme parks, and more.