

Condensed interim consolidated financial statements of

**Last Mile Holdings Ltd.**

Six months ended June 30, 2020 and 2019  
(Expressed in United States Dollars)  
(Unaudited)

## **NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited condensed interim consolidated financial statements of Last Mile Holdings Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these condensed interim consolidated financial statements.

# Last Mile Holdings Ltd.

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in United States dollars)

(Unaudited)

	June 30, 2020	December 31, 2019
<b>Assets</b>		
Current assets		
Cash	\$ 275,368	\$ 719,529
Accounts receivable	472,812	74,843
Prepaid expenses and deposits (Note 6)	1,461,307	-
Inventory	156,135	-
	<b>2,365,622</b>	794,372
Equipment (Note 7)	5,909,927	3,262,307
Intangible (Note 8)	219,962	102,546
Goodwill (Note 5)	12,666,291	-
<b>Total assets</b>	<b>\$ 21,161,802</b>	<b>\$ 4,159,225</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 4,458,369	\$ 2,765,899
Leases - current (Note 10)	671,500	-
Deferred revenue (Note 11)	274,896	-
Loans payable - current (Note 12)	1,413,629	-
	<b>6,818,394</b>	2,765,899
Deferred revenue - long term (Note 11)	1,392,220	-
Leases - long term (Note 10)	110,144	-
Loans payable - long term (Note 12)	5,101,510	-
<b>Total liabilities</b>	<b>13,422,268</b>	2,765,899
<b>Equity</b>		
Capital (Note 13)	33,536,919	25,686,767
Reserves (Note 13)	5,262,664	2,751,385
Obligation to issue shares (Note 5)	2,500,000	-
Accumulated other comprehensive income (loss)	13,605	(8,891)
Deficit	(33,573,654)	(27,035,935)
Total equity	7,739,534	1,393,326
<b>Total liabilities and equity</b>	<b>\$ 21,161,802</b>	<b>\$ 4,159,225</b>

Nature of operations and going concern (Note 1)

Acquisition of Gotcha Mobility LLC (Note 5)

Subsequent events (Note 19)

Approved by the Board of Directors and authorized for issue on October 15, 2020.

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

# Last Mile Holdings Ltd.

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in United States dollars)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
<b>Revenues</b>	<b>\$ 1,062,666</b>	<b>\$ 110,197</b>	<b>\$ 1,356,250</b>	<b>\$ 155,608</b>
<b>Cost of goods sold</b>				
Cost of goods and services	(732,459)	(120,763)	(1,148,034)	(191,033)
Depreciation (Note 7)	(1,075,724)	(39,721)	(1,700,799)	(60,573)
	<b>(745,517)</b>	<b>(50,287)</b>	<b>(1,492,583)</b>	<b>(95,998)</b>
<b>Expenses</b>				
Depreciation (Notes 7, 8)	102,413	72,661	170,505	141,073
Equity-based compensation (Note 12)	342,105	23,541	675,510	596,771
Foreign exchange	321	-	4,125	-
Professional fees	118,497	110,235	342,597	172,884
Research & development	75,491	142,070	148,118	244,994
Salaries, wages and management fees (Note 17)	1,432,832	344,213	2,269,965	642,067
Selling, general and administrative (Note 13)	430,549	173,299	1,186,336	361,581
	<b>(2,502,208)</b>	<b>(866,019)</b>	<b>(4,797,156)</b>	<b>(2,159,370)</b>
Other income	10,000	-	10,000	-
Finance expense	(173,626)	(45,499)	(257,980)	(72,941)
<b>Loss for the period</b>	<b>(3,411,351)</b>	<b>(961,805)</b>	<b>(6,537,719)</b>	<b>(2,328,309)</b>
<b>Items that may be subsequently reclassified to income (loss)</b>				
Foreign currency translation	(61,826)	-	22,496	-
<b>Comprehensive loss for the period</b>	<b>\$ (3,473,177)</b>	<b>\$ (961,805)</b>	<b>\$ (6,515,223)</b>	<b>\$ (2,328,309)</b>
Basic and diluted loss per share	<b>\$ (0.04)</b>	<b>\$ (0.05)</b>	<b>\$ (0.08)</b>	<b>\$ (0.13)</b>
Weighted average number of common shares outstanding				
Basic and diluted	<b>93,760,257</b>	<b>17,563,324</b>	<b>82,704,185</b>	<b>17,563,324</b>

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

# Last Mile Holdings Ltd.

## Condensed Interim Consolidated Statements of Equity (Deficiency)

(Expressed in United States dollars)

(Unaudited)

	Capital				Obligation to Issue Shares	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity (Deficiency)
	Share Capital	Members' Capital	Convertible Debt	Reserves				
	\$	\$	\$	\$	\$	\$	\$	\$
At December 31, 2018	-	5,084,418	-	989,755	-	-	(6,124,293)	(50,120)
Issuance of convertible debentures	-	-	3,394,709	-	-	-	-	3,394,709
Interest on convertible debentures	-	-	54,283	-	-	-	-	54,283
Vesting of compensatory Class B Units	-	-	-	596,771	-	-	-	596,771
Loss and comprehensive loss for the period	-	-	-	-	-	-	(2,328,309)	(2,328,309)
June 30, 2019	-	5,084,418	3,448,992	1,586,526	-	-	(8,452,602)	1,667,334
Issuance of convertible notes	-	-	595,291	-	-	-	-	595,291
Interest accrued on convertible notes	-	-	79,292	-	-	-	-	79,292
Vesting of compensatory Class B Units	-	-	-	251,035	-	-	-	251,035
Capital contribution	-	-	-	147,000	-	-	-	147,000
Share-based compensation	-	-	-	766,824	-	-	-	766,824
Conversion of convertible debt & interest	-	4,061,982	(4,123,575)	-	-	-	-	(61,593)
Issuance of loan bonus shares	25,650	-	-	-	-	-	-	25,650
Redemption of membership units for shares	2,840,833	(2,840,833)	-	-	-	-	-	-
Issuance of shares pursuant to private placement	6,103,035	-	-	-	-	-	-	6,103,035
Share issuance costs	(391,746)	-	-	-	-	-	-	(391,746)
Share capital adjustment for RTO (Note 4)	10,111,451	-	-	-	-	-	-	10,111,451
Shares issued for transactions fees (Note 4)	691,977	-	-	-	-	-	-	691,977
Loss and comprehensive loss for the period	-	-	-	-	-	(8,891)	(18,583,333)	(18,592,224)
At December 31, 2019	19,381,200	6,305,567	-	2,751,385	-	(8,891)	(27,035,935)	1,393,326
Issuance of shares for Gotcha acquisition	3,500,000	-	-	-	-	-	-	3,500,000
Issuance of units pursuant to private placement	4,734,492	-	-	1,720,483	-	-	-	6,454,975
Financing costs	(453,668)	-	-	114,474	-	-	-	(339,194)
Issuance of shares as transaction costs	69,328	-	-	-	-	-	-	69,328
Share-based compensation	-	-	-	394,266	-	-	-	394,266
Vesting of compensatory Class B Units	-	-	-	282,056	-	-	-	282,056
Obligation to issue shares- Acquisition (Note 5)	-	-	-	-	2,500,000	-	-	2,500,000
Loss and comprehensive income for the period	-	-	-	-	-	22,496	(6,537,719)	(6,515,223)
At June 30, 2020	27,231,352	6,305,567	-	5,262,664	2,500,000	13,605	(33,573,654)	7,739,534

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

# Last Mile Holdings Ltd.

## Condensed Interim Consolidated Statements of Cash Flows

(Expressed in United States dollars)

(Unaudited)

	For the six months ended June 30,	
	2020	2019
<b>Operating activities</b>		
Loss for the period:	\$ (6,537,719)	\$ (2,328,309)
Adjusted for:		
Accrued interest expense	101,510	72,595
Depreciation	1,871,304	201,644
Equity-based compensation	675,510	596,771
Transaction costs issued in shares	69,328	-
Changes in non-cash working capital items:		
Accounts receivable and prepaids	(1,492,858)	(256,914)
Inventory	(75,390)	(76,696)
Accounts payable and accrued liabilities	308,709	(196,734)
Deferred revenue	(181,970)	-
Cash used in operating activities	(5,261,576)	(1,987,643)
<b>Financing activities</b>		
Lease payments	(125,933)	-
Proceeds from loans and convertible note issuances	-	2,560,160
Proceeds from private placement	6,454,975	-
Share issuance costs	(339,194)	-
Proceeds from government loan	608,890	-
Cash provided by financing activities	6,598,738	2,560,160
<b>Investing activities</b>		
Intangible asset expenditures	-	(8,049)
Equipment purchases	(1,305,090)	(151,601)
Cash acquired on Acquisition (Note 5)	507	-
Cash paid for Acquisition (Note 5)	(500,000)	-
Cash used in investing activities	(1,804,583)	(159,650)
Effect of exchange rate changes on cash	23,260	-
Net change in cash during the period	(444,161)	412,867
Cash, beginning of period	719,529	146,831
<b>Cash, end of period</b>	<b>\$ 275,368</b>	<b>\$ 559,698</b>
<b>Supplemental cash flow information</b>		
Income taxes paid	\$ -	\$ -
Interest paid	\$ 126,004	\$ -
Transfer of loans payable to convertible debentures	\$ -	\$ 1,234,549
Acquisition of net assets of Gotcha Mobility & issuance of consideration	\$ 12,304,232	\$ -

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

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

---

### 1. NATURE OF OPERATIONS AND GOING CONCERN

The Company is a light vehicle mobility solutions company operating in the United States. The Company was formed through a combination with Arcturus Ventures Inc. ("Arcturus") and 1148486 BC Ltd ("1148486") pursuant to which the Company effected a reverse takeover of Arcturus, (the "RTO") a TSX Venture Exchange listed entity ("TSXV"), and the resulting issuer changed its name to OjO Electric Corp. in October 2019 (Note 4). In February 2020, the Company changed its name to Last Mile Holdings Ltd. The Company's registered and records office is 2500 – 700 W. Georgia Street, Vancouver, BC, Canada, V7Y 1B3. The Company is listed on the TSXV under the symbol "MILE".

In February 2020, the Company completed the acquisition of Gotcha Mobility LLC ("Gotcha") and its affiliates (Note 5) and raised an additional \$6,454,975. The acquisition of Gotcha expands the Company's mobility solution offerings to include bikes, e-bikes and stand up scooters, as well as expands the Company's footprint to additional contracts to deploy in 2020.

In early 2020, there was a global outbreak of a new strain of coronavirus, COVID-19. The global and domestic response to the COVID-19 pandemic continues to rapidly evolve. Thus far, certain responses to the COVID-19 outbreak have included mandates from federal, state and/or local authorities that required temporary closure of many businesses and cessation of public events. This outbreak has led to substantial changes with transportation in and around cities, including potential restrictions on day to day businesses as well as acceptable forms of transportation. The impact of COVID-19 has added significant uncertainties on the demand for the Company's mobility solutions which could result in a material impact to the Company's future results of operations, cash flows and financial condition.

These unaudited condensed interim consolidated financial statements have been prepared on the basis of a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2020, the Company had a working capital deficit of \$4,452,772. The Company has incurred negative cash flows from operations of \$5,261,576 and recorded a loss of \$6,537,719 for the six months ended June 30, 2020, and has an accumulated deficit of \$33,573,654 as at June 30, 2020. The Company will need to raise additional funds within the short term to continue to be able to operate, meet its commitments and execute its growth strategy as it moves towards profitable operations. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These unaudited condensed interim 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 if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

### 2. BASIS OF PRESENTATION

#### (a) *Statement of compliance*

The Company prepares its annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretation Committee. These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. Accordingly, they should be read in conjunction with the Company's most recent annual financial statements.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

---

### 2. BASIS OF PRESENTATION continued...

#### (b) Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments measured at fair value. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### (c) Functional currency

Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. At each statement of financial position date, monetary assets and liabilities are translated using the period-end foreign exchange rate. Non-monetary assets and liabilities in foreign currencies other than the functional currency are translated using the historical rate. All gains and losses on translation of these foreign currency transactions are included in profit and loss. The presentation currency of the Company is the United States dollar, while the functional currency of the Company is the Canadian dollar, and the functional currency for all of its subsidiaries is the US Dollar.

#### (d) Principles of consolidation

These unaudited condensed interim consolidated financial statements include the financial statements of the Company and its subsidiaries, which are controlled by the Company. Control is achieved when the parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect its returns.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions, balances, income and expenses are eliminated on consolidation.

These unaudited condensed interim consolidated financial statements incorporate the accounts of the Company and the following subsidiaries as at June 30, 2020:

Name of Subsidiary	Incorporation Jurisdiction	Percentage Ownership	Principal Activity
OjO US Holdings Corp	United States	100%	Holding Company
OjO Electric LLC	United States	58%**	Holding Company
OjO Electric Inc.	United States	100%	Operating Company
Gotcha Mobility LLC	United States	100%	Operating Company
Gotcha Bike LLC	United States	100%	Holding Company
Gotcha Ride LLC	United States	100%	Holding Company

\*\* OjO Electric LLC has certain outstanding membership units which can be redeemed for common shares of the Company on a 1:1 basis pursuant to the transaction (Note 4). As these units are redeemed, the Company will continue to increase its ownership which will result in 100% ownership. The Company is considered to have control over OjO Electric LLC as a result of OjO US Holdings Corp being appointed manager and no substantive rights allocated to the remaining unit holders.

All intercompany balances and transactions have been eliminated on consolidation.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

---

### 2. BASIS OF PRESENTATION continued...

#### (e) *Significant accounting judgments and estimates*

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These unaudited condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

The key areas of estimates and judgements applied in preparation of the unaudited condensed interim consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

#### *Going concern*

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operation expenditures and to meet its liabilities for the ensuing year, involves significant judgement based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The Company's current operations will require additional funding.

#### *Useful lives of equipment and intangible assets*

Amortization of equipment and intangible assets is dependent upon estimates of useful lives, which are determined through the exercise of judgement, including whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit and loss in the period the new information becomes available.

#### *Impairment of equipment, intangible assets and goodwill*

Indicators of impairment are assessed by management using judgement, considering future plans and market conditions. In assessing the recoverability, each cash generating unit's carrying value is compared to its recoverable amount, defined as the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

#### *Functional currency assessment*

The functional currency of the Company and its subsidiaries is the currency of their respective primary economic environment, and the Company reconsiders the functional currency if there is a change in events and conditions which determined the primary economic environment.

#### *Deferred taxes*

The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

---

### 2. BASIS OF PRESENTATION continued...

#### *Business combination*

Determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset may require the Company to make certain judgements as to whether or not the assets acquired and liabilities assumed include inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 – *Business Combinations*. If an acquired set of assets and liabilities includes goodwill, the set is presumed to be a business.

In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. For any intangible asset identified, depending on the type of intangible asset and complexity of determining its fair value, an independent valuation expert or management may develop fair value, using appropriate valuation techniques, which are generally based on a forecast of the total future expected net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

#### *Equity-based payment arrangements*

The Company uses an option pricing model to determine the fair value of unit-based payment arrangements granted to employee and non-employees, which includes both Class B membership units and share options. In estimating fair value, the Company is required to make certain assumptions and estimates such as the expected life of units, volatility of the Company's future equity price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

The fair value of the unit-based compensation expense for the year along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in Note 13.

#### *Discount rate for leases*

IFRS 16 Leases requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate when initially recording real estate leases as the implicit rates are not readily available as information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

#### *Revenue recognition*

Revenue from contracts is recognized when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the stage of completion of the transaction at the end of the period can be measured reliably and the costs incurred and to complete the transaction can be measured reliably. The stage of completion requires judgement as to the period of time services are rendered.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies used in the preparation of these unaudited condensed interim consolidated financial statements are described below:

#### (a) *Cash*

Cash includes deposits held with banks that are available on demand.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

---

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued....

#### **(b) Loss per share**

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of limited voting shares, multiple voting shares and New Common A units held by third parties during the period convertible into limited voting shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period. For this purpose, it is assumed that proceeds upon the exercise of share options and warrants are used to purchase common shares at the average market price during the period. Share options and Class B units outstanding as at June 30, 2020, are anti-dilutive and, therefore, have not been taken into account in the diluted per share calculations.

#### **(c) Equity-based compensation**

The Company measures all equity-based payment arrangements to employees, managers, consultants and others at the fair value on the date of issuance using the Black-Scholes option pricing model. The inputs into the Black-Scholes model, including the expected term of the instrument, expected volatility, risk-free interest rate and dividend rate are determined by reference to the underlying terms of the instrument and the Company's experience with similar instruments. The issuance date fair value of equity-based payment arrangements granted to employees is generally recognized as an expense with a corresponding increase in reserves, over the vesting period of the instrument granted. The amount recognized as expense is adjusted to reflect the number of equity instruments for which the related service conditions are expected to be met, such that the amount ultimately recognized reflects the number of instruments that meet the related service conditions at the vesting date.

For equity-based payments to non-employees, the compensation expense is measured at the fair value of the goods and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity-based instrument granted.

#### **(d) Income taxes**

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit and loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss. Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit and loss. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

For the year ended December 31, 2018 and up to the date of the RTO in October 2019, the Company was organized as a limited liability company in the State of California and had elected to be taxed as a partnership for US federal and state income tax reporting purposes. Accordingly, no provision for income taxes for these periods has been included in the accompanying financial statements since members' report the earnings or loss of the Company on their respective individual tax returns.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

---

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued...

#### (e) *Financial instruments*

The Company classifies its financial assets and liabilities in the following measurement categories:

- i) Those to be subsequently measured at amortized cost; or
- ii) Those to be subsequently measured at fair value (either through other comprehensive income ("FVOCI"), or through profit and loss ("FVPL")).

The classification is driven by the business model for managing the financial asset and their contractual cash flow characteristics. As at June 30, 2020, the Company classifies all of its financial instruments, being cash, accounts receivable, accounts payable and accrued liabilities, and loans payable as subsequently measured at amortized cost.

At initial recognition financial assets and financial liabilities are measured at fair value less transaction costs except for financial assets classified as FVPL, where transaction costs are expensed directly to profit and loss.

The Company has no financial instruments measured at FVPL or FVOCI.

All financial assets except for those at FVPL are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company applies an expected credit loss ("ECL") model to all debt financial assets not held at FVPL, where credit losses that are expected to transpire in future years are provided for, irrespective of whether a loss event has occurred or not as at the balance sheet date. For trade receivables, the Company has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions.

#### (f) *Revenue recognition*

The Company derives its revenues from ridership fees and mobility contracts. The Company recognizes revenue on mobility contracts ratably over the applicable contract service period, which can range from days to a few years. Revenue from ridership fees are recognized at the point of sale and is presented net of discounts, revenue sharing arrangements and refunds.

#### (g) *Inventory*

Inventories are valued at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Materials and supplies inventory consists of consumable and replacement parts and supplies and are valued at the lower of cost and net realizable value.

Management reviews inventory for obsolete, slow moving and damaged items and any such inventory is written down to net realizable value.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

---

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued...

#### (h) Intangible assets

The Company owns intangible assets consisting of patents, trademarks and application software associated with its rideshare programs. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit and loss as incurred.

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

Amortization is recognized on a straight line basis over the estimated useful lives of intangible assets from the date they are available for use to the end of their useful lives. Patent & trademarks are amortized on a straight line basis over 15 years, while other intangible assets are amortized on a straight line basis over 7 years. Application software is amortized over an expected life of 3 years upon completion of the development stage or the date of acquisition.

#### (i) Equipment

Equipment is measured at cost less accumulated amortization. Amortization is recognized on a straight line or declining basis over the asset's useful life commencing from the time the asset is available for use. The initial cost of equipment includes the cost to purchase, plus expenses directly attributable to the asset in order to bring it to the location and condition to be used in the intended manner, including costs such as customs charges and shipping. Costs of major maintenance activities are capitalized as a separate component of equipment and amortized over the estimated useful life. Maintenance costs which cannot be separately defined as a component of equipment are expensed in the period in which they occur. Amortization rates used for each class of depreciable asset are:

<i>Development costs</i>	<i>3 – 5 years straight line</i>
<i>Furniture &amp; office equipment</i>	<i>5 – 10 years straight line</i>
<i>Vehicles &amp; leases vehicles</i>	<i>6 years straight line or term of the lease</i>
<i>Scooter systems</i>	<i>0.5 – 2 years straight line</i>
<i>Bike systems</i>	<i>4 years straight line</i>
<i>eBike systems</i>	<i>3 years straight line</i>

An asset's residual value and useful life is reviewed during each financial year and adjusted if appropriate. The Company considers various factors when estimating the useful life of an asset including: i) expected usage of the asset and related physical wear and tear, ii) technical or commercial obsolescence arising from changes or improvements; and iii) legal or similar limits on use of the asset. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item recognized in profit and loss.

Spare parts that are required for the operation of rideshare systems are carried as inventory and recognized in cost of goods sold as consumed.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

---

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued....

#### *(j) Research and development/software development costs*

Expenditures on research and development activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit and loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. These criteria will be deemed by the Company to have been met when revenue is received by the Company and a determination that it has sufficient resources to market and sell its product offerings. Upon a determination that the criteria to capitalize development expenditures has been met, the expenditures capitalized will include the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures will be expensed as incurred.

Capitalized development expenditures will be measured at cost less accumulated amortization and accumulated impairment losses.

#### *(k) Impairment of long-lived assets*

Long-lived assets, including equipment and intangible assets, are reviewed to determine whether there is any indication that these assets have impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset may exceed its recoverable amount. Goodwill is tested for impairment at least annually, and more often if events and circumstances indicate the carrying amount may not be recoverable. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or 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 and 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 an 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.

#### *(l) Capital*

Capital includes members' capital and share capital. Capital contributions are classified as members' capital. Incremental costs directly attributable to the issue of members' units and equity-based payments are recognized as a deduction from equity, net of any tax effects. Share capital includes proceeds from issuance of shares while reserves includes consideration issued pursuant to equity-based compensation arrangements.

#### *(m) Business Combinations*

Business combinations are accounted for using the acquisition method whereby the total consideration paid including assets given up, liabilities incurred or assumed, equity instruments issued and contingent consideration, is allocated to the fair value of the identifiable net assets of the acquired business at the acquisition date. Any excess consideration over the fair value of the identifiable net assets is recognized as goodwill. If total consideration is less than the fair value of the identifiable net assets, the deficiency is reported entirely as a gain in the consolidated statement of operations and comprehensive loss at the acquisition date. Expenses associated with business acquisitions, other than costs associated with the issuance of debt or equity, are expensed when incurred. The results of operations of acquired businesses are included in the consolidated statement of operations and comprehensive loss commencing on the acquisition date.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

---

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued...

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. The measurement period is from the acquisition date to the date complete information about the facts and circumstances that existed as of the acquisition date is received. However, the measurement period does not exceed one year from the acquisition date.

#### **(n) Leases**

A contract is or contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The cost of the right-of-use asset include the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs and, if applicable, an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate, which is estimated at 3% for its current leases. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and leases with lease terms that are less than 12 months. Lease payments associated with these leases are instead recognized as an expense over the lease term on either a straight-line basis, or another systematic basis if more representative of the pattern of benefit.

The Company presents right-of-use assets in the same line item as it presents underlying assets of the same nature that it owns.

#### **(o) Recent accounting standards**

There are no new or upcoming accounting standards that are expected to have a material impact on the Company's financial statements.

### 4. REVERSE TAKEOVER TRANSACTION

The Company executed a Business Combination Agreement in October 2019 with Arcturus, 1222932 B.C. Ltd. (a wholly owned subsidiary of Arcturus), OjO Electric US Holdings Corp. ("USCo") and 1148486 B.C. Ltd. ("1148486") pursuant to which the Company effected a reverse take-over of Arcturus, a TSXV listed entity (the "RTO") and the combined entity changed its name to OjO Electric Corp. (collectively the "Resulting Issuer") at the time. In connection with the Business Combination Agreement, certain securities of the Company were exchanged for 140,000 multiple voting shares of Arcturus ("MVS"). Certain securityholders of the Company were issued MVS (the "MVS Group") and control 80.02% of the outstanding voting rights of the Resulting Issuer on close of the RTO.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

### 4. REVERSE TAKEOVER TRANSACTION continued...

Concurrently with closing of the RTO, the Company issued 10,591,515 Limited Voting Shares ("LVS") pursuant to the private placement at a price of C\$0.76 per share for gross proceeds of \$6,103,035 (C\$8,049,551). The Company also issued 1,201,946 LVS as transaction fees pursuant to the RTO, valued at \$691,677, and 45,000 New Common A (which were immediately redeemed for equivalent LVS) as a loan bonus pursuant to bridge financing valued at \$25,650.

As part of the RTO, the OjO Electric LLC ("OjO Electric") restructured such that a fourth amended and restated operating agreement ("2019 Operating Agreement") was executed that provided for the issuance of New Common A Units, New Common A-1 Units and New Class B Units. All currently outstanding Class A and C units converted into 22,978,932 New Common A Units, and all currently outstanding Class B units have become convertible into up to 7,069,707 New Class B Units. Convertible notes converted into 7,886,016 New Common A Units. In connection with the closing of the RTO, 29,356,785 New Common A-1 Units were issued to USCo, which was appointed the sole manager of the Company ("Manager").

Concurrent with the closing of the RTO, an aggregate of 140,000 New Common A Units were redeemed to certain securityholders into 140,000 MVS, and an aggregate of 5,397,925 New Common A Units were redeemed to LVS.

On the seventh anniversary of the 2019 Operating Agreement, all remaining New Common A Units (if any) will be automatically exchanged for LVS on a one-for-one basis (or cash equivalent, at the sole discretion of the Manager) and all remaining New Class B Units will be cancelled.

Pursuant to the RTO, as the shareholders of OjO Electric obtained control of the Resulting Issuer, the transaction is considered a purchase of Arcturus by OjO Electric and is considered to be a reverse acquisition. Consideration for the acquisition of Arcturus by OjO Electric includes 17,563,324 LVS at a value of \$10,111,451 (being C\$0.76 per LVS), 1,201,946 LVS issued pursuant to transaction costs with a value of \$691,977 (being C\$0.76 per LVS) and \$909,610 of transaction costs, for total consideration of \$11,713,038.

Prior to the RTO, Arcturus did not have an active business and the RTO is accounted for as a capital transaction. Accordingly, the excess of consideration paid over the acquired net deficiency, being \$12,075,580, was recorded as listing expense in profit and loss for the year ended December 31, 2019.

---

#### Net assets (deficiency) of Arcturus acquired:

Cash	\$	24,340
Other current assets		11,868
Accounts payable and other liabilities		(398,750)
Net deficiency acquired:		(362,542)
Listing Expense		12,075,580
<b>Total:</b>	<b>\$</b>	<b>11,713,038</b>

---

### 5. GOTCHA ACQUISITION

On February 28, 2020, pursuant to a Membership Interest Purchase Agreement dated January 20, 2020, as amended, the Company acquired all of the outstanding securities of Gotcha Mobility LLC (the "Acquisition") and its wholly owned subsidiaries ("Gotcha") from Gotcha Media Holdings, LLC (the "Vendor") in consideration for the payment of \$6 million in cash, of which \$250,000 was paid on closing of the Acquisition ("Closing"), \$750,000 is to be paid through the issuance of a deferred promissory note due August 2020, and \$5 million is to be paid through the issuance of a second deferred promissory note due February 2022. The Company also issued 11,637,500 LVS to the Vendor, and agreed to issue \$2.5 million in LVS to the Vendor, which was settled by issuance of 25,932,283 shares subsequent to June 30, 2020. In addition, the Company funded Gotcha expenditures of \$250,000 in February 2020.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

### 5. GOTCHA ACQUISITION continued...

Gotcha Mobility provides turn-key mobility products and services for university and municipal partners in the United States. The products and services include point-to-point transportation through the utilization of low-speed electric vehicles, bike share systems and electric scooter share systems. This division generates revenue through service fees paid by the Company's partners, ridership and membership fees and corporate sponsorship fees.

The acquisition of Gotcha has been accounted for as a business combination where the Company acquired 100% ownership in Gotcha. The total consideration includes the cash, loans payable, shares and obligation to issue shares, as well as working capital adjustment to be paid currently estimated at \$54,739, for total estimated consideration of \$12,304,739 as follows:

Cash paid	\$	500,000
Working capital adjustment - currently being negotiated		54,739
Shares issued - 11,637,500 LVS issued		3,500,000
Shares issued August 2020 - 25,932,283 LVS issued		2,500,000
Loans payable - currently being negotiated in conjunction with the settlement of the working capital adjustment		750,000
Loans payable - due February 2022		5,000,000
<b>Total consideration:</b>	<b>\$</b>	<b>12,304,739</b>

The initial purchase price is allocated on a provisional basis to the fair value of the net identifiable assets based on the Company's best estimates of fair value. The ultimate valuation of the net assets acquired, including the fair value of equipment and all identifiable intangible assets will be finalized within 12 months of the acquisition date.

#### *Allocation of Net Assets acquired*

Cash	\$	507
Receivables & current assets		447,163
Equipment		2,999,024
Intangible		148,645
Goodwill		12,666,291
Current liabilities		(1,383,760)
Leases payable		(724,045)
Deferred revenue		(1,849,086)
<b>Net assets acquired:</b>	<b>\$</b>	<b>12,304,739</b>

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

### 5. GOTCHA ACQUISITION continued...

The acquisition of Gotcha provides the Company with contracts to deploy their ridesharing systems, as well as an established workforce and operations. The initial estimate of goodwill realized in the acquisition is the result of executed contracts, an assembled work force, and synergies expected from fully combining and integrating Gotcha's operations with those of the Company. This estimate of consideration and purchase price allocation is provisional and subject to change.

The Gotcha acquisition contributed revenue of \$1,189,100 and (\$2,707,717) in operating loss before taxes from the date of acquisition to June 30, 2020. The Company estimates that had the acquisitions occurred on January 1, 2020, the increase in revenue would be approximately \$488,253 and operating loss before taxes would have increased by approximately \$325,364 for the six months ended June 30, 2020.

### 6. PREPAIDS AND DEPOSITS

	June 30, 2020	December 31, 2019
Equipment deposits & prepaid inventory	\$ 1,113,175	\$ -
Insurance	264,286	-
Deposits	68,452	-
Other	15,394	-
<b>Total</b>	<b>\$ 1,461,307</b>	<b>\$ -</b>

### 7. EQUIPMENT

<b>Cost</b>	Leasehold improvements & right of asset facilities								Total
	Vehicles & Leased vehicles	right of asset facilities	Furniture, office & other assets	Development costs	Scooter systems	Bike Systems	eBike systems		
Balance, December 31, 2019	\$ 53,562	\$ -	\$ 6,121	\$ 423,049	\$ 3,344,862	\$ -	\$ -	\$ 3,827,594	
Additions	-	183,580	16,559	-	1,189,114	-	99,418	1,488,671	
Acquisition of Gotcha	287,371	545,634	259,361	75,626	356,434	422,647	1,051,951	2,999,024	
<b>Balance, June 30, 2020</b>	<b>\$ 340,933</b>	<b>\$ 729,214</b>	<b>\$ 282,041</b>	<b>\$ 498,675</b>	<b>\$ 4,890,410</b>	<b>\$ 422,647</b>	<b>\$ 1,151,369</b>	<b>\$ 8,315,289</b>	

<b>Accumulated depreciation</b>	Leasehold improvements & right of asset facilities								Total
	Vehicles & Leased vehicles	right of asset facilities	Furniture, office & other assets	Development costs	Scooter systems	Bike Systems	eBike systems		
Balance, December 31, 2019	\$ 37,854	\$ -	\$ 6,121	\$ 317,265	\$ 204,047	\$ -	\$ -	\$ 565,287	
Additions	41,594	95,947	23,656	74,026	1,360,061	120,177	124,614	1,840,075	
<b>Balance, June 30, 2020</b>	<b>\$ 79,448</b>	<b>\$ 95,947</b>	<b>\$ 29,777</b>	<b>\$ 391,291</b>	<b>\$ 1,564,109</b>	<b>\$ 120,177</b>	<b>\$ 124,614</b>	<b>\$ 2,405,362</b>	

<b>Net Book Value</b>	Leasehold improvements & right of asset facilities								Total
	Vehicles & Leased vehicles	right of asset facilities	Furniture, office & other assets	Development costs	Scooter systems	Bike Systems	eBike systems		
Balance, December 31, 2019	\$ 15,708	\$ -	\$ -	\$ 105,784	\$ 3,140,815	\$ -	\$ -	\$ 3,262,307	
<b>Balance, June 30, 2020</b>	<b>\$ 261,485</b>	<b>\$ 633,267</b>	<b>\$ 252,264</b>	<b>\$ 107,384</b>	<b>\$ 3,326,301</b>	<b>\$ 302,470</b>	<b>\$ 1,026,755</b>	<b>\$ 5,909,927</b>	

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

### 8. INTANGIBLE ASSETS

<b>Cost</b>	Patents & Trademarks		Software Development		Other		<b>Total</b>	
Balance, December 31, 2019	\$	119,538	\$	-	\$	5,728	\$	125,266
Additions - Gotcha Acquisition		-		148,645		-		148,645
<b>Balance, June 30, 2020</b>	<b>\$</b>	<b>119,538</b>	<b>\$</b>	<b>148,645</b>	<b>\$</b>	<b>5,728</b>	<b>\$</b>	<b>273,911</b>

<b>Accumulated depreciation</b>	Patents & Trademarks		Software Development		Other		<b>Total</b>	
Balance, December 31, 2019	\$	20,755	\$	-	\$	1,965	\$	22,720
Additions		3,984		26,673		572		31,229
<b>Balance, June 30, 2020</b>	<b>\$</b>	<b>24,739</b>	<b>\$</b>	<b>26,673</b>	<b>\$</b>	<b>2,537</b>	<b>\$</b>	<b>53,949</b>

<b>Carrying amount</b>	Patents & Trademarks		Software Development		Other		<b>Total</b>	
Balance, December 31, 2019	\$	98,783	\$	-	\$	3,763	\$	102,546
<b>Balance, June 30, 2020</b>	<b>\$</b>	<b>94,799</b>	<b>\$</b>	<b>121,972</b>	<b>\$</b>	<b>3,191</b>	<b>\$</b>	<b>219,962</b>

### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		<b>June 30, 2020</b>		December 31, 2019
Accounts payable and accrued liabilities	\$	3,626,708	\$	2,319,096
Payroll liabilities		384,042		277,642
Other payables		107,473		169,161
Sales taxes payable		340,146		-
<b>Total</b>	<b>\$</b>	<b>4,458,369</b>	<b>\$</b>	<b>2,765,899</b>

### 10. LEASES

The Company leases various office and warehouse spaces for its operations, which were acquired concurrent with the Gotcha acquisition. The lease liabilities are measured at the present value of the remaining lease payments plus anticipated exercise of renewal options, discounted using the incremental borrowing rates which was estimated to be 6.8%.

Rental contracts are typically made for fixed periods of 1 to 3 years but may have extension options ranging from 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. As at June 30, 2020, the Company had recognized lease liabilities for 6 properties.

Car leases are for periods of 2 years with an end-of-lease buyout option. As at June 30, 2019, the Company had 10 car leases.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

### 5. LEASES continued...

Lease liability continuity for to June 30, 2020 is as follows:

	Vehicle Leases	Building Leases	Total leases
Less than 1 year	\$ 106,728	\$ 356,621	\$ 463,349
Between 1-5 years	120,809	247,291	368,100
Total minimum lease payments:	227,537	603,912	831,449
less: Interest	10,665	39,041	49,706
Present value of minimum lease payments	216,872	564,871	781,743
Less: current portion	106,728	356,621	463,349
	\$ 110,144	\$ 208,250	\$ 318,394
At December 31, 2019	\$ -	\$ -	\$ -
Acquisition of Gotcha	252,448	471,597	724,045
Additions	-	183,580	183,580
Lease payments made	(35,576)	(101,361)	(136,937)
Interest expense	-	11,004	11,004
	216,872	564,821	781,693
Less: current portion	(106,728)	(356,521)	(463,249)
At June 30, 2020	110,144	208,299	318,443

### 11. DEFERRED REVENUE

The Company has contracts to provide rideshare services, as well as sponsorship contracts for advertising in connection with the Company's rideshare systems. In certain rideshare contracts, the counterparty may subsidize capital costs included in rideshare systems, such as racks, hubs and signage, as well as the upfront cost of the mobility vehicle. In these contracts, the revenue is recognized over the term of the rideshare contract. In contracts where the fees are for the provision of rideshare services or advertising services, the revenue is recognized as the service is provided.

Deferred Revenue	June 30, 2020	December 31, 2019
Balance, beginning of period	\$ -	\$ -
Deferral of revenue	307,679	-
Deferral of revenue from Gotcha Acquisition	1,849,086	-
Recognition of deferred revenue	(489,649)	-
<b>Balance, June 30, 2020</b>	<b>\$ 1,667,116</b>	<b>\$ -</b>

Deferred Revenue	June 30, 2020	December 31, 2019
Current portion	\$ 274,896	\$ -
Long term portion	1,392,220	-
<b>Balance, June 30, 2020</b>	<b>\$ 1,667,116</b>	<b>\$ -</b>

Revenue	June 30, 2020	December 31, 2019
Ridership revenue	\$ 921,872	\$ -
Revenue from contracts	434,378	-
<b>Balance, June 30, 2020</b>	<b>\$ 1,356,250</b>	<b>\$ -</b>

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

---

### 12. LOANS PAYABLE

#### *Promissory Notes - 2019*

During the year ended December 31, 2019, the Company issued an additional \$400,000 in unsecured promissory notes with an annual interest rate of 12%, which were due and payable by June 2019. In connection with this liability, the Company accrued interest expense of \$18,312 for the year ended December 31, 2019 which was included in the balance of loans payable; pursuant to convertible note agreements signed in 2019, the total loan balance of \$1,234,549 was converted into convertible notes (Note 13).

#### *Bridge Loan - 2019*

In September 2019, the Company secured a \$1,000,000 bridge loan ("Bridge Loan") in order to fulfill pending and expected orders. The Bridge Loan bears interest at 10% per annum and matured on the closing of the RTO (Note 4). In connection with the Bridge Loan, the Company issued 45,000 New Common A Units to the lenders on the closing of the RTO valued at \$25,650 which was recorded as finance expense in profit and loss. In connection with this liability, the Company paid interest expense of \$10,411 for the year ended December 31, 2019. The balance of \$1,010,411 was settled in full on closing of the RTO in October 2019.

#### *PPP Loan*

In May 2020, the Company received loan proceeds in the amount of \$608,890 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Company intends to use the proceeds for purposes consistent with the PPP and will apply for loan forgiveness when the application becomes available. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Company to be ineligible for forgiveness of the loan, in whole or in part.

#### *Gotcha Media Holdings Loan*

In February 2020, in connection with the Acquisition (Note 5), the Company issued two secured promissory notes to Gotcha Media Holdings LLC, for \$804,739 (the "First Note") and \$5,000,000 (the "Second Note") respectively. The First Note is due August 28, 2020, while the Second Note is due on February 28, 2022 and both earn interest at a rate of 12% compounding monthly. As security for the First and Second Notes, the Company issued a guarantee and a general security agreement over all of its assets to Gotcha Media Holdings LLC.

The First Note has been recorded as a current liability as it is due in less than one year and interest is paid in full each month. The Company paid interest of \$15,000 recorded as finance expense for the six months ended June 30, 2020 in connection with the First Note. The First Note was due in August 2020, however the final payment terms are still being negotiated between the parties.

The Second Note has been recorded as a long term liability and is due in February 2022. One-half of the interest, being 6%, is paid each month and the remainder is deferred and added to the principal. While the Second Note is payable on maturity, the Company is required to pay 25% of any positive net operating cash flow calculated on a quarterly basis off of the Company's consolidated financial statements, payable the second business day after the publication of the consolidated financial statements. These payments will be applied first to accrued interest and then to the principal of the Second Note.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

---

### 12. LOANS PAYABLE continued...

		<b>First Note</b>	<b>Second Note</b>
Balance, December 31, 2019	\$	-	\$ -
Issuance of loan		804,739	5,000,000
Interest accrued		15,000	201,510
Payments		(15,000)	(100,000)
<b>Balance, June 30, 2020</b>	<b>\$</b>	<b>804,739</b>	<b>\$ 5,101,510</b>

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

### 13. CAPITAL

#### *Member & Share capital continuity:*

	Members' Units							Share capital	
	Class A Units	Class B Units	Class C Units	New Common A Units	New Common A held by Manager Units	New Common A-1 held by Manager Units	New Class B Units	LVS Shares	MVS Shares
<b>Balance, December 31, 2018</b>	<b>8,499,000</b>	<b>1,318,000</b>	<b>3,642,209</b>	-	-	-	-	-	-
Issuance of Class B Units	-	2,048,527	-	-	-	-	-	-	-
Issuance of New Common A for convertible notes	-	-	-	7,886,016	-	-	-	-	-
Conversion of Class A and Class C units to New Common A	(8,499,000)	-	(3,642,209)	22,978,932	-	-	-	-	-
Forfeiture of Class B units	-	(185,913)	-	-	-	-	-	-	-
Issuance of New Common A as loan bonus	-	-	-	45,000	-	-	-	-	-
Redemption of New Common A for MVS	-	-	-	(140,000)	140,000	-	-	-	140,000
Redemption of New Common A for LVS	-	-	-	(5,896,731)	5,896,731	-	-	5,896,731	-
Issuance of LVS for private placement	-	-	-	-	-	-	-	10,591,515	-
Issuance of LVS as fees on RTO	-	-	-	-	-	-	-	1,201,946	-
Issuance of New Common A-1 to Manager	-	-	-	-	-	29,356,785	-	-	-
Effect of RTO - shares of Arcturus	-	-	-	-	-	-	-	17,563,324	-
<b>Balance, December 31, 2019</b>	<b>-</b>	<b>3,180,614</b>	<b>-</b>	<b>24,873,217</b>	<b>6,036,731</b>	<b>29,356,785</b>	<b>-</b>	<b>35,253,516</b>	<b>140,000</b>
Conversion of MVS to LVS	-	-	-	-	-	-	-	140,000	(140,000)
Issuance of LVS for Gotcha acquisition	-	-	-	-	-	-	-	11,637,500	-
Issuance of LVS for private placement	-	-	-	-	-	-	-	20,790,966	-
Issuance of LVS for financing and transaction costs	-	-	-	-	-	-	-	1,112,750	-
Forfeiture of Class B units	-	(148,658)	-	-	-	-	-	-	-
<b>Balance, June 30, 2020</b>	<b>-</b>	<b>3,031,956</b>	<b>-</b>	<b>24,873,217</b>	<b>6,036,731</b>	<b>29,356,785</b>	<b>-</b>	<b>68,934,732</b>	<b>-</b>

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

---

### 13. CAPITAL continued...

#### Share Capital

##### *Authorized*

Unlimited common shares with no par value

Unlimited preferred shares with no par value

##### *Issued & fully paid common shares*

##### Six months Ended June 30, 2020:

In February 2020, the Company issued 11,637,500 LVS pursuant to the Acquisition (Note 5) with a value of \$3,500,000 and 232,750 LVS with a value of \$69,328 for transaction costs in connection with the acquisition that have been included in professional fees in profit and loss. In addition, in connection with this Acquisition, the Company recorded an obligation to issue shares with a value of \$2,500,000.

Concurrent with the Acquisition, the Company completed a non-brokered private placement of 20,790,966 units at a price of C\$0.40 per unit for gross proceeds of \$6,454,975 (C\$8,316,386). Each unit consists of one LVS and one share purchase warrant, with each warrant exercisable until February 28, 2023 at C\$0.60 per share, subject to an acceleration clause at the option of the Company if the LVS of the Company trades above C\$1.00 for ten consecutive trading days. The warrants issued in connection with the financing were allocated a value of \$1,720,483 on a relative fair value basis. The fair value of the warrants was determined using the Black Scholes valuation model with the following assumptions: i) expected share price volatility of 65%; ii) risk free interest rate of 1.19%; iii) dividend yield of \$nil; and iv) expected life of 3 years.

In addition, the Company also issued 880,000 units with the same terms as the financing, with a value of \$262,119 and 880,000 broker warrants exercisable at C\$0.40 per share until February 28, 2023 with a value of \$114,474, which were recorded as costs of the financing. The fair value of the broker warrants was determined using the Black Scholes valuation model with the following assumptions: i) expected share price volatility of 65%; ii) risk free interest rate of 1.19%; iii) dividend yield of \$nil; and iv) expected life of 3 years.

In connection with the Acquisition, and the engagement of the senior management of Gotcha, the Company agreed to issue 10,000,000 warrants at an exercise price of C\$0.50 per LVS and a term of five years, subject to certain vesting conditions, including continued employment with Gotcha. The warrants have been treated as if they were not issued as they have expired prior to vesting.

As a result of the above share issuances, the MVS share class was eliminated and the 140,000 MVS outstanding were converted to LVS.

##### Year Ended December 31, 2019:

In October 2019, in connection with the RTO (Note 4), a non-brokered private placement was completed for aggregate gross proceeds of \$6,103,035 (C\$8,049,551) through the issuance of 10,591,515 subscription receipts ("Subscription Receipts") at a price of C\$0.76 per Subscription Receipt. Effective on closing of the RTO, each Subscription Receipt was exchanged such that the holder received one LVS. Finders' fees and other share issuance costs of \$391,746 were paid in connection with this financing.

In October 2019, the Company also issued 1,201,946 LVS as fees on the RTO with a value of \$691,977 (Note 4) and 140,000 MVS shares (Note 4).

The Company issued 5,896,731 LVS for the redemption of New Common As for the year ended December 31, 2019.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

### 13. CAPITAL continued...

#### Share options

The Company adopted an incentive share option plan which provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with TSXV requirements, grant non-transferable share options to purchase LVS, provided that the number of LVS reserved for issuance in any twelve month period will not exceed 10% of the aggregate amount of LVS and the New Common A shares vested and redeemable issued and outstanding. Such options will be exercisable for a period of up to 10 years from the date of grant at a price not less than the closing price of the Company's shares on the last trading day before the grant of such options. Each option vesting period is determined on a grant by grant basis by the Board of Directors.

During the six months ended June 30, 2020, 716,666 share options were forfeited.

Following is a summary of changes in share options outstanding:

	Number of Options	Weighted Average Exercise Price	
Balance, December 31, 2018	-	-	-
Granted	6,050,000	CAD	0.76
Forfeited	(1,000,000)	CAD	0.76
Balance, December 31, 2019	5,050,000	CAD	0.76
Forfeited	(716,666)	CAD	0.76
Balance, June 30, 2020	4,333,334	CAD	0.76

The following table summarizes information about share options outstanding as at June 30, 2020:

Outstanding	Exercisable	Exercise Price		Expiry Date
4,100,000	1,166,664	CAD	0.76	October 16, 2029
233,334	233,334	CAD	0.76	March 8, 2021
4,333,334	1,399,998			

#### Warrants

During the six months ended June 30, 2020, the Company issued 20,790,966 warrants in connection with the Acquisition (Note 5), exercisable until February 28, 2023, at C\$0.60 per share, subject to acceleration at the option of the Company if the LVS of the Company trade above C\$1.00 per share for ten consecutive trading days.

During the six months ended June 30, 2020, the Company also issued 880,000 broker warrants to certain finders in connection with the Acquisition (Note 5). The broker warrants are exercisable until February 28, 2023, at C\$0.40 per share.

Following is a summary of changes in warrants outstanding:

	Number of Warrants	Weighted Average Exercise Price	
Balance, December 31, 2018 and 2019	-	-	-
Issued	21,670,966	CAD	0.59
Balance, June 30, 2020	21,670,966	CAD	0.59

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

### 13. CAPITAL continued...

The following table summarizes information about warrants outstanding at June 30, 2020:

Outstanding	Exercise Price	Expiry Date
20,790,966	CAD 0.60	February 28, 2023
880,000	CAD 0.40	February 28, 2023
21,670,966		

#### **Members' Capital**

For the year ended December 31, 2019, prior to the RTO in October 2019, the legal parent company was OjO Electric, Californian limited liability company. Concurrent with the RTO, a Fourth Amended and Restated Operating Agreement dated October 16, 2019 ( "2019 Operating Agreement") replaced the Third Amended and Restated Operating Agreement dated July 15, 2017 (the "2017 Operating Agreement"), where the authorized units were determined at the sole discretion of the Manager (or Board of Managers) of OjO Electric. The members' capital under the 2017 Operating Agreement included Class A, Class B and Class C units, and was restructured under the 2019 Operating Agreement to include New Common A, New Common A-1 and New Class B units.

Each Class A and C unit were entitled to one vote, while the Class B units are not entitled to vote unless required by law under the 2017 Operating Agreement. Class A units were limited to the founding members of the Company and a total of 8,499,000 Class A units were outstanding as at December 31, 2018 and prior to the implementation of the 2019 Operating Agreement.

Class B and New Class B units are considered to be 'profits interests' issued to key employees, consultants, advisors or services providers, are non-voting and subject to vesting conditions. Class B and New Class B unit holders shall not participate with respect to any fair market value of the Company accrued prior to the issuance of individual unit and are not entitled to distributions from operations. Class B and New Class B units may be subject to vesting pursuant to the underlying Unit Issuance Agreement. Each New Class B unit shall entitle its holder to share in the appreciation of the fair market value of the Company, once fully vested, at a predetermined formula not to exceed 2.1 New Common A Units per Class B Unit. The Company has reserved the maximum number of 7,069,707 New Common A units which the New Class B units would convert into, if all Class B Units were fully vested. If Class B or New Class B units are forfeited prior to their conversion into New Common A units, a predetermined group of OjO Electric founders has the right to issue additional New Common A units such that a total does not exceed the maximum number reserved for issuance.

Class C units were units issued in exchange for capital contributions; as of December 31, 2018 and prior to the implementation of the 2019 Operating Agreement, a total of 3,642,209 Class C units were outstanding.

Under the 2019 Operating Agreement, the Company has been appointed the sole Manager of OjO Electric LLC (through its subsidiary, OjO Electric US Holdings Corp.), and the Manager has sole discretion regarding the amounts and timing of distributions to members.

Under the terms of the 2019 Operating Agreement, each holder of the New Common A Units shall be entitled to redeem their New Common A Units in exchange for Resulting Issuer Limited Voting Shares ("LVS") on a one for one basis or cash, as determined by the Manager in its sole discretion.

On the seventh anniversary of the 2019 Operating Agreement, all remaining New Common A Units (if any) will be automatically exchanged for LVS on a one-for-one basis (or cash equivalent, in the sole discretion of the Manager) and all remaining New Class B Units will be cancelled.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

---

### 13. CAPITAL continued...

Concurrently with the close of the RTO and the execution of the 2019 Operating Agreement, OjO Electric issued the following membership units:

- i) Issued 45,000 New Common A units as a loan bonus for the Bridge loan, recorded as a financing expense of \$25,650;
- ii) Issued 7,886,016 New Common A unit as consideration for convertible debt of \$4,123,575, which includes principal of \$3,990,000 and accrued interest of \$133,575, less withholding taxes of \$61,593;
- iii) Issuance of 2,048,527 Class B units;
- iv) Issuance of 29,356,785 New Common A-1 units to the Manager, being the Company's wholly owned subsidiary, OjO Electric US Holdings Inc.;
- v) Advances from members of \$147,000 was contributed to capital in October 2019 and included in reserves;
- vi) Redemption of 5,896,731 New Common A shares for LVS; and
- vii) Restructuring of membership units where Class A and C units were converted into 22,978,432 New Common A units.

#### *Class B and New Class B units*

The fair value of each Class B unit is estimated using the Black Scholes option pricing model, and the estimated fair value per Class B unit issued for the years ended December 31, 2019 and 2018 is \$0.78. The inputs used in the measurement of the issuance date fair value of the Class B units is as follows: strike price of \$1.41, expected volatility of 65%, expected life of 5 years, expected dividend yield of 0% and risk free interest rate of 2.07%.

For the year ended December 31, 2019, the Company issued 2,048,527 Class B units and as at December 31, 2019, there were a total of 719,428 unvested Class B units which are expected to vest over the next four years, and 185,913 Class B units were forfeited. For the six months ended June 30, 2020, the Company issued nil Class B units and as of June 30, 2020, there were a total of 542,142 unvested Class B units which are expected to vest over the next four years and 148,658 Class B units were forfeited.

The Company recognized equity-based compensation expense of \$282,056 (June 30, 2019- \$596,771) in connection with Class B units issued and vested during the period.

#### **Convertible notes**

During the year ended December 31, 2019, the Company completed a series of convertible note financings, issuing an aggregate principal amount of \$3,990,000 Convertible Notes, of which \$1,234,549 was converted from loans payable with accrued interest (Note 11). The Convertible Notes bear interest at a rate of 7% per annum and had a term of two years. Pursuant to the terms of the Convertible Notes, principal plus accrued interest will automatically be convertible into members' capital as follows:

- a) In the event of a qualified financing the convertible notes will convert into the same class of equity as the qualified financing based on a conversion rate determined as the lesser of i) the pre-money valuation implied in the qualified financing or ii) \$15,500,000, divided by the fully diluted membership units of the Company; or
- b) On maturity, or in the event of a change of control, the convertible notes will convert into Class C Units of the Company at a conversion rate per unit equal to the lesser of \$15,500,000 and the fair market value of the Company (as determined the Company's Board of Managers), divided by the fully-diluted membership units of the Company.

As the convertible notes were not repayable in cash but would only be settled through the issuance of capital, they were recorded in capital rather than as a liability prior to their conversion.

Effective October 2019, the total balance of \$4,123,575 of Convertible Notes, (being \$3,990,000 of principal and \$133,575 of accrued interest), were converted into 7,886,016 New Common A units, net of withholding taxes of \$61,593, of which a further 5,397,925 New Common A units were redeemed for 5,397,925 LVS immediately on close of the RTO.

The Company recorded accrued interest of \$133,575 for the year ended December 31, 2019 in finance expense.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

### 14. SELLING, GENERAL AND ADMINISTRATIVE EXPENSE

A breakdown of the Company's selling, general and administrative expenses is as follows:

	June 30, 2020	June 30, 2019
Advertising, marketing & sales	\$ 390,091	\$ 123,377
Insurance	217,698	47,717
Office, administration, and regulatory	249,687	87,600
Rent	43,946	47,376
Travel	183,062	55,511
Information technology	101,852	-
<b>Total</b>	<b>\$ 1,186,336</b>	<b>\$ 361,581</b>

### 15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### *Financial Risk Management*

Cash, accounts receivable, accounts payable and accrued liabilities, and loans payable are held at amortized cost which approximates fair value due to the short-term nature of these instruments.

#### *Financial Instrument Risk Exposure*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### Credit risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The maximum credit exposure at June 30, 2020 is the carrying amount of cash and accounts receivable. The Company does not have significant credit risk with respect to customers as the customers are largely municipalities and universities, and the Company generally invoices in advance of services provided.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company attempts to ensure there is sufficient liquidity in order to meet short-term business requirements, taking into account its current cash position and potential funding sources. As at June 30, 2020, the Company's financial liabilities consist of accounts payable and accrued liabilities, current lease liabilities and current loans payable, all of which have maturities of less than one year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. As at June 30, 2020, the Company had current liabilities of \$6,818,394 and working capital deficit of \$4,452,772. See Note 1 for discussion of going concern.

#### Market Risk

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

---

### 15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued...

#### *Foreign exchange risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The majority of the Company's transactions are transacted in the functional currency of the subsidiary to which the transaction relates and therefore the Company is not exposed to significant foreign exchange risk.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. Changes in short-term interest rates will not have a significant effect on the fair value of the Company's cash account.

### 16. CAPITAL MANAGEMENT

The Company defines capital as equity. The Company manages its capital structure and makes adjustments in order to have the funds available to support its operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its business. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt or acquire and/or dispose of assets. The Company's ability to continue as a going concern is uncertain and dependent on future profitable operations and securing additional financing.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the periods presented. The Company is not subject to externally imposed capital requirements.

### 17. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of the Company's directors and officers.

Key management personnel compensation during the six months ended June 30, 2020 and 2019 were as follows:

		June 30, 2020	June 30, 2019
Salaries and wages	\$	303,448	\$ 152,881
Equity-based compensation		478,893	579,115
	\$	782,341	\$ 731,996

There were no other transactions with related parties during the six months ended June 30, 2020 and 2019. There are no amounts owing to related parties as at June 30, 2020 other than accrued payroll of \$150,000 (December 31, 2019 - \$250,000).

### 18. SEGMENT REPORTING

For the six months ended June 30, 2020, the Company operates in one reportable segment, being the ridesharing business in the United States and all of its non-current assets are located in the United States.

# Last Mile Holdings Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

(Expressed in United States dollars)

(Unaudited)

---

### 19. SUBSEQUENT EVENTS

In July 2020, 260,000 share options with an exercise price of C\$0.76 per share expired unexercised.

In August 2020, 5,811,524 New Common A units held by LLC members were redeemed for 5,811,524 LVS.

In August 2020, the Company closed a private placement financing of 103,951,412 units for total gross proceeds of C\$7,796,355. Each unit consists of one LVS and one share purchase warrant, with each warrant exercisable until August 19, 2022 at C\$0.11 per share, subject to a 30 day acceleration clause at the option of the Company if the LVS of the Company trades above C\$0.20 for ten consecutive trading days. In connection with the private placement financing the Company paid C\$279,296 and issued 3,723,951 broker warrants to certain finders. The broker warrants are exercisable until August 19, 2022 at C\$0.075 per share. All shares and warrants issued are subject to a four-month hold period, expiring December 20, 2020.

In August 2020, the Company issued 25,932,283 LVS to Gotcha Media Holdings, LLC as settlement for the \$2,500,000 obligation to issue shares (Note 5).