

Carbeeza

Condensed Interim Consolidated Financial Statements

Carbeeza Inc.

*As at September 30, 2024 and
for the nine months ended September 30, 2024 and September 30, 2023
Stated in Canadian Dollars*

NOTE TO READER

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

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

Carbeeza Inc.

Condensed Interim Consolidated Statements of Financial Position

Stated in Canadian dollars

(Unaudited)

As at September 30, 2024 and December 31, 2023

	September 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash	\$ 66,389	\$ 299,123
Marketable securities	31,108	30,000
Goods and services tax receivable	23,262	26,318
Prepaid expenses	40,266	64,542
Total current assets	161,025	419,983
Equipment (Note 3)	5,899	5,477
Intangible assets (Note 4)	29,660	29,660
Total assets	\$ 196,584	\$ 455,120
LIABILITIES and EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,477,261	\$ 2,842,996
Current portion of loan payable (Note 5)	327,979	305,479
Current portion of convertible debenture (Note 6)	2,479,315	2,316,697
	6,284,555	5,465,172
Loan Payable (Note 5)	1,056,079	675,579
Convertible Debenture (Note 6)	300,400	-
Total liabilities	7,641,034	6,140,751
Shareholders' equity		
Share capital (Note 9)	7,180,802	7,133,939
Contributed surplus (Note 10)	9,734,361	9,311,224
Deficit	(24,359,613)	(22,130,794)
Total shareholders' equity	(7,444,450)	(5,685,631)
Total liabilities and shareholders' equity	\$ 196,584	\$ 455,120

Nature of operations and going concern (Note 1)

Contingencies (Note 7)

Approved by the Board of Directors:

"signed"

Director

"signed"

Director

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

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Carbeeza Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Stated in Canadian dollars

(Unaudited)

For the nine months ended September 30, 2024 and September 30, 2023

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Revenue	\$ 2,406	\$ -
Expenses		
Advertising and marketing	108,480	431,002
Amortization and accretion <i>(Note 3, 4, and 6)</i>	14,264	1,131,726
Consulting services	738,847	550,560
General and administrative	6,995	23,900
Insurance	33,210	32,786
Interest expense <i>(Note 5 and 6)</i>	245,065	199,805
Platform maintenance	582,554	-
Professional fees	145,356	188,784
Public company fees	25,448	76,784
Subscriptions	331,006	781,474
Total expenses	2,231,225	3,416,821
Net loss and comprehensive loss	\$ (2,228,819)	\$ (3,416,821)
Loss per share <i>(Note 8)</i>		
Basic and diluted	\$ (0.03)	\$ (0.05)
Weighted average number of shares outstanding	78,981,206	69,142,663

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

Carbeeza Inc.

Condensed Interim Consolidated Statements of Shareholders' Equity

Stated in Canadian dollars

(Unaudited)

For the nine months ended September 30, 2024 and September 30, 2023

	Common Shares	Contributed Surplus	Deficit	Total Equity
	\$	\$	\$	\$
Balance at December 31, 2022	6,334,350	7,264,456	(12,332,885)	1,265,921
Shares issued (Note 9)	922,773	527,227	-	1,450,000
Net loss and comprehensive loss	-	-	(3,416,821)	(3,416,821)
Balance at September 30, 2023	7,257,123	7,791,683	(15,749,706)	(700,900)
Balance at December 31, 2023	7,133,939	9,311,224	(22,130,794)	(5,685,631)
Shares issued (Note 9)	46,863	423,137	-	470,000
Net loss and comprehensive loss	-	-	(2,228,819)	(2,228,819)
Balance at September 30, 2024	7,180,802	9,734,361	(24,359,613)	(7,444,450)

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

Carbeeza Inc.

Condensed Interim Consolidated Statements of Cash Flows

Stated in Canadian dollars

(Unaudited)

For the nine months ended September 30, 2024 and September 30, 2023

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Cash provided by (used for) the following activities:		
Operating activities		
Net loss for the period	\$ (2,228,819)	\$ (3,416,821)
Amortization and accretion (Note 3, 4 and 6)	14,264	1,131,726
Interest expense (Note 5 and 6)	243,400	199,805
Changes in non-cash working capital:		
Marketable securities	(1,108)	-
Goods and services tax receivable	3,056	14,666
Prepaid expenses	24,276	(11,803)
Accounts payable and accrued liabilities	634,266	1,597,117
Cash flows used in operating activities	(1,310,665)	(485,310)
Financing activities		
Proceeds from convertible debenture issuance (Note 6)	300,000	-
Payment of loan payable	-	(1,000,000)
Issue of share capital (Note 9)	470,000	1,450,000
Proceeds from promissory note issuance (Note 5)	310,000	400,000
Cash flows provided by financing activities	1,080,000	850,000
Investing activities		
Payments on lease liability	-	(3,500)
Expenditures on equipment (Note 3)	(2,069)	(1,420)
Expenditures on intangible asset	-	(599,963)
Cash flows used in investing activities	(2,069)	(604,883)
Decrease in cash	(232,734)	(240,193)
Cash, beginning of the period	299,123	321,162
Cash, end of the period	\$ 66,389	\$ 80,969

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

Carbeeza Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Stated in Canadian dollars

(Unaudited)

For the nine months ended September 30, 2024 and September 30, 2023

1. Nature of Operations and Going Concern

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

Carbeeza completed a reverse takeover of HIT Technologies Inc. (the "HIT") on June 29, 2021 and became the ongoing operations of the Company. The Company trades on the TSX Venture Exchange (the "TSX-V") under the symbol AUTO and effective October 18, 2023, on the OTCQB Venture Market (the "OTCQB") under the symbol CRBAF.

The address of the Company's corporate and registered office is 14809 111 Avenue NW, Edmonton, Alberta, T5M 2P3.

These condensed interim consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. For the nine month period ended September 30, 2024, the Company incurred a loss of \$2,228,819, negative cash flows from operating activities of \$1,310,665, and has accumulated deficit of \$24,359,613 at September 30, 2024 and no recurring sources of income. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The continuation of the Company as a going concern is dependent on the ability of the Company to achieve positive cash flow from operations and/or obtain necessary equity or other financing to continue its development of its Platform.

The ability of the Company to be successful in obtaining additional future financing cannot be predicted at this present time. These condensed interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Basis of Preparation

Statement of compliance

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

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 28, 2024.

Basis of measurement

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

Basis of consolidation

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

Carbeeza Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Stated in Canadian dollars

(Unaudited)

For the nine months ended September 30, 2024 and September 30, 2023

2. Basis of Preparation (continued)

Use of estimates and judgements

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

3. Equipment

Cost	Computer Equipment
Balance at December 31, 2023	\$ 12,145
Additions	2,069
Balance at September 30, 2024	\$ 14,214
Accumulated amortization	
Balance at December 31, 2023	\$ 6,668
Amortization	1,647
Balance at September 30, 2024	\$ 8,315
Carrying amounts	
At December 31, 2023	\$ 5,477
At September 30, 2024	\$ 5,899

Carbeeza Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Stated in Canadian dollars

(Unaudited)

For the nine months ended September 30, 2024 and September 30, 2023

4. Intangible Assets

Cost	
Balance at December 31, 2023 and September 30, 2024	\$ 7,278,683
Accumulated Amortization	
Balance at December 31, 2023 and September 30, 2024	\$ 7,249,023
Net Book Value	
At December 31, 2023	\$ 29,660
At September 30, 2024	\$ 29,660

On December 31, 2023, the Company performed an impairment assessment of the Platform and identified indicators of impairment and performed an impairment test. In estimating the value in use of the Platform, management used an income approach and forecasts based on historical experience of operational costs, adjusting for the impact of changes to development costs. Management determined based on the current year projected cash inflows, lack of revenue, and the continuation of the Company as a going concern is dependent on the ability of the Company to achieve positive cash flow from operations and/or obtain necessary equity or other financing to continue development of its Platform, the carrying value of the Platform was not recoverable as at December 31, 2023. As a result, the Company recorded an impairment of \$4,257,832, included in the amortization and impairment expense of \$5,744,476 for the year ended December 31, 2023.

5. Loans Payable

On November 11, 2022, the Company entered into a loan transaction with a non-arm's length party in the form of an unsecured promissory note in the amount of \$250,000, bearing interest for a term of 24 months at a rate of 12% per annum.

On May 19, 2023, the Company entered into a loan transaction with a non-arm's length party in the form of an unsecured promissory note in the amount of \$200,000, bearing interest for a term of 24 months at a rate of 12% per annum.

On September 29, 2023, the Company entered into a loan transaction with a non-arm's length party in the form of an unsecured promissory note in the amount of \$200,000, bearing interest for a term of 24 months at a rate of 12% per annum.

On November 8, 2023 the Company entered into a loan transaction with a non-arm's length party in the form of an unsecured promissory note in the amount of \$250,000, bearing interest for a term of 24 months at a rate of 12% per annum.

On May 31, 2024, the Company entered into a loan transaction with a non-arm's length party in the form of an unsecured promissory note in the amount of \$300,000, bearing interest for a term of 24 months at a rate of 12% per annum.

On July 3, 2024, the Company entered into a loan transaction with a non-arm's length party in the form of an unsecured promissory note in the amount of \$10,000, bearing interest for a term of 24 months at a rate of 12% per annum.

During the nine months ended September 30, 2024, interest expense incurred was \$93,000 (September 30, 2023 – \$49,805) which is unpaid and included in loans payable.

Carbeeza Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Stated in Canadian dollars

(Unaudited)

For the nine months ended September 30, 2024 and September 30, 2023

6. Convertible Debentures

On May 9, 2022, the Company issued an unsecured convertible note, to a non-arm's length party, with a face value of \$2,000,000 and a term to maturity of two years. This convertible debenture bears interest at a rate of 10% per annum with a two-year term and is convertible into common shares of the Company at \$0.40 per share at any time, at the option of the holder, up to the date of maturity. As of September 30, 2024, this convertible debenture remains unpaid and has not been converted into common shares of the Company. The initial recognition of the host liability was determined using an estimated discount rate (12%) for a similar debt instrument without a conversion feature. The host liability was initially recognized at a carrying value of \$1,940,156. The fair value of the conversion feature was the residual value after deducting the fair value of the host liability from the fair value of the compound financial instrument. The effective interest rate calculated for the purpose of determining the amortized cost is 12.6%.

On September 26, 2024, the Company issued an unsecured convertible note, to an arm's length party, with a face value of \$300,000 and a term to maturity of two years. This convertible debenture bears interest at a rate of 12% per annum with a two-year term and is convertible into common shares of the Company at \$0.10 per share at any time, at the option of the holder, up to the date of maturity.

Balance at December 31, 2023	\$ 2,316,697
Interest accrued during the period	150,400
Issued during the period	300,000
Accretion	12,618
Balance at September 30, 2024	\$ 2,779,715
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Maturity of the convertible debentures	
2024	\$ 2,479,315
2026	300,400
	<hr/>
	\$ 2,779,715

7. Contingencies

On June 21, 2024, the Company received a statement of claim filed by Northern Micro Inc. and IDX Systems Corp. in the amount of approximately \$2,175,000, claimed in connection with alleged unpaid professional services and related matters. Carbeeza has filed a Statement of Defence on August 22, 2024 with respect of this claim.

8. Loss per share

The calculation of weighted average shares outstanding for the diluted loss per share calculation excludes the impact of the outstanding warrants and options as the effect is anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Carbeeza Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Stated in Canadian dollars

(Unaudited)

For the nine months ended September 30, 2024 and September 30, 2023

9. Share Capital

Authorized:

Unlimited number of common shares and preferred shares without par value

Issued:

Common shares

	Number	\$
Balance, December 31, 2023	76,643,124	7,133,939
Share issuance	4,700,000	40,784
Balance, September 30, 2024	81,343,124	7,180,802

On March 1, 2024, the Company issued 4,000,000 Units at a price of \$0.10 per Unit for gross proceeds of \$400,000. Each Unit consists of one common share and one common share purchase warrants. Each whole Warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.25 per share for a period of eighteen months. The value attributed to the Warrants based on the Black Scholes option pricing model was \$393,921.

On July 29, 2024, the Company issued 700,000 Units at a price of \$0.10 per Unit for gross proceeds of \$70,000. Each Unit consists of one common share and one common share purchase warrants. Each whole Warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.20 per share for a period of eighteen months. The value attributed to the Warrants based on the Black Scholes option pricing model was \$29,216.

Of the issued and outstanding common shares, 1,500,000 shares are being held in escrow.

10. Contributed Surplus

Warrants Issue Date	Warrant Expiry Date	Strike Price	# of Warrants issued	Weighted average remaining life (years)	Valuation
August 29, 2023	February 28, 2025	\$ 0.25	1,000,000	0.41	120,534
December 21, 2023	June 21, 2025	\$ 0.25	3,000,000	0.72	186,347
December 22, 2023	June 22, 2025	\$ 0.25	2,500,000	0.73	155,345
March 1, 2024	September 1, 2025	\$ 0.25	4,000,000	0.92	393,921
July 29, 2024	January 29, 2026	\$ 0.20	700,000	1.33	29,216
					\$ 885,363

Carbeeza Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Stated in Canadian dollars

(Unaudited)

For the nine months ended September 30, 2024 and September 30, 2023

10. Contributed Surplus (continued)

	September 30, 2024		December 31, 2023	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of period	24,784,350	0.23	12,034,350	0.20
Issued	4,700,000	0.24	12,750,000	0.25
Expired	(18,284,350)	(0.23)	-	-
Outstanding, end of period	11,200,000	0.24	24,784,350	0.23

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

Dividend yield	0%
Expected volatility	141-194%
Risk-free interest rate	3.69-4.7%
Forfeiture rate	0%
Exercise price	\$0.20 - \$0.25
Share price	\$0.10-0.18
Term	1.5 years
Fair value per option	\$ 0.125

On September 27, 2022, shareholders of the Company voted to adopt a new stock option plan which supersedes any prior stock option plans. Under the new plan, up to 10% of the issued and outstanding common shares may be allotted and reserved for issuance. The terms of the option, including the vesting terms and the option price are fixed by the directors at the time of grant subject to the price not being less than the market price of the Company's stock on the date of grant and a maximum term of 10 years.

The following table summarizes activity under the Company's stock option plan:

	Number of options	Weighted average exercise price
Balance, December 31, 2023 and September 30, 2024	5,495,000	\$ 0.49

Carbeeza Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Stated in Canadian dollars

(Unaudited)

For the nine months ended September 30, 2024 and September 30, 2023

10. Contributed Surplus (continued)

As of September 30, the following stock options were outstanding and exercisable:

Exercise Price \$	Number of Options Outstanding	Expiry Date	# of Options exercisable	Remaining Contractual Life (years)
0.58	5,495,000	November 29, 2026	5,495,000	2.16

The weighted-average remaining contractual life of options outstanding on September 30, 2024 was 2.16 years (December 31, 2023 – 2.92 years).

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

Dividend yield	0%
Expected volatility	147.19%
Risk-free interest rate	1.56%
Forfeiture rate	0%
Share price – estimated fair value	\$ 0.51
Term	3 years
Fair value per option	\$ 0.4621

11. Taxes

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

	September 30, 2024	December 31, 2023
Loss before taxes	\$ (2,228,819)	\$ (9,797,909)
Statutory tax rate	23%	23%
Expected income tax recovery	(512,628)	(2,253,519)
Permanent differences	-	194,662
Changes in unrecognized deferred tax assets	512,628	2,058,857
Income tax expense	\$ -	\$ -

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

	September 30, 2024	December 31, 2023
Non-capital losses	\$ 10,688,542	\$ 8,473,987
API Platform	7,252,179	7,252,179
Share issue costs	318,192	318,192

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

Carbeeza Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Stated in Canadian dollars

(Unaudited)

For the nine months ended September 30, 2024 and September 30, 2023

12. Capital Management

The Company's objectives when managing capital are to:

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

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

The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, refinance existing credit facilities, raise new debt and issue share capital. The Company expects that funds generated from operations and working capital amounts will provide sufficient capital resources and liquidity to fund existing operations in 2024.

13. Related Party Transactions

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

	September 30, 2024		December 31, 2023	
	Included in Accounts Payable	Paid during the period	Included in Accounts Payable	Paid during the period
Legal and accounting	57,136	76,798	41,284	277,548
Consulting / Marketing	151,200	162,000	18,900	216,000
