Facedrive Reports 2020 Financial Results and Provides Update

TORONTO--(BUSINESS WIRE)--April 30, 2021--**Facedrive Inc.** (“**Facedrive**” or the “**Company**”) (TSX-V: FD), a Canadian “people-and-planet first” tech ecosystem, today announced its year end fiscal 2020 (“**Fiscal 2020**”) operational and financial results. All financial results are reported in Canadian dollars, unless otherwise stated.

Facedrive is a multi-faceted “people-and-planet first” tech ecosystem offering socially-responsible services to local communities with a strong commitment to doing business fairly, equitably and sustainably. As part of this commitment, Facedrive’s vision is to fulfil its mandate through a number of services and offerings that either leverage existing technologies of the Company or project initiatives with existing lines of business. Facedrive’s services and offerings include eco-friendly rideshare; food delivery services (Facedrive Foods); its Steer electric and hybrid vehicle subscription service; contact-tracing and connected health technology services (Facedrive Health); e-commerce; and e-social platform (Facedrive Social).

Fiscal 2020 Financial and Operational Highlights

- Revenue for Fiscal 2020 was $3,934,354, up from $599,104 in the fiscal year ended December 31, 2019 (“**Fiscal 2019**”).
- Revenue for Q4 2020 was $3,186,378, up from $234,525 in the same period a year earlier.
- Rideshare revenue was $512,000 in Fiscal 2020, up from $349,100 in Fiscal 2019.
- Facedrive Foods revenue was $2,472,300 in Fiscal 2020, compared to $nil in Fiscal 2019.
- Steer subscription revenue was $738,800 in Fiscal 2020, compared to $nil in Fiscal 2019.
- Net loss was $17,756,043 in Fiscal 2020, as compared to a net loss of $6,942,357 in Fiscal 2019.
- Cost of revenue in Fiscal 2020 was $3,228,263, an increase from $270,562 in Fiscal 2019.
- General and administration expenses were $3,605,182 in Fiscal 2020, up from $848,809 in Fiscal 2019.
- Operational support expenses increased to $3,764,360 in Fiscal 2020, up from $1,542,753 in Fiscal 2019.
- Research and development expenses increased to $1,444,153 in Fiscal 2020, as compared to $917,177 in Fiscal 2019.
- Sales and marketing expenses were $8,933,587 in Fiscal 2020, as compared to $1,559,969 in Fiscal 2019.
- Basic loss per share was $0.19 in Fiscal 2020, as compared to $0.08 in Fiscal 2019.
- Facedrive Rideshare is currently operational in The Greater Toronto Area, Hamilton, London, Guelph, Kitchener, Waterloo, Cambridge, Orillia and Ottawa.
- Steer is operational in Washington D.C. and Toronto, ON.
- Facedrive Foods is currently operational in 19 cities across Canada, including in Toronto, Montreal, Ottawa, Winnipeg, Kingston, London, Edmonton and Halifax.

Selected Financial Highlights

For detailed information please refer to Facedrive's 2020 Annual Consolidated Financial Statements and its Management's Discussion and Analysis of Financial Condition and Results of Operations for the years ended December 31, 2020 and 2019 (the "**2020 Annual MD&A**"), filed on SEDAR at www.SEDAR.com. The following table provides a summary of the Company's financial results for the years ended December 31, 2020 and 2019:

For the years ended December 31,	**2020**	**2019**
REVENUE	$ 3,934,354	$ 599,104
COSTS AND OPERATING EXPENSES		
Cost of revenue	3,228,263	270,562
General and administration	3,605,182	848,809
Operational support	3,764,360	1,542,753
Research and development	1,444,153	917,177
Sales and marketing	8,933,587	1,559,969
Amortization	1,010,239	-
Depreciation	76,130	16,563
Total operating expenses	$ 22,061,914	$ 5,155,833
OPERATING LOSS	$(18,127,560)	$(4,556,729)
OTHER INCOME (EXPENSES)		
Government and other grants	1,127,130	-
Foreign exchange loss	(217,610)	(15,327)
Interest expenses	(252,680)	(4,421)
Interest income	41,663	10,172
Listing expenses	-	(2,376,052)
Gain on lease terminations	23,014	-
Impairment of intangible assets	350,000	-
NET LOSS	$(17,756,043)	$(6,942,357)
Cumulative translation adjustment	$ (75,835)	-
NET LOSS AND COMPREHENSIVE LOSS	$(17,831,878)	$(6,942,357)
Loss per share – basic and diluted	$ (0.19)	$ (0.08)
Weighted average shares outstanding – basic and diluted	91,952,197	82,227,082

Update Regarding Prior Period Errors

During the Company's 2020 year-end audit process and as a result of a Continuous Disclosure Review with staff of the Ontario Securities Commission ("**OSC**") that commenced in 2020, the staff of the Corporate Finance Branch of the OSC identified that the Company had made an error with respect to the computation of the fair value of shares issued to Medtronics Online Solutions Ltd. ("**Medtronics**") as well as the impairment charge relating to the book value of the Company's intangible assets related to HiRide Share Ltd. ("**HiRide**").

In the second quarter of 2020, the Company reported that the expense related to the share-based compensation paid to Medtronics was determined to be $7,632,700; however, the Company has since determined that an accounting error had been made with regard to the computation of the fair value of the shares issued and recorded a higher expense than it should have. The shares issued to Medtronics were subject to lock-up restrictions and as such, an illiquidity discount should have been applied in the determination of the fair value of the share-based compensation, which was not done in the quarter ended June 30, 2020 ("**Q2 2020**"). The downward adjusted expense related to the share-based compensation paid to Medtronics is determined to be $4,932,696 by applying a 35.6% illiquidity discount. As a result, sales and marketing expense in Q2 2020 should have been lower by $2,700,000 and net loss also lower by $2,700,000. The capital stock balance should also have been decreased by $2,700,000 as at June 30, 2020.

In the fourth quarter of Fiscal 2020, in order to reflect the consequences of the continuing COVID-19 pandemic and its impact on the short-term reduction in demand for commuting as a result of university and college students and their schools transitioning to a learn-from-home and/or online classroom environment, the Company took an impairment charge of $350,000 related to the book value of the Company's intangible assets related to HiRide. This impairment charge represented approximately two-thirds of the book value of these intangible assets, reducing the book value to $169,506 as at December 31, 2020 (see Note 22 in the Company's audited annual financial statements for the year ended December 31, 2020). As the indicators were present during the quarter ended September 30, 2020, the impairment charge should have been recorded in Q3 2020. As a result, impairment of intangible assets in Q3 2020 should have been higher by $350,000 and net loss also increased by $350,000. The carrying value of intangible assets should also have been decreased by $350,000 as at September 30, 2020.

The net loss for the nine months ended September 30, 2020 was impacted by both errors (the negative $2,700,000 change in the share based compensation expense in Q2 2020 and the $350,000 impairment charge in Q3 2020). The cumulative effect of these errors on the net loss for the nine months ended September 30, 2020 was that net loss decreased by $2,350,000.

The OSC requested that the Company include in the 2020 Annual MD&A a detailed description of the impact of these misstatements on the Company's Q2 2020 and Q3 2020 financial statements. Please see "Summary of Quarterly Results - Prior Period Errors" of the 2020 Annual MD&A for a detailed description of the impact of these misstatements on the Company's Q2 2020 and Q3 2020 financial statements.

The OSC also determined that the Company was a late filer of a material change report with respect to its prior acquisition of Steer (the "**Acquisition**"), an electric and hybrid vehicle subscription business more particularly described in the Company's press release dated September 8, 2020, as well as the asset purchase agreement between Exelorate Enterprises, LLC, Steer Holdings, LLC and the Company, dated September 4, 2020, which was entered into in respect of the Acquisition. After determining that the Company should have filed such report and agreement, respectively, on SEDAR within the time periods prescribed under National Instrument 51-102 *Continuous Disclosure Obligations*, the OSC requested that such material change report and agreement, respectively, be filed. The Company confirms that same were filed on SEDAR on April 30, 2021 accordingly.

The Company's Board of Directors and its Senior Executives are working closely with the Company's auditors and external legal counsel to review and improve, where recommended, the design and effectiveness of the Company's disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR).

Conditional Approval of the Company's Performance and Restricted Share Unit Plan

The Company confirms that it has received conditional approval for its performance and restricted share unit plan ("**PRSU Plan**") from the TSX Venture Exchange. The maximum number of grants issuable under the PRSU Plan may not exceed 3,728,584 common shares of the Company ("**Common Shares**"). In addition, the maximum number of grants issuable under the PRSU Plan together with the number of stock options issuable under the Company's stock option plan ("**Option Plan**") may not exceed 10% of the number of issued and outstanding Common Shares as at the date of a grant under the PRSU Plan or the Option Plan, as the case may be. Grants to any one participant under the PRSU Plan, together with any awards under the Option Plan to such participant within any one (1) year period, shall not exceed 5% of the issued and outstanding Common Shares (unless requisite disinterested shareholder approval is obtained). In addition, the aggregate number of grants to insiders of the Company (as a group) under the PRSU Plan within a one (1) year period shall not exceed 5% of the issued and outstanding Common Shares (unless requisite disinterested shareholder approval is obtained). The PRSU Plan, and any grants under the PRSU Plan, remain subject to disinterested shareholder approval at the Company's next annual and special meeting of shareholders, which is currently expected to be held in the early summer of 2021 (the "**Shareholders' Meeting**"). Pending such disinterested shareholder approval, no grants under the PRSU Plan will vest or settle. Further details regarding the PRSU Plan (including grants made thereunder) and the Option Plan will be included in the management information circular of the Company which will be sent to shareholders and will be filed on SEDAR in connection with the Shareholders' Meeting.

About Facedrive

Facedrive is a multi-faceted "people-and-planet first" tech ecosystem offering socially-responsible services to local communities with a strong commitment to doing business fairly, equitably and sustainably. As part of this commitment, Facedrive's vision is to fulfil its mandate through a number of services that either leverage existing technologies of the Company or project synergies with existing lines of business. Facedrive's service offerings include: its (i) eco-friendly rideshare business, Facedrive Rideshare; (ii) food delivery service, Facedrive Foods; (iii) electric and hybrid vehicle subscription business, Steer; (iv) contact-tracing and connected health technology services, Facedrive Health; (v) e-commerce platform, Facedrive Marketplace; and (vi) e-social platform, Facedrive Social.

Facedrive Rideshare was among the first to offer a wide variety of environmentally and socially responsible solutions in the Transportation as a Service (TaaS) space, planting thousands of trees based on user consumption and offering choices between electric, hybrid and conventional vehicles (including, more recently, electric and hybrid vehicles on a subscription basis through Steer). Facedrive Marketplace offers curated merchandise typically created from sustainably sourced materials and linked to social causes. Facedrive Foods offers contactless delivery of a wide variety of foods right to consumers' doorsteps, with a focus on doing so in a socially and environmentally-conscious manner. Facedrive Social strives to keep people connected in a physically-distanced world through its HiQ and other e-socialization platforms that invite users to interact based on common interests and by offering gamification and mutual community support features. Facedrive Health strives to develop and offer innovative technological solutions to the most acute health challenges including its proprietary TraceSCAN wearable technology for contact tracing. Facedrive envisions changing the ridesharing, food delivery, e-commerce, social and health tech narratives for the better, for everyone, and is currently operational in Canada and the United States.

For more about Facedrive, visit www.facedrive.com.
100 Consilium Pl, Unit 104, Scarborough, ON, Canada M1H 3E3

Forward-Looking Statements

Certain information in this press release contains forward-looking information. This information is based on management's reasonable assumptions and beliefs in light of the information currently available to the Company and are made as of the date of this press release. Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of various factors. Information regarding the Company's expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. Statements containing forward-looking information are not facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. Many factors could cause the Company's actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements.

See "*Cautionary Note Regarding Forward-Looking Information*" and the risk factors under "*Other Business Risks and Uncertainties*" respectively, as set out in the Company's 2020 Annual MD&A, filed on SEDAR, for a discussion of the uncertainties, risks and assumptions associated with these statements. Readers are urged to consider the uncertainties, risks and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Contacts

Media: **Sana Srithas |** sana@facedrive.com
Tel: 1-888-300-2228