MCLOUD TECHNOLOGIES CORP.
(formerly Universal mCloud Corp.)

Unaudited Interim Condensed Consolidated Financial Statements
(Expressed in Canadian Dollars, unless otherwise noted)

For the Three and Nine Months Ended September 30, 2019 and 2018

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying unaudited interim condensed consolidated financial statements, and accompanying notes, of mCloud Technologies Corp. for the nine-month periods ended September 30, 2019 and 2018 have been prepared by management and approved by the Company's Audit Committee and Board or Directors.

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

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the interim condensed consolidated financial statements by an entity's auditor.

/s/ Russel McMeekin
Russel McMeekin, Chief Executive Officer
Vancouver, BC Canada
November 14, 2019

/s/ Chantal Schutz
Chantal Schutz, Chief Financial Officer
Vancouver, BC Canada
November 14, 2019

mCloud Technologies Corp.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - expressed in Canadian Dollars)

As at	Notes		September 30, 2019		December 31, 2018
ASSETS					
Current assets					
Cash		$	2,562,593	$	1,325,794
Trade and other receivables	5		7,388,334		601,422
Hardware inventory			76,479		427,943
Prepaid expenses and deposits			2,120,754		217,252
Work-in-progress	6		1,719,717		-
Current portion of long-term receivables	11		85,217		62,715
Due from related party	16		52,974		54,570
Total current assets		$	14,006,068	$	2,689,696
Non-current assets					
Long-term receivables	5	$	688,244	$	100,985
Property and equipment			648,105		275,477
Right of use property			374,389		-
Intangible assets			3,247,349		3,167,873
Goodwill	7		31,530,997		-
Total non-current assets		$	36,489,084	$	3,544,335
Total assets		$	50,495,152	$	6,234,031
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables and accrued liabilities	8	$	5,850,731	$	2,225,940
Deferred revenue			2,888,091		133,678
Business acquisition payable	9		1,166,247		1,088,791
Current portion of debenture	10		28,500		28,500
Short-term loan			1,347,340		-
Current portion of lease liability			156,952		-`
Current portion of long-term debt	11		1,503,742		-
Due to related party			903,524		36,870
Total current liabilities		$	13,845,127	$	3,513,779
Non-current liabilities					
Debenture	10		20,221,709		49,785
Lease liability			239,467		-
Long term debt	11		11,638,061		-
Lease inducement			-		117,297
Total liabilities		$	31,859,770	$	3,680,861
Shareholders' equity (deficiency)					
Share capital	12	$	37,330,598	$	18,507,465
Contributed surplus	12,13		7,568,958		3,066,926
Accumulative other comprehensive income			107,977		(44,464)
Deficit			(31,304,068)		(18,976,757)
Total shareholders' equity (deficiency)		$	13,703,465	$	2,553,170
Non-controlling interest	7		(8,913,210)		-
Total liabilities and shareholders' equity (deficiency)		$	50,495,152	$	6,234,031

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 16)
Subsequent events (Note 17)

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

mCloud Technologies Corp.
Interim Condensed Consolidated Statements of Loss and Comprehensive Income (Loss)
For the Three and Nine Months Ended September 30, 2019 and 2018
(Unaudited - expressed in Canadian Dollars)

	Notes	Three months ended, September 30, 2019	Three months ended, September 30, 2018	Nine months ended, September 30, 2019	Nine months ended, September 30, 2018
Revenue	14	$ 9,232,869	$ 706,588	$ 14,430,453	$ 1,952,664
Cost of sales		4,194,052	138,110	5,299,925	539,802
Gross margin		$ 5,038,817	$ 568,478	$ 9,130,528	$ 1,412,862
Expenses					
Salaries, wages and benefits		$ 2,745,217	$ 317,087	$ 4,672,712	$ 2,091,781
Sales and marketing		1,593,579	832,743	2,813,364	1,661,937
Research and development		1,850,985	361,218	2,025,767	986,806
General and administration		1,776,057	779,947	2,763,390	2,102,786
Professional fees (legal and advisory)		652,760	332,930	1,691,130	634,492
Consultation fees		786,405	-	2,365,666	123,977
Depreciation and amortization		197,059	211,413	606,625	516,528
Stock-based compensation		1,527,295	413,069	1,935,092	887,563
Accretion		1,265,839	23,284	1,387,616	182,665
Other (income) expense, net		(492,489)	16,892	(335,345)	51,114
Foreign exchange (gain) loss		5,606	103,524	22,484	79,803
Total expenses		$ 11,908,312	$ 3,392,107	$ 19,948,501	$ 9,319,452
Net loss for the period		$ **(6,869,495)**	$ **(2,823,629)**	$ **(10,817,973)**	$ **(7,906,590)**
Other comprehensive income					
Foreign exchange translation difference		$ 536,998	$ 76,619	$ 146,876	$ (64,384)
Net loss and comprehensive loss for the period		$ **(6,332,497)**	$ **(2,747,010)**	$ **(10,671,097)**	$ **(7,970,974)**
Net loss for the period attributable to:					
Parent & Subsidiaries		(7,402,030)	(2,823,629)	(12,327,311)	(7,906,590)
Non-controlling interest		532,535	-	1,509,338	-
		(6,869,495)	**(2,823,629)**	**(10,817,973)**	**(7,906,590)**
Net loss and comprehensive income (loss):					
Parent & Subsidiaries		(6,862,625)	(2,747,010)	(12,174,870)	(7,970,974)
Non-controlling interest		530,128	-	1,503,773	-
		(6,332,497)	**(2,747,010)**	**(10,671,097)**	**(7,970,974)**
Loss per share – basic and diluted		$ (0.05)	$ (0.04)	$ (0.10)	$ (0.12)
Weighted Average Number of Common Shares Outstanding		147,444,525	77,375,855	110,742,213	63,747,650

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

mCloud Technologies Corp.
Interim Condensed Consolidated Statements of Changes in Equity
For the Nine Months Ended September 30, 2019 and 2018
(Unaudited - expressed in Canadian Dollars)

	Notes	Share [1] Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Non-controlling Interest	Deficit	Total Shareholders' Equity (Deficiency)
		$	$	$	$	$	$
Balance, December 31, 2017		**4,736,577**	**121,922**	**138,518**	**–**	**(6,209,558)**	**(1,212,541)**
Shares issued for cash, net of issuance costs		8,516,262	595,000	–	–	–	9,111,262
Shares issued on business combination		1,900,000	–	–	–	–	1,900,000
Shares issued on acquisition of intangible assets		131,654	–	–	–	–	131,654
Warrants exercised		199,350	–	–	–	–	199,350
RSU's exercised		108,000	(108,000)	–	–	–	–
Stock options exercised		29,389	(8,658)				20,731
Share-based payments		–	887,562				887,562
Net loss and comprehensive loss for the period		–	–	(64,384)	–	(7,906,590)	(7,970,974)
Balance, September 30, 2018		**15,621,232**	**1,487,826**	**74,134**	**–**	**(14,116,148)**	**3,067,044**
Balance, December 31, 2018		**18,507,465**	**3,066,926**	**(44,464)**	**–**	**(18,976,757)**	**2,553,170**
Share-based payments	12, 13	–	1,935,091	–	–	–	1,935,091
RSU's exercised	12, 13	135,819	(135,819)	–	–	–	–
Stock options exercised	12, 13	670,295	(545,355)	–	–	–	124,940
Warrants exercised	12, 13	1,007,269	–	–	–	–	1,007,269
Shares issued on business combination	7	16,100,000	–	–	–	–	16,100,000
Shares issued to extinguish the loan	12	834,750	–	–	–	–	834,750
Shares issued to settle liabilities	12	75,000	–	–	–	–	75,000
Convertible debentures conversion option	17	–	3,248,115	–	–	–	3,248,115
Non-controlling interest recognized in business combination	7	–	–	–	(10,416,983)	–	(10,416,983)
Net income (loss) for the period		–	–	–	1,509,338	(12,327,311)	(10,817,973)
Other comprehensive income (loss) for the period		–	–	152,441	(5,565)	-	146,876
Balance, September 30, 2019		**37,330,598**	**7,568,958**	**107,977**	(8,913,210)	**(31,304,068)**	**4,790,255**

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

mCloud Technologies Corp.
Interim Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2019 and 2018
(Unaudited - expressed in Canadian Dollars)

For the nine months ended September 30	Notes		2019		2018
Cash flows related to the following activities:					
Operating activities					
Net loss for the period		$	(10,817,973)	$	(7,906,590)
Items not affecting cash:					
Depreciation and amortization			606,625		516,528
Share-based payments			1,935,092		887,563
Accretion			1,121,037		182,665
Lease inducement			4,280		-
Imputed Interest			-		6,919
Foreign currency exchange			215,827		-
Net change in non-cash working capital items:					
Trade and other receivables			(4,473,288)		(470,052)
Long-term receivables			(516,407)		(142,770)
Prepaid expenses and deposits			(599,414)		-
Work-in-progress			627,490		-
Hardware inventory			351,464		141,271
Trade payables and accrued liabilities			(2,366,239)		130,508
Deferred revenue			347,048		(306,421)
Cash flows used in operating activities		$	(13,564,158)		(6,960,379)
Financing activities					
Repayment of debenture			-		(28,500)
Repayment of interest on outstanding debts			(565,250)		-
Proceeds from long term debt			13,000,000		-
Proceeds form issuance of convertible debentures, net of transaction costs			22,874,854		-
Proceeds from issuance of common shares, net of issuance costs			569,561		9,331,352
Payment of business acquisition payable			-		(1,394,291)
(Repayment of) advances from related party			-		(113,250)
Cash flows from financing activities		$	35,879,165		7,795,310
Investing activities					
Acquisition of property and equipment			(430,440)		(61,160)
Acquisition and expenditure of intangible assets			-		(1,068,293)
Cash received on business acquisition			(20,641,612)		362,043
Cash flows (used in) provided by investing activities		$	(21,072,052)		(767,410)
Increase (decrease) in cash		$	1,242,955		67,521
Foreign exchange effect on cash held in United States dollars			(6,156)		(65,088)
Cash, beginning of period			1,325,794		105,759
Cash, end of period		$	2,562,593	$	108,192

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

NOTE 1 – INCORPORATION AND OPERATIONS

Universal Ventures Inc. ("Universal") was incorporated pursuant to the British Columbia Business Corporations Act on December 21, 2010. On October 13, 2017, Universal completed a merger agreement with mCloud Corp. ("mCloud") whereby Universal issued 35,844,296 common shares to the shareholders of mCloud, resulting in mCloud's shareholders controlling Universal and therefore constituting a reverse takeover of Universal (the "Transaction"). In conjunction with the Transaction, Universal changed its name to Universal mCloud Corp. (the "Company").

mCloud was incorporated under the laws of the State of Delaware on December 17, 2016. The Company is headquartered in Vancouver, British Columbia with technology and operations centers in San Francisco, California and Bristol, Pennsylvania. The Company is an IoT connected asset care cloud solution company utilizing connected IoT devices, leading deep energy analytics, secure mobile and 3D technologies that rally all asset stakeholders around an Asset-Circle-of-Care™, providing complete real-time and historical data coupled with guidance and advice.

The Company's shares trade on the TSX Venture Exchange ("TSX.V") under the symbol MCLD and commenced trading on the OTCQB Venture market in the United States under the symbol MCLDF on May 18, 2018.

The head office of the Company is located at Suite 550 – 510 Burrard St. Street, Vancouver, British Columbia, V6C 3A8 while the registered office is located at 580 California Street, San Francisco, CA 94104 USA.

On October 28, 2019, the company changed its name from Universal mCloud Corp. to mCloud Technologies Corp.

Going Concern

In assessing whether the going concern assumption is appropriate, management considers all available information about the future which is at least, but not limited to, twelve months from the end of the reporting year. Management is aware in making its assessment, of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, as explained in the following paragraph.

These interim condensed consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. During the nine months ended September 30, 2019, the Company generated a net loss of $10,817,973 and negative cash flows from operating activities of $13,564,158. As at September 30, 2019, the Company has an accumulated deficit of $31,304,068 and a working capital of $160,941. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the 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 increase the number of assets under care and continue with expansion in the asset care market.

On April 15, 2019, the Company signed an engagement letter with Raymond James Ltd. to act as the exclusive financial advisor to raise, on a best effort's basis, among other activities, up to $10 million of additional capital. The Company was successful in closing $23,492,800 of Convertible Debenture financing July 11, 2019.

The ability of the Company to be successful in obtaining additional future financing, if required, cannot be predicted at this present time. These 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.

Although these interim condensed consolidated financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, the above noted conditions raise significant doubt regarding the Company's ability to continue as a going concern.

(Unaudited - expressed in Canadian Dollars)

These interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, to the reported expenses and to the financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

NOTE 2 – BASIS OF PRESENTATION

Statement of compliance

The unaudited interim condensed consolidated financial statements of the Company and its subsidiaries for the nine-month period ended September 30, 2019, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, applicable to the preparation of interim financial statements as set out in International Accounting Standard 34 *Interim Financial Reporting*.

The Company has consistently applied the same accounting policies throughout all periods presented except as noted in Note 3 for changes and impact of new accounting policies adopted effective January 1, 2019. These unaudited interim condensed consolidated financial statements do not include all the disclosures included in the Company's annual consolidated financial statement. Accordingly, they should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2018, which are available on SEDAR at www.sedar.com and EDGAR at www.sec.gov

These unaudited interim condensed consolidated financial statements were authorized for issued by the Audit Committee, on behalf of the Board of Directors on November 14th, 2019.

Certain comparative figures in the unaudited interim condensed consolidated statements of loss and comprehensive income (loss) have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

These unaudited interim condensed consolidated financial statements include the following entities: Details of the entities contained in the consolidated financial statements are as follows:

Entity	Principle activity	Place of business and operations	Functional currency	Equity percentage	NCI
Universal mCloud Corp.	Parent company	Canada			
Universal mCloud (USA) Corp.	Operating company	United States	USD $	100%	0%
mCloud Technologies (Canada) Inc.	Operating company	Canada	CDN $	100%	0%
Field Diagnostic Services, Inc. ("FDSI")	Operating company	United States	USD $	100%	0%
NGRAIN (Canada) Corporation	Operating company	Canada	CDN $	100%	0%
NGRAIN (US) Corporation	Operating company	United States	USD$	100%	0%
mCloud Corp. (HK)	Inactive company	Hong Kong	-	100%	0%
Agnity Global Inc. ("Agnity")	Operating company	United State	USD $	0%	100%

Use of Estimates and Judgements

The preparation of these unaudited condensed interim consolidated financial statements in accordance with *IAS 34* requires management to use judgement and make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The judgements, estimates and associated assumptions are based on historical experience and other factors that management considers to be relevant and are subject to uncertainty. Actual results could differ from these estimates due to factors in interest rates, foreign exchange rates, inflation, and changes in economic conditions. The areas of significant judgement and estimation were identified in the Company's audited annual consolidated financial statements for the year ended December 31, 2018, except for judgements pertaining to the adoption of new accounting policies on January 1, 2019 (note 3). Actual results could differ from these estimates and assumptions made.

Judgements, estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Determination of Control over Agnity

The Company considered several factors to determine when it gained control over Agnity resulting in its consolidation. The Company would control an entity if it has the right and ability to direct activities of the entity that would significantly affect its returns, and if the Company has exposure to variable returns. Determination of whether the Company has control involves judgement based on interpretation of agreements and identification and analysis of the relevant facts. The factors specific to the Company has upon exercise of the agreement, management's judgement on the possible agency relationship between common officers and directors of the Company and Agnity and the needs and ability to access future capital.

In the acquisition of Agnity, judgement was required to determine if the acquisition represented a business combination or an asset purchase. More specifically, management concluded that Agnity and its related subsidiaries represented a business as the assets were an integrated set of activities with inputs, processes and outputs. The transaction was accounted for using the asset acquisition method in accordance with IFRS 3 (note 6). Transaction costs that are incurred in connection with a business combination, other than costs associated with the issuance of debt or equity securities, are expensed as incurred. The non-controlling interest is measured at the proportional share of the net assets acquired (note 6).

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The following accounting standard was adopted during the nine months ended September 30, 2019:

IFRS 16 Leases

The Company has adopted IFRS 16 Leases ("IFRS 16"). IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard provides a single lessee accounting model which requires lessees to recognize a *right-of-*use asset and liabilities for all in-scope leases. The Company elected to use the *modified retrospective approach* which does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively.

On adoption of IFRS 16, the Company's lease liabilities related to contracts classified as leases are measured at the discounted present value of the remaining minimum lease payments, excluding short-term and low-value leases. The right-of-use assets recognized were measured at amounts equal to the present value of the lease obligations. The weighted average incremental borrowing rate used to determine the lease liability at adoption was approximately 12%. The right-of-use assets and lease liability recognized relate to office premises in Canada and the United States. The Company elected not to apply lease accounting to certain leases for which the lease term ends within 12 months of the date of initial application and leases of low dollar value assets.

The cumulative effect of initially applying IFRS 16 was recognized as $374,389 for right-of-use assets with a corresponding amount to lease liabilities.

In applying IFRS 16 for the first time, the Company used the following practical expedients permitted by the standard:

- Use of a single discount rate to a portfolio of leases with similar characteristics;
- Accounting for leases with a remaining term of less than 12 months as at January 1, 2019 as short-term leases;
- Accounting for lease payments as an expense and not recognize a right-of-use asset if the underlying asset is of low dollar value; and

- The use of hindsight in determining the lease term where the contract contains terms to extend or terminate the lease.

Changes in accounting policies – IFRS 16

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

NOTE 4 – USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2018.

NOTE 5 - TRADE AND OTHER RECEIVABLES

The Company applies IFRS 9 simplified approach to measuring expected credit losses which uses the lifetime expected credit loss allowance for all trade receivables and other receivables and contract assets.

To measure the expected credit losses, trade receivables and other receivables and contract assets have been grouped based on similar credit risk profiles and the days past due. The contract assets relate to unbilled work in progress (Note 6) and have substantially the same risk profile as the trade receivables for the same type of contracts. The Company has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on payment profiles over period of time and the corresponding historical credit losses experienced over this same period. The historical loss rates are adjusted to reflect relevant factors affecting the ability of the customer to settle the receivables.

As at September 30, 2019, the loss allowance was $45,424 (December 31, 2018 - $45,424) with no expected loss provision recorded for the three or nine months period ended September 30, 2019 (three or nine months period ended September 30, 2018 - $nil)

(Unaudited - expressed in Canadian Dollars)

	September 30, 2019	December 31, 2019
Trade receivables from contracts with customers	2,466,570	601,422
Loss allowance	(45,424)	(45,424)

NOTE 6 – WORK-IN-PROGRESS

Work-in-progress consists of revenue recognized in excess of amounts billed on incomplete contracts, net of loss allowances as described in note x.

As at September 30, 2019, the loss allowance for contract assets was $nil (December 31, 2018 - $nil) with no expected loss provision recorded for the three or nine months period ended September 30, 2019 (three or nine months period ended September 30, 2018 - $nil)

NOTE 7 - AGNITY ACQUISITION

On January 22, 2019, the Company executed a Purchase Agreement with Flow Capital Corp. ("Flow") pursuant to which the Company acquired Flow's interest in a Royalty Purchase Agreement ("Royalty Agreement") with Agnity Inc. According to the Royalty Agreement, the Company acquired:

i. A receivable owing to Flow of USD $2,834,750;
ii. A monthly royalty until October 31, 2020 equal to the greater of:
    - A monthly amount of USD $41,667; or
    - 4.25% of Agnity's revenue for each calendar month.
iii. Commencing on November 1, 2020, the monthly royalty equal to 4.25% of Agnity's revenue for each calendar month in perpetuity.

As consideration, the Company entered into an agreement with Flow, as follows:

i. A secured loan having a value of USD $2 million, bearing interest at 25% per annum and due on demand. The Company has the option to repay 100% of the loan, at any time, by paying an amount equal to the principal of the loan and any unpaid interest. Upon prepayment, the Company, at the election of Flow, shall also pay either:
    - Cash of $525,000; or
    - Issue 1,500,000 common shares of the Company
ii. A quantity of common shares of the Company which is determined on the trading price of the Company. For the period after January 22, 2019 and prior to January 22, 2025, if the five-day volume weighted average trading price of the Company's common shares equals or exceeds:
    - $1.00, then 500,000 common shares will be issued;
    - $1.00, then 1,000,000 common shares will be issued;
    - $2.00, then 1,000,000 common shares will be issued;
    - $3.00, then 1,000,000 common shares will be issued.
iii. Cash payment of USD $153,227 at the closing date.

On July 26, 2019 the Company extinguished the loan payable as disclosed above, and issued 1,500,000 common shares of mCloud Technologies Corp. (note 10). Total interest, up to the date of repayment has been paid in full and recorded in the unaudited interim condensed consolidated statements of loss and comprehensive income (loss).

Upon closing of the Royalty Agreement, the Company determined that they had acquired control over Agnity and its subsidiaries in accordance with IFRS 10. As the Company obtained control, they accounted for the transaction by applying the acquisition method under IFRS 3. At the time when control was obtained no consideration was transferred to the acquiree. The loan payable under the royalty agreement of $3,573,345 due from Agnity to the Company was derecognized as this was a settlement of the preexisting relationship at the time control was obtained. The business combination resulted in the derecognition of the royalty payable from Agnity to the Company and the following identifiable net assets were subsequently assumed:

(Unaudited - expressed in Canadian Dollars)

Fair Value of Net Assets Assumed:	
Cash	$ 164,287
Accounts Receivable	1,408,513
Prepaid Expenses	37,051
Long-term portion of Accounts Receivable	93,354
Property, Plant and Equipment	1,958
Intangibles	197,210
Accounts Payable	(1,958,625)
Deferred Revenue	(2,432,359)
Short-term Loan	(1,291,896)
Preliminary Allocation to Non-Controlling Interest	**$(3,780,507)**
Measurement period adjustment	
Cash	$ (65,196)
Accounts Receivable	172,310
Prepaid Expenses	30,312
Property, Plant and Equipment	(164)
Intangibles	(2,314)
Accounts Payable and Accrued Liabilities	(1,924,567)
Deferred Revenue	158,550
Short-term Loan	(490,524)
Due to related party	(941,538)
Adjusted Preliminary Allocation to Non-Controlling Interest	**$(10,416,983)**
Income for nine months ended	$ 1,503,773
Non-Controlling Interest	$(8,913,210)

Due to the timing of the acquisition, the fair values assigned to the consideration, assets acquired, and liabilities assumed are preliminary and may be revised by the Company as additional information is received. Adjustments made to preliminary figures during the measurement period was due to additional information obtained by management during the period.

FULCRUM AUTOMATED TECHNOLGIES LTD. ACQUISITION

On July 10, 2019, the Company closed a series of merger and acquisition transactions resulting in the acquisition of 100% control of Fulcrum Automated Technologies Ltd. ("Fulcrum") and its wholly owned subsidiary Autopro Automation Consultants Ltd. ("Autopro"). Autopro is the material business acquired and is a professional engineering and integration firm that specializes in design and implementation of industrial automation solutions, focusing on Canadian oil and gas companies.

The acquisition was completed by way of an amalgamation between 2199027 Alberta Ltd., a subsidiary of the Company, and Fulcrum, with the amalgamated entity being a wholly owned subsidiary of the Company, named Autopro Automation Ltd. Immediately prior to the amalgamation, Fulcrum acquired Autopro Automation Consultants Ltd.

This acquisition was completed in exchange for a combination of cash and the Company's shares. The share consideration consisted of 60,000,000 mCloud common shares that were issued in exchange for Fulcrum shares.
The following table summarizes the preliminary purchase price allocation:

(Unaudited - expressed in Canadian Dollars)

		Preliminary
Cash	$	2,234,270
Accounts receivable		2,787,940
WIP, net of allowance		2,347,207
Prepaids and deposits		522,569
GST recoverable		11,731
Property and equipment		854, 547
Intangibles and goodwill		31,530,997
		41,003,717
Accounts payable		(1,570,877)
Accrued liabilities		(224,311)
Deferred revenue		(133,556)
Fair value of net assets acquired	$	39,074,973

The following table summarizes the total fair value of consideration:

Cash consideration	$	22,974,973
Share consideration		16,100,000
Fair value of purchase consideration	$	39,074,973

The consideration has been allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. Due to the timing of the acquisition, the fair values assigned to the consideration paid, intangible assets and net assets acquired is preliminary and may be revised by the Company as additional information is received. The Company has not completed the allocation of value between the identifiable intangible assets and the goodwill at this time. Furthermore, the amount to be allocated to deferred income tax liabilities has yet to be determined.

Goodwill has been recognized as a result of the expected synergies when integrating Autopro's operations.

Revenues of $5,626,922 and net income of $(132,245) from the acquired operations are included in the condensed interim consolidated statement of loss and comprehensive loss from the date of acquisition. Had the acquisition of Fulcrum occurred on January 1, 2019, there would have been an impact of $21,003,928 on the consolidated operating revenues and $2,232,117 on net income for the nine months ended September 30, 2019. Acquisition costs of $186,413 were incurred and recognized in legal and professional fees in the condensed interim consolidated statement of loss and comprehensive loss.

The purchase price allocation, specifically in respect of goodwill, intangibles and deferred income tax liabilities, has not been finalized as of the date of issuance of these condensed interim consolidated financial statements. Upon having sufficient time to review the relevant portions of books and records, as well as obtaining new and additional information about the related facts and circumstances as of the acquisition date, the Company will adjust the provisional amounts for identifiable assets acquired and liabilities assumed and thus finalize the purchase price allocation. Goodwill and intangibles are grouped together in the condensed interim consolidated statement of financial position; however, these items will be presented separately once the purchase price allocation is finalized.

(Unaudited - expressed in Canadian Dollars)

NOTE 8 - TRADE PAYABLES AND ACCRUED LIABILITIES

		September 30, 2019		December 31, 2018
Accounts payable	$	4,796,308	$	1,296,551
Accrued salaries		730,992		502,800
Accrued liabilities		265,236		383,292
Other		58,195		43,297
	$	5,850,731	$	2,225,940

NOTE 9 - BUSINESS ACQUISITION PAYABLE

Balance, December 31, 2018	$	1,088,791
Payments		-
Accretion		77,456
Effect of foreign exchange differences		(5,898)
Balance, September 30, 2019	$	1,166,247

Management has ascertained certain contractual obligations contained in the original purchase agreement with the vendors of FDSI may not have been fully met which may result in a reduction of the business acquisition payable.

NOTE 10 - DEBENTURE

Balance, December 31, 2018	$	78,285
Additions		20,171,924
Balance, September 30, 2019	$	20,250,209
Less current portion		(28,500)
Long-term portion	$	20,221,709

The debenture payable, due to Industry Canada is $49,785 and is repayable in annual installments of $28,500 on June 30 of each year until June 30, 2022, is unsecured and bears no interest. As this amount is to be settled over four remaining years, the balance has been reported at the current present value discounted at 12.0% which has been determined to be the market rate of interest.

On April 15, 2019, the Company signed an engagement letter with Raymond James Ltd. to act as the exclusive financial advisor to raise, on a best effort's basis, among other activities, up to $10 million of additional capital. The Company was successful in closing $23,492,800 of Convertible Debenture financing. As at June 24, 2019 the Company announced that it closed its First Tranche of Convertible Debenture Financing for gross proceeds of $17,310,000. The final tranche of its private placement offing of convertible unsecure subordinated debentures was closed July 11, 2019 for total gross proceeds of $23,492,800. The debentures bear interest at 10% per annum, paid quarterly, with the first payment being August 31, 2019. Upon closing of the debenture on July 11,2019 the Company will calculate current PV discounted at 10%.

(Unaudited - expressed in Canadian Dollars)

NOTE 11 – LONG-TERM DEBT

On August 8, 2019, the Company entered into a credit facility with Integrated Private Debt Fund VI LP in the amount of $13,000,000 (the "Loan"). Proceeds of the Loan were used to fund the repayment of certain outstanding notes of the Company related to its recent acquisition of Autopro Automation Consultants Inc. ("Autopro") and for working capital purposes. The Loan has a term of seven years at an interest rate of 6.85% per annum. mCloud will make blended monthly payments of principal, based on a twelve year amortization schedule, and interest. The Loan is secured against the assets of Autopro and certain other assets of mCloud.

NOTE 12 - SHARE CAPITAL

a) Common shares

Authorized: Unlimited number of voting common shares Issued:

	Number of Shares	Amount ($)
Balance, December 31, 2018	90,901,480	18,507,465
RSU's exercised (Note 11(b))	348,831	135,819
Stock options exercised (Note 11(a))	1,525,000	670,295
Warrants exercised (b)	2,333,451	1,007,269
Consideration for the Autopro Acquisition (Note 6)	60,000,000	16,100,000
Shares issued on loan repayment (i)	1,500,000	834,750
Shares issued for settlement of debt (ii)	208,960	75,000
Balance, September 30, 2019	**156,817,722**	**37,330,598**

(i) During July 2019 the Company issued 1,500,000 common shares as part of total repayment on a secured loan between the Company and Flow Capital having a value of USD $2 million. Per the terms of the loan agreement, the Company was obligated to pay an additional $525,000 CAD or issue 1,500,00 commons shares, at the election of Flow, in the event that the loan was repaid in full prior to maturity.

(ii) During February and September 2019, the Company issued 58,960 and 150,000 common shares respectively for settlement of outstanding debt to vendor for services provided. The Company valued these common shares based on the trading price of the Company's shares on the date of grant.

b) Warrants

The Company's warrants outstanding as at September 30, 2019 and December 31, 2018 and the changes for the nine months ended September 30, 2019 are as follows:

	Number of Warrants	Weighted Average Exercise Price $
Balance, December 31, 2018	33,131,325	0.45
Issued	598,710	0.48
Exercised	(2,333,451)	0.43
Expired	(6,293,408)	0.45
Balance, September 30, 2019	**25,103,176**	**0.46**

(Unaudited - expressed in Canadian Dollars)

Warrants outstanding as at September 30, 2019 were as follows:

Expiry Date	Exercise Price $	Outstanding Warrants
December 6, 2019	0.40	169,400
February 15, 2020	0.35	270,240
March 19, 2020	0.45	421,910
May 11, 2020	0.35	148,880
May 18, 2020	0.35	165,159
May 24, 2020	0.35	659,950
June 1, 2020	0.35	43,750
June 22, 2020	0.35	71,400
June 22, 2020	0.50	527,310
October 18, 2020	0.35	713,182
December 2, 2020	0.50	1,172,500
February 15, 2021	0.45	3,087,135
March 19, 2021	0.45	3,003,570
June 1, 2021	0.45	8,170,640
October 18, 2021	0.50	6,478,150
	0.46	25,103,176

Weighted average remaining contractual life is 1.61 years.

NOTE 13 - SHARE-BASED PAYMENTS

On December 17, 2016, the Company established an equity incentive plan (the "Plan") which provides for the granting of incentive share options, non-statutory share options, share appreciation rights, restricted share awards, restricted share unit awards, and other share awards (collectively "Share Awards") to selected directors, employees and consultants for a period of 10 years from the establishment of the Plan. The Plan is intended to help the Company secure and retain the services and provide incentives for increased efforts for the success of the Company.

The Board of Directors grants Share Awards from time to time based on its assessment of the appropriateness of doing so in light of the long-term strategic objectives of the Company, its current stage of development, the need to retain or attract particular key personnel, the number of Share Awards already outstanding and overall market conditions.

Stock Options

A continuity of Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price $	Weighted Average Remaining Contractual Life (years)
Balance, December 31, 2018	2,850,000	0.39	3.75
Granted	8,023,333	0.36	6.10
Cancelled	(325,000)	0.33	4.11
Forfeited	(44,000)	0.38	9.81
Exercised	(1,525,000)	0.36	4.26
Balance, September 30, 2019	**8,979,333**	**0.35**	**2.22**

(Unaudited - expressed in Canadian Dollars)

During the nine months ended September 30, 2019 the Company issued 8,023,333 (the nine months ended 2018 – 2,675,000) stock options to employees with various vesting terms. The Company cancelled 250,000 and 75,000 stock options that were granted in 2019 and 2018 respectively. The Company fair valued the options using the Black-Scholes option pricing model using the following inputs:

	2019	2018
Risk free rate	1.33 – 1.91%	2.03 – 2.45%
Expected life	5 years	5 years
Expected volatility	150%	140% - 147%
Forfeiture rate	0%	0%
Expected dividends	Nil	0%

Stock options outstanding and exercisable at September 30, 2019 are as follows:

Number of Options	Exercise Price $	Expiry Date
166,667	0.35	June 25, 2022
302,083	0.35	April 12, 2023
125,000	0.35	May 28, 2023
72,917	0.35	June 4, 2023
20,833	0.35	June 6, 2023
62,500	0.35	June 20, 2023
33,333	0.62	July 1, 2023
400,000	0.45	December 13, 2023
175,167	0.34	February 25, 2024
675,000	0.41	April 2, 2024
2,033,500	**0.39**	

Restricted Share Units

RSUs generally vest one-third on the date of grant and one-third on each of the first and second anniversary of the date of the grant with some RSUs vesting on a quarterly basis. However, vesting may be accelerated, or different vesting schedules may be implemented, at the discretion of the compensation committee. RSUs shall, within 30 days of vesting and, in any event, by no later than December 31 following the vesting date, be satisfied by the Company issuing to the holder that number of shares equal to the number of vested RSUs then credited to the holder. The RSUs earn additional RSUs for the dividends that would otherwise have been paid on the RSUs as if they had been issued as of the date of the grant. The number of additional RSUs is calculated using the average market price of the Company's shares in the five days immediately preceding each distribution.

The Company's obligation to issue shares on the vesting of RSU's is an unfunded and unsecured obligation of the Company.

(Unaudited - expressed in Canadian Dollars)

A continuity of RSUs is as follows:

	Number of RSUs
Balance, December 31, 2018	**3,053,334**
Granted	774,193
Exercised	(348,831)
Cancelled	(291,669)
Balance, September 30, 2019	**3,187,027**

Total fair value of RSUs granted during the period ended September 30, 2019 was $266,226 based on the market price of the Company's common shares on the date of grant. Total SBP expense for RSU awards vested during the period ending September 30, 2019 is $458,837 (2018 – $460,085). As at September 30, 2019, unrecognized SBP expense related to non-vested RSUs granted is $392,200.

The Company's obligation to issue shares on the vesting of RSU's is an unfunded and unsecured obligation of the Company.

NOTE 14 - REVENUE

The following is an analysis of the Company's revenue:

		2019		2018
Hardware	$	-	$	110,172
Efficiency sharing		-		257,865
AssetCare analytics, data and connections services		4,084,034		1,422,724
Smart Processes		5,226,927		
Financing				3,711
Total for the Nine Months Ended September 30, 2019	$	**9,272,954**	$	**1,794,472**

NOTE 15 – FINANCIAL INSTRUMENTS

There were no transfers between levels during the period.

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term nature of these securities.

The fair values of the borrowings approximate their carrying values as they are calculated based on the present value of the future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The market rate of interest is determined by reference to similar liabilities.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Risk Management

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies while retaining ultimate responsibility for them. The Company is exposed to a variety of financial risks by virtue of its activities: market risk, credit risk, interest rate risk and liquidity risk. The Company's overall risk management program has not changed throughout the year and focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the finance department under policies approved by the Board of Directors. This department identifies and evaluates financial risks in close cooperation with management.

Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company is mainly exposed to credit risk from credit sales. Management of the Company monitors the credit worthiness of its customers by performing background checks on all new customers focusing on publicity, reputation in the market and relationships with customers and other vendors. Further, management monitors the frequency of payments from Spark's ongoing customers and performs frequent reviews of outstanding balances. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Provisions for outstanding balances are set based on forward looking information; when there is a change in the circumstances of a customer that would result in financial difficulties as indicated through a change in credit quality or industry factors and create doubt over the receipt of funds. Such reviews of a customer's circumstances are done on a continued basis through the monitoring of outstanding balances as well as the frequency of payments received. An accounts receivable is completely written off once management determines the probability of collection to be not present.

Interest rate risk

Interest rate risk arises from the Company's use of floating interest rate bearing debt securities. The Company may increase debt levels depending on the balance of financing in the future. If cash balances are higher than required for immediate requirements, the Company invests with a low risk strategy in secure short-term deposits through major banks to earn interest income.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure it will always have sufficient cash to allow it to meet its liabilities when they become due. The Board receives monthly information regarding cash balances and cash flow projections. The liquidity risk of each subsidiary is managed centrally by the treasury function.

Foreign currency risk

Foreign currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company maintains cash balances and enters into transactions denominated in foreign currencies, principally in USD, which exposes the Company to fluctuating balances and cash flows due to variations in foreign exchange rates.

(Unaudited - expressed in Canadian Dollars)

The CAD equivalent carrying amounts of the Company's USD denominated monetary assets and monetary liabilities is follows:

As at		**September 30, 2019**		**December 31, 2018**
Cash	$	235,233	$	351,585
Trade and other receivables		2,227,498		202,896
Due from related party		-		54,570
Long-term receivables		207,580		163,700
Monetary assets	$	2,670,311	$	772,751
Trade payables and accrued liabilities	$	3,182,348	$	1,044,105
Deferred revenue		2,612,143		53,555
Business acquisition payable		1,166,247		1,088,791
Monetary liabilities	$	6,960,738	$	2,186,451
Net monetary liabilities	$	(4,290,427)	$	1,413,700

Assuming all other variables remain constant, a fluctuation of +/- 5.0% in the exchange rate between CAD and USD would impact loss for the six months ended September 30, 2019 by approximately $23,782.

To date, the Company has not entered into financial derivative contracts to manage exposure to fluctuations in foreign exchange rates.

NOTE 16 - RELATED PARTY TRANSACTIONS

Due from related party

The Company has a $54,275 (December 31, 2018 – $54,570) unsecured demand note receivable with a former shareholder of FDSI bearing interest at 2% per annum.

Due to related party

The Company has $NIL (December 31, 2018 – $36,870) due to an officer of the Company. The amount is unsecured, non-interest bearing and is due on demand.

Transactions with related parties are in the normal course of operations and are initially recorded at fair value.

NOTE 17 - DEBENTURE

On July 11, 2019, the Company completed a private placement offering of C$23,492,800 aggregate principal amount of convertible unsecured subordinated debentures (the "Debentures") at a price of C$100 per Debenture (the "Offering").

The Debentures bear interest from each applicable issuance date at 10% per annum, calculated and paid quarterly on the last of August, November, February and May of each year. The first interest payment was due on August 31, 2019 and consisted of interest accrued from and including the closing of each tranche of the Offering (each, a "Closing Date") to August 31, 2019. The Debentures will mature on May 31, 2022 that is approximately 36 months following the initial Closing Date (the "Maturity Date").

The principal amount of the Debentures will be convertible into units of the Company (the "Units") at the option of the holder at any time prior to the close of business on the last business day immediately preceding the Maturity Date, at a conversion price of C$0.50 per Unit (the "Conversion Price"), subject to adjustments in certain events. Holders converting their Debentures will receive accrued and unpaid interest thereon in cash for the period from and including the date of the latest interest payment date to, but excluding, the date of conversion.
Each Unit is comprised of:

(i) one common share of the Company (each, a "Common Share"); and
(ii) one Common Share purchase warrant (each, a "Warrant"). Each Warrant will be exercisable to acquire one Common Share at an exercise price of C$0.75 per Common Share, subject to adjustment in certain events, until the date that is the earlier of:
    (i) 60 months following the initial Closing Date; and
    (ii) the date specified in any Acceleration Notice.

The Company incurred transaction costs of $1,011,000 ($843,000 in cash and $168,000 in broker warrants) to raise funds. The Debentures were accounted for as a compound instrument that contains a liability and an equity component (a conversion option). The transaction costs were allocated between two identified components and amortized over the term of Debentures. $720,535 of interest and accretion on Debentures is recorded in the unaudited interim condensed consolidated statements of loss and comprehensive income (loss). The liability is discounted at 17% and amortized over the term of Debentures, while the conversion option of $3,248,115 is recorded in contributed surplus and is not re-measured subsequent to initial recognition.

NOTE 18 - COMMITMENT AND CONTINGENCIES

Letter of Intent

The Company signed a letter of intent on December 20, 2017 to purchase 100% of CSA, Inc., an arms-length technology development company with operations in the United States and Slovakia. Total anticipated consideration for the acquisition is USD $4.8 million comprised of USD $2.4 million of common shares of the Company and up to USD 2.4 million of performance-based payments. The transaction has conditional approval by the TSX Venture Exchange.

NOTE 19 - SUBSEQUENT EVENTS

There are no subsequent events to report.