WORLD-CLASS
Extractions
FRA: WCF OTCQB: WCEXF CSE: PUMP

WORLD CLASS EXTRACTIONS INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the periods ended July 31, 2021 and 2020

(Expressed in Canadian Dollars unless otherwise indicated)

INDEX

WORLD CLASS EXTRACTIONS INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), 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 interim condensed consolidated 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, Dale Matheson Carr-Hilton Labonte LLP, has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim condensed consolidated financial statements by an entity's auditor.

September 27, 2021

(Unaudited - Expressed in Canadian Dollars)

AS AT	Note	**July 31, 2021** **$**	April 30, 2021 $ (Audited)
ASSETS			
Current assets			
Cash		**1,921,257**	2,377,635
Accounts receivable (net)	6	**1,701,214**	1,760,325
Sales tax receivable	7	**17,956**	15,349
Inventory	9	**-**	100,000
Prepaid expenses and deposits	10	**392,391**	362,036
Total current assets		**4,032,818**	4,615,345
Non-current assets			
Goodwill	12	**8,767,399**	8,767,399
Right-of-use assets	21	**585,764**	613,346
Property and equipment (net)	11	**1,004,889**	971,851
Intangible assets (net)	12	**634,805**	678,089
Total non-current assets		**10,992,857**	11,030,685
TOTAL ASSETS		**15,025,675**	15,646,030

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

(Unaudited - Expressed in Canadian Dollars)

AS AT	Note	July 31, 2021 $	April 30, 2021 $ (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	13	**1,003,796**	1,014,802
Customer deposits	14	**341,211**	341,211
Due to related parties	28	**423,406**	437,991
Current portion of lease obligations	22	**94,635**	191,706
Convertible debt	17	**2,366,938**	2,255,249
Derivative liabilities	17	**438,663**	633,950
Loans payable	15	**147,500**	143,750
Liabilities of discontinued operations	30	**8,878**	8,878
Total current liabilities		**4,825,027**	5,027,537
Non-current liabilities			
Non-current portion of lease obligations	22	**605,431**	782,340
Government grant	16	**99,296**	95,618
Total non-current liabilities		**704,727**	877,958
Total liabilities		**5,529,754**	5,905,495
SHAREHOLDERS' EQUITY			
Share capital	18	**61,756,937**	61,756,937
Reserves	19, 20	**3,327,732**	3,374,192
Deficit		**(60,655,885)**	(60,574,718)
Equity attributable to holders of the parent		**4,428,784**	4,556,411
Non-controlling interest	4, 31	**5,067,137**	5,184,124
Total shareholders' equity		**9,495,921**	9,740,535
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**15,025,675**	15,646,030

Nature of operations and going concern (Note 1)
Commitments (Note 32)
Subsequent events (Note 33)

APPROVED BY THE BOARD:

Signed "Chand Jagpal", Director　　Signed "Michael Galloro", Director

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

		For the period ended	
		July 31, 2021	July 31, 2020
	Note	**$**	$
Sales	23	**2,667,561**	2,067,340
Cost of Sales		**(2,081,387)**	(1,296,281)
Gross Profit		**586,174**	771,059
Operating expenses			
Selling expenses	24	**-**	19,260
General and administrative expenses	24	**1,033,769**	1,788,133
Impairment loss		**-**	15,629
Depreciation and amortization	11, 12, 21	**107,231**	152,346
Total operating expenses		**1,141,000**	1,975,368
Loss before other expenses		**(554,826)**	(1,204,309)
Other income (expenses)			
Interest expenses and bank charges	15,16, 17	**(135,361)**	(118,698)
Unrealized gain on conversion feature	17	**202,742**	119,607
Other income	25	**225,287**	180,866
Total other income (expenses)		**292,668**	181,775
Net loss and comprehensive loss for the period		**(262,158)**	(1,022,534)
Attributable to:			
Equity holders of the Parent		**(145,171)**	(1,175,425)
Non-controlling Interests		**(116,987)**	152,891
Net loss and comprehensive loss for the period		**(262,158)**	(1,022,534)
Weighted average number of common shares outstanding - basic and diluted		**625,196,572**	625,196,572
Basic and diluted loss per share		**(0.00)**	(0.00)

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian Dollars)

		Equity attributable to holders of the Parent						
		ISSUED CAPITAL		RESERVES				
	Note	Number of Common Shares	Share Capital $	Options $	Warrants $	Deficit $	Non-controlling Interest $	Total Shareholders' Equity $
Balance, April 30, 2020		**625,196,572**	**61,756,937**	**5,270,728**	**2,246,614**	**(60,914,506)**	**5,436,999**	**13,796,772**
Share-based payments	19	-	-	257,058	-	-	-	257,058
Net loss for the period		-	-	-	-	(1,175,425)	152,891	(1,022,534)
Balance, July 31, 2020		**625,196,572**	**61,756,937**	**5,527,786**	**2,246,614**	**(62,089,931)**	**5,589,890**	**13,031,296**
Balance, April 30, 2021		**625,196,572**	**61,756,937**	**1,778,667**	**1,595,525**	**(60,574,718)**	**5,184,124**	**9,740,535**
Cancellation or expiry of stock options	19	-	-	(64,004)	-	64,004	-	-
Share-based payments	19	-	-	17,544	-	-	-	17,544
Net loss for the period		-	-	-	-	(145,171)	(116,987)	(262,158)
Balance, July 31, 2021		**625,196,572**	**61,756,937**	**1,732,207**	**1,595,525**	**(60,655,885)**	**5,067,137**	**9,495,921**

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

WORLD CLASS EXTRACTIONS INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - Expressed in Canadian Dollars)

	For the period ended	
	July 31, 2021	July 31, 2020
	$	$
Cash flows from (used in) operating activities:		
Net loss for the period	**(262,158)**	(1,022,534)
Items not involving cash:		
Depreciation and amortization	**107,231**	152,346
Impairment loss	**-**	15,629
Foreign exchange loss	**-**	10,191
Lease interest	**16,890**	37,090
Share-based payments	**17,544**	257,058
Gain on lease liability	**(211,105)**	-
Unrealized gain on derivative liability	**(202,742)**	(119,607)
Interest	**124,439**	98,420
Change in non-cash operating working capital:		
Accounts receivable	**59,111**	(77,436)
Accounts payable and accrued liabilities	**(11,006)**	(130,529)
Due to related parties	**(12,452)**	(57,913)
Sales tax receivable	**(2,607)**	(13,482)
Inventory	**100,000**	(267,900)
Due from related party	**-**	(25,765)
Prepaid expenses	**(30,355)**	(175,862)
	(307,210)	(1,320,294)
Cash flows from (used in) investing activities:		
Purchase of property and equipment	**(69,403)**	(59,509)
	(69,403)	(59,509)
Cash flows from (used in) financing activities:		
Government grant	**-**	40,000
Repayment of lease obligation	**(79,765)**	(87,060)
	(79,765)	(47,060)
Change in cash for the period	**(456,378)**	(1,426,863)
Cash, beginning of the period	**2,377,635**	5,632,160
Cash, end of the period	**1,921,257**	4,205,297

Supplemental cash flow information (Note 29)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

World Class Extractions Inc. ("World-Class" or "WCE" or "the Company") was incorporated under the laws of British Columbia on December 2, 1965. The head office of the Company is located at Suite 308 - 9080 University Crescent, Burnaby, BC, V5A 0B7. The registered office is located at 2200 - 885 W Georgia St. Vancouver, BC, V6C 3E8.

The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "PUMP", the Frankfurt Stock Exchange under the symbol "WCF" and "WKN:A2PF9C", and the OTCQB Venture Market, under the symbol: "WCEXF".

The Company, previously focused on research and development, is an innovation-driven company with a focus on the evolving cannabis and hemp industries. The Company offers compliant and secure delivery of government regulated products through its subsidiary, Pineapple Express Deliver Inc., ("Pineapple Express Delivery" or "PED"), including medical and recreational cannabis in Ontario, Manitoba and Saskatchewan, and liquor delivery in certain jurisdictions in Saskatchewan.

The Company operates through its wholly-owned subsidiary Soma Labs Scientific Inc. ("Soma Labs" or "Soma") based in the Lower Mainland of British Columbia and its partially-owned subsidiary, PED based in Burlington, Ontario.

- Soma Labs incorporated under the *Business Corporations Act* of the Province of British Columbia on January 8, 2016, is a designer, manufacturer, and supplier of extraction and processing equipment and solutions. Soma Labs works with industry partners to design and establish extraction and processing facilities for cannabis and hemp oil production.
- PED incorporated under the Business Corporations Act on February 15, 2018, specializes in compliant and secure delivery of government regulated products, including legal cannabis delivery within select provinces in Canada and liquor delivery in certain jurisdictions in Saskatchewan.

Going Concern

The Company incurred a net loss of $262,158 for the period ended July 31, 2021. As at July 31, 2021, the Company had a history of losses and an accumulated deficit of $60,655,885. Total cash used in operations for the period ended July 31, 2021 amounted to $307,210.

The ability of the Company to continue as a going concern is dependent on achieving profitable operations, positive operating cash flows and obtaining the necessary financing to develop the current products. The outcome of these matters cannot be predicted at this time. The Company will continue to review the prospects of raising additional debt and equity financing to support its operations until such time that its operations become self-sustaining, to fund its operating activities and to ensure the realization of its assets and discharge of its liabilities. While the Company is exerting its best efforts to achieve the above plans, there is no assurance that any such activity will generate sufficient funds for future operations. These factors indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future rather than a process of forced liquidation. These interim condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. This is causing significant financial market and social dislocation. The pandemic has affected Soma Labs by posing significant delays to deploy and implement its extraction and processing facilities and the ability to procure new opportunities in deploying and implementing extraction systems. This has also resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on the Company's future financial results. Due to recent COVID-19 prevention measures, the pandemic has affected PED by potentially increasing the recreational delivery segment through geographical expansion. It is difficult to reliably measure the sustainability of the current revenue growth.

2. BASIS OF PRESENTATION

Statement of Compliance and Presentation

These interim condensed consolidated financial statements have been prepared by the Company's management in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The accounting policies set out in Note 3 have been applied consistently to all periods presented in these interim condensed consolidated financial statements. These interim condensed consolidated financial statements include all necessary disclosures required for interim financial statements but do not include all disclosures required for annual financial statements. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the most recent audited annual financial statements and the notes thereto for the year ended April 30, 2021 and 2020.

These interim condensed consolidated financial statements are presented in Canadian dollars except where otherwise indicated.

Certain comparative figures have been reclassified to conform to the current period presentation.

These interim condensed consolidated financial statements were approved and authorized for issue by the directors of the Company on September 27, 2021.

Basis of Measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, share-based compensation, consideration and acquisitions, which are stated at their fair value.

Significant Estimates, Assumptions and Judgments

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. Estimates and associated assumptions applied in determining asset or liability values are based on historical experience and various other factors including other sources that are believed to be reasonable under the circumstances but are not necessarily readily apparent or recognizable at the time such estimates or assumptions are made. Actual results may differ from these estimates.

2. BASIS OF PRESENTATION (continued)

Significant Estimates, Assumptions and Judgments (continued)

The information about significant areas of estimates considered by management in preparing the interim condensed consolidated financial statements is as follows:

Income taxes
Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in the consolidated statement of loss and comprehensive loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

Stock options and warrants
Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity.

Fair value of financial instruments
Certain of the Company's assets and liabilities are measured at fair value. In estimating fair value the Company uses market-observable data to the extent it is available. In applying the valuation technique, management is required to determine and make assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate. Such assumptions are inherently uncertain and changes in these assumptions affect the fair value estimates.

Convertible debt conversion option
The identification of convertible debt components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent measurement of interest on the liability component. The determination of fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates, and the presence of any derivative financial instruments. Additionally, significant judgment is required when accounting for the redemption, conversion or modification of these instruments.

Inventory
Net realizable value for inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in the statement of loss and comprehensive loss in the period for any difference between book value net realizable value.

The impairment loss of inventory assessment requires a degree of estimation and judgment. The level of the provision is assessed by taking into account recent sales experience, the ageing of inventories, damaged, obsolete, slow moving inventories and other factors that affect inventory obsolescence.

2. BASIS OF PRESENTATION (continued)

Significant Estimates and Judgments (continued)

Useful lives of property and equipment, right-of-use assets, and intangible assets
The estimated useful lives of assets are reviewed by management and adjusted if necessary. To estimate the useful life, management must use its past experience with the same or similar assets and may review engineering estimates and industry practices for similar pieces of equipment and assets and apply statistical methods to assist in its determination of useful life.

For intangible assets, the useful lives have been determined based on management estimated attrition rates related to the associated asset. Any subsequent change in these estimates would affect the amount of amortization recorded over future periods.

Impairment of non-financial assets
Determining the amount of impairment of non-financial assets requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many of factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These factors include economic and market conditions, discount rates, growth rates and the future cash flows of the cash generating units (CGU's) to which the asset belongs to. The changes may result in future impairments in the Company's long-term assets.

Goodwill and intangible assets are reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred, by comparing the carrying value to their recoverable amount. When impairment indicators are present, the recoverable amount of the CGU or the group of CGUs, which is the higher of its estimated fair value less costs to sell and its value in use, is determined. Significant judgment is involved in estimating the model inputs used to determine the recoverable amount of the CGUs, in particular future cash flows, discount rates and terminal growth rates, due to the uncertainty in the timing and amount of cash flows and the forward-looking nature of these inputs. Future cash flows are based on financial plans agreed by management, which are estimated based on forecast results, business initiatives, planned capital investments and returns to shareholders. The use of different assumptions and estimates could influence the determination of the existence of impairment and the valuation of goodwill.

Determination of CGUs
CGUs are determined based on the smallest identifiable group of assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets. Management judgment is required to identify the cash generating units ("CGU") of the Company.

Allowance for expected credit loss (ECL)
The Company recognizes an impairment loss allowance for ECL on accounts receivable, using a probability-weighted estimate of credit losses. In its assessment, management estimates the expected credit losses based on actual credit loss experience and informed credit assessment, taking into consideration forward-looking information. If actual credit losses differ from estimates, future earnings would be affected.

2. BASIS OF PRESENTATION (continued)

Significant Estimates and Judgments (continued)

Leases
The application of IFRS 16 Leases, requires the Company to make judgments and estimates that affect the measurement of right-of-use assets and liabilities. In determining the lease term, all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options) are considered. Assessing whether a contract includes a lease also requires judgment. Estimates are required to determine the incremental borrowing rate to measure liabilities where the interest rate in the lease is not readily available.

Business combinations
Business combinations require management to exercise judgment in measuring the fair value of assets acquired and liabilities and contingent liabilities incurred or assumed. Judgment is also required in determining what qualifies as part of consideration paid.

Intangible assets
Management uses judgment in estimating the fair value of intangible assets, such as software and technology, acquired in a business combination and uses internally developed valuation models that consider various factors and assumptions including forecasted cash earnings, growth rates and discount rates. Management also uses judgment in estimating customer attrition rates to determine the appropriate amortization period for the software and technology.

The information about significant areas of judgment considered by management in preparing the interim condensed consolidated financial statements is as follows:

i. the determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management;
ii. the determination if an acquisition meets the definition of business or whether assets are acquired;
iii. the determination of whether non-controlling interest is material for purposes of IFRS 12, *Disclosure of Interest in Other Entities*;
iv. assessing control and significant influence over an investee;
v. the determination of functional currency;
vi. the assessment of whether a contract is or contains a lease, whether the Company obtains substantially all the economic benefits from the use of that asset and whether the Company has the right to direct the use of the asset; and
vii. the Company’s assessment of its ability to continue as a going concern requires judgments about the Company’s ability to execute its strategy by funding future working capital requirements (Note 1). The Company’s objectives are to ensure that there are adequate capital resources to safeguard the Company’s ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and cash equivalents

Cash and cash equivalents include cash on deposit and highly liquid short-term interest-bearing variable rate investments which are readily convertible into a known amount of cash. Cash and cash equivalents are held with Canadian financial institutions.

(Unaudited - Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Consolidation

The interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries of which it has control. All significant intercompany balances, transactions and any unrealized gains and losses arising from intercompany transactions, have been eliminated. The Company's subsidiaries are as follows:

Entity	Country of Incorporation	Operations	Effective Interest
Soma Labs Scientific Inc.	Canada	Commercialization of the Company's extraction and processing systems utilizing various technologies to effectively produce extracts and concentrates from cannabis and hemp and isolate essential compounds found in the plant material; Development and deployment of extraction equipment, technology and services	100%
Pineapple Express Delivery Inc.	Canada	Delivery of medical and recreational cannabis	25.32%
1230167 BC Ltd.	Canada	Inactive	100%

On December 23, 2020, Greenmantle Products Limited, a company that had sales of premium disposable vaporizer cartridges, pens and related materials, was dissolved.

On October 21, 2019, Cobra was incorporated as a 100% wholly owned subsidiary, to serve as a holding company for new business ventures of WCE. During the year ended April 30, 2021, an arm's length party purchased a 50% equity investment in Cobra. During the year ended April 30, 2021, the Company entered into a share purchase agreement, whereby World-Class sold its remaining 50% equity investment in Cobra to the arm's length party.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Consolidation (continued)

Control

The Company controls an investee if and only if the Company has:

- Power over an investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support the presumption and when the Company has less than a majority of the voting rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- the contractual arrangements with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Company's voting rights and potential voting rights

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Assets, liabilities, revenues and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of WCE and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intra-Company asset, liabilities, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the Company. Non-controlling interests are presented separately in the consolidated statement of loss and comprehensive loss and within equity in the consolidated statement of financial position and consolidated statement of changes in equity, separate from equity attributable to equity holders of the Company.

c) Business combination

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of acquisition, of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company. The acquiree's identifiable assets and liabilities assumed are recognized at their fair value at the acquisition date. Acquisition related costs are recognized in consolidated statement of loss and comprehensive loss as incurred. The excess of the consideration over the fair value of the net identifiable assets and liabilities acquired is recorded as goodwill. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Evaluation of components of consideration requires management judgment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. Separately recognized goodwill is tested for impairment on an annual basis or when there is an indication of impairment. Impairment losses on goodwill are not reversed.

For the purpose of impairment testing, goodwill is allocated to the CGU or CGUs which are expected to benefit from the synergies of the combination.

e) Property and equipment

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items.

Property and equipment are subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the statements of loss and comprehensive loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statements of loss and comprehensive loss during the financial period in which they occurred. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within other income in the statements of loss and comprehensive loss.

Depreciation is recognized in the statements of loss and comprehensive loss and is based on the estimated useful lives of the assets is provided as follows:

Facility equipment	20% declining balance
Computer software and equipment	30% - 55% declining balance
Leasehold improvements and office furniture	20% declining balance
Automobile	20% declining balance

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Revenue recognition

The Company's revenue is comprised of the delivery of cannabis and sale of extraction systems. Revenues are recognized when delivery of cannabis has occurred and are accepted by the customer. The Company recognizes revenue in an amount that reflects the consideration the Company expects to receive taking into account any variation that may result from rights of return. Areas of judgment include identifying the customer per the definition within IFRS 15 Revenue from Contracts with Customers and determining whether control has passed to the customer.

The Company uses the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized:
1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

Sale of extraction systems and delivery of cannabis. These revenue-generating activities of the Company have a single performance obligation and revenue is recognized at the point in time when control of the product transfers and the Company's obligations have been fulfilled. This generally occurs when the product is shipped or delivered to the customer, depending upon the method of distribution and shipping terms set forth in the contract. Revenue is measured as the amount of consideration the Company expects to receive in exchange for the services rendered by the Company.

g) Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

All inventories are periodically reviewed for impairment due to slow-moving and obsolete inventory. The provisions for obsolete, slow-moving or defective inventories are recognized in statement of loss and comprehensive loss. Previous write-downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventories.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Leases

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.

The Company recognizes a lease liability and a right-of-use asset at the lease commencement date. The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the following:

- 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;
- any initial direct costs incurred by the Company; and
- 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, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the depreciation requirements of IAS 16 Property, from the commencement date to the earlier of the end of its useful life or the end of the lease term. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Foreign currencies

Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of the relevant transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Translation gains and losses are included in foreign exchange gain (loss) of the period in which they occur. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The carrying amounts of the Company's long-lived assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

j) Impairment of non-financial assets

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. 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 or cash-generating unit. For the purpose of impairment testing, assets that cannot be individually tested are grouped together into the smallest Company of assets that generate cash inflows or CGUs.

Impairment losses are recognized in impairment in the statement of loss and comprehensive loss for the period. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimated recoverable.

amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

k) Related party transactions

Parties are considered to be related if one party has control or joint control over the Company, has significant influence over the Company or is a member of key management personnel of the Company. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

l) Share-based payments

The stock option plan allows the directors, officers, employees and consultants of the Company to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in shareholders' equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from share-based payment reserve to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Share-based payments (continued)

In situations where equity instruments are issued to non-employees and some or all of the services received by the entity as consideration cannot be specifically identified, they are all measured at the fair value of the share-based payments, otherwise, measured at the fair value of the services received.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest. When vested options are forfeited or are not exercised at the expiry date, the amount previously recognized in share-based payments is transferred to accumulated losses (deficit).

m) Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) and at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets and collect contractual cash flows, its contractual terms give rise on specified dates that are solely payments of principal and interest on the principal amount outstanding, and it is not designated as FVTPL.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument by-instrument basis) on the day of acquisition to designate them as at FVTOCI.

Financial assets at FVTPL
Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise. None of the Company’s financial assets are classified at FVTPL.

Financial assets at FVTOCI
Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. None of the Company’s financial assets are classified as FVTOCI.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Financial instruments (continued)

(i) Financial assets (continued)

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value (including transaction costs) and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. The Company's financial assets at amortized cost comprise cash and cash equivalents, short-term investments, accounts receivable and loans receivable.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities at fair value through profit or loss are immediately recognized in the consolidated statements of loss and comprehensive loss.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of loss and comprehensive loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

	Classification	
Financial Assets	**July 31, 2021**	April 30, 2021
Cash	**Amortized cost**	Amortized cost
Accounts receivable	**Amortized cost**	Amortized cost

(ii) Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A financial liability is defined as any contractual obligation to deliver cash or another financial asset to another entity. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL as is the case for held for trading or derivative instruments. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or they expire.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Financial instruments (continued)

(ii) Financial liabilities and equity instruments (continued)

	Classification	
Financial Liabilities	**July 31, 2021**	April 30, 2021
Accounts payable	**Amortized cost**	Amortized cost
Due to related parties	**Amortized cost**	Amortized cost
Loans payable	**Amortized cost**	Amortized cost
Government grant	**Amortized cost**	Amortized cost
Convertible debt	**Amortized cost**	Amortized cost
Derivative liability	**FVTPL**	FVTPL

(iii) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For interest receivables and loans receivable the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decreases can be objectively related to an event occurring after the impairment was recognized.

(iv) Compound financial instruments

Convertible debentures are compound financial instruments whose components may be allocated between a financial liability component and an equity instrument component. The identification of such components embedded within a convertible debenture requires significant judgement given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option is fixed, the financial liability, represents the discounted obligation to repay the cash component and is initially measured at fair value and subsequently measured at amortized cost. The residual amount is recognized in equity. Where the conversion option is variable, the derivative liability is measured first and carried at fair value and the residual balance represents the financial liability measured at amortized cost. Transaction costs are apportioned to the debt liability and equity components in proportion to the allocation of proceeds.

Interest related to the financial liability is recognized in statement of loss and comprehensive loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Loss per share

Basic loss per share represents the loss for the period, divided by the weighted average number of common shares issued and outstanding during the period. Diluted earnings represents the profit or loss for the period, divided by the weighted average number of common shares issued and outstanding during the period plus the weighted average number of dilutive shares that could result from the exercise of stock options, warrants and other similar instruments where the inclusion of these items would not be anti-dilutive. When a loss per share calculation based on the fully diluted number of shares would be less than the loss per share calculated on the basic number of shares, diluted loss per share is anti-dilutive and accordingly, the diluted loss per share would be the same as basic loss per share.

o) Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in shareholders' equity, in which case it is recognized in shareholders' equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to investments in subsidiaries and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date applicable to the period in which realization or settlement can reasonably be expected.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

IFRIC 23, Uncertainty Over Income Taxes - In June 2017, the IASB issued a new IFRIC interpretation to specify how to reflect the effects of uncertainty in accounting for income taxes. IAS 12 Income Taxes provides requirements on the recognition and measurement of current or deferred income tax liabilities and assets. However, it does not provide a specific requirement for the accounting for income tax when the application of tax law to a particular transaction or circumstance is uncertain. As a result, the interpretation aims to reduce the diversity in how entities recognize and measure a tax liability or tax asset when there is uncertainty over income tax treatments. The new interpretation is effective for annual periods beginning on or after January 1, 2019. Management has concluded that there is no impact on the adoption of this guidance because there is no significant uncertainty in accounting for income taxes of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Share capital

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from share capital.

The proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to common shares based on the fair value of a common share at the issuance date of the unit offering and any residual remaining is allocated to common share purchase warrants. Subsequent to the initial recognition of warrants, any modification to the original terms of the warrants attached to units that were initially recognized in accordance with the residual value approach does not result in a re-measurement adjustment.

q) Intangible assets

Expenditures on the research phase of projects are recognized as an expense as incurred.

Development costs not meeting the criteria for capitalization are expensed as incurred.

Directly attributable costs include employee costs incurred on equipment and machine development along with an appropriate portion of relevant overheads and borrowing costs.

All finite-lived intangible assets, including capitalized internally developed assets, are accounted for using the cost model whereby capitalized costs are amortized on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. Any capitalized internally developed asset that is not yet complete is not amortized but is subject to impairment testing.

Subsequent expenditures on the maintenance of developed assets are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in statement of loss and comprehensive loss within other income or other expenses.

Amortization is calculated using the following terms and methods:

Software and technology	5 years straight-line

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of WCE acts as the chief operating decision maker which assesses the financial performance and position of the Company and makes strategic decisions with inputs from top management which consists of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the President.

s) Discontinued Operations

The Company classifies disposal groups as discontinued operations if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

A disposal Company qualifies as discontinued operations if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations
- Is a subsidiary acquired exclusively with a view to re-sell

Loss from discontinued operations are excluded from net loss from continuing operations and are presented as a single amount under “loss from discontinued operations” account in the consolidated statement of loss and comprehensive loss.

t) Recent accounting pronouncements

Certain pronouncements were issued by the International Accounting Standards Board (“IASB”) or the International Financial Reporting Interpretation Committee (“IFRIC”) that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

4. EFFECTIVE INTEREST IN SUBSIDIARY

During the year ended April 30, 2020, the Company acquired a 21.55% economic interest of PED for consideration of $1,500,000. The Company acquired a voting interest of 80% until March 27, 2022 by entering into voting trust agreements with the significant shareholders of PED. The voting interest effectively gives WCE the right to control business decisions of PED that can directly affect the return of its investment. Given evidence of control over PED, PED’s financials are consolidated to WCE in accordance with IFRS 10 Consolidated Financial Statements.

The Company has options to acquire up to additional 24,046,182 common shares (the “Option”) of PED from significant shareholders, in addition to any additional common shares of PED they acquire during the term of the Option, through option agreements with existing holders of unsecured debts of PED. The Option is exercisable during a 60-day period, starting two years from the closing of the Acquisition, based on a valuation of PED of one time its annualized revenue during the last quarter of the period. The exercise price per common share of PED is payable in common shares of World-Class, based on the 20-day Volume Weighted Average Price (VWAP) of World-Class’ share price prior to the end of the two-year period.

(Unaudited - Expressed in Canadian Dollars)

4. EFFECTIVE INTEREST IN SUBSIDIARY (continued)

The Company has warrants to acquire up to an additional 4,166,667 common shares of (the "Warrant") of PED. Warrant is exercisable at $0.30 until March 31, 2022.

The Company purchased $1,000,000 secured convertible debentures ("Convertible Debentures") from PED, convertible at the option of the Company at $0.15 per common share of PED. The Convertible Debentures have a two-year term and bear interest at 12% per annum, compounded monthly in advance.

During the year ended April 30, 2021, PED issued 1,182,636 shares to numerous shareholders, of which 666,666 common shares were issued to WCE. The total ownership of PED held by WCE increased from 21.55% to 22.79% as a result of these issuances. During the year ended April 30, 2021, the Company entered into a share purchase agreement with the CEO of PED whereby, the Company purchased 1,000,000 common shares of PED for $100,000 (Note 28). The total ownership of PED held by WCE increased to 25.32% as a result of this transaction.

Upon completion of the Company acquiring a controlling interest in PED, the Company extended a line of credit of up to $500,000 to PED. Effective July 22, 2021, the line of credit was amended to provide a credit limit up to $750,000.

5. DISPOSTION OF COBRA

Cobra Ventures Inc. ("Cobra") was incorporated on October 21, 2019. During the year ended April 30, 2021, an arm's length party purchased a 50% equity investment in Cobra for $1.00 from World-Class. During the year ended April 30, 2021, the Company entered into a share purchase agreement, whereby World-Class sold its remaining 50% equity investment in Cobra and the Cobra demand promissory note to an arm's length party for proceeds of $2,500,000 (Note 8).

6. ACCOUNTS RECEIVABLE

	July 31, 2021 **$**	April 30, 2021 $
Trade receivables	**1,767,418**	1,826,529
Less: Allowance for expected credit loss	**(66,204)**	(66,204)
Accounts receivable - net of allowance	**1,701,214**	1,760,325

Trade receivables arise from sales in the normal course of business and usually has a 30-day credit term. These are non-interest bearing and are carried at amortized cost. Subsequent to July 31, 2021, $1,553,936 was subsequently collected.

7. SALES TAX RECEIVABLE

This account consists of the refunds claimed for goods and services tax from the government. The balance as at July 31, 2021 is $17,956 (April 30, 2021 – $15,349).

8. LOANS RECEIVABLE

(a) On July 30, 2019, a supplier issued a promissory note to the Company for the principal sum up to US$500,000 or lesser with interest at 5% per annum. This secured loan was due and payable on July 31, 2020. As at April 30, 2021, the Company loaned US$250,000 and recorded accrued interest of US$21,918 for a total of US$271,918 due. The balance of the promissory note amounted to CA$341,463. As at April 30, 2021, the supplier has been unable to pay the loan, and has been unable to come to any settlement with the Company. There is significant uncertainty on the collectability of the loan, and as such, the total value of the loan amounting to CA$341,463 was charged to impairment loss for the year ended April 30, 2021.

(b) During the year ended April 30, 2021, Cobra borrowed $5,000,000 in the form of demand promissory notes which, the Company advanced $2,500,000 to Cobra. Interest is payable on the promissory note issued to World-Class at a rate of 10% per annum, compounded monthly. Proceeds from the promissory notes were used to purchase the senior secured convertible debenture of HydRx Farms Ltd. operating as Scientus Pharma (“HydRx”). During the year ended April 30, 2021, the Company entered into a share purchase agreement, whereby World-Class sold its remaining 50% equity investment in Cobra and the Cobra demand promissory note to an arm’s length party for proceeds of $2,500,000. World-Class has no ongoing role or interest in Cobra or HydRx.

9. INVENTORY

During the year ended April 30, 2021, the Company, wrote-off its inventory to their net realizable values. Finished goods of $100,000 as at April 30, 2021 refers to the net realizable value of an extraction system which was sold during the period ended July 31, 2021 for $100,000.

For the period ended July 31, 2021, inventory charged to cost of sales amounted to $100,000 (April 30, 2021 - $Nil).

During the year ended April 30, 2021, the Company, wrote-off its WIP and Finished Goods to their net realizable values. Total impairment loss relating to inventory recognized in the statement of loss and comprehensive loss for the year ended April 30, 2021 amounted to $489,226.

(Unaudited - Expressed in Canadian Dollars)

10. PREPAID EXPENSES AND DEPOSITS

	July 31, 2021 **$**	April 30, 2021 $
Rent security deposit	**104,277**	82,475
Equipment deposits	**134,934**	134,934
Other prepayments to vendors	**153,180**	144,627
	392,391	362,036

Rent security deposits
Rent security deposits pertain to prepaid amounts for damages that might be claimed against a leased property. These can be claimed in full or in part at the end of the lease subject to actual charges.

Equipment deposits
Equipment deposits refer to payments made for the extraction equipment ordered but were not yet delivered and for future equipment purchases.

Deposit for hemp supply
On February 25, 2019, the Company and two other entities, one party being a medical standard processing entity and the other being a research and development license holder (collectively, the "Purchasers"), entered supply agreements with a supplier. Pursuant to the agreements, the Purchasers agreed to purchase up to 1,000 kilograms of the supplier's 2018 hemp crop, and the entire 2019 hemp crop and beyond up to a maximum of $5,000,000 in product. The Purchasers guarantee to purchase at least $1,000,000 in product from the supplier and agreed to make a deposit in the amount of up to $500,000 towards the guarantee. The $500,000 deposit will be used to purchase equipment and to fund expenses approved by the Purchasers. Pursuant to the agreement, the Company advanced $166,667 to the supplier on May 7, 2019.

The deposit would be applied to the 2019 crop based on an agreed formula. The Purchasers would not be required to pay for any 2019 product until the deposit is applied in full. The supplier shall repay the deposit on or before December 31, 2020 in the event there is insufficient 2019 product based on the agreed formula. The Purchasers, at their sole option, may accept a portion of the 2020 crop as payment of the deposit. As of April 30, 2021, the full amount of the deposit is still outstanding, and no interest accrual was made. During the year ended April 30, 2021, the Company impaired the deposit of $166,667 to profit or loss.

Other prepayments
Other prepayments include various advance payments to suppliers for purchases and services which were delivered or rendered after the end of the reporting period.

(Unaudited - Expressed in Canadian Dollars)

11. PROPERTY AND EQUIPMENT

	Facility Equipment $	Computer Software and Equipment $	Leasehold Improvements and Office Furniture $	Leasehold Improvements not yet in use $	Automobile $	Total $
Costs:						
Balance, April 30, 2020	260,502	99,687	809,381	-	129,390	1,298,960
Additions	-	-	175,030	257,257	16,000	448,287
Impairment	(174,003)	(43,477)	(380,051)	-	-	(597,531)
Disposals	-	(3,794)	(25,000)	-	(9,000)	(37,794)
Balance, April 30, 2021	86,499	52,416	579,360	257,257	136,390	1,111,922
Additions	64,167	-	5,236	-	-	69,403
Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance, July 31, 2021	**150,666**	**52,416**	**584,596**	**257,257**	**136,390**	**1,181,325**
Accumulated Depreciation:						
Balance, Apr 30, 2020	50,020	31,589	63,856	-	2,845	148,310
Amortization	30,714	18,421	170,884	-	25,582	245,601
Impairment	(80,640)	(26,914)	(129,079)	-	-	(236,633)
Disposals	-	(2,252)	(9,011)	-	(5,944)	(17,207)
Balance, Apr 30, 2021	94	20,844	96,650	-	22,483	140,071
Amortization	4,066	1,910	22,913	-	7,476	36,365
Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance, July 31, 2021	**4,160**	**22,754**	**119,563**	-	**29,959**	**176,436**
Net Book Value:						
April 30, 2021	86,405	31,572	482,710	257,257	113,907	971,851
July 31, 2021	**146,506**	**29,662**	**465,033**	**257,257**	**106,431**	**1,004,889**

Additions

Additions for the period pertain to leasehold improvements on PED's facilities in Ontario and new facility equipment purchased for Soma at a new location.

Impairment

During the year ended April 30,2021, the Company determined that the equipment, computer software and equipment, and leasehold improvements and office furniture for the Company's subsidiary, Soma Labs is unable to generate economic benefit as at April 30, 2021. Hence, an impairment loss of $360,898.

(Unaudited - Expressed in Canadian Dollars)

12. GOODWILL AND INTANGIBLE ASSETS

	Goodwill $	Software and Technology $	Total $
Costs:			
Balance, April 30, 2020, April 30, 2021 and July 31, 2021	8,767,399	865,653	**9,633,052**
Accumulated Depreciation:			
Balance, April 30, 2020	-	14,428	14,428
Amortization	-	173,136	173,136
Balance, April 30, 2021	-	187,564	187,564
Amortization	-	43,284	43,284
Balance, July 31, 2021	-	230,848	**230,848**
Net Book Value:			
April 30, 2021	8,767,399	678,089	9,445,488
July 31, 2021	**8,767,399**	**634,805**	**9,402,204**

Goodwill
During the year ended April 30, 2020, the Company recognized goodwill resulting from the acquisition of PED amounting to $8,767,399. As at April 30, 2021, impairment assessments were done on the CGU by determining the fair value less costs of disposal using a discounted cash flow approach. It was determined that there was no impairment of goodwill.

Software and Technology
Upon acquisition of PED, the Company gained access to PED's software and technology. The fair values of these assets were determined to be $865,653 as at March 31, 2020. These assets are amortized using the straight-line method for five years and are assessed for impairment annually, or more frequently whenever there is an indication that they may be impaired. An assessment of impairment as at April 30, 2021 was completed and no impairment loss was recognized relating to this asset.

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	July 31, 2021 **$**	April 30, 2021 $
Accounts payable	**663,290**	591,802
Accrued liabilities	**340,506**	423,000
Accounts payable and accrued liabilities	**1,003,796**	1,014,802

(Unaudited - Expressed in Canadian Dollars)

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

Accounts payables are generally trade payables, non-interest bearing and are settled on 30 to 60-day payment terms.

Accruals include liabilities for remuneration and benefits, interest, and other expenses billed after the reporting period. It also includes a $220,000 accrual for an outstanding employee claim with potential lability of $250,000. Accrued liabilities are generally settled within 12 months from end of reporting period.

14. CUSTOMER DEPOSITS

Customer deposits refer to amounts paid by customers in advance for goods they have ordered. As at July 31, 2021, this account includes outstanding deposits totaling $341,211 for delayed sale of equipment (April 30, 2021, - $341,211). These are expected to be paid back within the following fiscal year.

15. LOANS PAYABLE

Loans payable pertain to two promissory notes entered into by the Company's subsidiary, PED. The details of the loans are as follows. The Company subsidiary, PED is currently re-negotiation the terms of the loans.

	Interest	Commencement	Maturity	Principal and interest owing as at July 31, 2021 $	Principal and interest owing as at April 30, 2021 $
Promissory Note 1	12%	October 31, 2019	March 31, 2021	73,750	71,875
Promissory Note 2	12%	October 31, 2019	March 31, 2021	73,750	71,875
Loans Payable				**147,500**	**143,750**

16. GOVERNMENT GRANT

	July 31, 2021 $	April 30, 2021 $
CEBA Loan – WCE	33,050	31,849
CEBA Loan – Soma Labs	33,079	31,816
CEBA Loan – PED	33,167	31,953
Government Grant	**99,296**	**95,618**

Due to the global outbreak of Novel Coronavirus ("COVID-19"), the federal government of Canada introduced the Canada Emergency Business Account ("CEBA"). CEBA provides an interest-free loan ("CEBA Loan") of $40,000 to eligible businesses. The CEBA Loan has an initial term that expires on December 31, 2022, throughout which, the CEBA Loan remains interest free. Repayment of $30,000 by December 31, 2022, results in a $10,000 loan forgiveness. If the balance is not paid prior to December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly effective January 1, 2023. The full balance must be repaid by no later than December 31, 2025. WCE, Soma and PED each received $40,000 loans from the Government as part of the CEBA.

Pursuant to IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, the benefit of a government loan at below - market rate is treated as a government grant and measured in accordance with IFRS 9, Financial Instruments.

(Unaudited - Expressed in Canadian Dollars)

16. GOVERNMENT GRANT (continued)

The benefit of below market rate shall be measured as the difference between the initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The Company has estimated the initial carrying value of the CEBA loans total $80,974, using a discount rate of 15%, which was the estimated rate for a similar loan without the interest - free component:

The difference of $39,026 will be accreted to CEBA Loan liability over the term of the CEBA Loan and offset to other income on the statements of loss and comprehensive loss. During the period ended July 31, 2021, total interest expense recognized for the CEBA loans amounted to $3,678 (July 30, 2020 – $Nil).

As a result of COVID-2019, some governments made available wage-subsidy programs for eligible entities who meet certain criteria. During the period ended July 31, 2021, the Company, through its subsidiary, Soma Labs, applied for the Canada Emergency Wage Subsidy ("CEWS") and received $Nil (July 31, 2020 - $Nil) from CEWS recognized as other income in the statement of loss and comprehensive loss.

As a result of COVID-19, the federal government of Canada introduced the Canada Emergency Rent Subsidy ("CERS") to cover part of commercial rent or property expenses. During the period ended July 31, 2021, the Company, through its subsidiary, Soma Labs received $Nil (July 31, 2020 - $Nil) from CERS recognized as other income in the statement of loss and comprehensive loss.

17. CONVERTIBLE DEBT AND DERIVATIVE LIABILITIES

	Interest	Maturity	Principal owing as at July 31, 2021 $	Principal owing as at April 30, 2021 $
Convertible debt*	3%	December 31, 2021	610,941	610,941
Convertible note	12%	September 30, 2021	1,624,895	1,624,895
Balance			**2,235,836**	**2,235,836**

*Amounts due to a company controlled by a Director include $112,941 ($112,941 – April 30, 2021) of principal owing (Note 28)

A) Convertible debt

	Convertible debt $	Convertible note $	Total $
Balance, April 30, 2020	452,921	1,543,484	1,996,405
Reclass to related parties	(105,192)	-	(105,192)
Revaluation	-	(81,998)	(81,998)
Interest accretion	18,328	197,148	215,476
Accretion	98,547	132,012	230,559
Balance, April 30, 2021	464,604	1,790,645	2,255,249
Reclass to related parties	(5,322)	-	(5,322)
Interest accretion	4,582	48,747	53,329
Accretion	23,433	40,249	63,682
Balance, July 31, 2021	**487,297**	**1,879,641**	**2,366,938**

(Unaudited - Expressed in Canadian Dollars)

17. CONVERTIBLE DEBT AND DERIVATIVE LIABILITIES (continued)

A) Convertible debt (continued)

Upon acquisition of PED, included in the liabilities assumed are convertible debentures to arm's length investors. The conversion feature allows the lenders to convert all or any portion of the outstanding principal amount and any accrued but unpaid interest into common shares of PED at a price equal to the lesser of (i) $0.15 per PED common share, (ii) a 20% discount to the price or deemed price attributed to the PED common shares pursuant to a going public transaction, or (iii) the lowest value per PED common share ascribed to each PED common share in connection with an offering by PED of common shares or securities convertible or exchangeable into PED common shares that is completed prior to the maturity date, all subject to adjustment in certain events. The conversion of the loans to shares in PED is subject to WCE's pre-emptive rights.

For accounting purposes, the convertible debentures are hybrid financial instruments and were allocated into corresponding debt and derivative liability (conversion feature) components at the date of issue. The Company used the fair value method, which allocated the values based on their fair market value at date of issue. The debt component is subsequently accreted to the face value of the debt portions of the convertible debentures at the effective interest rate of 20%. Upon issuance of the unsecured debentures, the fair value of the debt component was $477,365. Transaction costs of $32,400 were incurred on the unsecured convertible debentures, all allocated to the debt component. As at July 31, 2021, since one of the holders of the instrument is a Company controlled by a Director, $110,514 (April 30, 2021 – $105,192) (net of transaction costs) was reclassed to due to related parties (Note 28).

Also upon acquisition of PED, included in the liabilities assumed is a promissory note to an investor with a conversion feature. The loan bears a 12% interest and is convertible to PED shares subject to the Company's pre-emptive rights. The secured loan carries with it a pledge to the lender of PED's assets as collateral.

For accounting purposes, the promissory note with a conversion feature is a hybrid financial instrument and was bifurcated into corresponding debt and derivative liability (conversion feature) components at the date of issue. The Company used the fair value method, which allocated the values based on their fair market value at date of issue. The debt component is subsequently accreted to the face value of the debt portions of the convertible debentures at the effective interest rate of 20%. Upon issuance of the secured note, the fair value of the debt component was $1,518,181. No transaction cost was incurred on issuance of this loan. During the year ended April 30, 2021, the Company, through its subsidiary PED, renegotiated the promissory note whereby the maturity date from March 31, 2021 to September 30, 2021. All other terms remained the same. The remeasured fair value of the debt component as at March 31, 2021 was $1,762,923, resulting in an unrealized gain of $81,998.

B) Derivative liabilities

	Convertible debentures		Convertible note	
	July 31, 2021	April 30, 2021	**July 31, 2021**	April 30, 2021
Number of options	**4,269,120**	4,238,233	**12,726,118**	12,401,139
Stock price	**$ 0.15**	$ 0.15	**$ 0.15**	$ 0.15
Exercise price	**$ 0.15**	$ 0.15	**$ 0.15**	$ 0.15
Term (year)	**0.40**	0.65	**0.17**	0.42
Volatility	**100%**	100%	**100%**	100%
Annual rate of quarterly dividends	**0%**	0%	**0%**	0%
Risk-free rate	**0.38%**	0.29%	**0.38%**	0.29%
Fair Value	**$158,749**[1]	$199,077[1]	**$309,261**	$471,675

[1] $29,347 of the $158,749 (April 30, 2021 - $36,802 of the $199,077) has been reclassified to due to related parties.

(Unaudited - Expressed in Canadian Dollars)

17. CONVERTIBLE DEBT AND DERIVATIVE LIABILITIES (continued)

B) Derivative liabilities (continued)

The derivative component of the convertible debentures is classified as a liability since the instruments has multiple conversion features and will not be settled with a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments. The derivative component was determined using the Black-Scholes option pricing model and debt component was calculated at the present value of cash flows, which consist of the interest and principal payments. The fair value of the derivative liability as at acquisition date was determined using the key assumptions as listed above and is re-measured at fair value at each reporting period. Upon acquisition, the fair value of the derivative component of the convertible debentures was $323,812. As at July 31, 2021, the fair value of the derivative component of the convertible debenture was $158,749 ($199,077 – April 30, 2021) of which $36,802 ($29,347 – April 30, 2021) was reclassed to due to related parties since one of the holders of the instrument is a Company controlled by a Director (Note 28). Therefore, an unrealized gain on the derivative liability of $40,328 ($97,234– July 31, 2020) was recognized.

The derivative component of the convertible note was determined using the Black-Scholes option pricing model and debt component was calculated at the present value of cash flows, which consist of the interest and principal payments. The fair value of the derivative liability as at the PED acquisition date was determined using the key assumptions as listed above and is re-measured at fair value at each reporting period. Upon acquisition, the fair value of the derivative component of the convertible note amounted to $732,932. As at July 31, 2021, the fair value of the derivative component of the convertible debenture was $309,261 ($471,675 – April 30, 2021). Therefore, an unrealized gain on the derivative liability of $162,414 ($232,986 – April 30, 2021) was recognized.

18. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares without par value. The holders of the common shares are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets. The shares issued by the Company prior to the reverse takeover are not reflected in the statements of changes in equity as the number of shares have been revised to reflect the number of shares of WCE.

No capital activity was initiated during the period ended July 31, 2021 and the year ended April 30, 2021.

Shares held in escrow

Pursuant to an escrow agreement dated March 11, 2019, a total of 10,500,000 common shares, held by principals of the Company, are held in escrow and shall be released from escrow on the following dates:

Number of Common Shares	% of Outstanding Common Shares	Release Schedule
10,500,000	1.70%	10% released on March 13, 2019; 15% released 6 months from Listing (listing to the CSE); 15% released 12 months from Listing; 15% released 18 months from Listing; 15% released 24 months from Listing; 15% released 30 months from Listing; 15% released 36 months from Listing.

As at July 31, 2021, a total of 7,350,000 escrowed shares have been released to the escrowed shareholders (April 30, 2021 – 7,350,000).

19. SHARE-BASED COMPENSATION

Stock Option Plan ("SOP")

The Company maintains a stock option plan under which directors, officers, employees and consultants of the Company (the "Grantees") and its affiliates are eligible to receive stock options. Pursuant to the SOP, the Board may in its discretion grant to eligible Grantees, the option to purchase common shares at the fixed price over a defined future period. Generally, the options vest over six months from the date of grant. The SOP is a rolling plan under which the maximum number of common shares reserved for issuance is 10% of the issued shares of the Company at the time of granting the options. At July 31, 2021, there are a total of 31,869,657 (April 30, 2021 – 19,909,657) stock options available for granting under the Plan.

The SOP is intended to enhance the Company's ability to attract and retain highly qualified officers, directors, key employees and consultants, and to motivate such persons to serve the Company and to expend maximum effort to improve the business results and earnings of the Company, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company.

Stock Options

During the period ended July 31, 2021:

i) On June 1, 2021, the Company granted a total of 2,000,000 incentive stock options to certain officers of the company's subsidiary. The options have an exercise price of $0.05 per share and expire on June 1, 2026. The options will vest at a rate of 50% upon the date of the grant and the remaining 25% six months thereafter.

ii) The Company recognized share-based payments of $17,544 in statement of loss and comprehensive loss for the period ended July 31, 2021 (Note 28).

iii) 13,960,000 stock options were cancelled/forfeited.

During the year ended April 30, 2021:

i) On May 27, 2020, the Company granted a total of 9,010,000 incentive stock options to certain directors, officers, consultants and employees of the Company. The options have an exercise price of $0.05 per share and expire on May 26, 2024. The options will vest at a rate of 50% upon the date of the grant and the remaining 50% six months thereafter.

ii) The Company recognized share-based payments of $437,685 in statement of loss and comprehensive loss for the year ended April 30, 2021.

iii) 5,560,000 stock options were cancelled/forfeited.

(Unaudited - Expressed in Canadian Dollars)

19. SHARE-BASED COMPENSATION (continued)

Stock Options (continued)

The following summarizes the stock options activity:

	July 31, 2021		April 30, 2021	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding, beginning of year	**42,610,000**	**0.06**	39,160,000	0.07
Grant and issuance	**2,000,000**	**0.05**	9,010,000	0.05
Cancelled/Forfeited	**(13,960,000)**	**0.07**	(5,560,000)	0.08
Total Outstanding	**30,650,000**	**0.06**	42,610,000	0.06
Total Outstanding and Exercisable	**29,650,000**	**0.06**	42,610,000	0.06

During the period ended July 31, 2021, the Company transferred $64,004 (2020 - $1,175,425) from reserves to deficit for stock options forfeited and options that expired unexercised.

The following summarizes the stock options outstanding at July 31, 2021:

Expiry Date	Exercise Price	Weighted Average Contractual Life (Years)	Number of Options Issued and Outstanding	Number of Options Exercisable
June 1, 2026	$ 0.05	4.84	2,000,000	1,000,000
March 19, 2022	$ 0.17	0.63	3,100,000	3,100,000
March 9, 2023	$ 0.20	1.61	90,000	90,000
April 23, 2024	$ 0.05	2.73	17,450,000	17,450,000
May 26, 2024	$ 0.05	2.82	8,010,000	8,010,000
	$ 0.06	2.67	30,650,000	29,650,000

For valuation purposes, the fair values of compensation options granted were estimated on their dates of issue using the Black-Scholes option pricing model and the following assumptions:

	July 31, 2021	April 30, 2021
Volatility Rate	**115%**	157%
Risk-free rate	**0.91%**	0.35%
Forfeiture rate	**0%**	0%
Exercise price	**0.05**	0.05
Share price	**0.02**	0.025
Dividend yield rate	**0%**	0%
Weighted average life	**5.00 years**	4.00 years

The expected price volatilities were based on the average historic volatility of three similar companies adjusted for any expected changes to future volatility, since there is no historical price data for the Company.

(Unaudited - Expressed in Canadian Dollars)

20. WARRANTS

No warrant activity was initiated during the period ended July 31, 2021.

During the year ended April 30, 2021, 15,924,825 warrants expired unexercised.

The following is a summary of warrant transactions:

	July 31, 2021		April 30, 2021	
	Number of Warrants	**Weighted Average Exercise Price $**	Number of Warrants	Weighted Average Exercise Price $
Balance, beginning of period	**18,910,575**	**0.14**	34,835,400	0.14
Expired	-	-	(15,924,825)	0.13
Balance, end of period	**18,910,575**	**0.14**	18,910,575	0.14

During the period ended July 31, 2021, the Company transferred $Nil (April 30, 2021 - $651,089) from reserves to deficit for warrants that expired unexercised.

The following warrants were outstanding and exercisable as at July 31, 2021:

Expiry Date	Exercise Price	Weighted Average Contractual Life (Years)	Number of Warrants
April 18, 2022	$ 0.18	0.72	3,000,000
September 22, 2022	$ 0.13	1.15	15,910,575
		1.08	18,910,575

21. RIGHT-OF-USE ASSET

Langley Facility

On March 6, 2018, the Company through its subsidiary, Soma Labs Scientific, Inc., entered into a 5-year lease agreement for leased premises in Langley, British Columbia, commencing June 1, 2018 and ending on May 31, 2023. The minimum base rent is $13,350 per month. In accordance with IFRS 16, the Company recognized right-of-use asset of $468,918 as at May 1, 2019 equal to the present value of all remaining lease payments discounted at an incremental borrowing rate of 14%. The Company depreciates the right-of-use assets on a straight-line basis, over the remaining lease term. The Company determined that the right-of-use asset for the Company's subsidiary, Soma Labs is unable to generate economic benefit as at April 30, 2021. Therefore, the right-of-use asset has been fully impaired. On July 7, 2021, the Company, through its subsidiary, Soma Labs, entered into a termination and release agreement to terminate the lease agreement effective, October 31, 2021. The landlord shall retain the security deposit on file of $36,116.

Equipment Lease

On November 25, 2019, the Company leased equipment for a monthly fee of $1,874, with first month payment of $4,464. The term is for 24 months starting on December 1, 2019 and the Company has the option to buy the equipment at the end of the lease term for a price of $4,933. The Company recognized right-of-use asset of $47,221 as at December 1, 2019 equal to the present value of all remaining lease payments discounted at an incremental borrowing rate of 14%.

(Unaudited - Expressed in Canadian Dollars)

21. RIGHT-OF-USE ASSETS (continued)

Ontario Facility

Upon acquisition of PED, the Company acquired the right to use the leased premises in Burlington, Ontario. The lease is for 10 years and commenced on October 1, 2019. The minimum base rent per month for years 1 to 10 of the 10-year lease are respectively $7,520 for year 1, $7,725 for year 2, $7,929 for year 3, $8,133 for year 4, $8,338 for year 5, $8,542 for year 6, $8,746 for year 7, $8,951 for year 8, $9,155 for year 9, and $9,359 for year 10. The fair value on March 31, 2020 recognized upon business combination amounted to $523,861, equal to the present value of all remaining lease payments discounted at PED's incremental borrowing rate of 12%. The Company depreciates the right-of-use assets on a straight-line basis, over the remaining lease term.

Manitoba Facility

Along with the acquisition of PED came the lease of an office space in Winnipeg, Manitoba. The lease is for three years and commenced on November 1, 2018. The monthly rent per month for years 1 to 3 for the 3-year lease are respectively $1,600 for year 1, $1,700 for year 2, and $1,800 for year 3. As at March 31, 2020, the ROU asset recognized amounted to $28,602, equal to the present value of all remaining lease payments discounted at PED's incremental borrowing rate of 12%. The Company depreciates the right-of-use assets on a straight-line basis, over the remaining lease term.

Ottawa Facility

On April 30, 2020, PED entered into a five-year lease agreement for a 1,803 sq. ft facility in Ottawa, Ontario, renewable for another five years commencing on May 1, 2020 and ending on April 30, 2025. The annual lease payment is $21,636 with an escalation rate of $0.25 per sq. ft. per year. On May 1, 2020, the ROU asset recognized amounted to $139,887, equal to the present value of all remaining lease payments discounted at PED's incremental borrowing rate of 12%. The Company depreciates the right-of-use assets on a straight-line basis, over the remaining lease term, including the renewal term.

Cost	Langley Facility $	Equipment Lease $	Ontario Facility $	Manitoba Facility $	Ottawa Facility $	Total $
Balance, April 30, 2020	468,918	47,221	523,861	28,602	-	1,068,602
Additions	-	-	-	-	139,887	139,887
Impairment	(468,918)	-	-	-	-	(468,918)
Balance, April 30, 2021	-	47,221	523,861	28,602	139,887	739,571
Additions	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Balance, July 31, 2021	**-**	**47,221**	**523,861**	**28,602**	**139,887**	**739,571**
Accumulated depreciation						
Balance, April 30, 2020	(114,837)	(9,838)	(4,555)	(1,505)	-	(130,735)
Additions	(114,837)	(23,610)	(54,663)	(18,065)	(13,989)	(225,164)
Impairment	229,674	-	-	-	-	229,674
Balance, April 30, 2021	-	(33,448)	(59,218)	(19,570)	(13,989)	(126,225)
Additions	-	(5,903)	(13,666)	(4,516)	(3,497)	(27,582)
Impairment	-	-	-	-	-	-
Balance, July 31, 2021	**-**	**(39,351)**	**(72,884)**	**(24,086)**	**(17,486)**	**(153,807)**
Carrying value						
Balance, April 30, 2021	-	13,773	464,643	9,032	125,898	613,346
Balance, July 31, 2021	**-**	**7,870**	**450,977**	**4,516**	**122,401**	**585,764**

(Unaudited - Expressed in Canadian Dollars)

22. LEASE OBLIGATIONS

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, using the effective interest method for the present value determination. As the rate implicit in the lease cannot be readily determined, the Company applied an average incremental borrowing rate. The Company used discount rates of 12-14% to calculate the present value of its lease payments. Total interest expense on lease liabilities for the period ended July 31, 2021 was $16,890 (April 30, 2021 - $146,342). The following table represents lease obligation for the Company:

	July 31, 2021 **$**	April 30, 2021 $
Current	**94,635**	191,706
Non-current	**605,431**	782,340
Total lease obligation	**700,066**	974,046

The following table shows the rollforward of lease obligations:

	July 31, 2021 **$**	April 30, 2021 $
Beginning balance	**974,046**	1,015,719
Additions	**-**	131,989
Interest expense	**18,890**	146,342
Reversals	**(211,105)**	-
Lease payments	**(79,765)**	(320,004)
Ending balance	**700,066**	974,046

The following table presents the contractual undiscounted cashflows for lease obligation:

	July 31, 2021 **$**	April 30, 2021 $
Less than one year	**169,881**	300,323
One to five years	**603,809**	773,826
More than 5 years	**334,484**	367,432
Total undiscounted lease obligation	**1,108,174**	1,441,581

The Company expensed $54,109 (July 31, 2020 - $80,883) in payments during the period for leases which met the low value and short-term exemption criteria (Note 24).

23. REVENUES

Revenue Source	**July 31, 2021** **$**	July 31, 2020 $
Delivery	**2,567,561**	2,067,340
Sale of extraction system	**100,000**	-
Total revenues	**2,667,561**	2,067,340

(Unaudited - Expressed in Canadian Dollars)

24. OPERATING EXPENSES

Selling expenses

	Period ended	
	July 31, 2021	July 31, 2020
	$	$
Investor relations	-	5,770
Marketing and research	-	5,865
Travel and marketing	-	7,625
	-	19,260

General and administrative expenses

		Period ended	
		July 31, 2021	July 31, 2020
	Note	**$**	$
Consulting fees	28	**14,449**	89,131
Filing fees		**5,958**	13,232
Lease interest	22	**16,890**	37,090
Office expenses		**317,937**	169,889
Management fees	28	**52,500**	61,000
Professional fees		**77,983**	113,503
Remuneration and benefits		**476,399**	632,315
Rent		**54,109**	80,883
Research and development		**-**	332,999
Share-based payments	19, 28	**17,544**	257,058
Shop expenses		**-**	1,033
		1,033,769	1,788,133

25. OTHER INCOME (EXPENSES)

		Period ended	
		July 31, 2021	July 31, 2020
	Note	**$**	$
Interest expense and bank charges	15,16,17	**(135,361)**	(118,698)
Unrealized gain on conversion feature	17	**202,742**	119,607
Interest income		**132**	4,498
Reversal of impairment on deposit		**-**	200,276
Gain on lease liability	21, 22	**211,105**	-
Foreign exchange gain (loss)		**-**	(23,994)
Others		**14,050**	86
		292,668	181,775

(Unaudited - Expressed in Canadian Dollars)

26. FINANCIAL INSTRUMENTS

As at July 31, 2021 and April 30, 2021, the carrying value of all financial instruments carried at amortized cost are equivalent to fair value. The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and market risk.

Credit risk
Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The risk for cash and cash equivalents cash is mitigated by holding these instruments with highly rated Canadian financial institutions. Accounts receivable primarily consist of trade accounts receivable and other receivables.

The Company provides credit to certain customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. The Company's credit risk exposure lies on its ability to collect from its business partners for advances made for new business deals. The Company's ECL on its trade receivables as at July 31, 2021 is $66,204 (April 30, 2021 – $66,204).

Liquidity risk
Liquidity risk is the risk that the Company may not be able to meet its contractual obligations and financial liabilities as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2021, the Company had a cash balance of $1,921,257 (April 30, 2021 - $2,377,65) to settle current liabilities of $4,825,027 (April 30, 2021 - $5,027,537). The Company's future financial success will be dependent upon the ability to monetize its technologies or obtain necessary financing to meet its contractual obligations. All of the Company's financial liabilities have contractual maturities of less than a year and are subject to normal trade terms. Working capital deficiency poses a liquidity risk unless the company can monetize on its technologies or acquire further equity or debt funding. The Company is exploring all opportunities for monetization of its assets technology and in acquiring further funding.

Current liabilities	Note	July 31, 2021 $	April 30, 2021 $
Accounts payable and accrued liabilities	13	**1,003,796**	1,014,802
Customer deposits	14	**341,211**	341,211
Due to related parties	28	**423,406**	437,991
Current portion of lease obligations	22	**94,635**	191,706
Convertible debt	17	**2,366,938**	2,255,249
Derivative liability	17	**438,663**	633,950
Loans payable	15	**147,500**	143,750
Liabilities of discontinued operations	30	**8,878**	8,878
Total current liabilities		**4,825,027**	5,027,537

(Unaudited - Expressed in Canadian Dollars)

26. FINANCIAL INSTRUMENTS (continued)

The tables summarize the maturity profile of the Company's financial liabilities used for liquidity management and liabilities as at July 31, 2021 and April 30, 2021 based on contractual undiscounted receipts and payments.

July 31, 2021	<1 year	1-5 years	>5years
Financial liabilities at amortized cost			
Accounts payable and accrued liabilities	$ 1,003,796	$ -	$ -
Due to related parties	423,406	-	-
Loans payable - current	147,500	-	-
Government grant	-	99,296	-
Convertible debt	2,366,938	-	-
Total financial liabilities at amortized cost	$ 3,941,640	$ 99,296	$ -
Financial liabilities at fair value			
Derivative liability	$ 438,663	$ -	$ -

April 30, 2021	<1 year	1-5 years	>5years
Financial liabilities at amortized cost			
Accounts payable and accrued liabilities	$ 1,014,802	$ -	$ -
Due to related parties	437,991	-	-
Loans payable - current	143,750	-	-
Government grant	-	95,618	-
Convertible debt	2,255,249	-	-
Total financial liabilities at amortized cost	$ 3,851,792	$ 95,618	$ -
Financial liabilities at fair value			
Derivative liability	$ 633,950	$ -	$ -

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.

(a) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The interest rate risk on bank deposits is insignificant as the deposits are short term. The Company is not exposed to interest rate risk in respect of any loans payable and receivable which are subject to a fixed rate of interest.

(b) Foreign currency risk

The functional currency of the Company is Canadian dollar. The Company does not hedge its exposure to currency fluctuations. However, Management believes that the Company is subject to minimal foreign exchange risk as most transactions incurred are in CAD.

(Unaudited - Expressed in Canadian Dollars)

26. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy
The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels.

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

During the period ended July 31, 2021 and year ended April 30, 2021, there were no transfers into or out of Level 3 fair value measurements. The fair values of the convertible debts, convertible loan receivable and investment are all affected by market rates which are applicable to them on the dates of issuance. A change in those discount rates may result in significantly higher or lower fair value measurements.

July 31, 2021	Level 1	Level 2	Level 3
Financial liabilities at fair value			
Derivative liability	$ -	$ -	$ 438,633

April 30, 2021	Level 1	Level 2	Level 3
Financial liabilities at fair value			
Derivative liability	$ -	$ -	$ 633,950

27. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its extraction technology and delivery operations and to maintain flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. During the period ended July 31, 2021, cash inflows from financing activities amounted to $Nil (2020: cash inflows from financing activities amounted to $40,000 from the CEBA loan of PED).

The Company does not currently have adequate sources of capital to complete its current obligations and ultimately the development of its business and will need to raise capital by obtaining equity financing, selling assets and/or incurring debt. The Company may raise additional debt or equity financing in the near term to meet its current obligations. The Company is primarily dependent on the capital markets as its source of operating capital and the Company's capital resources are largely determined by the strength of the cannabis company markets and by the status of the Company's technology progress in relation to these markets, and its ability to compete for investor support of its technical capability. The Company's total managed capital cash of $1,921,257 (April 30, 2021 - $2,377,635) and equity attributable to holders of the parent of $4,428,784 (April 30, 2021 - $4,556,441).

(Unaudited - Expressed in Canadian Dollars)

28. RELATED PARTY TRANSACTIONS

As at July 31, 2021, amounts due to related parties totaled $423,406 (April 30, 2021 - $437,991) of which $21,024 (April 30, 2021 - $45,906) are unsecured, payable on demand, and without interest.

	July 31, 2021 **$**	April 30, 2021 $
CEO of WCE	**341**	11,601
President	**957**	14,082
CFO of WCE	**-**	5,250
CEO of PED	**276,729**	250,091
CFO of PED	**5,518**	14,973
Director*	**139,861**	141,994
Total	**423,406**	437,991

*Amounts due to a company controlled by a Director include $139,861 ($141,994 – April 30, 2021) of convertible debt and derivative liabilities (Note 17).

Included in the Due to the CEO of PED above is a promissory note entered into by the Company's subsidiary, PED, with a carrying value as at July 31, 2021 of $262,521 (April 30, 2021 - $250,091). The details of the loan are as follows:

	Interest	**Commencement**	**Maturity**	**Principal owing as at July 31, 2021 $**	**Principal owing as at April 30, 2021 $**
Promissory note	12%	March 30, 2020	March 31, 2022	240,945	240,945

During the periods ended July 31, 2021 and 2020, the Company entered into the following transactions with related parties:

	July 31, 2021 **$**	**July 31, 2020** **$**
Management fees	**52,500**	61,000
Consulting fees	**-**	5,000
Accounting fees	**847**	2,628
Remuneration and benefits	**195,288**	122,800
Research and development	**-**	1,874
Other income	**-**	24,488
Share-based payments	**17,544**	213,734
	266,179	431,524

- Management fees reported as part of general and administrative expenses (Note 24) consist of $37,500 paid to a company of which the President of the Company has significant interest and $15,000 was paid to a company controlled by the CFO (2020: $37,500 paid to a company of which the President of the Company has significant interest and $23,500 was paid to a company controlled by the CFO).
- Consulting fees included as part of general and administrative expenses (Note 24) consist of $Nil (2020: $5,000 to a company of which the President of the Company has significant interest).
- Accounting fees presented as part of professional fees (Note 24) consist of $847 to a company controlled by the CFO (2020: $2,628).

(Unaudited - Expressed in Canadian Dollars)

28. RELATED PARTY TRANSACTIONS (continued)

- Remuneration and benefits reported as part of general and administrative expenses (Note 24) consist of $39,888 to the CEO, $80,400 to the CEO of PED, $37,500 to the CFO of PED and $37,500 to the CTO of PED (2020: $37,500 to CEO, $37,500 to the Former CIO, $47,800 to the Former President of Soma).
- Research and development reported as part of general and administrative expenses pertain $Nil (2020: $1,874 to a company controlled by the Former CIO).
- Share-based payments reported as part of general and administrative expenses (Note 24) consist of $8,772 to the CEO of PED and $8,772 to the CTO of PED (2020: $6,597 to former director, $53,927 to directors, $69,316 to the President, $5,607 to the CFO, $68,392 to the CEO, $6,597 to the Former CIO and $3,298 to the Former President of Soma).

As at July 31, 2021, PED owes $668,119 (April 30, 2021 - $580,340) to the Company for advances and interest in accordance with the credit facility agreement between the Company and the subsidiary. This is subject to an annual interest rate of 12%, compounded monthly.

On February 3, 2021, the Company entered into a share purchase agreement with the CEO of PED whereby, the Company purchased 1,000,000 common shares of PED for $100,000. The total ownership of PED held by WCE increased to 25.32% as a result of this transaction.

29. SUPPLEMENTAL CASH FLOW INFORMATION

Cash payments for the period ended July 31, 2021 amounted to $79,765 (April 30, 2021: $320,004). Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Convertible debentures $	Convertible note $	Lease obligations $	Government Grant $	Total $
April 30, 2020	452,921	1,543,484	1,015,719	80,000	3,092,124
Cash items:					
Payments	-	-	(320,004)	-	(320,004)
Non-cash items:					
Reclass	(105,192)	(81,999)	-	(26,242)	(213,433)
Additions	-	-	131,989	27,215	159,204
Interest expense	18,328	197,148	146,342	14,645	376,463
Accretion	98,547	132,012	-	-	230,559
April 30, 2021	464,604	1,790,645	974,046	95,618	3,324,913
Cash items:					
Payments	-	-	(79,765)	-	(79,765)
Non-cash items:					
Reclass	(5,322)	-	-	-	(5,322)
Reversal	-	-	(211,105)	-	(211,105)
Interest expense	4,582	48,747	16,890	3,678	73,897
Accretion	23,433	40,249	-	-	63,682
July 31, 2021	**487,297**	**1,879,641**	**700,066**	**99,296**	**3,166,300**

(Unaudited - Expressed in Canadian Dollars)

30. SEGMENTED INFORMATION

During the period ended July 31, 2021, the Company's principal reporting segments are corporate and development, development and deployment of extraction technology and services, delivery, and discontinued operations which makes up the previous segments: sale of disposable vaporizer pens and cartridges and sale of automation solution equipment (July 31, 2020 - corporate and development, development and deployment of extraction technology and services, delivery, segments sale of disposable vaporizer pens and cartridges (discontinued during the year ended April 30, 2021), and sale of automation solution equipment (discontinued during the year ended April 30, 2020). The reportable segments were determined based on the nature of the services provided and goods sold. One significant customer accounts for 84% of the sales (July 31, 2020 – 84%). All of the Company's assets are situated in Canada.

Reportable segments are defined as components of an enterprise about which discrete financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance**.**

Discontinued Operations

As at July 31, 2021, the liabilities of discontinued operations recognized in the consolidated statements of financial position relate to the customer deposits and accounts payable amounting to $8,878 (April 30, 2021 – $8,878).

Liabilities of discontinued operations	July 31, 2021 $	April 30, 2021 $
Sales of automation on control solution equipment – customer deposits	7,201	7,201
Sales of disposable vaporizer pens – accounts payable	1,677	1,677
Total	**8,878**	**8,878**

(Unaudited - Expressed in Canadian Dollars)

30. SEGMENTED INFORMATION (continued)

July 31, 2021	Corporate and development $	Development and deployment of extraction equipment, technology and services $	Delivery $	Discontinued operations $	Total $
Revenue	-	100,000	2,567,561	-	2,667,561
Gross margin	-	-	586,174	-	586,174
Selling, general and administrative expenses	-	(27,465)	(838,007)	-	(865,472)
Segment income (loss) from operating activities before corporate expenses	-	(27,465)	(251,833)	-	(279,298)
Unallocated costs:					
Corporate general and administrative expenses	(255,175)	-	-	-	(255,175)
Interest income	132	-	-	-	132
Unrealized gain on convertible loan	-	-	202,742		202,742
Depreciation and amortization	(11,189)	(2,578)	(93,463)	-	(107,230)
Stock-based compensation	(17,544)	-	-	-	(17,544)
Gain on lease liability		211,105			211,105
Lease interest	(539)	(2,255)	(14,096)	-	(16,890)
Net loss from continuing operations	(284,315)	178,807	(156,650)	-	(262,158)
Reportable segment assets	1,968,137	286,997	4,003,142	-	6,258,276
Reportable segmented liabilities	162,534	525,235	4,833,107	8,878	5,529,754

(Unaudited - Expressed in Canadian Dollars)

30. SEGMENTED INFORMATION (continued)

July 31, 2020	Corporate and development $	Development and deployment of extraction equipment, technology and services $	Sale of Disposable Vaporizer pens $	Delivery $	Sale of automation on control solution equipment $	Total $
Revenue	-	-	-	2,067,340	-	2,067,340
Gross margin	-	-	-	771,059	-	771,059
Research and development expenses net of credits and grants	(331,576)	(1,423)	-	-	-	(332,999)
Selling, general and administrative expenses	-	(125,327)	(786)	(630,422)	-	(756,535)
Segment income (loss) from operating activities before corporate expenses	(331,576)	(126,750)	(786)	140,637	-	(318,475)
Unallocated costs:						
Acquisition fees	(366,041)	-	-	-	-	(366,041)
Impairment of inventory	-	(15,629)	-	-	-	(15,629)
Depreciation and amortization	(13,653)	(52,276)	-	(86,417)	-	(152,346)
Stock-based compensation	(257,058)	-	-	-	-	(257,058)
Other income	-	-	-	-	-	-
Interest income	4,498	-	-	-	-	4,498
Unrealized loss on convertible loan	-	-	-	119,607	-	119,607
Lease interest	(1,199)	(13,670)	-	(22,221)	-	(37,090)
Net income (loss) from continuing operations	(965,029)	(208,325)	(786)	151,606	-	(1,022,534)
Reportable segment assets	5,556,564	1,298,127	17,808	3,730,283	-	10,602,782
Reportable segmented liabilities	701,231	1,092,004	1,767	4,536,682	7,201	6,338,885

31. SUBSIDIARY WITH SIGNIFICANT NON-CONTROLLING INTEREST

The financial information of PED, WCE's only subsidiary that has a material non-controlling interest is provided below. As at July 31, 2021, WCE has 25.32% (April 30, 2021 – 25.32%) economic interest in PED and non-controlling stockholders have 74.68% in PED (April 30, 2021 – 74.68%). Voting interest of WCE in PED remains at 80%.

Summary of PED's financial information	July 31, 2021 $	April 30, 2021 $
Current assets	**2,614,377**	2,953,711
Noncurrent assets	**1,536,916**	1,626,185
Current liabilities	**4,194,510**	3,486,772
Noncurrent liabilities	**638,597**	654,131
Revenue	**2,567,561**	9,642,757
Net loss	**(156,650)**	(329,600)

(Unaudited - Expressed in Canadian Dollars)

31. SUBSIDIARY WITH SIGNIFICANT NON-CONTROLLING INTEREST (continued)

The table below summarizes the movements in NCI:

	July 31, 2021 **$**	April 30, 2021 $
Beginning balance	**5,184,124**	5,436,999
Addition (reduction)	**-**	(7,604)
Net loss	**(116,987)**	(245,271)
Dividends	**-**	-
Ending balance	**5,067,137**	5,184,124

32. COMMITMENTS AND CONTINGENCIES

(a) **Occupancy Lease Agreements**

On January 8, 2021, PED entered into a two-year lease agreement for 2,518 sq. ft premises and 300 sq. ft common area facility in Toronto, Ontario commencing on February 1, 2021 and ending January 31, 2023. The monthly lease payment is $3,100.

(b) **Contingent Liability**

The Company's subsidiary, Soma Labs, had an outstanding employment claim. At this time the outcome is unknown, and no amount has been accrued with respect to this claim.

33. SUBSEQUENT EVENTS

Subsequent to July 31, 2021:

390,000 stock options were cancelled.

The Company, through its subsidiary, PED, entered into a factoring and general security agreement with an arm's length party (the "Buyer") whereby, PED wishes to sell, factor, and irrevocably assign certain acceptable accounts receivable ("Accounts") from time to time at 95% of the face value of each Account. The Buyer will withhold from the purchase price of each Account a reserve (the "Reserve") in the amount equal to 20% of the face value of such Account. Upon the Buyer receiving full payment of the Account, the Buyer will pay PED the amount of the Reserve.

The Company incorporated a 100% wholly owned subsidiary, 1323194 B.C. Ltd., to serve as a holding company for new business ventures of WCE.