Mezzi Holdings Inc.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS
ENDED OCTOBER 31, 2017

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDIT OR REVIEW OF
CONDENSED INTERIM 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 condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

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

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

Mezzi Holdings Inc.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)
AS AT

	October 31, 2017	April 30, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 204,903	$ 14,886
Marketable securities	30,000	-
Amounts receivable (Note 4)	69,463	14,133
Prepaid expenses	39,505	50,538
Inventory (Note 5)	73,727	81,402
Total current assets	417,598	160,959
Non-current assets		
Furniture and equipment (Note 6)	7,643	8,303
Intangible assets (Note 7)	1,320,405	1,322,806
Goodwill (Note 8)	251,125	34,355
Total non-current assets	1,579,173	1,365,464
Total assets	$ 1,996,771	$ 1,526,423
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 9 and 13)	$ 233,483	$ 313,487
Loans payable (Note 10)	4,000	65,474
Total current liabilities	237,483	378,961
Non-current liabilities		
Contingent consideration	11,320	11,320
Total liabilities	248,803	390,281
Equity		
Share capital (Note 11)	11,654,167	10,636,278
Reserves	597,766	598,755
Deficit	(10,570,450)	(10,098,891)
	1,681,483	1,136142
Non-Controlling Interest (Note 8)	66,485	-
	1,747,968	1,136,142
Total liabilities and equity	$ 1,996,771	$ 1,526,423

Commitment (Note 16)
Subsequent events (Note 17)

Approved and authorized on behalf of the Board:

"Keir Reynolds", Director *"Ed Low"*, Director

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

Mezzi Holdings Inc.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended October 31, 2017	Three months ended October 31, 2016	Six months ended October 31, 2017	Six months ended October 31, 2016
SALES	$ 30,050	$ 418,020	$ 54,787	$ 483,821
COST OF SALES	(2,499)	(65,188)	(7,608)	(114,336)
	27,551	352,832	47,179	369,485
EXPENSES				
Amortization	165	19,774	3,060	40,295
Consulting	128,466	381,155	225,709	490,864
Interest expense	(496)	2,182	1,191	5,757
Management fees (Note 13)	16,000	118,500	52,000	148,500
Marketing	-	306,540	2,220	389,742
Office and miscellaneous	(18,381)	42,245	32,208	86,074
Professional fees (Note 13)	23,218	113,700	43,794	149,046
Salaries	11,795	51,725	29,177	134,880
Shareholder communication	88,837	105,747	113,696	105,747
Share-based payments (Notes 11 and 13)	2,042	113,560	106,805	272,373
Transfer agent and regulatory fees	24,807	14,871	28,615	21,121
Travel and accommodation	(1,424)	2,309	3,885	61,540
	(275,029)	(1,272,308)	(642,360)	(1,905,939)
OTHER ITEMS				
Consulting and management service income	10,000	-	29,048	-
Foreign exchange gain (loss)	3,462	(327)	3,407	(4,900)
Gain on sale of investment	-	-	145,422	-
Product development costs	-	(920)	-	(2,473)
Total other items	13,462	(1,247)	177,877	(7,373)
Loss for the period	$ (234,016)	$ (920,723)	$ (417,304)	$ (1,543,827)
Attributed to				
Equity holders of the Company	(247,797)	$ (920,723)	(471,559)	(1,543,827)
Non-controlling interest	13,781	-	54,255	-
	$ (234,016)	$ (920,723)	(417,304)	(1,543,827)
Basic and diluted loss per common share	$ (0.02)	$ (0.19)	$ (0.03)	$ (0.32)
OTHER COMPREHENSIVE INCOME (LOSS)				
Currency translation adjustment	$ (311)	$ -	$ (989)	$ 3,867
Comprehensive loss for the period	$ (234,327)	$ (920,723)	$ (418,293)	$ (1,540,960)
Weighted average number of common shares outstanding			15,311,549	4,775,005

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

Mezzi Holdings Inc.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended October 31, 2017	Three months ended October 31, 2016	Six months ended October 31, 2017	Six months ended October 31, 2016
CASH FLOW FROM OPERATING ACTIVITIES				
Loss for the period	$ (234,016)	$ (920,723)	$ (417,304)	$ (1,543,827)
Items not affecting cash:				
Accrued interest	-	2,202	-	5,777
Amortization	165	19,773	3,060	40,295
Foreign exchange	-	-	-	4,573
Shares issued for debt settlement	-	293,500	-	293,500
Shares issued for loan	-	-	-	13,333
Shares issued for marketing services	-	44,000	-	44,000
Gain on sale of investment	-	-	(145,422)	-
Share-based payments	2,042	113,560	106,805	259,040
Changes in non-cash working capital items:				
Amounts receivable	(26,437)	(259,206)	(55,330)	(257,657)
Prepaid expenses	70,484	1,007	11,033	33,947
Inventory	1,418	1,784	7,675	(42,001)
Accounts payable and accrued liabilities	87	(16,387)	(79,504)	19,055
Deferred income	(10,000)	-	-	-
Net cash used in operating activities	(196,258)	(720,489)	(568,987)	(1,129,965)
CASH FLOW FROM INVESTING ACTIVITIES				
Marketable securities	-	-	(30,000)	-
Net cash on acquisition of subsidiary	-	-	33,734	-
Proceeds from sale of investment	(36,314)	-	134,607	-
Net cash used in investing activities	(36,314)	-	138,341	-
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from private placement	525,000	927,400	525,000	927,400
Proceeds from exercise of warrants	-	24,000	-	200,000
Proceeds from exercise of stock options	-	15,300	205,000	61,200
Share issuance costs	(46,874)	(43,672)	(46,874)	(43,672)
Subscriptions received	-	(291,500)	-	-
Loans received	-	-	4,000	75,000
Loans paid	(65,474)	(78,211)	(65,474)	(78,211)
Net cash provided by financing activities	412,652	553,317	621,652	1,141,717
Effects of translation	(311)	-	(989)	3,867
Change in cash and cash equivalents for the period	179,769	(167,172)	190,017	15,619
Cash and cash equivalents, beginning of period	25,134	262,496	14,886	79,705
Cash and cash equivalents, end of period	$ 204,903	$ 95,324	$ 204,903	$ 95,324
Cash received during the period for interest	$ -	$ -	$ -	$ -
Cash paid during the period for taxes	$ -	$ -	$ -	$ -

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

Mezzi Holdings Inc.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Share Capital					
	Common Shares	Amount	Reserves	Non-Controlling Interest	Deficit	Total Equity
Balance, April 30, 2016	4,899,365	$ 7,573,688	$ 634,160		$ (6,693,501)	$ 1,514,347
Shares issued for loans	33,333	13,332	-		-	13,333
Shares issued for marketing services	40,000	44,000	-			44,000
Exercise of warrants	250,000	225,000	(25,000)		-	200,000
Exercise of options	68,000	108,307	(47,107)		-	61,200
Shares issued for private placement	1,220,900	1,220,900	-			1,220,900
Share issuance costs	-	(58,242)	14,570			(43,672)
Share based payments	-	-	259,040		-	145,480
Currency translation adjustment	-	-	3,867		-	3,867
Loss for the period	-	-	-		(1,543,827)	(1,543,827)
Balance, October 31, 2016	6,511,598	$ 9,126,986	$ 839,530	-	$ (8,237,328)	$ 1,729,188
Balance, April 30, 2017	8,098,098	$ 10,636,278	$ 598,755	-	$ (10,098,891)	$ 1,136,142
Shares issued for the acquisition of Mekenix (Note 8)	765,000	229,500	-	12,230	-	241,730
Exercise of options	410,000	310,263	(104,763)		-	205,500
Shares issued for private placement	7,000,000	525,000	-	-	-	525,000
Share issuance costs	-	(46,874)				(46,874)
Share-based payments	-	-	104,763		-	104,763
Currency translation adjustment	-	-	(989)		-	(989)
Loss for the period	-	-	-	54,255	(471,559)	(417,304)
Balance, October 31, 2017	16,273,098	$ 11,654,167	$ 597,766	66,485	$ (10,570,450)	$ 1,747,968

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

1. CORPORATE INFORMATION AND GOING CONCERN

Mezzi Holdings Inc. ("Mezzi" or the "Company") is a publicly listed company incorporated on April 16, 2006 under the *Business Corporations Act* (British Columbia) and is engaged in the sale and distribution of luxury accessories. The Company's shares are listed on the TSX Venture ("TSX-V") under the symbol "MZI". The corporate office is located at 1001 – 1185 West Georgia Street, Vancouver, BC, V6E 4E6.

These unaudited condensed interim consolidated financial statements of the Company as at and for the three and six month periods ended October 31, 2017 comprise of the Company and its US subsidiaries. They have been prepared assuming the Company will continue on a going-concern basis.

The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to raise adequate financing through the capital markets. During the three and six month period ended October 31, 2017, the Company incurred losses of $(234,016) and $(417,304) respectively, compared to losses of $(900,723) and $(1,543,827) for the three and six month comparative period ending October 31, 2016. The Company had an accumulated deficit of $(10,570,450) as at October 31, 2017 (April 30, 2017 - $(10,098,891)). The Company has not generated significant cash inflows from operations. These conditions cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate profitability and positive cash flow. These unaudited condensed interim consolidated financial statements do not give effect to the adjustments that would be necessary should the Company be unable to continue as a going concern and to realize its assets and liquidate its liabilities and commitments at amounts different from those in the accompanying consolidated financial statements.

On August 17, 2017, the Company consolidated its share capital on a ten to one basis. These statements reflect the share consolidation retroactively.

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements were prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting and as such they do not include all of the information required for full annual financial statements.

These consolidated financial statements were authorized for issue by the Board of Directors on December 21, 2017.

Basis of presentation

These unaudited interim consolidated financial statements have been prepared on a historical cost basis. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Significant accounting judgments and critical accounting estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of polices and reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year; actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates appears throughout these unaudited condensed interim consolidated financial statements and may require adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other relevant factors and were reasonable under the circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed interim consolidated financial statements are set out below. These policies have been applied consistently by the Company and its subsidiaries to all periods presented and during the most recent fiscal year. Please refer to the audited consolidated financial statements for the year ended April 30, 2017 for a complete summary of significant accounting policies.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its' wholly owned subsidiaries, 8918627 Canada Ltd., a company incorporated in the province of British Columbia, which holds the Mezzi trademark and Capital Eyewear Inc., a company incorporated in the state of Delaware and Mekenix Commerce Inc., a Santa Monica, CA based e-commerce sales firm

A subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All intercompany transactions and balances have been eliminated.

New accounting pronouncements

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company's consolidated financial statements. The Company plans to adopt these standards as soon as they become effective for the Company's reporting year.

i) New Disclosure Initiative (Amendments to IAS 7 *Statement of Cash Flows*)

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, and are effective for annual periods beginning on or after January 1, 2017.

ii) IFRS 15 *Revenue from Contracts with Customers*

This new standard establishes a comprehensive framework for the recognition, measurement and disclosure of revenue replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue — Barter Transactions Involving Advertising Services*.

The main features introduced by this new standard compared with predecessor IFRS are as follows:
Revenue is recognized based on a five-step model:

1. Identify the contract with customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognize revenue when (or as) the performance obligations are satisfied.

New disclosure requirements on information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The new standard is effective for annual periods beginning on or after January 1, 2018.

iii) Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 *Share-based Payment*)

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

New accounting pronouncements (continued):

i) Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 *Share-based Payment*) (cont'd)

The amendments provide guidance on the accounting for:
the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;

- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The new standard is effective for annual periods beginning on or after January 1, 2018.

ii) IFRS 16 *Leases*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The new standard is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers*.

There are no other IFRS or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

4. AMOUNTS RECEIVABLE

	October 31, 2017	April 30, 2017
Trade and other receivables	$ 61,215	$ 4,738
GST receivable	8,248	9,395
Total	$ 69,463	$ 14,133

5. INVENTORY

	October 31, 2017	April 30, 2017
Finished goods	$ 73,727	$ 81,402

6. FURNITURE AND EQUIPMENT

	Computer Hardware	Furniture and Equipment	Total
Cost			
Balance, April 30, 2016	$ -	$ -	$ -
Additions	5,324	91,485	96,809
Disposals	-	(54,243)	(54,243)
Balance, April 30, 2017 and October 31, 2017	$ 5,324	$ 37,242	$ 42,566
Accumulated amortization			
Balance, April 30, 2016	$ 799	$ 30,823	$ 31,622
Amortization	1,357	1,284	2,641
Balance, April 30, 2017	2,156	32,107	34,263
Amortization	340	320	660
Balance, October 31, 2017	$ 2,496	$ 32,427	$ 34,923
Carrying amounts			
As at April 30, 2017	$ 3,168	$ 5,135	$ 8,303
As at October 31, 2017	$ 2,828	$ 4,815	$ 7,643

(Expressed in Canadian Dollars)

7. INTANGIBLE ASSETS

Intangible assets consist of the following:

	Mezzi trademark	Capital Eyewear brand	Software, website, and mobile app	Total
Cost				
Balance, April 30, 2016	$ 1,258,319	$ -	$ 88,049	$ 1,346,368
Additions	-	62,086	51,750	113,836
Balance, April 30 and October 31, 2017	$ 1,258,319	$ 62,086	$ 139,799	$ 1,460,204
Accumulated amortization				
Balance, April 30, 2016	$ -	$ -	$ 63,393	$ 63,393
Amortization	-	-	74,005	74,005
Balance, April 30, 2017	-	-	137,398	137,398
Amortization	-	-	2,401	2,401
Balance, July 31, 2017	$ -	$ -	$ 139,799	$ 139,799
Carrying amounts				
As at April 30, 2017	$ 1,258,319	$ 62,086	$ -	$ 1,322,806
As at October 31, 2017	$ 1,258,319	$ 62,086	$ -	$ 1,320,405

8. MEKENIX

On May 1, 2017, the Company completed the acquisition of a majority stake of Mekenix Commerce Inc. ("Mekenix"). Mekenix is a Santa Monica, CA based e-commerce sales firm that partners with compelling brands to manage and execute their e-commerce sales channels. Pursuant to the transaction, the Company issued 765,000 common shares in exchange for a 51% ownership stake in Mekenix.

The acquisition of Mekenix was accounted for as a business combination under IFRS 3 *Business Combinations*. The assets acquired on May 1, 2017 are consolidated in the consolidated statements of financial position from May 1, 2017. Mekenix's revenues and expenses prior to that date are not consolidated into the Company's consolidated statements of loss and comprehensive loss.

The total purchase price was allocated as follows:	
Cash	$ 33,734
Amounts receivable	25,000
Assumption of payables	(33,774)
Non-controlling interest	(12,230)
Goodwill	216,770
	$229,500

The total purchase price of $229,500 is comprised of:	
Issuance of 765,000 common shares of Mezzi	$ 229,500

(Expressed in Canadian Dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		October 31, 2017		April 30, 2017
Trade payables and accrued liabilities	$	173,667	$	262,187
Due to related parties (Note 13)		60,316		51,300
Total	$	233,983	$	313,487

10. LOANS PAYABLE

Loans payable are as follows:

		October 31, 2017		April 30, 2017
Loans payable (Note 13)	$	4,000	$	65,474

i) During the six month period ended October 31, 2017, the Company received a non-interest-bearing loan of $4,000 (2017 - $nil) from the CEO. The loan has no fixed term of repayment and is due on demand.

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital:

Unlimited number of voting common shares without par value
Unlimited number of preferred shares without par value

b) Issued share capital

As at October 31, 2017, the Company had 16,273,098 common shares issued and outstanding (April 30, 2017 – 8,098,090).

During the three month period ended October 31, 2017, the Company closed a private placement for 7,000,000 units at a price of $0.075 per unit for total gross proceeds of $525,000. Each unit consists of one common share of the Company and one share purchase warrant. In connection with the private placement, the Company incurred share issuance costs of $46,874.

c) Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (continued):

c) Stock options (continued):

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the three and six month periods ended October 31, 2017

	2017	2016
Risk-free interest rate	0.94%	0.57%
Expected life of options	5 years	5 years
Annualized volatility	140%	106.52%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

Stock option transactions and the number of share options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2016	282,500	$ 2.20
Granted	1,788,500	0.60
Cancelled	(151,500)	1.70
Exercised	(1,594,500)	0.60
Balance, April 30, 2017	325,000	1.62
Granted	410,000	0.50
Exercised	(410,000)	0.50
Balance, October 31, 2017	325,000	$ 1.62
Number of options currently exercisable	325,000	$ 1.62

As at October 31, 2017, the following stock options were outstanding and exercisable:

Number of options	Exercise Price	Expiry Date
38,500	$ 2.50	May 23, 2019
31,500	$ 2.50	August 27, 2019
5,000	$ 2.50	October 16, 2019
105,000	$ 2.00	September 21, 2020
77,500	$ 0.90	June 10, 2021
37,500	$ 0.90	October 17, 2021
30,000	$ 0.90	December 6, 2021
325,000		

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (continued):

d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2016	838,790	$ 1.40
Granted	1,264,572	1.50
Exercised	(250,000)	0.80
Balance, April 30, 2017 and July 31, 2017	1,853,362	$ 1.38
Granted	7,391,622	0.10
Expired	(1,547,762)	1.50
Balance, October 31, 2017	7,697,222	$ 0.16

As at April 30, 2017, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
305,600	$ 0.80	February 19, 2018
391,622	$ 0.10	August 15, 2019
7,000,000	$ 0.10	August 15, 2019
7,697,222	-	

e) Escrow shares

During the three month period ended October 31, 2017, 91,811 common shares were released from escrow. As at October 31, 2017, the Company had nil shares held in escrow (April 30, 2017 – 91,875).

12. FINANCIAL INSTRUMENTS AND RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liabilities either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company's primary financial instruments are classified as follows:

12. FINANCIAL INSTRUMENTS AND RISK (continued):

Financial instruments	Classifications
Cash and cash equivalents	FVTPL
Amounts receivable	LAR
Accounts payable and accrued liabilities	OFL
Contingent consideration	FVTPL

We have measured Contingent consideration at Level 3 in the fair value hierarchy. We have used the discounted cash flow method, applying an after-tax discount rate of 20%, to capture the present value of the expected future economic benefits that will flow out of the Company arising from the contingent consideration.

The fair value of these assets and liabilities approximates their respective carrying amounts due to their short-term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will cause a financial loss to the Company by failing to meet its obligations. The Company's financial instruments that are exposed to concentrations of credit risk are primarily cash and cash equivalents and amounts receivable. The Company limits its exposure to credit risk with respect to cash and cash equivalents by holding it with major Canadian financial institutions. As at October 31, 2017, cash and cash equivalents are comprised of $11,500 (April 30, 2017 - $11,500) held in an investment account with cash available on demand and $193,403 (April 30, 2017 - $3,386) in various business accounts held in a major Canadian financial institution. The Company's amounts receivable consists primarily of trade receivables and GST receivables and are not subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2017, the Company had a cash and cash equivalents balance of $204,903 (April 30, 2017 - $14,886) to settle current liabilities of $237,483 (April 30, 2017 - $378,961). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand, and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity and equity prices.

a) Interest rate risk

The Company has cash and cash equivalent balances and no interest-bearing debt. The Company is satisfied with the credit ratings of its banks. As of October 31, 2017, the Company did not hold any investments. The Company believes it has no significant interest rate risk.

b) Foreign currency risk

As at October 31, 2017, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. As at October 31, 2017, the Company had insignificant financial instruments in a foreign currency. The foreign currency risk is not significant.

(Expressed in Canadian Dollars)

13. RELATED PARTY BALANCES AND TRANSACTIONS

The Company has determined that key management personnel consists of the Company's Board of Directors and its corporate officers. During the six month period ended October 31, 2017, the Company incurred the following amounts charged by directors and officers and companies controlled and/or owned by directors and officers of the Company:

	Nature of transactions	Three Months Ended October 31, 2017	Six Months Ended October 31, 2016
Key management personnel - Current:			
A company controlled by the CEO	Management	$ 52,000	$ 136,500
A company controlled by the former CFO	Management	6,000	12,000
A firm of which the CFO is a former partner	Professional	-	120,000
Directors and Officers of the Company	Share-based payments	-	217,199
Total		$ 58,000	$ 485,699

As at October 31, 2017, the CEO had loaned the Company $4,000 (April 30, 2017 - $Nil). The loan is unsecured and non-interest bearing with no specific terms of repayment.

The amounts due to other related parties and key management personnel included in accounts payable and accrued liabilities are as follows:

	October 31, 2017	April 30, 2017
Due to a firm of which the CFO is a former partner	$ 59,700	$ 51,300
Due to company controlled by the CEO	39,316	-
Total	$ 99,016	$ 43,520

14. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital, which comprises all components of equity (i.e., share capital, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

No changes were made to capital management during the six month period ended October 31, 2017.

15. SEGMENTED INFORMATION

The Company has three operating segments, the sale and distribution of luxury leather goods, premium luggage and cases and hand-made eyewear, with its non-current assets and operations located in North America. The luxury leather goods segment falls under Mezzi, while the hand-made eyewear segment falls under Capital Eyewear.

(Expressed in Canadian Dollars)

15. SEGMENTED INFORMATION (continued):

The Company's segmented information for the six month period ended October 31, 2017 is as follows:

	Mezzi Luxury leather goods	**Capital Eyewear** Eyewear	**Total**
Sales	$ 50,372	$ 4,415	$ 54,787
Cost of sales	(6,570)	(1,038)	(7,608)
Gross profit	$ 43,802	$ 3,377	$ 47,179

16. COMMITMENT

During the year ended April 30, 2016, the Company entered into a sublease agreement for premises expiring on September 29, 2018. Lease commitments are $6,124 per month.

17. SUBSEQUENT EVENTS

Subsequent to the period ended October 31, 2017, the Company announced that it intended to complete a non-brokered private placement to raise up to $3,000,000 through the distribution of 15 million units of the Company at a price of $0.20 per unit. Each unit will comprise one common share ("Shares") and one-half of one share purchase warrant ("Warrants"), each whole Warrant entitling the holder to acquire one additional Share at $0.35 for a period of 12 months. The Warrants will include an acceleration clause to the effect that if at any time after four months following the issuance of the Warrants, the closing trading price of the Shares on the TSX Venture Exchange (the "Exchange") is greater than $0.50 per Share for a period of ten consecutive trading days, then the Company may give notice to the holders of Warrants of its intention to shorten the exercise term of the Warrants, following which the holders thereof will have a period of not less than 30 days to exercise the Warrants, failing which the Warrants will automatically expire.

The net proceeds of the private placement will be used by the Company for working capital purposes and to investigate business opportunities or investments which pertain to or enhance the Company's core business. Closing of the private placement is subject to receipt of all necessary regulatory approvals, including approval of the Exchange. Finders' fees may be paid in connection with the offering.