Spyder Cannabis Inc.

Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended July 31, 2021 and 2020
(Unaudited - Expressed in Canadian Dollars)

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Spyder Cannabis Inc.

Condensed Interim Consolidated Statements of Financial Position
As at July 31, 2021 and January 31, 2021
(Unaudited - Expressed in Canadian Dollars)

	July 31, 2021	January 31, 2021
	$	$
ASSETS		
Current		
Cash	**756,107**	298,256
Accounts receivable	**557,174**	-
Inventory *(Note 7)*	**1,424,609**	171,300
Prepaid expenses	**275,078**	73,584
Total current assets	**3,012,968**	543,140
Non-current assets		
Property and equipment *(Note 8)*	**1,104,064**	219,153
Right-of-use assets *(Note 9)*	**5,224,671**	469,976
Intangible assets *(Note 10)*	**450,889**	-
Goodwill *(Note 6)*	**9,573,313**	-
Total non-current assets	**16,352,937**	689,129
Total assets	**19,365,905**	1,232,269
LIABILITIES AND EQUITY		
Current		
Trade and other payable	**1,629,042**	745,811
Harmonized sales tax payable	**160,893**	-
Current portion of lease liabilities *(Note 16)*	**987,231**	57,569
Loans payable - current *(Note 13)*	**535,489**	925,567
Contract liability - current *(Note 11)*	**90,709**	-
Promissory note *(Note 12)*	**11,129,172**	-
Total current liabilities	**14,532,536**	1,728,947
Non-current liabilities		
Lease liabilities *(Note 16)*	**5,215,746**	552,306
Contract liability *(Note 11)*	**209,768**	-
Government loan *(Note 14)*	**168,894**	159,119
Loans payable *(Note 13)*	**-**	20,147
Total non-current liabilities	**5,594,408**	731,572
Total liabilities	**20,126,944**	2,460,519
SHAREHOLDERS' DEFICIENCY		
Share capital *(Note 17)*	**4,528,481**	2,929,776
Warrants	**99,398**	99,398
Contributed surplus	**279,883**	392,631
Deficit	**(5,668,801)**	(4,650,055)
Total shareholders' deficiency	**(761,039)**	(1,228,250)
Total liabilities and shareholders' deficiency	**19,365,905**	1,232,269

Nature of Operations and Going Concern *(Note 1)*
Commitments *(Note 26)*

Approved on behalf of the Board of Directors:

(signed) "Mark Pelchovitz", Director   (signed) "Steven Glaser", Director

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

Spyder Cannabis Inc.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the Three and Six Months Ended July 31, 2021 and 2020
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended July 31, 2021	Three Months Ended July 31, 2020	**Six Months Ended July 31, 2021**	Six Months Ended July 31, 2020
	$	$	**$**	$
Revenue	**4,731,417**	34,259	**6,756,355**	107,461
Cost of goods sold	**2,683,982**	17,020	**3,884,609**	60,339
Gross profit	**2,047,435**	17,239	**2,871,746**	47,122
Expenses				
General and administration expenses *(Note 20)*	**2,749,467**	355,788	**3,726,407**	684,355
Finance charges *(Note 21)*	**240,946**	51,957	**351,973**	99,253
Total expenses	**2,990,413**	407,745	**4,078,380**	783,608
Loss before other income	**(942,978)**	(390,506)	**(1,206,634)**	(736,486)
Other income	**141,702**	-	**187,888**	-
Net loss and comprehensive loss	**(801,276)**	(390,506)	**(1,018,746)**	(736,486)
Loss per share - basic and diluted	**(0.06)**	(0.05)	**(0.08)**	(0.09)
Weighted average number of shares outstanding - basic and diluted	**14,657,549**	8,459,143	**13,125,786**	8,459,143

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

Spyder Cannabis Inc.

Condensed Interim Consolidated Statements of Changes in Equity
For the Three and Six Months Ended July 31, 2021 and 2020
(Unaudited - Expressed in Canadian Dollars)

	Share Capital	Reserves	Deficit	Shareholders' Deficiency
	$	$	$	$
Balance, January 31, 2020	**2,736,176**	**492,029**	**(3,340,437)**	**(112,232)**
Net loss for the period	-	-	(345,980)	(345,980)
Shares issued	8,330	-	-	8,330
Balance, July 31, 2020	**2,744,506**	**492,029**	**(3,686,417)**	**(449,882)**
Balance, January 31, 2021	**2,929,776**	**492,029**	**(4,650,055)**	**(1,228,250)**
Common shares issued for private placement	1,000,000	-	-	1,000,000
Share issuance costs	(39,115)	-	-	(39,115)
Common shares issued for settlement of debt	299,000	-	-	299,000
Common shares issued for exercise of stock options	41,820	(24,270)	-	17,550
Common shares issued for exercise of stock options	297,000	(197,000)	-	100,000
Issuance of options	-	108,522	-	108,522
Net loss for the period	-	-	(1,018,746)	(1,018,746)
Balance, July 31, 2021	**4,528,481**	**379,281**	**(5,668,801)**	**(761,039)**

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

Spyder Cannabis Inc.

Condensed Interim Consolidated Statements of Cash Flows
For the Six Months Ended July 31, 2021 and 2020
(Unaudited - Expressed in Canadian Dollars)

	2021 $	2020 $
Cash was provided by (used) in the following activities:		
Operating activities		
Net loss for the period	**(1,018,746)**	(736,486)
Items not requiring an outlay of cash:		
Amortization	**20,362**	-
Depreciation	**95,474**	93,983
Depreciation of right-of-use assets	**395,705**	94,724
Interest on lease liabilities	**279,780**	51,914
Stock-based compensation	**108,522**	-
Impairment of right-of-use assets	**43,392**	-
Accretion	**9,609**	-
Change in non-cash working capital:		
Sales tax receivable	**160,893**	28,474
Accounts receivable	**(188,447)**	-
Inventory	**26,426**	1,648
Prepaid expenses	**(25,351)**	(171,555)
Contract liability	**39,175**	-
Trade and other payables	**60,370**	386,184
Cash flows provided by (used in) operating activities	**7,164**	(251,114)
Financing Activities		
Loans payable	**(48,641)**	396,506
Proceeds from private placement	**960,885**	8,330
Proceeds from exercise of stock options	**117,550**	-
Lease payments	**(563,248)**	(115,625)
Cash flows provided by financing activities	**466,546**	289,211
Investing Activities		
Purchase of property and equipment	**(28,482)**	(45,447)
Proceeds from dispostion of property and equipment	**12,623**	-
Cash flows used in investing activities	**(15,859)**	(45,447)
Increase (decrease) in cash during the period	**457,851**	(7,350)
Cash, beginning of period	**298,256**	127,980
Cash, end of period	**756,107**	120,630

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

1. Nature of Operations and Going Concern

Spyder Cannabis Inc. (formerly, Anchor Capital Corporation) ("Spyder" or the "Company") was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on February 20, 2014. The Company's common shares are currently listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "SPDR". The Company is an established cannabis and vape retailer that sells cannabis products, vape and nicotine-related products, herbal vaporizers, other smoking cessation products and accessories where regulations permit. The Company's retail locations are currently located in the provinces of Ontario and Alberta and operate under the SPDR Cannabis, Spyder Vapes and 180 Smoke retail platforms. The Company's corporate and registered office is 7600 Weston Road, Unit 51, Woodbridge, Ontario, L4L 8B7.

Reverse Takeover

On May 31, 2019, the Company completed the acquisition of Spyder Vapes Inc. ("Spyder Vapes"), a privately held company incorporated on August 18, 2014. The Company acquired all of the issued and outstanding common shares of Spyder Vapes through a reverse takeover transaction (the "RTO"), which was affected pursuant to a merger agreement between Anchor Capital Corporation and Spyder Vapes Inc. As part of the RTO, 11304372 Canada Inc. ("Acquisition Co"), was formed as a wholly-owned subsidiary of the Company solely for the purpose of facilitating the three-cornered amalgamation (the "Amalgamation") in connection with the RTO. Pursuant to the Amalgamation, the Company purchased all of the issued and outstanding common shares of Spyder Vapes on the basis of one fifth (1/5) common shares in the capital of the Company for each issued and outstanding common share of Spyder Vapes immediately prior to the Amalgamation. In addition, the Company, as the resulting issuer, also changed its name from "Anchor Capital Corporation" to "Spyder Cannabis Inc."

Upon closing of the Amalgamation, the Company issued 8,005,066 common shares of the Company, warrants for the purchase of 275,966 common shares of the Company and options for the purchase of 770,280 common shares of the Company. Furthermore, following the closing of the Amalgamation, (i) the former shareholders of Spyder Vapes owned approximately 88.7% of the issued and outstanding common shares of the Company, and (ii) the principals of Spyder Vapes collectively held 2,528,997 common shares and options for the purchase of 280,000 common shares of the Company.

Going Concern and Impact of COVID-19

In March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", was declared a pandemic by the World Health Organization, resulting in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

In accordance with Canadian, provincial and local government guidelines, the Company has experienced intermittent government-mandated closures of its retail stores, as well as capacity restrictions that has significantly impacted the operations and financial performance of the Company. The Company has continued to operate its retail locations and e-commerce platforms with strict cleaning protocols and social distancing measures in place, successfully generating substantial online sales growth that has partially offset the impact of retail store closures, constraints and in-store traffic declines.

1. Nature of Operations and Going Concern (continued)

Going Concern and Impact of COVID-19 (continued)

As a result of the significant negative impacts that COVID-19 has had on the global economy, consumer confidence and the retail operating environment, the Company's consolidated financial results for the six months ended July 31, 2021 have been materially impacted. Since March 2020, the Company has implemented many strategies to reduce costs and manage liquidity to overcome the negative impacts of the pandemic, including but not limited to the following:

- Reduced selling, general and administrative costs, capital expenditures and other discretionary spending;
- Realized on personnel cost savings related to temporary layoffs as a result of store closures, temporary reductions in compensation and other hiring and salary freezes, where applicable;
- Worked with landlords to abate or defer a significant portion of retail store rents during retail shut downs or subsequent periods; and
- Evaluated, qualified and applied for applicable government relief programs.

Management recognizes that while it has implemented an action plan to best navigate the impacts of COVID-19 on the Company's business, there is still uncertainty with respect to the duration and extent to which the pandemic may adversely impact the operations and financial performance of the Company. The Company expects to have access to certain relief loans and other forms of support available to businesses impacted by COVID-19, however, to the extent that the pandemic continues, or further public restrictions are imposed by applicable governmental authorities, the degree to which the Company's operations and financial performance could be affected may further become impacted.

Going Concern

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the six months ended July 31, 2021, the Company incurred a net loss of $1,018,746 (July 31, 2020 - $736,486) and had an accumulated deficit of $5,668,801 (January 31, 2021 - $4,650,055) as at July 31, 2021. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. As a result, within the next twelve months, the Company will need to generate positive cash flows from operations, and/or obtain additional equity or debt financing in order to meet its liabilities as they come due and to continue with its business activities. These consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities that would be necessary if the Company were unable to continue its operations. Accordingly, these consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

2. Basis of Preparation

a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in conformity with International Accounting Standards ("IAS") 34 – *Interim Financial Reporting* and do not include all information required for full annual consolidated financial statements in accordance with IFRS and should be read in conjunction with the audited consolidated financial statements for the year ended January 31, 2021. These condensed interim consolidated financial statements of the Company and its subsidiaries were prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee ("IFRIC").

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on September 29, 2021.

b) Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for cash, which is measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Functional and Presentation Currency

These condensed interim consolidated financial statements are presented in Canadian Dollars, which is the functional currency of the Company and its subsidiaries.

d) Use of Estimates and Judgements

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The fair value of securities traded in active markets are based on quoted market prices at the close of trading on the reporting date.

2. Basis of Preparation (continued)

For public company warrants (i.e. the underlying security of which is traded on a recognized stock exchange), valuation models such as Black-Scholes are used when there are sufficient and reliable observable market inputs. These market inputs include risk-free interest rate, exercise price, market price at date of valuation, expected dividend yield, expected life of the instrument and expected volatility of the underlying security based on historical volatility.

e) Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: 2360149 Ontario Inc. and its wholly-owned subsidiaries: 420 Wellness Inc. and 180 Smoke LLC; 2488004 Ontario Inc.; 180 VFC Inc.; SPDR (USA) Corporation; and Spyder Cannabis Subco Inc. and its wholly-owned subsidiaries: Spyder Vapes Inc., Spyder Vapes (East) Inc., Spyder Vapes (Appleby) Inc., and The Green Spyder Inc. and its wholly-owned subsidiaries: The Green Spyder (Pickering) Inc., The Green Spyder (Lundy's) Inc. and The Green Spyder IP Inc. All inter-company transactions, balances and unrealized gains and losses on transactions between these subsidiaries are eliminated upon consolidation.

3. Significant Accounting Policies

The significant accounting policies applied by the Company are the same as those applied as at and for the year ended January 31, 2021 and are consistently applied to all periods presented except as noted below. They do not include all the information required for full annual financial statements in accordance with IFRS and should be read in conjunction with the audited financial statements for the year ended January 31, 2021.

Business Combinations

Acquisitions have been accounted for using the acquisition method required by *IFRS 3, Business Combinations*. Goodwill arising from acquisitions is measured as the fair value of the consideration transferred less the net recognized amount of the estimated fair value of identifiable assets acquired and liabilities assumed (subject to certain exemptions to fair value measurement principles such as deferred tax assets or liabilities), all measured as of the acquisition date. Transaction costs that are incurred by the Company in connection with a business combination are expensed as incurred (except for costs directly related to the issuance of shares which are recognized in equity). The Company uses its best estimates and assumptions to accurately value assets and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, and these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. On conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in profit and loss.

3. Significant Accounting Policies (continued)

Future Accounting Pronouncements

The accounting pronouncements detailed in this note have been issued but are not yet effective. The Company does not expect the impact of applying these standards to be significant on its condensed interim consolidated financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The International Accounting Standards Board ("IASB") has published *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period";
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

Amendments to IFRS 16, Leases – COVID-19-Related Rent Concessions

In May 2020, the IASB published COVID-19-Related Rent Concessions, which amends IFRS 16, *Leases*, to provide lessees with a practical expedient that relieves lessees from assessing whether a COVID-19-related rent concession is a lease modification. COVID-19-Related Rent Concessions qualify for the practical expedient if there was a decrease in lease consideration, reduction of lease payments that affected payments originally due on or before June 30, 2021, and no substantive changes to other terms and conditions of the lease. The amendment became effective for annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted.

The Company applied the practical expedient for the annual period ending January 31, 2021 and has recorded any eligible change in lease payments resulting from COVID-19-Related Rent Concessions in the consolidated statements of operations and comprehensive loss, at the later of the date on which the rent concession arrangement is executed and the period to which the rent concession relates.

4. Use of Judgements and Estimates

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

4. Use of Judgements and Estimates (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The following are the critical judgements in applying accounting policies and key sources of estimation uncertainty at the end of the reporting year that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates and judgements

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Judgements are used in situations when there is a choice and/or assessment required by management. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used. The significant area of estimation uncertainty and use of judgments are the following:

Inventory valuation

Inventory is carried at the lower of cost and net realizable value; in estimating net realizable value, the Company makes estimates related to obsolescence, future selling prices, seasonality, customer behavior, and fluctuations in inventory levels. The Company records a write-down to reflect management’s best estimate of the net realizable value of inventory based on the above factors.

Income taxes

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

Share-based compensation

Estimating fair value for granted stock options and warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

4. Use of Judgements and Estimates (continued)

Carrying values of tangible assets

The Company assesses the carrying value of its tangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are charged against current net income (loss). Recoverability is dependent upon assumptions and judgements regarding market conditions, costs of operations and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates and future cash flows. A material change in the assumptions may significantly impact the potential impairment of these assets.

Leases

The Company estimates a lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option by assessing relevant factors such as profitability. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment of a lease term is reviewed if a significant event or a significant change in circumstance occurs, which affects this assessment and that is within the control of the lessee. The Company estimates the incremental borrowing rate used to measure our lease liability for each lease contract. This includes estimation in determining the asset-specific security impact.

Deferred tax assets

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Contingencies

Management uses judgement to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgement to assess the likelihood of the occurrence of one or more future events.

Convertible debentures

The calculation of convertible debentures and its equity portion and the accretion expenses on convertible debentures requires estimates of the effective interest rate which is based on the Company's incremental borrowing rate for a loan of similar terms but without the conversion feature. Any changes to the estimate can significantly affect the amortized cost of the convertible debentures, equity portion of the convertible debentures and the accretion expense of the convertible debentures.

5. Reverse Takeover of Spyder Vapes

On May 31, 2019, the Company completed the acquisition of all of the issued and outstanding common shares of Spyder Vapes pursuant to the RTO as disclosed in Note 1. These consolidated financial statements represent a continuation of Spyder Vapes and not those of the Company prior to the completion of the RTO.

The transaction constituted a RTO of the Company as the shareholders of Spyder Vapes obtained control of the Company which did not meet the definition of a business combination pursuant to IFRS 3, *Business Combinations*. As such, the RTO has been accounted for as a share-based transaction under IFRS 2 (“IFRS 2”), *Share-based Payment*. Since Spyder Vapes is the deemed acquirer for accounting purposes, these consolidated financial statements present the historical information and results of Spyder Vapes.

The accounting for the RTO resulted in the following:

i) The consolidated financial statements of the combined entity are issued under the Company as the legal parent but are considered to be a continuation of the financial results of Spyder Vapes.

ii) Since Spyder Vapes is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in these consolidated financial statements at their historical carrying values.

iii) Since the common shares allocated to the shareholders of the Company on closing of the RTO are considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or services received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of Anchor Capital Corporation Inc. acquired on closing was expensed in the consolidated statement of operations and comprehensive loss as a listing expense.

The fair value of the 902,800 common shares and options to acquire 110,280 common shares of Anchor Corporation Inc. issued pursuant to the RTO was determined to be $677,100, at a deemed price of $0.75 per common share, and $76,252, respectively.

(Unaudited - Expressed in Canadian Dollars)

5. Reverse Takeover of Spyder Vapes (continued)

The fair value of all the consideration given and charged to listing expenses was comprised of:

	$
Fair value of the common shares and options for the purchase of common shares issued at RTO date:	**753,352**
Identifiable assets acquired - May 31, 2019	
Cash	29,233
Accounts payable	(12,200)
	17,033
Unidentifiable assets acquired - May 31, 2019	
Listing expense	736,319
Total net identifiable assets and transaction costs	**736,319**

The Company incurred additional listing expenses of $249,100 pursuant to the RTO. The total listing expense incurred by the Company in relation to the RTO amounted to $985,419.

6. Acquisition of 180 Smoke

On March 30, 2021, the Company acquired (the "Acquisition") all of the issued and outstanding common shares of the entities that collectively comprise the business of 180 Smoke (collectively, "180 Smoke"), a dominant vape retailer in Canada, namely: (i) 2360149 Ontario Inc. d/b/a 180 Smoke and its wholly-owned subsidiaries 420 Wellness Inc. and 180 Smoke LLC; (ii) 180 VFC Inc.; and (iii) 2488004 Ontario Inc. The Acquisition was completed with an arm's length party on a cash-free basis (after post-closing adjustments), for nominal consideration of $1.

In accordance with the Company's accounting policies and IFRS, the measurement period for the Acquisition shall not exceed one year from acquisition date. Accordingly, the accounting for the Acquisition has only been provisionally determined as at March 30, 2021 and July 31, 2021. The following table summarizes the fair value of consideration paid on the acquisition date and the allocation of the purchase price to the assets and liabilities acquired. The Company has yet to determine and value any intangible assets that may have been acquired as part of the Acquisition. Once this has been determined, the value of the provisional goodwill may change. These changes may be material.

(Unaudited - Expressed in Canadian Dollars)

6. Acquisition of 180 Smoke (continued)

	$
Consideration paid	
Cash consideration	**1**
Purchase Price Allocation	
Assets acquired	
Cash and cash equivalents	**288,546**
Accounts receivable	**368,727**
Prepaid expenses and deposits	**176,143**
Inventory	**1,279,735**
Property, plant and equipment	**955,131**
Intangible assets	**463,096**
Right-of-use assets	**5,201,946**
Total assets	**8,733,324**
Liabilities assumed	
Accounts payable and accrued liabilities	**1,026,407**
Income taxes payable	**5,767**
Contract liability	**261,302**
Lease liabilities	**5,883,989**
Long-term debt	**11,129,171**
Total liabilities	**18,306,636**
Provisional amount allocated to Goodwill	**9,573,313**

7. Inventory

As part of the acquisition of 180 Smoke, the Company acquired inventory in the amount of $1,279,735 during the six months ended July 31, 2021. As at July 31, 2021 and January 31, 2021, the Company's inventory was comprised of the following:

	July 31, 2021 $	January 31, 2021 $
Raw materials	**155,162**	-
Work-in-progress	**686**	-
Finished goods	**1,268,761**	171,300
Total inventory balance at the lower of cost and net realizable value	**1,424,609**	171,300

(Unaudited - Expressed in Canadian Dollars)

8. Property and Equipment

Property and equipment are comprised of the following:

	Furniture and equipment	Plant and machienry	Computer equipment	Leasehold improvements	Website, signs and automobile	Total
	$	$	$	$	$	$
Cost						
As at January 31, 2020	**81,565**	**-**	**22,289**	**299,763**	**85,579**	**489,196**
Additions	52,374	-	10,174	168,148	2,946	233,642
Disposals	(42,442)	-	(2,381)	(241,161)	(7,880)	(293,864)
As at January 31, 2021	**91,497**	**-**	**30,082**	**226,750**	**80,645**	**428,974**
Additions	274,570	34,226	22,524	649,826	2,469	983,615
Disposals	-	-	(3,230)	-	-	(3,230)
As at July 31, 2021	**366,067**	**34,226**	**49,376**	**876,576**	**83,114**	**1,409,359**
Accumulated depreciation						
As at January 31, 2020	**31,598**	**-**	**16,090**	**114,371**	**62,444**	**224,503**
Depreciation	23,868	-	5,122	73,838	10,147	112,975
Disposals	(20,841)	-	(2,381)	(96,555)	(7,880)	(127,657)
As at January 31, 2021	**34,625**	**-**	**18,831**	**91,654**	**64,711**	**209,821**
Depreciation	18,081	2,103	4,753	62,523	8,014	95,474
Disposals	-	-	-	-	-	-
As at July 31, 2021	**52,706**	**2,103**	**23,584**	**154,177**	**72,725**	**305,295**
Net book value ($)						
As at January 31, 2021	**56,872**	**-**	**11,251**	**135,096**	**15,934**	**219,153**
As at July 31, 2021	**313,361**	**32,123**	**25,792**	**722,399**	**10,389**	**1,104,064**

During the three and six months ended July 31, 2021, the Company recorded depreciation expense related to property and equipment in the amount of $67,423 and $95,474, respectively, (July 31, 2020 - $15,237 and $93,983, respectively).

(Unaudited - Expressed in Canadian Dollars)

9. Right-of-use Assets

	$
As at January 31, 2020	**658,813**
Disposals during the year	(59,700)
Depreciation during the year	(129,137)
As at January 31, 2021	**469,976**
Additions during the period	5,201,942
Disposals during the period	(51,542)
Depreciation during the period	(395,705)
As at July 31, 2021	**5,224,671**

Leased properties are amortized over the terms of their respective leases.

10. Intangible Assets

Intangible assets are comprised of the following:

Cost:	**$**
As at January 31, 2021	**-**
Additions	471,251
As at July 31, 2021	**471,251**
Accumulated Amortization:	
As at January 31, 2021	**-**
Amortization	20,362
As at July 31, 2021	**20,362**
Carrying amount:	
As at January 31, 2021	**-**
As at July 31, 2021	**450,889**

11. Contract Liability

Contract liability relates to deferred revenue consisting of loyalty programs, franchise fee revenue, and service fee revenue. The Company acquired this contract liability as part of the acquisition of 180 Smoke (Note 6) in the amount of $261,302. Subsequent to the Acquisition of 180 Smoke, the Company received advanced payments from customers in the amount of $67,598 and recognized performance obligations in the amount of $28,423. As at July 31, 2021, this contract liability amounted to $300,477. The current and long-term portion of contract liability amounted to $90,709 and $209,768, respectively.

12. Promissory Note

The Company's promissory note is unsecured, non-interest bearing and due on demand. The promissory note arose from the Company's acquisition of 180 Smoke (Note 6).

(Unaudited - Expressed in Canadian Dollars)

13. Loans Payable

Loans payable are comprised of the following:

	July 31, 2021	January 31, 2021
	$	$
Vehicle loan, payable in monthly installments of $550, non-interest bearing, matures on August 2021 and secured by related vehicle.	**-**	3,854
Government guaranteed bank loan, payable in monthly installments of $1,530, bearing interest at prime plus 3% per annum. Balance is secured by a general security agreement and guaranteed by 2 shareholders of the Company up to a maximum of 25% of the original amount advanced.	**29,339**	38,507
Loans payable, interest bearing at rates between 12% - 24% per annum, interest only payments, monthly, secured and due on demand.	**506,150**	903,353
	535,489	945,714
Less: current portion	**(535,489)**	(925,567)
Balance, July 31, 2021 and January 31, 2021	**-**	20,147

14. Government Loan

During the year ended January 31, 2021, the Company obtained an aggregate of $300,000 in loans under the Canada Emergency Business Account (collectively, the “CEBA Loan”). The CEBA Loan was granted in in the form of an interest-free revolving line of credit of which up to $300,000 may be drawn. On January 1, 2021, any balance remaining on the revolving line of credit automatically converted into a non-revolving term loan. Any outstanding balance on the CEBA Loan not repaid by January 1, 2023 is converted into an interest-bearing loan at a rate of 5% per annum. The CEBA Loan matures on December 31, 2025. If two-thirds (or $200,000) of the outstanding CEBA Loan is paid on or before December 31, 2022, the remaining one-third (or $100,000) will be forgiven. The Company expects to repay $200,000 of the outstanding CEBA Loan by December 31, 2022. The Company has discounted the CEBA Loan using a discount rate of 12% during the interest-free loan period, which is the Company's specific business unit’s incremental borrowing rate. The difference between the amount received and the fair value of the CEBA Loan has been reflected as government assistance in the consolidated statements of operations and comprehensive loss. The fair value of the CEBA Loan at inception amounted to $157,514. The difference of $142,486 has been reflected as government assistance on the consolidated statements of operations and comprehensive loss.

As at July 31, 2021, the fair value of the CEBA Loan amounted to $168,894 (January 31, 2021 - $159,119).

(Unaudited - Expressed in Canadian Dollars)

15. Government Grants

The Canada Emergency Wage Subsidy ("CEWS") government program provides a wage subsidy of up to 75% for qualifying businesses. The purpose of the wage subsidy is to allow employers to re-hire workers that were previously laid off and to continue to employ those who are already on payroll. During the six months ended July 31, 2021, the Company has received approximately $15,446 (July 31, 2020 - $nil) as a wage subsidy under the CEWS. This has been recognized in the consolidated statements of operations and comprehensive loss as a reduction to the related expenses.

During the six months ended July 31, 2021, the Company has received approximately $111,016 (July 31, 2020 - $nil) as a COVID-19 Business Support Grant. This has been recognized in the consolidated statements of operations and comprehensive loss as other income.

16. Lease Liabilities

As at July 31, 2021, the Company has entered into various long-term lease agreements. At the commencement date of each lease, the lease liability was measured at the present value of the lease payments that have not been paid. The lease payments are discounted by the Company's specific business unit’s incremental borrowing rate in the range of 12% - 12.56%.

The continuity of the lease liability from January 31, 2020 to July 31, 2021 is presented below:

	$
As at January 31, 2020	**715,662**
Additions during the year	(54,698)
Interest expense	76,566
Lease payments	(127,655)
As at January 31, 2021	**609,875**
Additions during the period	5,876,570
Interest expense	279,780
Lease payments	(563,248)
As at July 31, 2021	**6,202,977**

Summary:

	$
Current portion of lease liabilities	987,231
Non-current lease liabilities	5,215,746
Balance, July 31, 2021	**6,202,977**

The Company has commitments relating to operating leases for its retail locations and vehicles under non-cancelable operating leases. The future minimal annual rental payments under these operating leases as at July 31, 2021 are as follows:

One year	$1,776,197
Between two to five years	$6,356,233
More than five years	$1,430,862

(Unaudited - Expressed in Canadian Dollars)

17. Share Capital

The Company is authorized to issue an unlimited number of common shares. On September 17, 2021, the Company completed a 5 to 1 share consolidation. All references to the number of shares and per share amounts have been retrospectively restated as if the share consolidation occurred effective January 31, 2020.

	#	$
Balance, January 31, 2020	**8,643,826**	**2,736,176**
Common shares issued for the conversion of debt	600,000	150,000
Common shares issued for the conversion of accounts payable	174,400	43,600
Balance, January 31, 2021	**9,418,226**	**2,929,776**
Common shares issued for the exercise of options	35,100	41,820
Common shares issued for the settlement of debt	1,993,333	299,000
Common shares issued for private placement	2,962,956	960,885
Common shares issued for the exercise of options	400,000	297,000
Balance, July 31, 2021	**14,809,615**	**4,528,481**

During the three and six months ended July 31, 2021, the Company had the following common share transactions:

- On May 17, 2021, and in connection with options previously issued, options for the purchase of 400,000 common shares of the Company were exercised at a price of $0.25 per share for total gross proceeds of $100,000. Such shares were issued to directors of the Company;
- On April 1, 2021, the Company completed a non-brokered private placement offering (the "Offering") through the issuance of 2,962,956 units ("Units") of the Company, at a price of $0.3375 per Unit, for total gross proceeds of approximately $1,000,000. In connection with the Offering, share issuance costs of $39,115 were recorded. Each Unit consisted of one common share of the Company and one common share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.675 per common share at any time prior to the earlier of: (i) April 1, 2023; or (ii) in the event that the closing price of the Company's common shares on the TSX-V is at least $1.00 per share for a minimum of 10 consecutive trading days, the Company may provide written notice to the holders of the Warrants accelerating the expiry date of such Warrants to be 30 days following the date of such written notice. A director of the Company participated in the Offering and received 30,000 Units for an aggregate subscription of $10,125;
- On March 16, 2021, the Company completed a debt settlement transaction pursuant to which the Company issued, to certain creditors of the Company, an aggregate of 1,993,333 common shares of the Company, at a deemed price of $0.15 per share, in settlement of an aggregate of $299,000 in indebtedness of the Company. Certain directors of the Company participated in the debt settlement transaction and acquired an aggregate of 1,586,666 common shares of the Company in settlement of an aggregate of approximately $237,997 in indebtedness of the Company; and
- On February 17, 2021, and in connection with options previously issued, options were exercised for the purchase of 35,100 common shares of the Company, at an exercise price of $0.50 per share, for total gross proceeds of $17,550. As a result of this exercise, contributed surplus in the amount of $24,270 was transferred into share capital.

(Unaudited - Expressed in Canadian Dollars)

17. Share Capital (continued)

During the year ended January 31, 2021, the Company had the following common share transactions:

- On August 24, 2020, the Company issued 600,000 common shares, at a price of $0.25 per share, to a director and former Chief Financial Officer of the Company in settlement of a secured loan in the amount of $150,000; and
- On August 24, 2020, the Company issued 174,400 common shares, at a price of $0.25 per share, to settle accounts payable from arms-length vendors in the amount of $43,600.

The Company is authorized to issue an unlimited number of preferred shares, issuable in series. The preferred shares may be issued in one or more series at the discretion of the Company's board of directors who are authorized to fix the number of preferred shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the preferred shares of each series. As at July 31, 2021, no preferred shares were issued and outstanding.

18. Share-based Payments

The Company has an incentive stock option plan (the "Plan") in accordance with the policies of the TSX-V, pursuant to which a maximum of 798,767 options (the "Options") may be granted, and will be granted at the discretion of the Company's board of directors to eligible optionees which includes directors, officers, employees, or consultants of the Company (the "Optionees") under the Plan.

The Options granted pursuant to the Plan shall be exercisable for a period of up to ten years, and the number of common shares of the Company reserved for issuance to any one person shall not exceed 5% of the issued and outstanding common shares. Additionally, the number of common shares of the Company reserved for issuance to consultants or employees conducting investor relations activities will not exceed 2% of the issued and outstanding common shares in a twelve-month period. The Company's board of directors are authorized to determine the exercise price of the Options, in accordance with applicable TSX-V policies, and will also determine the number of common shares of the Company to be granted to an Optionee.

A summary of the Company's stock options outstanding as at July 31, 2021 and January 31, 2021 are as follows:

	July 31, 2021			January 31, 2021		
	Options Outstanding	**Weighted Average Exercise Price ($)**	**Weighted Average Life Remaining (yrs)**	Options Outstanding	Weighted Average Exercise Price ($)	Weighted Average Life Remaining (yrs)
Balance, beginning of the period	**770,280**	**0.35**	**2.33**	770,280	0.35	3.33
Granted	515,000	0.50	4.00	-	-	-
Expired or cancelled	(115,140)	0.50	-	-	-	-
Exercised	(435,140)	0.25	-	-	-	-
Balance, end of the period	735,000	0.45	3.33	770,280	0.35	2.33
Exercisable, end of the period	**735,000**	**0.50**	**3.33**	770,280	0.35	2.33

(Unaudited - Expressed in Canadian Dollars)

18. Share-based Payments (continued)

Grant Date	Expiry Date	Options Outstanding	Options Exercisable	Exercise Price
Oct. 10, 2018	Oct. 10, 2023	100,000	100,000	$0.50
Nov. 1, 2018	Nov. 1, 2023	120,000	120,000	$0.50
May 21, 2021	May 21, 2025	515,000	515,000	$0.50

Option Grants

On May 21, 2021, the Company granted and issued stock options for the purchase of up to 515,000 common shares of the Company to certain Company's employees, officers and directors. These stock options are exercisable for a period of four years from the date of issuance with an exercise price of $0.50 per share.

Total stock-based compensation recorded during the three and six months ended July 31, 2021 amounted to $108,522 (July 31, 2020 - $nil).

19. Warrants

A summary of the Company's warrants outstanding at July 31, 2021 and January 31, 2021 are as follows:

	July 31, 2021			January 31, 2021		
	Warrants Outstanding	Weighted Average Exercise Price ($)	Weighted Average Life Remaining (yrs)	Options Outstanding	Weighted Average Exercise Price ($)	Weighted Average Life Remaining (yrs)
Balance, beginning of the period	198,467	1.50	0.30	275,966	0.50	0.83
Expired	(198,467)	1.50	-	-	-	-
Granted (expired)	2,962,956	0.68	2.00	(77,499)	0.50	1.30
Balance, end of the period	2,962,956	0.68	1.75	198,467	1.50	0.30
Exercisable, end of the period	**2,962,956**	**0.68**	**1.75**	198,467	1.50	0.30

During the six months ended July 31, 2021, the Company issued 2,962,956 warrants, as disclosed in Note 17.

(Unaudited - Expressed in Canadian Dollars)

20. General and Administrative Expenses

General and administrative expenses for the three and six months ended July 31, 2021 and 2020 are comprised of the following:

	Three Months Ended July 31, 2021	Three Months Ended July 31, 2020	**Six Months Ended July 31, 2021**	Six Months Ended July 31, 2020
	$	$	**$**	$
Salaries and wages	**1,398,663**	29,356	**1,804,943**	96,340
Stock-based compensation	**108,522**	-	**108,522**	-
Office and general	**323,202**	50,923	**472,110**	96,417
Delivery	**146,359**	-	**234,214**	-
Rent and utilities	**215,720**	82,007	**301,845**	134,708
Professional fees	**47,760**	133,702	**110,515**	168,183
Advertising and promotion	**43,828**	-	**60,114**	-
Investor relations	**31,250**	-	**43,882**	-
Repairs and maintenance	**17,729**	-	**26,798**	-
Foreign exchange loss	**11,340**	-	**9,081**	-
Impairment of right-of-use assets	**43,392**	-	**43,392**	-
Gain on sale of assets	**(550)**	-	**(550)**	-
Amortization	**15,230**	-	**20,362**	-
Depreciation	**67,423**	15,237	**95,474**	93,983
Depreciation of right-of-use assets	**279,599**	44,563	**395,705**	94,724
	2,749,467	355,788	**3,726,407**	684,355

21. Finance Charges

Finance charges for the three months and six months ended July 31, 2021 and 2020 are comprised of the following:

	Three Months Ended July 31, 2021	Three Months Ended July 31, 2020	**Six Months Ended July 31, 2021**	Six Months Ended July 31, 2020
	$	$	**$**	$
Interest on loans payable	**34,496**	26,057	**62,584**	47,339
Interest on lease liabilities	**201,497**	25,900	**279,780**	51,914
Accretion	**4,953**	-	**9,609**	-
	240,946	51,957	**351,973**	99,253

22. Capital Management

The Company’s objectives when managing capital are to:

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

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

The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, raise new debt and issue share capital.

23. Financial Management and Risk Assessment

Fair value

Financial instruments of the Company consist of cash, trade and other payables, advances to/from shareholders, convertible debentures and loans payable. There are no significant differences between the carrying amounts of the current assets and current liabilities reported on the consolidated statements of financial position and their estimated fair values due to the short-term nature of these items. The convertible debentures and loans payable approximate their fair value as terms and conditions represent market terms and conditions.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. Where quoted market values are not readily available, the Company may use considerable judgment to develop estimates of fair value. Accordingly, any estimated values are not necessarily indicative of the amounts to which the Company could realize on such financial instruments in a current market exchange and could be materially affected by the use of different assumptions or methodologies.

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, foreign exchange risk, commodity price risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans, borrowings and deposits.

Credit risk

The Company is exposed to credit risk on its cash balance which is held with reputable financial institutions. As at July 31, 2021, management considered the Company’s credit risk in relation to such financial assets to be low.

(Unaudited - Expressed in Canadian Dollars)

23. Financial Management and Risk Assessment (continued)

Interest rate risk

The Company is exposed to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates on its loans payable balance which accrues interest at a variable rate. Fluctuations in market rates do not have a significant impact on the Company's results of operations.

Liquidity risk

The Company is exposed to liquidity risk. Liquidity risk is the exposure of the Company to the risk of not being able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financings.

24. Related Party Transactions

Key management personnel compensation

The Company defines key management personnel as the officers and directors of the Company. Key management compensation during the three and six months ended July 31, 2021 and 2020 is as follows:

	Three Months Ended July 31, 2021	Three Months Ended July 31, 2020	**Six Months Ended July 31, 2021**	Six Months Ended July 31, 2020
	$	$	**$**	$
Salaries and other short-term employee benefits	**152,484**	10,400	**171,204**	20,800
Share based compensation expense	**94,825**	-	**94,825**	-
	247,309	10,400	**266,029**	20,800

During the six months ended July 31, 2021 and 2020, the Company had the following related party transactions and balances in the normal course of business:

a) During the six months ended July 31, 2021, the Company accrued professional, consulting fees and board fees in the amount of $80,000 (2020 - $nil) to Peldren Holdings Inc., a company controlled by a director and the former Chief Financial Officer.

b) Included in loans payable (Note 13), the following amounts were due to related parties:

   i) $60,000 of loans payable owing to Peldren Holdings Inc., a company controlled by a director and former Chief Financial Officer of the Company;

   ii) $2,400 of interest payable, owed to Daniel Pelchovitz, a director and former Chief Executive Officer of the Company;

   iii) $34,808 of interest payable, owed to Mark Pelchovitz, a director and former Chief Financial Officer of the Company; and

   iv) $26,373, comprised of $22,350 of loans payable and $4,023 of interest payable, owed to the spouse of a director and former Chief Financial Officer of the Company.

(Unaudited - Expressed in Canadian Dollars)

24. Related Party Transactions (continued)

c) Included in accounts payable, the following amounts were due to related parties:
   i) $13,000 of management fees payable to Peldren Holdings Inc., a company controlled by a director and the former Chief Financial Officer of the Company;
   ii) $34,260 of wages payable and owing to Daniel Pelchovitz, a director and former Chief Executive Officer of the Company; and
   iii) $23,340 of wages payable and owing to the spouse of a director and former Chief Financial Officer of the Company.

On April 1, 2021, and as disclosed in Note 17, Steven Glaser, a director of the Company, participated in the Offering and received 30,000 Units for an aggregate subscription of $10,125.

On March 16, 2021, and as disclosed in Note 17, the Company completed a debt settlement transaction pursuant to which the Company issued, to Daniel Pelchovitz, Mark Pelchovitz and Steven Glaser, directors of the Company, an aggregate of 1,586,666 common shares of the Company, at a deemed price of $0.15 per share, in settlement of an aggregate of approximately $237,997 in indebtedness.

25. Comparative Amounts

Certain comparative figures have been reclassified to conform to these condensed interim consolidated financial statements presented and adopted for the current period. Such reclassifications did not have an impact on the previously reported net and comprehensive loss.

26. Commitments

Leases

The Company has lease payments related to various long-term leases as disclosed in note 16.

The Company has commitments relating to a finance lease for a vehicle. The future minimal annual lease payments under this lease as at July 31, 2021 is as follows:

One year	$4,325
Between two to five years	$2,911
More than five years	-