

Consolidated Financial Statements

**PeakBirch Commerce Inc.
(formerly PeakBirch Logic Inc.)**

For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.):

Opinion

We have audited the consolidated financial statements of PeakBirch Commerce Inc. (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.

DMA

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
April 27, 2022



An independent firm
associated with Moore
Global Network Limited

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Consolidated Statements of Financial Position
As at
(Expressed in US Dollars)

	Note	2021	2020
		\$	\$
Assets			
Current assets			
Cash		131,696	231,700
Sales tax recoverable and other receivables	5	192,392	52,719
Loan receivable	10	207,632	-
Prepaid assets		24,227	219,454
Inventory	13	59,113	7,310
Total current assets		615,060	511,183
Non-current assets			
Equipment	6	5,197	2,794
Intangible assets	7	144,650	2,123,505
Right-of-use assets	13,14	84,909	-
Total assets		849,816	2,637,482
Liabilities			
Current liabilities			
Accounts payable	10	1,006,022	614,484
Accrued liabilities	8,10	220,265	260,802
Promissory notes	8	709,442	42,618
Loans payable	9	44,096	30,522
Derivative liability	8	-	338,258
Lease liability	13,14	36,586	-
Total current liabilities		2,016,411	1,286,684
Non-current liabilities			
Loans payable	9	127,702	23,114
Promissory notes	8	-	936,667
Lease liability	13,14	48,569	-
Total liabilities		2,192,682	2,246,465
Shareholders' equity			
Share capital	11	32,188,714	30,819,074
Contributed surplus	11	1,422,517	973,822
Warrant reserve	11	826,398	701,666
Foreign exchange translation reserve	11	86,448	(26,376)
Deficit		(35,866,943)	(32,077,169)
Total shareholders' (deficiency) equity		(1,342,866)	391,017
Total liabilities and shareholders' equity		849,816	2,637,482

Nature of operations and going concern (Note 2)
Subsequent events (Note 20)

Approved and authorized by the Board on April 27, 2022.

(signed) "Marc Mulvaney"
Marc Mulvaney
Director

(signed) "Usama Chaudhry"
Usama Chaudhry
Director

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

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Consolidated Statements of Loss and Comprehensive loss
For the years ended October 31,
(Expressed in US Dollars)

	Note	2021	2020
		\$	\$
Revenue	18	2,954,538	1,498,536
Cost of sales		(2,214,357)	(1,224,592)
		740,181	273,944
Expenses			
Selling		445,933	295,780
Accounting and audit fees		193,862	97,273
Amortization	6,7,14	312,729	105,542
Consulting	10	419,996	3,047,672
General and administrative		67,518	17,872
Insurance expense		154,789	140,747
Legal fees		316,528	276,696
Salaries	10	161,882	94,437
Share-based compensation	10,11	250,635	23,435,317
Transfer agent		18,445	6,252
		2,342,317	27,517,588
Other items			
Other income		59	2,665
Government grant		22,757	8,111
Gain on change in fair value of derivative liability	8	11,202	72,406
Gain on acquisition of subsidiary	13	103,501	-
Indemnification provision recovery for flow-through shares		11,344	(756)
Impairment of intangible assets	7	(1,813,727)	-
Interest and accretion expense	8,9,14	(361,217)	(89,200)
Loss on extinguishment of debt	8	(24,133)	-
Loan forgiveness	8	63,519	-
Foreign exchange loss		(188,983)	(3,058)
Transaction cost	13	(11,960)	-
Listing expense	12	-	(1,273,907)
Write-off of trade and other receivables	5	-	(10,206)
Net loss		(3,789,774)	(28,537,589)
Translation adjustment		112,824	(26,376)
Comprehensive loss		(3,676,950)	(28,563,965)
Net loss per share			
Basic and diluted		\$ (0.03)	\$ (0.43)
Weighted average number of outstanding common shares			
Basic and diluted		105,192,963	66,215,559

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

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

	Notes	Number of Common Shares	Share Capital	Contributed Surplus	Warrant Reserve	Foreign exchange translation reserve	Deficit	Total
			\$	\$	\$	\$	\$	\$
Balance as at November 1, 2019		61,300,000	2,824,963	419,493	-	-	(3,539,580)	(295,124)
Issuance of shares for debt settlement	11	155,259	130,336	-	-	-	-	130,336
Shares issued for services	11	3,065,000	2,668,850	-	-	-	-	2,668,850
Eliminate Lifted's common share	11,12	(64,495,479)	-	-	-	-	-	-
PeakBirch Logic Inc. common shares	11,12	650,623	567,217	-	-	-	-	567,217
Shares issued for reverse takeover acquisition	11,12	64,495,479	-	-	-	-	-	-
Shares issued to acquire Canndora	11,12	18,260,870	15,919,946	-	-	-	-	15,919,946
Shares issued to acquire Greeny	11,12	9,166,131	7,991,093	401,903	281,196	-	-	8,674,192
Shares issued from private placement	11,12	1,304,347	716,669	-	420,470	-	-	1,137,139
Share-based compensation	11,12	-	-	152,426	-	-	-	152,426
Net loss and comprehensive loss		-	-	-	-	(26,376)	(28,537,589)	(28,563,965)
Balance as at October 31, 2020		93,902,230	30,819,074	973,822	701,666	(26,376)	(32,077,169)	391,017
Shares issued from conversion of convertible notes	8, 11	11,433,256	609,692	299,543	-	-	-	909,235
Shares issued from private placement	11	10,391,332	373,136	-	124,732	-	-	497,868
Shares issued for RSUs	11	1,824,282	101,483	(101,483)	-	-	-	-
Shares issued for acquisition of subsidiary	11,13	8,648,023	273,369	-	-	-	-	273,369
Shares issued for finder's fee	11,13	432,401	11,960	-	-	-	-	11,960
Share-based compensation	11	-	-	250,635	-	-	-	250,635
Net loss and comprehensive loss		-	-	-	-	112,824	(3,789,774)	(3,676,950)
Balance as at October 31, 2021		126,631,524	32,188,714	1,422,517	826,398	86,448	(35,866,943)	(1,342,866)

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

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Consolidated Statements of Cash Flows
For the years ended October 31,
(Expressed in US Dollars)

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN):		
Operating activities		
Net loss	(3,789,774)	(28,537,589)
Items not affecting cash:		
Amortization	312,729	105,543
Accrued interest and accretion	361,217	89,200
Share-based compensation	250,635	23,435,317
Shares issued for services	-	2,668,850
Write-off of trade and other receivables	-	10,206
Listing expense	-	1,273,907
Indemnification provision recovery for flow-through shares	(11,344)	-
Loss on extinguishment of debt	24,133	-
Loan forgiveness	(63,519)	-
Transaction cost	11,960	-
Impairment of intangible assets	1,813,727	-
Gain on acquisition of subsidiary	(103,501)	-
Gain on change in fair value of derivative liability	(11,202)	(72,406)
Cash used in operating activities before changes in working capital:	(1,204,939)	(1,026,972)
Sales tax recoverable and other receivables	(52,767)	96,968
Loan receivable	(117,754)	-
Prepaid assets	232,256	(205,620)
Inventory	46,949	(7,310)
Accounts payable and accrued liabilities	210,953	(114,111)
Net cash used in operating activities	(885,302)	(1,257,045)
Financing activities		
Proceeds from private placement	497,868	1,137,139
Proceeds from loans, net of repayment	36,490	28,400
Issuance of promissory note	-	-
Net cash provided by financing activities	534,358	1,165,539
Investing activities		
Lease payments	(9,018)	-
Redemption of short-term investment	-	237,445
Cash received from RTO	-	32,234
Cash received from acquisition of Greeny	-	10,367
Cash received from acquisition of Canndora	-	990
Cash received from acquisition of Stul	147,134	-
Net cash provided by investing activities	138,116	281,036
FOREIGN TRANSLATION EFFECT ON CASH	112,824	(26,376)
NET INCREASE (DECREASE) IN CASH	(100,004)	189,530
CASH, BEGINNING OF THE YEAR	231,700	68,546
CASH, END OF THE YEAR	131,696	231,700
Non-cash transactions:		
Issuance of shares for settlement of promissory note	609,692	-
Issuance of shares for conversion of RSU	101,483	-
Shares issued for acquisition of subsidiary	273,369	-
Issuance of shares for settlement of trade and other liabilities	-	130,336

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

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

1. CORPORATE INFORMATION

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.) (the “Company” or “PeakBirch”) was incorporated on March 23, 2015 pursuant to the *Business Corporations Act* (British Columbia). The shares of the Company are traded on the Canadian Securities Exchange (the “Exchange”) under the symbol “PKB”. The address of its registered and head office is located at Suite 400 - 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6. The Company changed its name to “PeakBirch Commerce Inc.” on February 23, 2022.

On September 8, 2020, the Company completed an acquisition transaction whereby the Company acquired 100% of the issued and outstanding shares of Canndora Delivery Ltd. (“Canndora”), acquired 100% of the issued and outstanding shares of Greeny Collaboration Group (Canada) Inc. (“Greeny”) and acquired approximately 98.5% of the issued and outstanding shares of Lifted Innovations Inc. (“Lifted”). The acquisition of Lifted was a reverse takeover transaction (“RTO”) between Lifted and the Company in which the shareholders of Lifted acquired control over the Company. The acquisition of Canndora and Greeny were an asset acquisition as these entities did not constitute a business. The Company now carries on the business of Lifted (Note 12).

On October 19, 2020, the Company completed the acquisition of the remaining 1.5% of the shares of Lifted not taken up under the Company’s takeover bid of Lifted which closed on September 8, 2020.

On July 26, 2021, the Company acquired Stul Ltd. (“Stul”), a company located in London, United Kingdom. The Company acquired 100% of the issued and outstanding shares of Stul, including all of the existing assets and liabilities of Stul (Note 13).

COVID-19 outbreak

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in a widespread international health crisis that has materially affected economies and financial markets, resulting in the rapid onset of an economic downturn. This unprecedented pandemic may result in, among other things, supply chain issues, transportation delays, changes in customer demand for the Company’s products, increased government regulations or interventions, and ongoing economic uncertainty, all of which may negatively impact the business, financial condition or results of operations of the Company. The Company continues to monitor COVID-19 developments but since the duration and impact of the COVID-19 pandemic is unknown at this time, it is not possible to reliably estimate the length of the outbreak or the severity of its impact at this time. The Company may experience difficulty in accessing financing as a result of the pandemic.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements were approved by the Board of Director on April 27, 2022.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company’s returns.

These consolidated financial statements include the financial statements of the Company and its significant subsidiaries listed in the following table:

Name	Country of incorporation	% equity interest as at October 31, 2021	% equity interest as at October 31, 2020
Lifted Innovations Inc. (“Lifted”)	USA	100%	100%
Lifted Technology Inc. (“Lifted Tech”)	USA	100%	100%
Canndora Delivery Ltd. (“Canndora”)	Canada	100%	100%
Greeny Collaboration Group (Canada) Inc. (“Greeny”)	Canada	100%	100%
Greeny Collaboration Group Corp (USA) (“Greeny US”)	US	100%	100%
Stul Ltd. (“Stul”)	UK	100%	-

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION (continued)

Basis of consolidation (continued)

All intercompany transactions, balances and any unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Presentation and functional currency

The consolidated financial statements are presented in US Dollars. The functional currency of Lifted, Lifted Tech, Greeny US and the Company is the US Dollar. The functional currency of Cannodora and Greeny is the Canadian Dollar. The functional currency of Stul is the British Pound Sterling.

Foreign currency transactions are translated into US dollars using exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate in effect at the measurement date. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the historical exchange rate or the exchange rate in effect at the measurement date for items recognized at FVTPL. Gains and losses arising from foreign exchange are included in the consolidated statements of operations.

Translation to presentation currency

The results and financial position of those entities with a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of the Statements of Financial Position;
- Income and expenses are translated at average exchange rates; and
- All resulting exchange differences are recognized in accumulated other comprehensive loss.

Significant accounting judgments and estimates

The preparation of these consolidated financial statements require management to make estimates and assumptions that affect the reported amount 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.

In particular information about significant areas of estimation uncertainty and judgment considered by management in preparing the consolidated financial statements includes:

Areas of significant management judgment:

- *Useful lives of intangible assets*
The determination of the useful lives of the Company's intangible assets is a matter of judgment. Future earnings would be affected if actual useful lives differ from those estimated by the Company.
- *Income taxes*
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Because the Company is in a loss position, it has not recognized the value of any deferred tax assets in its consolidated statements of financial position.
- *Functional currency*
The determination of functional currency is a matter of judgement. Some of the Company's transactions are denominated in foreign currencies. The majority of the Company's revenues and expenditures are in United States dollars.
- *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.

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION (continued)

Significant accounting judgments and estimates (continued)

Areas of significant management judgment: (continued)

- *Going concern risk assessment*

The assessment of the Company's ability to continue as a going concern involves significant judgment based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Sources of estimation uncertainty:

- *Share-based compensation*

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions 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 fair value of the Company's common shares, expected life of the share option, forfeiture rate, volatility and dividend yield and making assumptions about them.

- *Business combinations*

Judgement is required to determine if the Company's acquisitions represent a business combination or an asset purchase. More specifically, for the year ended October 31, 2020, management concluded that all of the Company's acquisitions did not represent a business, as the assets acquired were not an integrated set of activities with inputs, processes and outputs. Since it was concluded that the acquisitions represented the purchase of assets, no goodwill was recognized on the transactions and acquisition costs were capitalized to the assets purchased rather than expensed. As the Company concluded that the acquisitions were asset acquisitions, an allocation of the purchase price to the individual identifiable assets acquired, including intangible assets, and liabilities assumed based on their fair values at the date of purchase was required. The fair values of the net assets acquired were calculated using significant estimates and judgments. Management concluded that the acquisition during the year ended October 31, 2021 represented a business. A gain on acquisition was recognized on the transaction and acquisition costs were expensed. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position.

- *Fair value measurements*

Certain of the Company's assets and liabilities are measured at fair value. In estimating fair value the Company uses market-observable data to the extent it is available. In certain cases where Level 1 inputs are not available the Company will engage third party qualified valuers to perform the valuation.

- *Impairment of non-current assets*

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Impairment of intangible assets with indefinite lives are assessed for impairment on an annual basis. This assessment takes into account factors such as economic and market conditions as well as any changes in the expected use of the asset.

Management assesses property and equipment, as well as in use intangible assets with finite lives for any indicators of impairment annually. The assessment for indicators of impairment is dependent upon estimates of recoverable amounts that take in account factors such as economic and market conditions, as well as the useful lives of assets.

Going concern

These consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

At October 31, 2021, the Company had cash of \$131,696 (2020 - \$231,700), working capital deficit of \$1,401,351 (2020 - \$775,501). The Company incurred a net loss of \$3,789,774 for the year ended October 31, 2021 (2020 - \$28,537,589) and as of that date had an accumulated deficit of \$35,866,943 (2020 - \$32,077,169).

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION (continued)

Going concern (continued)

The above factors indicate material uncertainties, which may cast significant doubt about the Company's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

The ability of the Company to continue as a going concern is dependent on generating profitable operations, raising additional financing, and developing its products and services. The Company is not yet generating positive cash flows from operations. No assurance can be given that any such additional financing will be available, or that it can be obtained on terms favorable to the Company. Failure to obtain additional financing or generate profitable operations, results in material uncertainties that cast significant doubt as to the Company's ability to continue to operate as a going concern.

These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and balance sheet classifications that would be necessary if the going concern assumption was not appropriate and such adjustments could be material.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

Business combinations

Acquisitions of a business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. This is calculated as the sum of the acquisition date fair values of the assets transferred by the Company and liabilities incurred by the Company to the former owners of the acquiree in exchange for control of the acquiree. Acquisition related costs are recognized in profit and loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized in profit or loss as a bargain purchase gain.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the Company has a present obligation, and the costs to settle this obligation are both probable and is able to be reliably measured.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating policy decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Company derives its revenues from the online sales of vaporizers and accessories through e-commerce platforms and stores of Stul located in the United Kingdom. As a result, the Company has one performance obligation, the delivery of vaporizers and accessories to end users. Revenue is recognized when goods are dispatched which is generally when control of the goods has transferred from the Company to the customer.

Payment of the transaction price is due immediately at the time of the order being placed by the end customer. Customer orders are dispatched on the same day the order is made, which results in the Company not having open contracts at the period end. As a result the Company does not record any contract liabilities. Customer's payments are normally made through payment gateways.

Customers do not have a right of return except for defective items. Such returns historically have been limited. As a result of the Company has not recorded any liability associated with warranty.

Cost of sales

Cost of sales includes all expenditures to purchase the products.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to contributed surplus. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

Loss per share

Basic loss per share is computed by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding for the year. Diluted loss per share is computed by dividing the net loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding for the year including all additional common shares that would have been outstanding if potentially dilutive equity instruments were converted to common shares. The diluted loss per share is equal to the basic loss per share because the effect of options and warrants is antidilutive.

Income taxes

Tax expense is recognized in the consolidated statement of loss and comprehensive loss, except to the extent it relates to items directly in equity, in which case the related tax is recognized in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmented reporting

The Company operates in one business segments being the distribution of vaporizers and accessories for aromatherapy and other purposes.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All financial instruments are initially recorded at fair value, adjusted for directly attributable transaction costs. The Company determines each financial instrument's classification upon initial recognition. Measurement in subsequent periods depends on the financial instrument's classification.

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The following table shows the classification of financial instruments under IFRS 9:

Financial assets/liabilities	IFRS 9 Classification
Cash	FVTPL
Other receivables	Amortized cost
Loan receivable	Amortized cost
Account payable	Amortized cost
Promissory notes	Amortized cost
Derivative liability	FVTPL
Loans payable	Amortized cost

(ii) Measurement

Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains or losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recorded in the consolidated statements of loss and comprehensive loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset's credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iii) Impairment of financial assets at amortized cost (continued)

financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand readily convertible into a known amount of cash and can be redeemed at any time without penalties, and amounts held in trust.

Intangibles

Purchased intangible assets are recognized as assets in accordance with IAS 38, Intangible Assets, where it is probable that the use of the asset will generate future economic benefits and where the cost of the asset can be determined reliably. Intangible assets acquired are initially recognized at fair value and are subsequently carried at cost less accumulated amortization, if applicable, and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. Brand names have an indefinite useful life and are tested for impairment annually.

	Method	Years
Customer List	Straight-line	5
Website	Straight-line	5
Internet Domain Names	Straight-line	10

Impairment testing of intangibles

Intangible assets with indefinite life are tested for impairment annually. All other intangible assets are reviewed at each reporting date to determine whether events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If any such indication exists, then the assets recoverable amount is estimated. The Company does not have any intangible assets with an indefinite life at October 31, 2021.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate. The discount factors are determined individually and reflect their respective risk profiles as assessed by management. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment testing of intangibles (continued)

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings. Impairment losses recognized are allocated to reduce the carrying amounts of assets. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Depreciation of equipment is calculated as follow:

Computer equipment	3 years straight line
--------------------	-----------------------

Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance cost in the statement of loss and comprehensive loss.

Convertible debentures

Convertible debentures with a variable conversion price are recorded at amortized cost and accounted for as a hybrid financial instrument with separate debt and derivative liability components. The derivative liability is recorded at fair value and deducted from the face value of the debt to arrive at the liability component which will be accreted to face value over the life of the debenture. The derivative liability is remeasured at fair value at each period end subsequent to initial recognition.

The debt component of a convertible debentures issued with a fixed-for-fixed equity conversion feature is initially discounted at the market rate of interest without the conversion feature and the residual value is allocated to an equity reserve. Subsequently the debt component is kept at amortized cost.

Inventory

Inventories are stated at lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Materials and supplies inventory consist of consumable supplies which are valued at lower of cost and net realizable value. Net realizable value is defined as the selling price of the finished product less any provisions for obsolescence and costs of completion.

Leases

In January 2016, the IASB issued IFRS 16 which replaces IAS 17 Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice.

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Definition of a business

The Company adopted the IASB amendment regarding the definition of a business under IFRS 3 Business Combinations. This amendment narrowed and clarified the definition of a business, as well as permitted a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The fair value of the assets acquired from Canndora and Greeny were concentrated to its websites. Both of these acquisitions were accounted for as asset acquisitions (Note 12).

Future Accounting Pronouncements

There are no other IFRS or IFRICs that are not effective that would be expected to have material impact on the Company's consolidated financial statements

4. SHORT TERM INVESTMENTS

Short-term investments as at October 31, 2019 consisted of cashable guaranteed investment certificates which matured on May 2020 and bore interest of 1.8% per annum. \$78,000 of the guaranteed investment certificate was pledged as collateral for use of corporate credit cards. During the year ended October 31, 2020, the Company redeemed the entire balance of the cashable guaranteed investment certificates. The Company has recorded interest income of \$Nil for the year ended October 31, 2021 (2020 - \$1,393).

5. SALE TAX RECOVERABLE AND OTHER RECEIVABLES

As at October 31, 2021, included in sale tax recoverable and other receivables is sales taxes recoverable of \$69,777 (2020 - \$52,645), trade receivables of \$93,994 (2020 - \$Nil) (note 10), and other receivables of \$28,621 (2020 - \$74).

During the year ended October 31, 2020, the Company recognized a write-off of other receivables of \$10,206.

6. EQUIPMENT

	Computer Equipment \$
Cost	
As at October 31, 2019, 2020	6,705
Additions (Note 13)	4,685
Translation adjustment	(47)
As at October 31, 2021	11,343
Accumulated depreciation and impairment	
As at October 31, 2019	1,676
Amortization	2,235
As at October 31, 2020	3,911
Amortization	2,235
As at October 31, 2021	6,146
Net carrying value	
As at October 31, 2020	2,794
As at October 31, 2021	5,197

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

7. INTANGIBLE ASSETS

	Customer List \$	Internet Domain Names (Note 12) \$	Website \$	Total \$
Cost				
As at October 31, 2019	178,992	137,068	-	316,060
Translation adjustment	-	-	(18,957)	(18,957)
Additions (note 12)	-	-	1,987,881	1,987,881
As at October 31, 2020	178,992	137,068	1,968,924	2,284,984
Translation adjustment	-	-	148,497	148,497
As at October 31, 2021	178,992	137,068	2,117,421	2,433,481
Accumulated depreciation and impairment				
As at October 31, 2019	58,172	-	-	58,172
Amortization	31,813	35,904	35,590	103,307
As at October 31, 2020	89,985	35,904	35,590	161,479
Amortization	31,813	13,708	255,775	301,296
Impairment	-	-	1,813,727	1,813,727
Foreign exchange	-	-	12,329	12,329
As at October 31, 2021	121,798	49,612	2,117,421	2,288,831
Net carrying value				
As at October 31, 2020	89,007	101,164	1,933,334	2,123,505
As at October 31, 2021	57,194	87,456	-	144,650

On March 16, 2018, the Company purchased from, ESC Hughes Holding Ltd. ("ESC") a customer list and four internet domain names (EveryoneDoesit.com, NamasteVapes.com, DistributionGoods.com and LeafScience.com). These websites are used by the Company for the selling its products (Note 12).

During the year ended October 31, 2021, there has been no additional development to the websites due to the lack of financial capability to fund the development costs. As a result, the Company recorded an impairment loss of \$1,813,727 (2020 - Nil) for its website.

8. PROMISSORY NOTES

Promissory notes of the Company comprises promissory notes with conversion features and without conversion features issued by its wholly owned subsidiaries Greeny and Lifted as follow:

On November 25, 2019, Greeny issued a secured promissory note in a principal amount of C\$250,000. The promissory note accrues interest at a rate of 12% per annum. The promissory note is repayable on November 25, 2021, and interest is payable on a monthly basis. Pursuant to the promissory note, the Company shall pay to the lender C\$15,000 representing the prepayment of interest for the period commencing on the date of the promissory note and ending six months from the date of the promissory note and a C\$2,500 arrangement fee. As consideration for the issuance of the promissory note, the Company issued 454,545 common shares purchase warrants exercisable at C\$0.55 per Common Shares of the Company for a period of 3 years. On the maturity date, the Lender may, in its sole discretion, force the conversion of the principal amount and any outstanding indebtedness into common shares of the Company at a price equal to C\$0.55 per common share. The obligations in respect of this promissory note are secured by a general security agreement granted by Greeny in favor of the lender over Greeny's present and after-acquired property.

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

8. PROMISSORY NOTES (continued)

On January 20, 2020, Greeny issued a second secured promissory note in a principal amount of C\$250,000. The promissory note accrues interest at a rate of 12% per annum. The promissory note is repayable on January 20, 2022, and interest is payable on a monthly basis. Pursuant to the promissory note, the Company shall pay to the lender C\$15,000 representing the prepayment of interest for the period commencing on the date of the promissory note and ending six months from the date of the promissory note and a C\$2,500 arrangement fee. As consideration for the issuance of the promissory note, the Company issued 454,545 common shares purchase warrants exercisable at C\$0.55 per Common Share of the Company for a period of 3 years. On the maturity date, the Lender may, in its sole discretion, force the conversion of the principal amount and any outstanding indebtedness into common shares of the Company at a price equal to C\$0.55 per common share. The obligations in respect of this promissory note are secured by a general security agreement granted by Greeny in favor of the lender over Greeny's present and after-acquired property.

On June 4, 2020, Greeny, issued to a third-party lender a promissory note in a principal amount of C\$150,000. The promissory note bears interest of 12% per annum, payable monthly and matures on June 4, 2022. Pursuant to the promissory note, Greeny paid to the lender C\$9,000 representing the prepayment of interest for the period commencing on the date of the promissory note and ending six months from the date of the promissory note and a C\$2,500 arrangement fee. Furthermore, the Company issued 272,727 purchase warrants exercisable at C\$0.55 per share per Common Share of the Company for a period of three years from the date of the promissory note. During the year ended October 31, 2021, the third-party lender forgave C\$79,881 (\$63,519) of the loan.

The fair value of the liability component of the convertible debentures issued by Greeny at the time of issue was determined based on an estimated discount rate of 15% per annum for promissory notes without the conversion feature. The fair value of the conversion feature, equity component, was determined as the difference between the face value and the fair value of the liability component.

On June 15, 2020, Lifted issued to a third-party vendor convertible promissory notes in an aggregate principal amount of C\$287,554 in lieu of fees payable for certain legal services provided to Lifted. The promissory notes are non-interest bearing and convertible any time prior to the maturity date of 18 months from the effective date. The promissory notes are convertible into Common Shares of the Company at a conversion price equal to the 5 trading day volume weighted average price of the Company's common shares. This convertible debenture was converted, based on term of the agreement, into 3,267,671 common shares during the year ended October 31, 2021 (Note 11).

On June 15, 2020, Lifted issued to a third-party vendor a convertible promissory note in an aggregate principal amount of C\$268,900 in lieu of fees payable for certain consulting services provided to Lifted. The promissory note is non-interest bearing and convertible any time prior to the maturity date of 18 months from the effective date. The promissory note is convertible into Common Shares of the Company at a price equal to the 20-trading day volume weighted average price of the Company's common shares.

On June 19, 2020, Lifted issued a convertible promissory note in the principal amount of C\$500,000 to an officer of the Company (Note 10). The promissory note is secured against the current property of Lifted, non-interest bearing and convertible any time prior to the maturity date of 18 months from the effective date. The promissory note is convertible into Common Shares of the Company at a conversion price of 80% of the 20 trading day volume weighted average price of the Company's common shares. On February 4, 2021, the terms of the debt were amended. The amended convertible promissory note includes an interest rate of 12% per annum interest rate on the balance of the principal sum outstanding from the effective date of the convertible promissory note. During the year ended October 31, 2021, the holder of the promissory note agreed to accept 7,142,857 common shares with a fair value of C\$250,000 as full repayment of the principal amount of the note (Note 11). Since the lender is a related party the difference between the carrying value of the liability and the value of shares issued of \$299,543 was included in contributed surplus. As of October 31, 2021, accrued interest of \$59,334 was included in accrued liability (Note 10).

Lifted issued an additional promissory note, without conversion option, for the amount of C\$90,000 during the year ended October 31, 2020. The promissory note is non-interest bearing and matures in 18 months from the effective date. The promissory note was discounted at inception using the market rate of 15% per annum and is carried at amortized cost. On February 4, 2021, the terms of the agreements was amended and the promissory note was converted into a convertible debenture with the same conditions as the convertible debenture issued by Lifted on June 15, 2020 (Note 11). The convertible debenture was converted into 1,022,728 common shares and the Company recognized \$24,133 loss on extinguishment of debt during the year ended October 31, 2021.

Since the conversion features of the convertible debentures issued by Lifted fail the equity classification because the conversion prices are variable, the conversion feature was accounted as derivative liability. The derivative liability was calculated first and the residual value is assigned to the debt host liability component. Due to this fact that the lenders converted three of these promissory notes during the year ended October 31, 2021 and the remaining outstanding promissory note with variable conversion feature is expiring on December 15, 2021, the carrying value of the related derivative liability as at October 31, 2021 was \$Nil.

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

8. PROMISSORY NOTES (continued)

The following is a summary of the movement of the promissory notes and derivative liability during the years ended October 31, 2021 and 2020:

	Promissory note without conversion feature \$	Convertible promissory notes \$	Total promissory notes \$	Derivative liability \$
Balance, October 31, 2019	-	-	-	-
Additions	58,664	877,658	936,332	410,664
Interest paid	(3,715)	(41,605)	(45,320)	-
Interest accrued	2,229	86,054	88,283	-
Change in fair value	-	-	-	(72,406)
As at October 31, 2020	57,178	922,107	979,285	338,258
Interest paid	(15,903)	-	(15,903)	-
Interest accrued	2,784	285,866	288,650	-
Extinguishment	(47,432)	(180,974)	(228,406)	(47,004)
Conversion	-	(309,664)	(309,664)	(300,029)
Loan forgiveness	-	(63,519)	(63,519)	-
Foreign exchange	3,373	55,626	58,999	19,977
Change in fair value	-	-	-	(11,202)
As at October 31, 2021	-	709,442	709,442	-
Less: current portion	-	709,442	709,442	-
Amounts classified as non-current portion	-	-	-	-

The fair value of the derivative liability of \$338,258 was determined using the Black-Scholes Option Pricing Model as at October 31, 2020 with the following assumptions: expected life – 1.17 years; annualized volatility – 114%; risk-free interest rate – 0.24%; dividend rate – 0%; stock price C\$0.28; and exercise price – C\$0.314

9. LOANS PAYABLE

During the year ended October 31, 2020, the Company received an aggregate C\$40,000 (\$30,014) from Canada Emergency Business Account (“CEBA”). The interest free loan is used to finance operating costs which was offered by the Government of Canada through the Company’s bank in response to the Covid19 pandemic. The Company also has a C\$40,000 non-bearing interest loan due on demand from a third party which assumed at the completion of the RTO (Note 12). As at October 31, 2021, the loan remains outstanding.

During the year ended October 31, 2021, the Company, in relation to the acquisition of Stul, assumed a bank loan of £48,130 (\$66,493) (note 13) from a Bounce Back Loan Scheme (“BBLs”). The loan is payable in 6 years and bears interest at 2.50% per annum, fixed for the duration of the loan. The loan was previously received by Stul in May 2020. No repayment of capital was required during the first 12 months, and the UK Government had paid the interest due under this loan to the bank in response to the Covid19 pandemic. Starting 13 months after the date of first drawn, the Company shall pay the capital in 60 installments of £833.33 payable monthly plus interest that has accrued on the account at that time. The interest will reduce over the life of the loan as the capital is repaid. The Company also has assumed a £8,625 (\$11,916) (note 13) non-bearing interest loan, secured and due on demand from a company controlled by the previous owner of Stul and now shareholder of the Company. As at October 31, 2021, the loans remain outstanding (Note 10).

During the year end October 31, 2021, the Company obtained a loan from third party for the amount of \$75,000 at 15% interest payable at the payback amount of \$86,250 on equal monthly instalments and maturing on January 12, 2022.

The total carrying value as at October 31, 2021 of the loans added during the year ended October 31, 2021 was \$157,791 and the interest recognized for such loans was \$11,250.

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

9. LOANS PAYABLE (continued)

The following is a summary of the movement of the loans payable during the years ended October 31, 2021 and 2020:

	Total \$
Balance, October 31, 2019	-
CEBA loan	30,014
Loan assumed pursuant to the RTO (Note 12)	30,816
Total proceeds received	60,830
CEBA loan present value adjustment	(8,111)
Accretion of CEBA loan	917
Balance, October 31, 2020	53,636
Additions (Note 13)	157,791
Repayment	(42,339)
Accretion of CEBA loan	1,869
Translation adjustment	3,841
Balance, October 31, 2021	171,798
Less: current portion	(44,096)
Non-current portion of loan payable	127,702

CEBA was discounted at the borrowing rate of 12% at inception and then carried at amortized cost. The CEBA loan present value adjustment was accounted for as a government grant received and recorded in Government Grant income.

10. RELATED PARTY TRANSACTIONS

During the years ended October 31, 2021 and 2020, the Company incurred the expenses to related parties as follows:

- a) Consulting fees of \$342,939 (2020 - \$132,129) was incurred related to services provided by officers and directors of the Company and a company controlled by a director.
- b) Salaries of \$108,855 (2020 - \$94,308) was incurred related to services provided by an officer of the Company.

Key Management Personnel:

Key management includes the Company's directors, senior officers and any employees with authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly.

Compensation, Key Executives

	October 31, 2021 \$	October 31, 2020 \$
Short-term compensation	451,794	226,437
Share-based compensation	167,680	-

As at October 31, 2021, included in accounts payable was \$94,420 (2020 - \$10,600) owing to a company controlled by a director of Lifted. Amounts due to related parties are unsecured, non-interest-bearing and have no fixed terms of repayment.

During the year ended October 31, 2020, the Company issued a convertible promissory note to an officer of the Company for the amount received of C\$500,000 (Note 8). The principal amount of the promissory note was converted into 7,142,857 common shares during the year (note 11). As of October 31, 2021, accrued interest of \$59,334 was included in accrued liabilities.

The balance of loan receivable of \$207,632 is related to balance due from companies controlled by the previous owner of Stul and now shareholder of the Company (Note 13). These balances are non-interest bearing, secured and due on demand. The Company also recognized revenues from the acquisition date to October 31, 2021 for the amount of \$25,188 related to support services provided by Stul to a company controlled by the previous owner of Stul and the trade receivable as at October 31, 2021 due from this Company was \$93,994 (Note 5). These receivables were collected subsequent to the year ended October 31, 2021.

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

10. RELATED PARTY TRANSACTIONS (continued)

During the year ended October 31, 2021, the Company assumed a loan payable in relation to the acquisition of Stul of \$11,796 from a company controlled by the previous owner of Stul and now shareholder of the Company. The loan is non-interest bearing and due on demand (Note 9).

11. SHARE CAPITAL

Authorized Share Capital

The Company has authorized for issuance an unlimited number of common shares. At October 31, 2021, the Company had 126,631,524 (2020 - 93,902,230) common shares issued and outstanding, with no par value.

On September 8, 2020, in connection with the completion of the RTO, the Company consolidated its common shares on the basis of one (1) post-consolidation share for twenty-three (23) pre-consolidation shares to reduce the number of issued and outstanding common shares (Note 12).

Issuance of Shares

	Number of Shares	\$
Balance as at October 31, 2019	61,300,000	2,824,963
Shares issued for debt settlement	155,259	130,336
Shares issued for services	3,065,000	2,668,850
Eliminate Lifted Innovation's common share (Note 12)	(64,495,479)	-
PeakBirch Logic Inc. common shares (Note 12)	650,623	567,217
Shares issued for reverse takeover acquisition (Note 12)	64,495,479	-
Shares issued to acquire Canndora Delivery (Note 12)	18,260,870	15,919,946
Shares issued to acquire Greeny (Note 12)	9,166,131	7,991,093
Shares issued from private placement	1,304,347	716,669
Balance as at October 31, 2020	93,902,230	30,819,074
Shares issued from conversion of convertible note (Note 8)	11,433,256	609,692
Shares issued from private placement	10,391,332	373,136
Shares issued for RSUs	1,824,282	101,483
Shares issued for acquisition of subsidiary (Note 13)	8,648,023	273,369
Shares issued for finder's fee	432,401	11,960
Balance as at October 31, 2021	126,631,524	32,188,714

Year ended October 31, 2021

On February 4, 2021, the Company issued 4,290,399 common shares for the conversion of promissory notes of C\$377,555 (Note 8).

On April 21, 2021, the Company completed the first tranche of a non-brokered private placement of 10,391,332 units at a price of C\$0.06 per unit for aggregate gross proceeds of C\$623,480. Each unit consists of one common share and one-half of a common share purchase warrant. Each full warrant entitles the holder thereof to purchase one additional common share at C\$0.07 per common share for two years from the closing of the offering. No finders' fees were paid pursuant to the offering.

On June 9, 2021, the Company issued 250,000 common shares at the fair value of \$14,000 for the exercise of the 250,000 RSUs.

On September 9, 2021, the Company issued 7,142,857 common shares for the conversion of the promissory notes of C\$500,000 (Notes 8 and 10).

On September 9, 2021, the Company issued 1,574,282 common shares at the fair value of \$87,483 for the exercise of 1,574,282 RSUs.

On September 9, 2021, the Company issued 8,648,023 common shares with a fair value of \$273,369 for the acquisition of Stul. In connection with the transaction, the Company paid finder's fee through the issuance of 432,401 common shares with a fair value of \$11,960 (Note 13).

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

11. SHARE CAPITAL (continued)

Issuance of Shares (continued)

Year ended October 31, 2020

In connection with the RTO (Note 12), the Company completed on September 8, 2020 a unit financing consisting of 1,304,347 units at a price of C\$1.15 per unit for gross proceeds of C\$1,500,000 (\$1,137,139). Each unit consisted of one common share and one warrant to acquire one additional common share at a price of C\$1.40 per share for a period of three years from the closing (Note 12). In addition, the Company issued 24,780 common shares with the fair value of C\$1.15 per share to settle outstanding debt of C\$28,499 (\$21,605). The fair value allocated to the warrants issued was \$420,470.

On August 24, 2020, the Company issued 3,065,000 common shares with a fair value of C\$1.15 per share in connection with a strategic collaboration agreement between the Company and Namaste Technology Inc. as consideration for consulting services.

On June 18, 2020, the Company issued 130,749 shares at C\$1.15 per share to a third-party vendor and a company controlled by a director of the Company, in lieu of fee payables of \$108,731 (equivalent to C\$150,050).

Securities held in Escrow

Following the completion of the RTO, an officer of the Company entered into an escrow agreement whereby all the common shares issued to the officer pursuant to the promissory note with a principal amount of \$500,000 dated on June 19, 2020 (Note 8) and upon conversion will be deposited into escrow. The promissory note was converted into 7,142,857 common shares on September 9, 2021.

During the year ended October 31, 2021, 120,000 stock options in escrow were released pursuant to the escrow agreement. The 240,000 stock options remaining in escrow as at October 31, 2021 are scheduled to be released as follows:

	Total \$
March 8, 2022	60,000
September 8, 2022	60,000
March 8, 2023	60,000
September 8, 2023	60,000

Stock Options

The Company has established a rolling RSU plan and stock option plan for directors, employees, and consultants. The plans are managed by the Board. The aggregate number of common shares issuable pursuant to RSUs and options granted under the plan is 21,766,792 common shares, being 20% of the Company's issued common shares under the plans. The board of directors has the exclusive power over the granting of options and their vesting and cancellation provisions.

Options Outstanding

The following is a summary of the changes in the Company's stock option plan for the years ended October 31, 2021 and 2020:

	Number of Options	Weighted average exercise price (CAD)\$
Outstanding, October 31, 2019	3,750,000	0.21 (US\$0.16)
Reverse options of PeakBirch immediately before RTO*	(3,750,000)	0.21 (US\$0.16)
Replacement options*	3,750,000	0.21 (US\$0.16)
Replacement options**	660,244	1.05 (US\$0.80)
Outstanding, October 31, 2020	4,410,244	0.33 (US\$0.25)
Granted	3,292,852	0.08 (US\$0.06)
Outstanding, October 31, 2021	7,703,096	0.22 (US\$0.18)

*On September 8, 2020, the Company issued 3,750,000 replacement options pursuant to the reverse takeover acquisition of Lifted (Note 12). The stock options are exercisable for common shares of the Company at a weighted average exercisable price of C\$0.21 per share. The replacement options which were issued are not considered to be a modification to the original options upon completion of the RTO.

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

11. SHARE CAPITAL (continued)

Stock Options (continued)

**In addition, the Company issued 660,244 replacement options pursuant to the acquisition of Greeny (Note 12). The stock options are exercisable for common shares of the Company at an exercise price of C\$1.05 per share. The fair value of the new stock options was estimated to be \$401,902. The fair value was determined using the Black-Scholes Option Pricing Model at the amendment date with the following assumptions: expected life – 5 years; annualized volatility – 95.20%; risk-free interest rate – 0.32%; dividend rate – 0%.

On April 30, 2021, the Company issued 3,042,852 stock options to certain directors, officers and consultants of the Company. Each option vest immediately, and exercisable at an exercise price of C\$0.08 per common share of the Company until April 30, 2025. The fair value of the stock options was estimated to be \$109,783. The fair value was determined using the Black-Scholes Option Pricing Model at the amendment date with the following assumptions: expected life – 4 years; annualized volatility – 97.19%; risk-free interest rate – 0.74%; dividend rate – 0%.

On May 5, 2021, the Company granted 250,000 stock options to a director of the Company in accordance with the Company's incentive compensation plans. Each of the options vest immediately, and will be exercisable at an exercise price of C\$0.08 per common share of the Company until May 5, 2025. The fair value of the stock options was estimated to be \$8,515. The fair value was determined using the Black-Scholes Option Pricing Model with the following assumptions: expected life – 4 years; annualized volatility – 97.18%; risk-free interest rate – 0.73%; dividend rate – 0%.

Options Exercisable

The following are summaries of the exercisable stock options for the years ended October 31, 2021 and 2020:

Expiry Date	Weighted Average Exercised Price (CAD)	Number of Options	Vested	Weighted Average Remaining Life (in years)
April 9, 2023	\$0.20 (US\$0.15)	1,850,000	1,850,000	1.44
May 14, 2023	\$0.20 (US\$0.15)	100,000	100,000	1.53
May 21, 2023	\$0.50 (US\$0.38)	100,000	100,000	1.55
July 31, 2024	\$0.20 (US\$0.15)	1,700,000	1,700,000	2.75
September 16, 2024	\$1.05 (US\$0.80)	660,244	660,244	2.88
April 30, 2025	\$0.08 (US\$0.06)	3,042,852	3,042,852	3.50
May 5, 2025	\$0.08 (US\$0.06)	250,000	250,000	3.51
Balance, October 31, 2021	\$0.22 (US\$0.18)	7,703,096	7,703,096	2.73

Expiry Date	Weighted Average Exercised Price (CAD)	Number of Options	Vested	Weighted Average Remaining Life (in years)
April 9, 2023	\$0.20 (US\$0.15)	1,850,000	1,850,000	2.44
May 14, 2023	\$0.20 (US\$0.15)	100,000	100,000	2.54
May 21, 2023	\$0.50 (US\$0.38)	100,000	100,000	2.55
July 31, 2024	\$0.20 (US\$0.15)	1,700,000	1,700,000	3.75
September 16, 2024	\$1.05 (US\$0.80)	660,244	660,244	3.88
Balance, October 31, 2020	\$0.33 (US\$0.25)	4,410,244	4,410,244	3.16

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

11. SHARE CAPITAL (continued)

Stock Options (continued)

Black-Scholes assumptions for options

The assumptions used for the calculation of the fair value of the options are as follows:

	2021	2020
Volatility	97.19%	95.20%
Risk-free interest rate	0.74%	0.32%
Expected life (years)	4 years	5 years
Dividend yield	Nil	Nil
Share price	C\$0.07 (US\$0.06)	C\$1.15 (US\$0.87)

Volatility is calculated by using the historical volatility of other public companies that the Company considers comparable that have trading and volatility history. The expected life in years represents the time that the options granted are expected to be outstanding. The risk-free rate is based on zero coupon Canada government bonds with a remaining term equal to the expected life of the options.

Restricted Share Units

On April 30, 2021, the Company granted an aggregate of 1,949,282 restricted share units (RSUs) to certain directors, officers and consultants of the company in accordance with the company's incentive compensation plans. Each of the RSUs vest immediately. The fair value of the new RSUs was estimated to be \$107,247. 1,574,282 RSUs were exercised during the year ended October 31, 2021.

On May 7, 2021, the Company granted 435,714 restricted share units (RSUs) to a director and a consultant of the Company in accordance with the Company's incentive compensation plans. Each of the RSUs vest immediately. The fair value of the new RSUs was estimated to be \$25,090. 250,000 RSUs were exercised during the year ended October 31, 2021.

A summary of the Company's outstanding RSU's as at October 31, 2021 are as follows:

	Number of RSU's
Outstanding, October 31, 2020	-
Granted	2,384,996
Exercised	(1,824,282)
Outstanding, October 31, 2021	560,714

During the year ended October 31, 2021, the Company recognized a total of \$132,337 in share-based compensation.

Share Purchase Warrants

The following is a summary of the changes in the Company's share purchase warrants for the years ended October 31, 2021 and 2020:

	Number of Warrants	Weighted Average Exercise Price (CAD) \$
Outstanding, October 31, 2019	-	-
Replacement warrants*	568,723	1.15 (US\$0.87)
Issued	1,304,347	1.40 (US\$1.06)
Expired	(5,339)	1.05 (US\$0.80)
Outstanding, October 31, 2020	1,867,731	1.32 (US\$1.00)
Issued	5,195,666	0.07 (US\$0.06)
Outstanding, October 31, 2021	7,063,397	0.40 (US\$0.31)

*The Company issued 568,723 share purchase warrants in exchange for Greeny warrants (Note 12)

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

11. SHARE CAPITAL (continued)

The following are summaries of the exercisable share purchase warrants for the year ended October 31, 2021:

Expiry Date	Weighted Average Exercised Price (CAD)	Number of Warrants	Exercisable	Weighted Average Remaining Life (in years)
November 25, 2022	\$1.05 (US\$0.80)	216,686	216,686	1.07
January 20, 2023	\$1.15 (US\$0.87)	216,686	216,686	1.22
June 4, 2023	\$1.15 (US\$0.87)	130,012	130,012	1.59
September 4, 2023	\$1.40 (US\$1.06)	1,304,348	1,304,348	1.84
April 21, 2023	\$0.07 (US\$0.06)	5,195,666	5,195,666	1.47
	\$0.40 (US\$0.31)	7,063,398	7,063,398	1.52

Contributed Surplus

Contributed surplus records items recognized as share-based compensation expense and other share-based payments until such time that the stock options, RSUs or warrants are exercised. When the share-based payment arrangement has been cancelled or the terms have expired the fair value assigned to the share-based payment arrangement is transferred to reserve.

Warrant Reserve

Warrant reserve records the fair values assigned to the Share Purchase Warrants issued by the Company.

Foreign Exchange Translation Reserve

Foreign exchange translation reserve records effect for the translation of the results and financial position of the Company's subsidiaries with functional currencies different from the presentation currency.

12. REVERSE TAKEOVER ACQUISITION

On September 8, 2020, the Company completed an arrangement with Canndora, Greeny and Lifted whereby the Company acquired 100% of the issued and outstanding shares of Canndora in exchange for an aggregate of 18,260,870 common shares, acquired 100% of the issued and outstanding shares of Greeny in exchange for an aggregate of 9,166,131 common shares, 563,384 share purchase warrants exercisable at C\$1.15 per share, 5,339 share purchase warrants exercisable at C\$1.05 and 660,244 stock options exercisable at C\$1.05 per share, and acquired approximately 98.5% of the issued and outstanding shares of Lifted in exchange for an aggregate of 63,545,479 common shares and 3,750,000 stock options of which 3,650,000 stock options are exercisable at C\$0.20 per share and 100,000 stock options are exercisable at C\$0.50 per share (Note 11).

The Company continued the businesses of Lifted and further development of the technology of Greeny and Canndora as a company that specializes in e-commerce sales and delivery of cannabis-related products and CBD-(cannabidiol)-containing products.

Concurrently with the closing, the Company completed a unit financing consisting of 1,304,348 units at a price of C\$1.15 per unit for gross proceeds of \$1,500,000. Each unit consisted of one common share and one warrant to acquire one additional common share at a price of C\$1.40 per share for a period of three years from the closing (Note 11).

In addition, the Company completed a 1-for-23 share consolidation to reduce the number of issued and outstanding common shares of the Company.

On October 19, 2020, the Company completed the acquisition of 950,000 common shares of Lifted representing 1.5% of the outstanding Lifted shares. The acquisition was completed on substantively the same terms as the Lifted takeover (Note 11).

Management determined that, for accounting purposes, Lifted became the acquirer as a result of completing the RTO on the basis that the shareholders of Lifted obtained the largest number of common shares (holding 69.17%, excluding the financing completed by the Company concurrently with the closing of the RTO, the debt settlement in shares completed by the Company, Greeny and Lifted and the shares issued for services, prior to the closing of the RTO) of the Company, taking into consideration the outstanding options, warrants and convertible debts.

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

12. REVERSE TAKEOVER ACQUISITION (continued)

The Company does not meet the definition of a business, therefore the transaction is outside of the scope of IFRS 3 Business Combinations. Instead, the RTO will be accounted for under IFRS 2 Share-based Payment. Under this basis of accounting, the consolidated entity is considered to be a continuation of Lifted. The acquisitions of Canndora and Greeny were considered to be asset acquisitions accounted in accordance with IFRS 2. The results of operations from the Company, Canndora, and Greeny are included in the consolidated financial statements since the date of acquisition.

The following table summarizes the consideration paid and the fair value of the identifiable assets acquired, and liabilities assumed as of the date of acquisition:

Acquisition of the Company

	\$
Fair value of consideration (650,623 shares at \$0.87 per share) (Note 11)*	567,217
Allocated as follows:	
Identified fair value of net assets:	
Cash	32,234
Prepaid expense	150
Receivables	31,539
Accounts payable and accrued liabilities	(536,256)
Due to Canndora	(75,809)
Loan payable (Note 9)	(30,324)
Indemnification provision	(128,224)
Net assets assumed	(706,690)
Listing expense	1,273,907

Acquisition of Canndora

	\$
Fair value of consideration (18,260,870 shares at \$0.87 per share) (Note 11)*	15,919,946
Allocated as follows:	
Identified fair value of net assets:	
Cash	990
Receivables	4,714
Due from Kootenay	75,809
Intangible asset (Note 7)	758,093
Accounts payable and accrued liabilities	(260,322)
Net assets assumed	579,284
Stock-based compensation	15,340,662

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

12. REVERSE TAKEOVER ACQUISITION (continued)

Acquisition of Greeny

	\$
Fair value of consideration (9,166,131 shares at \$0.87 per share) (Note 11)*	7,991,093
Fair value of outstanding options (Note 11)	401,902
Fair value of outstanding warrants (Note 11)	281,196
Total costs of acquisition	8,674,191
Allocated as follows:	
Identified fair value of net assets:	
Cash	10,367
Prepaid expenses	3,260
Intangible assets (Note 7)	1,229,788
Accounts payable and accrued liabilities	(42,367)
Convertible promissory notes (Note 8)	(469,086)
Net assets assumed	731,962
Stock-based compensation	7,942,229

* The fair value of the shares issued as consideration for the Acquisitions were estimated to be \$0.87 (C\$1.15) per share using the price of the concurrent private placement.

13. ACQUISITION OF STUL LTD.

On July 26, 2021, the Company closed the acquisition of Stul, a company located in London, United Kingdom. The Company acquired all of the issued and outstanding shares of Stul. During the year ended October 31, 2021, the Company issued 8,648,023 common shares to the sole shareholder of Stul and 2,162,600 common shares will be issued upon the Company confirming that Stul's working capital is at least GBP350,000. In the event Stul's working capital is less than the working capital target the purchase price and accordingly the number of common shares issuable under the acquisition shall be reduced on a dollar-for-dollar basis. Assuming that all of the compensation securities are issued, the former shareholder of Stul will hold 10,810,625 common shares, representing 9.91% of the common shares and will not beneficially hold any other securities of the Company. Based on the working capital amount of Stul, the Company estimated that the issuance of 2,162,600 common shares is not probable and therefore the shares to be issued were not accounted for in the consolidated financial statements as at October 31, 2021. In connection with acquisition, the Company issued 8,648,023 common shares at the fair value of \$273,369.

In connection with the transaction, the Company paid finder's fee through the issuance of 432,401 common shares with a fair value of \$11,960.

For accounting purposes, the acquisition of Stul was considered a business combination and accounted for using the acquisition method. The results of operations from Stul are included in the consolidated financial statements from the date of acquisition.

The following table summarizes the consideration paid and the fair value of the identifiable assets acquired, and liabilities assumed as of the date of acquisition:

	\$
Fair value of shares issued (8,648,023 shares at \$0.0277(C\$0.035) per share)	273,369
Allocated as follows:	
Identified fair value of net assets:	
Cash	147,134
Receivables (Notes 5 and 10)	86,907
Loan receivable	168,287
Prepaid assets	37,028
Inventory	98,752
Equipment (Note 6)	4,685
Right-of-use assets (Note 14)	95,227
Lease liability (Note 14)	(95,227)
Loan payable (Note 9)	(78,409)
Accounts payable and accrued liabilities	(87,514)
Net assets assumed	376,870
Gain on acquisition of subsidiary	(103,501)

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

On July 26, 2021, the Company closed the acquisition of Stul Ltd. ("Stul") (Note 13). Part of the net assets assumed by the Company include a lease for the store located in Essex, United Kingdom. The store was lease at GBP 2,250 per month and the lease agreement expires on February 19, 2024.

The details of the right-of-use assets and lease liabilities recognized as at October 31, 2021 are as follows:

	Right-of-use assets
	\$
Outstanding, October 31, 2020	-
Assumed from Stul (Note 13)	95,227
Amortization	(9,198)
Foreign exchange	(1,120)
Outstanding, October 31, 2021	84,909
	Lease liability
	\$
Outstanding, October 31, 2020	-
Assumed from Stul (Note 13)	95,227
Lease payments	(9,018)
Foreign exchange	(1,169)
Accrued interest	115
Outstanding, October 31, 2021	85,155
Less: current portion	(36,586)
Amounts classified as non-current portion	48,569

15. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

Financial instruments that are measured at fair value using inputs which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level One includes quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level Two includes inputs that are observable other than quoted prices included in Level One; and
- Level Three includes inputs that are not based on observable market data.

As at October 31, 2021 and 2020, both the carrying and fair value amounts of other receivable, loan receivable, accounts payable, promissory notes payable and loans payable are approximately equivalent due to their short-term nature. Cash is carried at fair value determined under the fair value hierarchy as Level One. The fair value of derivative liability was determined based on Level Three inputs.

Risk Management

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash and other receivables (excluding sales tax receivable). Management believes credit risk with respect to its financial instruments is minimal. Credit risk on cash is mitigated as it is held in a Tier 1 financial institution and all other receivables were collected after the year end.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities. All amounts in current liabilities as at October 31, 2021 and 2020 are due within 12 months. Liquidity risk is assessed as high.

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

15. FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices and specifically to foreign currency risk.

Foreign currency risk

The Company holds cash denominated in Canadian Dollars and the British Pound Sterling. The Company is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of settlement of their trade and other liability balances. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Below is a list of all financial instruments in their base currency at face value:

	October 31, 2021	October 31, 2020
	\$	\$
Cash – CAD	29,303	199,370
Trade and other receivables - CAD	84,880	70,113
Account payable and accrued liabilities - CAD	(920,445)	(889,632)
Promissory notes (Principal) - CAD	(839,019)	(1,796,455)
Loans payable (Principal) - CAD	(80,000)	(80,650)

	October 31, 2021	October 31, 2020
	£	£
Cash – GBP	59,053	-
Trade and other receivables – GBP	84,708	-
Loan receivable - GBP	151,811	-
Account payable and accrued liabilities - GBP	(62,666)	-
Loans payable - GBP	(45,330)	-

16. CAPITAL MANAGEMENT

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as shareholders' equity. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's capital management approach during the year.

17. INCOME TAXES

The relationship between the expected tax recovery based on the statutory tax rate and the reported tax recovery in the consolidated statement of loss and comprehensive loss is reconciled as follows:

Income Tax Recovery	October 31, 2021	October 31, 2020
	\$	\$
Accounting loss before income tax	(3,789,774)	(28,537,589)
Expected income tax recovery at the statutory rates - 26.5% in Canada and 21.0% in the United States	(1,023,239)	(7,705,149)
<i>Adjustments for the following items:</i>		
Permanent items	595,080	5,932,954
Other	-	(987,493)
Unused tax losses and tax offsets not recognized	428,159	2,759,688
Income tax recovery	-	-

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

17. INCOME TAXES (continued)

As at October 31, 2021, the Company has US non-capital loss carry forwards of approximately \$807,151 (2020 - \$507,471) which can be used to reduce taxable income of future years. The benefits from the non-capital loss carryforward balance has not been recorded in the consolidated financial statements. These non-capital losses do not expire.

The Canadian non-capital loss carryforwards of \$13,653,998, will begin to expire in 2036.

	October 31, 2021	October 31, 2020
	\$	\$
Non-capital Losses	3,823,597	3,383,990
Share issuance costs	151	11,600
Exploration and evaluation assets	322,214	322,214
Unrecognized deductible temporary differences	4,145,962	3,717,804

18. SEGMENTED DISCLOSURE

The Company operates in one business segment being the distribution of vaporizers and accessories for aromatherapy and other purposes.

Revenues and total assets at October 31, 2021 and 2020 are as follow:

	United States \$	Canada \$	United Kingdom \$	Total \$
For the year ended October 31, 2021				
Net revenue	2,797,346	84,281	75,911	2,954,538
As at October 31, 2021				
Total assets	263,046	44,077	542,693	849,816
For the year ended October 31, 2020				
Net revenue	1,482,194	16,342	-	1,498,536
As at October 31, 2020				
Total assets	1,492,942	1,144,540	-	2,637,482

19. CONTINGENCY

Company was one of the respondents to the British Columbia Securities Commission ("BCSC") Temporary Order dated November 26, 2018 issued against a group of people and entities. In essence, the Plaintiffs allege that the Company's conduct gives rise to statutory and common law claims of misrepresentation. The Plaintiffs have also alleged that the Company was involved in a conspiracy. As part of the class proceedings, a number of Petitioners including one shareholder of the Company commenced a Petition to obtain leave of the Court to commence a secondary market misrepresentation claim against Company. In the fall of 2021, the Plaintiffs were granted leave to commence a secondary market misrepresentation claim against the Company. That decision is under Appeal. The Appeal is currently scheduled to be heard in June 2022. The claim has not been certified. At this preliminary stage of the proceedings, the Plaintiffs have asserted that the quantum of the alleged claims is in the range of \$2,700,000.

The Company intends to vigorously defend the claim.

PeakBirch Commerce Inc. (formerly PeakBirch Logic Inc.)
Notes to the Consolidated Financial Statements
For the years ended October 31, 2021 and 2020
(Expressed in US Dollars)

20. SUBSEQUENT EVENTS

On February 22, 2022, the Company consolidated all of its issued and outstanding common shares on the basis of one post-consolidation common share for every 3.3 pre-consolidation common shares.

On February 24, 2022, the Company acquired Greenlite Crowdfunding Corp ("Greenlite"), a company located in British Columbia, Canada. The Company acquired 100% of the issued and outstanding shares of Greenlite, including all of the existing assets of Greenlite for purchase price of \$1,363,636 by the issuance of 27,272,727 common shares of the Company at a deemed price of \$0.05 per common share on a post consolidation basis. Immediately prior to closing of the transaction, the Company completed an offering of common shares for aggregate gross proceeds of \$250,000.

-