

ApartmentLove Inc.

Condensed Interim Financial Statements
For the period ended September 30, 2021

ApartmentLove Inc.
Condensed Interim Statements of Financial Position
As at September 30, 2021

		September 30, 2021 <i>(Unaudited)</i>	December 31, 2020 <i>(Audited)</i>
Assets	Notes	\$	\$
Current assets			
Cash		209,257	47,362
Accounts receivable and other receivables		26,330	5,897
Prepaid expenses		5,900	5,000
Total current assets		<u>241,487</u>	<u>58,259</u>
Equipment		4,475	777
Intangible assets		139,053	89,907
Total assets		<u>385,015</u>	<u>148,943</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		180,132	256,141
Non-current liabilities			
Term loans	4	<u>61,327</u>	<u>49,418</u>
Total liabilities		<u>241,459</u>	<u>305,559</u>
Shareholders' Equity			
Share capital	7	2,648,236	2,208,355
Equity portion of convertible loans		9,167	3,821
Warrants		53,500	53,500
Contributed surplus		313,915	218,315
Deficit		<u>(2,881,262)</u>	<u>(2,640,607)</u>
Total shareholders' equity (deficiency)		<u>143,556</u>	<u>(156,616)</u>
Total liabilities and shareholders' equity		<u>385,015</u>	<u>148,943</u>

Going concern (note 2(c))
 Commitments and contingencies (note 9)
 See accompanying notes to the financial statements.
 Approved by the Board of Directors

"Murray Bryant", Director
 Murray Bryant

"George Davidson", Director
 George Davidson

ApartmentLove Inc.

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited)

	Three-months ended September 30		Nine-months ended September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Revenue (Note 5(a))	1,339	3,097	3,398	13,163
Direct expenses	236	1,551	548	4,450
Gross profit	1,103	1,546	2,850	8,713
Selling, general and administrative expenses	116,432	108,716	225,415	374,612
Stock-based compensation	-	35,900	145,137	35,900
Amortization and depreciation	19,057	19,175	45,770	56,464
Gain on cancellation of shares	(175,000)	-	(175,000)	-
Finance costs	4,465	-	3,386	347
Government grants	-	-	-	(10,000)
Other (income) expenses	-	(55)	(1,203)	(1,391)
Total expenses	(43,731)	163,736	243,505	455,932
Net income (loss) and comprehensive loss	36,149	(162,190)	(240,655)	(447,219)
Income (loss) per share				
Basic and diluted	0.001	(0.01)	(0.01)	(0.01)

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See accompanying notes to the financial statements

ApartmentLove Inc.

Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)

For the Period Ended September 30, 2021

(Unaudited)

	Common Shares	Equity Portion of Convertible Loan	Contributed Surplus	Warrants	Deficit	Shareholders' Equity (Deficiency)
	\$	\$	\$	\$	\$	\$
Balance at December 31, 2019	1,829,596	-	224,569	50,900	(2,117,448)	(12,383)
Common shares issued for cash	162,250	-	-	-	-	162,250
Share issuance costs	(8,349)	-	-	2,600	-	(5,749)
Equity component of convertible loans	-	3,821	-	-	-	3,821
Common shares issued for settlement of payables	37,577	-	-	-	-	37,577
Common shares issued in exchange for services	68,261	-	-	-	-	68,261
Stock-based compensation	-	-	33,766	-	-	33,766
Stock options exercised	119,020	-	(40,020)	-	-	79,000
Net loss and comprehensive loss	-	-	-	-	(523,159)	(523,159)
Balance at December 31, 2020	2,208,355	3,821	218,315	53,500	(2,640,607)	(156,616)
Common shares issued for cash	400,446	-	-	-	-	400,446
Share issuance costs	(35,800)	-	-	-	-	(35,800)
Equity component of convertible loans	-	25,208	-	-	-	25,208
Common shares issued on settlement of payables	97,013	-	-	-	-	97,013
Common shares issued in exchange for services	49,537	-	-	-	-	49,537
Common shares issued for conversion of convertible debt	138,685	(19,862)	-	-	-	118,823
Cancellation of previously issued shares	(210,000)	-	-	-	-	(210,000)
Stock-based compensation	-	-	95,600	-	-	95,600
Net loss and comprehensive loss	-	-	-	-	(240,655)	(240,655)
Balance at September 30, 2021	2,648,236	9,167	313,915	53,500	(2,881,262)	143,556

See accompanying notes to the financial statements

ApartmentLove Inc.

Condensed Interim Statements of Cash Flows Period Ended September 30, 2021

	Nine-months ended Sept. 30	
	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(240,655)	(493,352)
Adjustments to reconcile net loss to net cash from operating activities		
Amortization and depreciation	45,770	92,596
Stock-based compensation	95,600	35,900
Cancellation of shares	(175,000)	-
Finance costs	(9,060)	-
	<u>(283,345)</u>	<u>(364,855)</u>
Changes in non-cash working capital		
Accounts receivable	(20,433)	786
Prepaid expenses	(900)	3,840
Accounts payable	(13,996)	134,460
	<u>(35,329)</u>	<u>139,086</u>
Net cash used in operating activities	<u>(318,674)</u>	<u>(225,769)</u>
INVESTING ACTIVITIES		
Purchase of equipment	(4,102)	(218)
Purchase of intangible assets	(94,512)	(67,325)
Net cash used in investing activities	<u>(98,614)</u>	<u>(67,543)</u>
FINANCING ACTIVITIES		
Common shares issued for cash	364,646	196,100
Common shares issued for services	49,537	
Proceeds from term loan	165,000	40,000
Net cash from investing activities	<u>589,183</u>	<u>236,100</u>
Net change in cash and bank balances	171,925	(57,212)
Cash and bank balances, beginning of period	47,362	63,487
Cash and bank balances, end of period	<u>219,257</u>	<u>6,275</u>

Non-Cash Amounts:

The Company settled accounts payable of \$97,013 through the issuance of shares during the period ended September 30, 2021 (note 7).

The Company issued common shares for services of \$49,537 during the period ended September 30 (note 7)

See accompanying notes to the financial statements.

ApartmentLove Inc.

Notes to Condensed Interim Financial Statements

Period Ended September 30, 2021

1. Incorporation and operations

ApartmentLove Inc. (the "Company") was federally incorporated under the laws of Canada on January 19, 2015, with operations commencing July 15, 2015. The Company previously operated under the name Culada Asset Management, Inc. until June 19, 2018. The Company provides an interactive real estate website (www.apartmentlove.com) which promotes housing, apartments and other rental properties online by offering prospective tenants photographs, property descriptions, text, price, location, maps and other information that could be considered beneficial to a prospective tenant when making a rental decision.

The Company's head office is located at 1600, 421 – 7th Avenue SW, Calgary, Alberta, Canada, T2P 4K9.

2. Basis of preparation

(a) Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting.

Accordingly, certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) have been omitted or condensed. These unaudited condensed interim financial statements should be read in conjunction with the Company's financial statements for the year ended December 31, 2020. There have been no changes to the Company's significant accounting policies from those disclosed in the 2020 audited annual financial statements.

The financial statements were approved and authorized for issue by the Board of Directors on November 26, 2021.

(b) Basis of measurement and going concern

The financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value.

(c) Going concern

These financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern. As at September 30, 2021, the Company has a positive net working capital of \$61,355 (December 31, 2020 negative net working capital - \$197,882). The Company also has an accumulated deficit of \$2,881,262 (December 31, 2020 - \$2,640,607) as at September, 2021 and incurred a net loss during the nine-month period ended September 30, 2021 of \$240,655 (2020 - \$447,219).

ApartmentLove Inc.

Notes to Condensed Interim Financial Statements

Period Ended September 30, 2021

The Company has not yet been able to generate the transaction volumes required to create positive cash flows from operations. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to September 30, 2021 is uncertain. The Company will closely monitor its cash and will take the necessary measures to preserve cash, such as reducing spending as required until the Company succeeds in gathering sufficient sales volumes to consistently achieve profitable operations and generate positive cash flows from operations.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

(d) Functional currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(e) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires that management make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the year. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. Accordingly, actual results may differ from estimates amounts as future events occur.

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i. Intangible Assets - Impairment

Judgments are required to assess when impairment indicators, or reversal indicators exist, and impairment testing is required. These indicators include, but are not limited to, significant changes in markets for the Company's products or services or management's intended use of the asset.

ii. *Income taxes*

Judgment is required in the calculation of current and deferred taxes in applying tax laws and regulations, estimating the timing of the reversals of temporary differences and estimating the realizability of deferred tax assets.

3. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair values for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Share-based payment transactions

The fair values of the employee share options and warrants are measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, expected forfeiture rates, and the risk-free interest rate (based on a government bond with a comparable term). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair values.

4. Term loans

	2021	2020
	\$	\$
CEBA Loan (i)	30,356	27,766
Convertible debentures (ii)	30,971	21,652
	<u>61,327</u>	<u>49,418</u>

- (i) The Company applied for and received a \$60,000 CEBA loan in the 2020 fiscal year. The loan was provided by the Government of Canada to provide capital to companies to see them through the current challenges related to the COVID 19 pandemic and better position them to return to providing services and creating employment. The loan is unsecured. The loan is interest free to December 31, 2022. If the loan is paid back by December 31, 2022, \$20,000 of the loan will be forgiven. If the loan is not paid back by December 31, 2022 the full \$60,000 loan will be converted to loan repayable over three years with a 5% interest rate. To estimate the fair value, the debt component was estimated first at \$26,094, considering the forgiveness and interest free aspects. An effective rate of 20% was used which corresponds to a rate that the Company would have obtained for a similar loan. The \$20,000 residual value was attributed to a governmental subsidy that is presented in the statement of loss in other income. The balance as at September 30, 2021 includes \$3,885 December 31, 2020: \$1,672) accretion interest payable which was calculated using effective interest rates of 20%.

- (ii) On October 13, 2020 the Board approved the issuance of convertible debentures with a two-year term and an interest rate to accrue at the rate of 10% per annum, convertible into common shares at \$0.10 per common share. During the 2021 fiscal year, the company closed a non- brokered private placement of convertible debentures totaling \$ 165,000 (2020: \$ 25,000). The fair value of the loans was determined to be \$139,792 (2020: \$ 21,181) using an interest rate of 20% and \$ 25,208 (2020 \$ 3,819) being allocated to equity component of convertible debenture. In September 2021, a total of \$138,685, which included accrued interest to date in the amount of \$8,685 was converted into common shares. The balance as at September 30, 2021 includes \$4,027 of interest payable (December 31, 2020: \$1,746) Accretion expense of \$2,324 (December 31,2020: \$225) for the period ended September 30, 2021 was calculated using an effective interest rate of 20%.

5. Revenues

(a) Disaggregation of revenue

The Company disaggregates revenue by two major categories: (1) Revenues earned on individual listings and (2) long-term listing fee contracts. Listing fee contracts have defined terms and may require a minimum or specified number of available listings on the Company's website for a defined period of time. Revenue on individual listings relate to customers directly posting their listing to the Company's website.

Revenue by major category	Nine-months ended September 30,	
	2021	2020
	\$	\$
Listing fees	3,300	5,154
Listing contracts	-	8,009
Other Income	<u>98</u>	<u>-</u>
	<u>3,398</u>	<u>13,163</u>

(b) Accounts receivable and contract balances

Timing differences between invoicing, cash collection, and revenue recognition results in accounts receivable and also results in customer deposits and deferred revenue on the balance sheet. Amounts are billed in accordance with the terms of each customer contract, generally subsequent to the performance of obligations and related revenue recognition, resulting in accounts receivable.

6. Related party transactions and balances

During the nine months ended September 30, 2021 the company incurred \$89,250 (2020-\$264,776) in management fees these which have been included in salaries and commissions.

7. Share capital

(a) Authorized
Unlimited voting common shares

Issued

Common Shares	Number of Shares	Amount
Balance, December 31, 2019	30,466,604	\$ 1,829,596
Shares issued		
Common shares issued for cash	1,632,500	162,250
Share issuance costs	-	(8,349)
Shares issued for settlement of payables	370,076	37,577
Stock options exercised	1,037,500	79,000
Common shares issued in exchange for services	688,310	68,261
Balance, December 31, 2020	34,194,990	2,208,355
Shares issued		
Common shares issued for cash (i)	4,004,462	400,446
Share issuance costs	-	(35,800)
Shares issued for settlement of payables (ii)	970,125	97,013
Common shares issued in exchange for Services (iii)	495,374	49,537
Common Shares issued for conversion of Convertible Debentures (iv)	1,386,850	138,685
Cancellation of previously issued shares (v)	(3,750,000)	(210,000)
Balance, September 30, 2021	39,664,951	2,648,236

- (i) During the period to March 31, 2021, the Company completed a private placement to issue 4,004,462 common shares for total cash proceeds of \$364,646 net of share issuance costs.
- (ii) During the period to March 2021, \$97,013 of the amounts due to shareholders were converted to common shares, and 970,125 common shares at \$0.10 per share were issued.
- (iii) During the period to March 31, 2021, the Company issued 495,374 common shares in exchange for \$49,537 in consulting services.
- (iv) During the period to September 30, 2021, the Company issued 1,386,850 common shares in exchange for \$138,685 in converted debentures and accrued interest.
- (v) During the period ended September 30, 2021 the Company cancelled 3,750,000 shares previously issued as settlement in a lawsuit.

There were no option grants in the period between June 30, 2021 and September 30, 2021.

8. Stock-based compensation and warrants

At the discretion of the Board of Directors, the Company may grant options to directors, officers, employees and key consultants.

(a) The following is a summary of the Company's stock options outstanding:

	Number of Shares	Weighted Average Exercise Price \$
Balance, December 31, 2019	2,683,911	0.08
Granted	650,000	0.10
Cancelled	(681,250)	0.08
Exercised	(1,037,500)	0.08
Balance, December 31, 2020	1,615,161	0.09
Granted	1,800,000	0.10
Cancelled	(420,000)	0.10
Balance, September 30, 2021	2,995,161	0.09

During the three-months ended March 31, 2021 the Company issued 1,800,000 (2020 – Nil) share options to members of the board of directors and members of its advisory committee that entitle the option holder to purchase one common share at a price of \$0.10 per share. The options vested immediately and expire on March 31, 2023.

No other options were granted in the period ended September 30, 2021.

There were 2,995,161 options exercisable at September 30, 2021 (December 31, 2020 – 1,615,161). The weighted average life of all options outstanding at September 30, 2021 was 1.09 years (December 31, 2020 – 1.79 years).

Share-based compensation of \$NIL and \$95,600 respectively was expensed during the three and nine months ended September 30, 2021 (2020 - \$ 33,766).

The fair value of stock options granted during the period ended September 30, 2021 were estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions.

	2020	2021
Risk-free interest rate	0.28%	0.28%
Expected volatility	100%	100%
Expected life	1.1 years	1.6 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%
Fair value per option	0.22	0.27
Share price on date of grant	0.10	0.10

A forfeiture rate of NIL% was used when recording stock-based compensation as it was expected that all officers, directors, and employees would continue with the Company over the vesting period. Any forfeitures will be accounted for as they happen. The Company's shares became traded publicly during the period ended September 30, 2021 however, the

Company does not have the necessary trading history to compute its expected volatility using historical volatility; therefore, the Company has used the historical volatilities of certain members of its peer group for input into the Black-Scholes Option Pricing Model.

(b) A summary of warrant transactions is as follows:

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Outstanding at December 31, 2019	879,100	0.090	August 27, 2023
Issued	50,000	0.100	December 14, 2022
Outstanding at December 31, 2020 and September 30, 2021	929,100	0.095	

Warrants include the value of warrants grants to support financings. When warrants are subsequently exercised, the fair value of such warrants is credited to the share capital account as share issuance costs. Share issuance costs for warrants issued during the period ended September 30, 2021 was \$Nil (2020 - \$2,600). When warrants expire, their value is credited to contributed surplus.

There were 929,100 warrants exercisable at December 31, 2020 (December 31, 2020 – 929,100) with a weighted average life of 1 year (2020 – 1.82 years).

9. Commitments and contingencies

In May of 2018, the Company issued notice to two shareholders that were issued for providing services to the Company for the development of the mobile application and for work related to the search engine optimization. In May of 2017, the Company became aware of concerns related to the progress of the project and undertook a comprehensive review of the work performed to that date.

As a result of the Company's findings, management asserted that the common shares issued should be cancelled in accordance with the provisions of the appropriate statutes in the province of Alberta. In January 2021, the Company reached an agreement with the shareholder to settle all amounts due for \$35,000 and to cancel the previously issued shares. The proposed settlement represents a net contingent gain to the Company of \$175,000, which was recognized as of September 30, 2021.

10. Subsequent events

In October 2021, the Company issued a total of 714,285 common shares at \$0.35 per share for gross proceeds of \$250,000 in exchange for services rendered to the Company and in November 2021, the Company issued 219,100 common shares at \$0.10 per common share for gross proceeds of \$21,910 for conversion of previously issued broker warrants.