Way of Will Inc.

Condensed Interim Financial Statements

For the three and six months ended October 31, 2021 and 2020

(Unaudited – Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF THE

CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company for the three and six months ended October 31, 2021 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

Way of Will Inc.
Condensed Interim Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

As at	Note	**October 31, 2021**	April 30, 2021
ASSETS		**$**	$
Current assets			
Cash		**980,458**	302,651
Trade receivables	5	**811,730**	779,920
GST receivable		**39,738**	180,159
Prepaid expenses		**13,755**	-
Inventories	6	**799,002**	871,535
		2,644,683	2,134,265
Equipment	7	**141,403**	137,912
Right-of-use asset	14	**377,270**	422,540
Website and sales platform	8	**108,334**	82,038
TOTAL ASSETS		**3,271,690**	2,776,755
LIABILITIES			
Current liabilities			
Trade and other payables	13	**1,528,322**	848,351
Advances from related party	12	**34,522**	4,522
Loans payable	11	**601,543**	845,771
Convertible debentures	13	**1,174,658**	1,102,998
Current portion of lease liabilities	14	**102,847**	73,668
		3,441,892	2,875,310
Lease liabilities	14	**444,974**	497,677
CEBA loan	9	**60,000**	60,000
RRRF loan	10	**70,897**	65,804
Total liabilities		**4,017,763**	3,498,791
SHAREHOLDERS' DEFICIENCY			
Share capital	15	**15,271**	4,009
Equity portion of convertible debentures	15	**16,772**	16,772
Reserves	15	**1,328,653**	18,653
Accumulated deficit		**(2,106,769)**	(761,470)
		(746,073)	(722,036)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		**3,271,690**	2,776,755

Approved and authorized for issue on behalf of the Board of Directors on December 24, 2021 by:

"Willie Tsang" — Director

"Robert Kang" — Director

The accompanying notes are integral to these condensed interim financial statements.

Way of Will Inc.
Condensed Interim Statements of Operations and Comprehensive (Loss) Income
For the three and six months ended October 31, 2021 and 2020
(Unaudited – Expressed in Canadian Dollars)

	Notes	**For the three months ended October 31, 2021**	For the three months ended October 31, 2020	**For the six months ended October 31, 2021**	For the six months ended October 31, 2020
		$			$
Revenue		**933,364**	1,596,593	**1,732,363**	2,059,497
Cost of goods sold		**(690,632)**	(841,918)	**(1,396,498)**	(1,096,227)
Gross profit		**242,732**	754,675	**335,865**	963,270
Selling and distribution expenses					
Bad debts recovery		**-**	-	**-**	(782)
Product promotion		**315,651**	117,955	**485,167**	248,265
		315,651	117,955	**485,167**	247,483
Administrative expenses					
Depreciation	7,8,14	**37,487**	33,707	**74,407**	67,414
Bank charges and interest	1,12,13	**41,238**	10,702	**111,920**	17,540
Accretion interest	10,13,14	**55,102**	14,625	**106,631**	29,250
Professional fees		**117,314**	25,125	**156,179**	39,795
Office, rent and salaries	10	**318,001**	223,017	**702,043**	310,364
Travel		**1,518**	-	**1,772**	-
		570,660	307,177	**1,152,952**	464,363
Loss before other items		**(643,579)**	329,543	**(1,302,254)**	251,424
Other items					
Foreign exchange loss		**(35,138)**	(10,464)	**(49,820)**	(32,918)
Government grant		**-**	-	**6,775**	-
NET AND COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		**(678,717)**	319,080	**(1,345,299)**	218,506

The accompanying notes are integral to these condensed interim financial statements.

Way of Will Inc.
Condensed Interim Statements of Cash Flows
For the six months ended October 31, 2021 and 2020
(Unaudited – Expressed in Canadian Dollars)

	Note	2021	2020
		$	$
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Net (loss) income for the period		**(1,345,299)**	218,506
Non-cash items:			
Depreciation		**74,407**	67,414
Accretion interest		**104,937**	29,250
Bad debt recovery		**-**	(782)
Accrued interest on loan payable	**11**	**84,513**	-
Changes in non-cash working capital items:			
Trade receivables		**(31,810)**	(643,842)
GST receivable		**140,421**	(124,120)
Prepaid expenses		**(13,755)**	16,982
Inventories		**72,533**	(534,858)
Trade and other payables		**623,007**	733,513
		(291,046)	(237,937)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of equipment		**(17,443)**	(30,456)
Purchases of website and sales platform		**(41,481)**	(49)
		(58,924)	(30,505)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from related party		**30,000**	92,856
Lease payments		**(51,708)**	(35,834)
Loan proceeds (repayments)		**(271,777)**	307,372
Special warrants issued, net		**1,321,262**	-
		1,027,777	364,394
Net change in cash		**677,807**	95,952
Cash, beginning of the period		**302,651**	200,433
Cash, end of the period		**980,458**	296,385

Note 19 – supplemental cash flow information

The accompanying notes are integral to these condensed interim financial statements.

Way of Will Inc.
Condensed Interim Statements of Changes in Shareholders' Deficiency
For the six months ended October 31, 2021 and 2020
(Unaudited – Expressed in Canadian Dollars)

	Number of Class A Common Shares	Share Capital	Number of Class B Common Shares	Share Capital	Equity Portion of convertible debentures	Reserves	Accumulated Deficit	Total Shareholders' Deficiency
	#	$	#	$	$	$	$	$
Balance, April 30, 2020 (Unaudited)	100	100	-	-	-	-	(558,426)	(558,326)
Net income for the period	-	-	-	-	-	-	218,506	218,506
Balance, October 31, 2020	100	100	-	-	-	-	(339,920)	(339,820)
Balance, April 30, 2021	5,000,000	100	781,821	3,909	16,772	18,653	(761,470)	(722,036)
Special warrants issued	-	-	-	-	-	1,321,262	-	1,321,262
Conversion of June 25, 2021 Special Warrants	175,625	11,262	-	-	-	(11,262)	-	-
Net loss for the period	-	-	-	-	-	-	(1,345,299)	(1,345,299)
Balance, October 31, 2021	**5,175,625**	**11,362**	**781,821**	**3,909**	**16,772**	**1,328,653**	**(2,106,769)**	**(746,073)**

The accompanying notes are integral to these condensed interim financial statements.

1. Nature of Operations and Going Concern

Way of Will Inc. ("Way of Will" or the "Company") was incorporated under the laws of the province of Ontario on January 20, 2016.

The Company is a 100% Canadian-owned-and-operated developer and manufacturer of essential oil body care blends with an emphasis on natural ingredients and aromatherapy. The Company's head office and registered and records office are located at Unit 1-A – 110 Mack Avenue, Scarborough, Ontario, Canada, M1L 1N3.

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. For the six months ended October 31, 2021, the Company had a net loss of $1,345,299 and an accumulated deficit of $2,106,769. The Company remains reliant on external sources of financing to fund operations and meet the Company's obligations.

Management cannot provide assurance that the Company will ultimately achieve profitable operations or positive cash flow. The Company's continuation as a going concern is dependent on its ability to attain profitable operations and raise additional capital. These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. Such adjustments could be material.

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. COVID 19 has impacted the retail channels that the Company historically sells through. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

2. Basis of Presentation

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting.

The financial statements were authorized for issue by the Board of Directors on the date noted on the statements of financial position.

b) Basis of measurement

The preparation of financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. See Note 4 for use of estimates and judgments made by management in the application of IFRS.

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss and fair value through other comprehensive income. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements are presented in Canadian dollars which is its functional currency.

3. Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at April 30, 2021. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended April 30, 2021.

4. Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Critical accounting estimates

Critical estimates which are most subject to uncertainty and have the most significant risk of resulting in a material adjustment to the carrying values of assets and liabilities within the next twelve months are as follows:

Recoverability of receivables

Provisions are made against accounts that, in the estimation of management, may be uncollectible. The recoverability assessment of trade and other receivables is based on a range of factors, including the age of the receivable and the creditworthiness of the customer. The provision is assessed monthly with a detailed formal review of balances and security being conducted annually. Determining the recoverability of an account involves estimation and judgment as to the likely financial condition of the customer and their ability to subsequently make payments. To the extent that future events impact the financial condition of the customers these provisions could vary significantly.

The discount rate used in the determination of right-to-use assets

The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations is estimated using a discount rate similar to the Company's specific borrowing rate.

Convertible debt

The convertible debentures are separated into their liability and equity components on the statements of financial position. The liability component is initially recognized at fair value, calculated at the present value of the liability based upon non-convertible debt issued by comparable issuers and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for non-convertible debt with similar terms at the time of issue.

Valuation of inventory

Management makes estimates of future customer demand for products when establishing appropriate provisions for inventory obsolescence. In making these estimates, management considers the shelf-life of inventory and profitability of recent sales.

Useful lives of equipment and intangibles

Depreciation of the Company's equipment and intangible assets incorporate estimates of useful lives and residual values. These estimates may change as market conditions change and the future economic benefits from the use of the asset changes, thereby impacting the useful life and residual value of the equipment or intangible assets. Any revisions to useful life are accounted for prospectively.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its tax assets and liabilities and applies tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(Unaudited – Expressed in Canadian Dollars)

Modification versus extinguishment of financial liability

Judgement is required in applying IFRS 9 Financial Instruments to determine whether the amended terms of the loan agreements are a substantial modification of an existing financial liability and whether it should be accounted for as an extinguishment of the original financial liability.

Intangible assets

Consideration paid in the acquisition of intangible assets is capitalized to the extent that the definition of an intangible asset and the criteria for recognition as intangible assets in IAS 38 Intangible Assets are met. Those criteria require that the intangible asset be identifiable, the Company must have control over it, and it must provide future economic benefits. Management considers these factors in aggregate and applies significant judgment to determine whether the intangible asset should be recognized in the statement of financial position.

At each reporting date, the Company assesses if the intangible assets have indicators of impairment. In determining whether the intangible assets are impaired, the Company assesses certain criteria, including observable decreases in value, significant changes with adverse effect on the entity, evidence of technological obsolescence and future plans.

5. Trade and Other Receivables

	October 31, 2021	April 30, 2021
Accounts receivable	**$ 811,730**	$ 779,920

During the six months ended October 31, 2021, the Company recorded bad debt recovery of $nil (2020 - $782 bad debt recovery) relating to accounts receivable.

6. Inventories

	October 31, 2021	April 30, 2021
Raw materials	**$ 143,898**	$ 154,892
Packaging	**433,562**	376,299
Finished goods	**221,542**	340,344
	$ 799,002	$ 871,535

Included in cost of goods sold is $148,391 of labor expenses (April 30, 2021 - $156,600), and $1,122,469 of inventory costs (April 30, 2021 – $1,536,541).

(Unaudited – Expressed in Canadian Dollars)

7. Equipment

	Computer Equipment	Machinery and Equipment	Total
Cost			
Balance April 30, 2020	$5,400	$89,450	$94,850
Additions	3,383	77,205	80,588
Balance April 30, 2021	8,783	166,655	175,438
Additions	486	16,957	17,443
Balance October 31, 2021	**$9,269**	**$183,612**	**$192,881**

	Computer Equipment	Machinery and Equipment	Total
Accumulated depreciation			
Balance April 30, 2020	$492	$17,898	$18,390
Depreciation	923	18,213	19,136
Balance April 30, 2021	1,415	36,111	37,526
Depreciation	972	12,980	13,952
Balance October 31, 2021	**$2,387**	**$49,091**	**$51,478**
Net book value			
Balance April 30, 2021	$7,368	$130,544	$137,912
Balance October 31, 2021	**$6,882**	**$134,521**	**$141,403**

8. Website and Sales Platform

	Website	Sales Platform	Total
Cost			
Balance April 30, 2020	$ 24,537	$ 95,700	$ 120,237
Additions	-	10,994	10,994
Balance April 30, 2021	24,537	106,694	131,231
Additions	5,760	35,721	41,481
Balance October 31, 2021	**$30,297**	**$142,415**	**$172,712**

(Unaudited – Expressed in Canadian Dollars)

	Website	Sales Platform	Total
Accumulated depreciation			
Balance April 30, 2020	$ 5,027	$ 19,020	$ 24,047
Depreciation	5,027	20,119	25,146
Balance April 30, 2021	10,054	39,139	49,193
Depreciation	2,757	12,428	15,185
Balance October 31 2021	**$12,811**	**$51,567**	**$64,378**

Net book value			
Balance April 30, 2021	$14,483	$67,555	$82,038
Balance October 31, 2021	**$17,486**	**$90,848**	**$108,334**

9. CEBA Loan

During the year ended April 30, 2020, the Company borrowed $40,000 from the Canada Emergency Business Account ("CEBA") program. In 2021, the Company received an additional $20,000 which is an interest free loan to cover operating costs. The CEBA Loan has an initial term that expires on December 31, 2022, throughout which, the CEBA Loan remains interest free. Repayment of $40,000 by December 31, 2022, results in a $20,000 loan forgiveness. If the balance is not paid prior to December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly effective January 1, 2023. The full balance must be repaid by no later than December 31, 2025.

10. RRRF Loan

During the year ended April 30, 2021, the Company obtained access to $125,000 in repayable funding from the Federal Economic Development Agency for Southern Ontario through the Regional Relief and Recovery Fund ("RRRF"). The funding was granted in the form of an interest-free loan of up to $125,000 to offset fixed operating costs. Repayment of the principal amount of the loan will take place in 60 monthly instalments of $2,083 beginning on April 1, 2023 and concluding on November 1, 2027. The Company applied an estimated 10% discount rate to determine the fair value of the interest-free loan. The difference between the amount received in cash on each drawdown date and the related fair value was considered a government grant and was recognized as an item of income in the statement of operations and comprehensive loss. $125,000 was received on April 1, 2021. Recognition of the initial $125,000 drawdown of the loan was at its fair value using a discount rate of 10%, representing the Company's estimated unsecured credit risk. $65,804 was recognized as debt and $63,922 was recognized as a government grant in the statement of operations and comprehensive loss as a reduction in office, rent and salaries. The Company recognized accretion expense of $5,093 for the six months ended October 31, 2021.

11. Loans Payable

During the year ended April 30, 2021, the Company received a revolving loan from an arm's length party in the amount of $387,463. Under the terms of the revolving loan, the Company may borrow up to $450,000. The loan bears interest at 1-1.25% per month, is secured by cash receivables of the Company, of which 6%

(Unaudited – Expressed in Canadian Dollars)

of the previous month's outstanding balance is repayable each month. As of October 31, 2021, the balance owing was $160,881 which includes $27,547 of accrued interest.

During the year ended April 30, 2020, the Company received a $440,662 loan from another arm's-length party. The loan is still outstanding as of October 31, 2021. The loan is non-interest bearing, is unsecured, and has no fixed terms of repayment.

12. Advances from Related Party

As at October 31, 2021, the Company is indebted to an officer and significant shareholder of the Company in the amount of $34,522 (April 30, 2021 - $4,522). During the six months ended October 31, 2021 the Company received a loan of $60,000 with interest payable on the unpaid principal at the rate of 1% per annum, calculated monthly not in advance, beginning June 23, 2021. On October 21, 2021 the Company repaid $30,000 to this officer and significant shareholder of the Company.

On April 7, 2021 shareholder advances of $595,000 were converted into convertible debentures (See note 13). The advances were non-interest bearing, were unsecured, and had no fixed terms of repayment.

13. Convertible Debentures

On April 7, 2021, the Company approved the issuance of $1,130,000 convertible debentures. Of this amount $595,000 was comprised of shareholder advances from an officer and significant shareholder in the Company which were converted into convertible debentures (note 12). An additional $535,000 was received from various third parties. The convertible debentures bear interest at 10% per annum, mature one year from the date of issuance, and the principal and interest are convertible into units of the Company at a price of $0.05 per share at the option of the holder. Each unit is comprised of one common share of the Company and one share purchase warrant which can be used to acquire an additional common share of the Company for a period of two years at a price of $0.075 per share.

Pursuant to IFRS 9 Financial Instruments, the conversion of the $595,000 advances from related party (note 12) into convertible debentures was considered to be substantial and was therefore accounted for as an extinguishment of the debenture and recognition of a new debenture. The present value of the new liability component was calculated as the present value of the principal and interest discounted at 13.56%. The extinguishment of debt gave rise to a gain on extinguishment for $18,653, which has been recorded in reserves as the transaction was with a significant shareholder.

A reconciliation of the convertible debentures is as follows:

	$
Balance, opening	**-**
Convertible debentures issued	1,130,000
Equity portion	(16,772)
Extinguishment of debt	(18,653)
Liability portion on recognition	1,094,575
Accretion for the year	8,423
Balance, April 30, 2021	**1,102,998**
Accretion for the period	**71,660**
Balance, October 31, 2021	**1,174,658**

(Unaudited – Expressed in Canadian Dollars)

As of October 31, 2021, the Company has accrued $56,964 of interest payable relating to the convertible debentures which is included within trade and other payables.

14. Right-of-Use Asset and Lease Liability

During the year ended April 30, 2020, the Company recognized $603,628 for a right-of-use ("ROU") asset and $603,628 for a lease liability. The lease relates to the Company's office and warehouse space. In determining the present value of the ROU asset, the Company used an incremental borrowing rate of 10%.

The continuity of the ROU asset and lease liability for the six months ended October 31, 2021 and for the year ended April 30, 2021 is as follows:

Right-of-Use Office lease	
	$
Balance April 30, 2020	513,084
Depreciation for the year	(90,544)
Balance, April 30, 2021	422,540
Depreciation for the period	(45,270)
Balance, October 31, 2021	**377,270**

Lease liabilities	
	$
Opening balance April 30, 2020	591,791
Lease payments	(78,945)
Lease interest	58,499
Balance, ending April 30, 2021	571,345
Lease payments	(51,708)
Lease interest	28,184
Balance, ending October 31, 2021	**547,821**
Current portion	102,847
Long term	444,974
Balance, ending	**547,821**

15. Share Capital

(a) Authorized:

Unlimited Class A Common Shares, without par value, with voting rights – 5,175,625 issued and outstanding; and
Unlimited Class B Common Shares, without par value, without voting rights, with a non-cumulative dividend – 781,821 issued and outstanding.

On May 4, 2021, the Company subdivided the class A common shares on a basis of 50,000 Class A common shares for each issued and outstanding common share. All references to common shares and per common share amounts have been retroactively restated to reflect this share consolidation.

(b) Issued:

During the six months ended October 31, 2021:

On October 26, 2021, pursuant to the terms of the June 25, 2021 Special Warrants, the Company issued 175,625 Class A common shares. As a result, $11,262 was reclassified from reserves to share capital.

During the year ended April 30, 2021:

On December 22, 2020, the Company closed a private placement and issued 781,821 class B common shares for cash proceeds of $3,909.

On December 23, 2020, the Company completed a share exchange with the shareholders of the Company, the Company, and New Wave Holdings Corp. ("New Wave"), a public company listed on the Canadian Securities Exchange (CSE – SPOR). Under the terms of the share exchange, New Wave acquired all the issued and outstanding Class A and Class B common shares from the shareholders of the Company in exchange for shares in New Wave. As a result of the share exchange, the Company became a wholly owned subsidiary of New Wave.

(c) Warrants

On June 25, 2021, the Company issued 175,625 special warrants ("Special Warrants") for consideration of $0.08 per Special Warrant. The Special Warrants will be deemed to be exercised on the date of which is the earlier of (i) the third Business Day following the date on which a receipt for the final prospectus of the Company qualifying the distribution of the Special Warrant Shares issuable on exercise of the Special Warrants has been issued; and (ii) the date that is four months and one day from the issuance date of the Special Warrants, at which time each Special Warrant shall be automatically exercised for one Special Warrant Share, subject to adjustment in certain circumstances, without payment of any additional consideration and without further action on the part of the holder. The total proceeds from the special warrants issuance of $14,050 was recorded to reserves. Warrant issuance costs of $2,788 were also recorded to reserves, resulting in a net increase to reserves of $11,262 during the six months ended October 31, 2021. On October 26, 2021, pursuant to the terms of the Special Warrants, the Company issued 175,625 Class A common shares. As a result, $11,262 was reclassified from reserves to share capital

On September 10, 2021, the Company issued 12,600,000 Special Warrants for consideration of $0.10 per Special Warrant. The Special Warrants will be deemed to be exercised on the date of which is the earlier of (i) the third Business Day following the date on which a receipt for the final prospectus of the Company qualifying the distribution of the Special Warrant Shares issuable on exercise of the Special Warrants has been issued; and (ii) the date that is four months and one day from the issuance date of the Special Warrants, at which time each Special Warrant shall be automatically exercised for one Special Warrant Share, subject to adjustment in certain circumstances, without payment of any additional consideration and without further action on the part of the holder. The total proceeds from the special warrants issuance of $1,260,000 was recorded to reserves.

The special warrants are essentially exercised without a price; the special warrants are exercised without payment of any additional consideration and without further action on the part of the holder.

(Unaudited – Expressed in Canadian Dollars)

16. Financial Instruments

A fair value hierarchy prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of cash, trade receivables, trade and other payables, loans, convertible debentures, lease liabilities, CEBA loan, RRRF loan and advances from related party approximate their fair values due to their short term nature.

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

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The Company provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent losses. The Company's maximum exposure to credit risk is the carrying amounts of cash and trade receivables on the statement of financial position.

Trade accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of the counterparty to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 90 days past due.

The aging of the trade receivables as of October 31, 2021 and April 30, 2021 is as follows:

Due date	**October 31, 2021**	April 30, 2021
0-90 days	**$ 743,417**	$ 694,104
91 days +	**49,324**	85,816
	$ 792,741	$ 779,920

b) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. As at October 31, 2021, the Company has working capital deficiency of $797,209 (April 30, 2021 – $722,392). The Company may seek additional financing through equity and debt offerings and advances from related parties, but there can be no assurance that such financing will be available on terms acceptable to the Company.

The amounts listed below are the undiscounted contractual maturities for financial liabilities held by the Company as at October 31, 2021:

	1 year	2-6 years	Total
Trade and other payables	$ 1,528,322	$ -	$ 1,528,322
Loans payable	601,543	-	601,543
Advances from related party	34,522	-	34,522
Convertible debentures	1,130,000	-	1,130,000
CEBA Loan	-	60,000	60,000
RRRF Loan	-	125,000	125,000
	$ 3,294,387	$ 185,000	$ 3,479,387

The amounts listed below are the undiscounted contractual maturities for financial liabilities held by the Company as at April 30, 2021:

	1 year	2-6 years	Total
Trade and other payables	$ 848,351	$ -	$ 848,351
Loans payable	845,771	-	845,771
Advances from related party	4,522	-	4,522
Convertible debentures	1,130,000	-	1,130,000
CEBA Loan	-	60,000	60,000
RRRF Loan	-	125,000	125,000
	$ 2,828,644	185,000	3,013,644

c) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk through its financial instruments; however, the risk is not significant as the loans payable and convertible debentures have fixed, simple interest rates between 1% - 15% per annum.

d) Foreign Exchange Risk

The Company derives a portion of its sales in the US Dollar and several of the Company's significant vendors invoice in the US Dollar. The Company is exposed to foreign currency risk on cash, trade receivables, and trade and other payables not denominated in Canadian dollars. The Company does not enter into forward contracts to mitigate foreign exchange risk.

17. Related party transactions

During the three and six months ended October 31, 2021, the Company incurred $12,378 and $26,820 in salaries to an officer of the Company (October 31, 2020 – $nil and $nil).

(Unaudited – Expressed in Canadian Dollars)

18. Supplemental cash flow information

	October 31, 2021	October 30, 2020
Right-of-use assets and lease liabilities recognized	**$ -**	$ -
Income taxes paid	**-**	-
Interest paid	**700**	29,458

19. Economic dependence

During the six months ended October 31, 2021 sales with four customers provided 77% of total sales, individually accounting for over 10% of total sales (October 31, 2020 – 81% from four customers).