SWMBRD SPORTS INC.

Condensed Interim Financial Statements

For the Three Months Ended May 31, 2023

Unaudited – prepared by management

(Expressed in Canadian Dollars)

The accompanying unaudited condensed interim financial statements of Swmbrd Sports Inc. for the three months ended May 31, 2023, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

Swmbrd Sports Inc.
Condensed Interim Statements of Financial Position
As expressed in Canadian dollars
(Unaudited – prepared by management)

		May 31, 2023		February 28, 2023
Assets				
Current				
Cash	**$**	**3,456**	$	14,560
Due from related parties (Note 10)		**7,533**		3,000
GST receivable		**5,430**		5,137
Inventory (Note 7)		**93,319**		92,241
Prepaid expenses and deposits (Note 5)		**67,398**		93,411
		177,136		208,349
Patents (Note 6)		**126,298**		133,311
Capital equipment (Note 8)		**147,979**		155,875
	$	**451,413**	$	497,535
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**458,764**	$	291,967
		458,764		291,967
Equity				
Share capital (Note 9)		**3,544,399**		3,529,399
Reserves (Note 9)		**313,384**		313,384
Deficit		**(3,865,134)**		(3,637,215)
		(7,351)		205,568
	$	**451,413**	$	497,535

Commitments (Note 11)
Subsequent events (Note 13)

Approved and authorized by the Board of Directors on July 28, 2023:

"Justin Schroenn" — Director

"Matthew Schroenn" — Director

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

Swmbrd Sports Inc.

Condensed Interim Statements of Operations and Comprehensive Loss
For the three months ended May 31, 2023 and 2022
As expressed in Canadian dollars
(Unaudited – prepared by management)

		2023		2022
Sales	**$**	**13,352**	$	-
Cost of sales		**10,319**		-
		3,033		-
Expenses				
Administrative fees (Note 11)	**$**	**50,000**	$	37,500
Advertising and website (Note 11)		**30,093**		25,885
Depreciation (Note 8)		**7,896**		439
Filing and transfer agent fees		**3,439**		4,822
Investor relations		**-**		57,250
Legal fees		**38,148**		38,877
Office, telephone and miscellaneous		**5,209**		3,757
Patent depreciation (Note 6)		**13,033**		8,466
Product development		**-**		1,623
Salaries and consulting fees (Note 10)		**54,091**		105,486
Share-based compensation (Note 9)		**15,000**		634,500
Travel and meals		**14,043**		8,744
Total expenses	**$**	**230,952**	$	927,349
Net and comprehensive loss for the period	**$**	**227,919**	$	927,349
Basic and diluted loss per share	**$**	**0.00**	$	0.01
Weighted average number of common shares outstanding – basic and diluted		**82,462,435**		67,588,263

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

Swmbrd Sports Inc.
Condensed Interim Statements of Changes in Equity
For the three months ended May 31, 2023 and 2022
As expressed in Canadian dollars
(Unaudited – prepared by management)

	Number of Shares		Share Capital		Reserves		Subscription Receivable		Deficit		Total
Balance, February 28, 2022	**65,490,872**	**$**	**1,976,240**	**$**	**2,992**	**$**	**-**	**$**	**(1,455,542)**	**$**	**523,690**
Warrants exercised (Note 9)	20,000		2,000		-		-		-		2,000
Share subscriptions received	-		-		-		1,000		-		1,000
Share-based compensation (Note 9)	4,700,000		634,500		-		-		-		634,500
Net loss for the period	-		-		-		-		(927,349)		(927,349)
Balance, May 31, 2022	**65,490,872**	**$**	**2,612,740**	**$**	**2,992**	**$**	**1,000**	**$**	**(2,382,891)**	**$**	**233,841**
Balance, February 28, 2023	**82,457,000**	**$**	**3,529,399**	**$**	**313,384**	**$**	**-**	**$**	**(3,637,215)**	**$**	**205,568**
RSU’s granted (Note 9)	500,000		15,000		-		-		-		15,000
Net loss for the period	-		-		-		-		(227,919)		(227,919)
Balance, May 31, 2023	**82,957,000**	**$**	**3,544,399**	**$**	**313,384**	**$**	**-**	**$**	**(3,865,134)**	**$**	**(7,351)**

Swmbrd Sports Inc.
Condensed Interim Statements of Cash Flows
For the three months ended May 31, 2023 and 2022
As expressed in Canadian dollars
(Unaudited – prepared by management)

	2023	2022
CASH USED IN OPERATING ACTIVITIES:		
Net loss for the period	$ (227,919)	$ (927,349)
Items not affecting cash:		
Depreciation	7,896	439
Patent depreciation	13,033	8,466
Share-based compensation	15,000	634,500
Changes in non-cash working capital items related to operations:		
GST receivable	(293)	(649)
Inventory	(1,078)	-
Prepaid expenses and deposits	26,013	(87,464)
Due to (from) related parties	(4,533)	3,528
Accounts payable and accrued liabilities	166,797	192,124
Net cash used in operating activities	(5,084)	(176,405)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Share subscriptions received	-	1,000
Issue of common shares	-	2,000
Net cash flows from financing activities	-	3,000
CASH USED IN INVESTING ACTIVITIES:		
Patents	(6,020)	(16,034)
Net cash used in investing activities	(6,020)	(16,034)
Decrease in cash	(11,104)	(189,439)
Cash, beginning of period	14,560	207,038
Cash, end of period	$ 3,456	$ 17,599

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Swmbrd Sports Inc. ("Swmbrd" or the "Company") was incorporated on September 15, 2015, under the Company Act of British Columbia and is in the business of developing, manufacturing, marketing, and selling aquatic sports products in the sporting goods and outdoor recreation industries. The head office and principal address of the Company are located at 1450 – 789 West Pender, Vancouver, BC, Canada, V6C 1H2. The Registered and Records office of the Company is located at 800 – 885 West Georgia Street, Vancouver, BC, V6C 3H1. The Company was listed on the Canadian Securities Exchange ("CSE") on February 16, 2022 under the symbol "SWIM".

These condensed interim financial statements were authorized for issue by the Audit Committee and Board of Directors on July 29, 2023.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has working capital deficit of $281,628 at May 31, 2023 (February 28, 2023: deficit of $83,618), has accumulated losses since its inception, expects to incur further losses in the development of its business, and has no assurance that sufficient funding will be available to conduct further development of its products. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of generally accepted accounting principles applicable to a going concern. In recognition of these circumstances, management is pursuing various financial alternatives to fund the Company's development stages. There is no assurance that these initiatives will be successful.

In the future, the Company may raise additional financing through the issuance of share capital or shareholder loans; however, there can be no assurance that it will be successful in its efforts to do so and that the terms will be favourable to the Company. These financial statements do not include any adjustments to the carrying values of assets and liabilities, the reported expenses and statement of financial position classifications that might be necessary should the Company be unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Management is actively seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the presentation of interim financial statements, including IAS 34, Interim Financial Reporting.

Basis of Measurement

These financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, this financial statement has been prepared using the accrual basis of accounting.

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these financial statements, and may require accounting adjustments based on future occurrences. 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 further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(i) The assessment of the ultimate collectability of due from related parties.

Critical judgments

i. Going concern - Evaluation of the ability of the Company to realize its strategy for funding its future needs for working capital involves making judgments.
ii. Provision for credit losses - Judgment is required as to the timing of establishing a provision for credit losses and the amount of the required provision, taking into consideration factors such as counterparty creditworthiness, the fair value of the underlying collateral, current economic trends and past experience.
iii. Fair value and useful life of intangible assets - The value of the intangible assets was determined based on the fair value of the consideration exchanged. Management judgmentally used five years as the useful life of the intangible assets for purposes of amortization.
iv. Impairment of intangible assets – The determination that there are no indicators of impairment indicating that the carrying amount exceeds the recoverable amount.

Judgment is required in assessing whether certain factors would be considered an indicator of impairment or impairment reversal. Management considers both internal and external information to determine whether there is an indicator of impairment or impairment reversal present and, accordingly, whether impairment testing is required.

4. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these condensed interim financial statements are consistent with policies disclosed in Note 4 of the financial statements for the year ended February 28, 2023. These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended February 28, 2023.

Certain new standards, interpretations and amendments to existing standards issued by the IASB or IFRIC may have become mandatory or have been issued subsequent to the year ended February 28, 2023. However, none have been identified as applicable or are consequential to the Company.

Expressed in Canadian dollars

5. PREPAID EXPENSES AND DEPOSITS

	May 31, 2023 $	February 28, 2023 $
Marketing agreements	67,398	78,411
Production deposits	-	15,000
Total prepaid expenses	67,398	93,411

6. PATENT EXPENSES

		Patents
Cost:		
At February 28, 2022	$	230,275
Additions for the year		30,386
At February 28, 2023		260,661
Additions for the period		6,020
At May 31, 2023	$	266,681
Accumulated depreciation		
At February 28, 2022	$	76,995
Depreciation for the year		50,355
At February 28, 2023		127,350
Depreciation for the period		13,033
At May 31, 2023	$	140,383
Net book value:		
At February 28, 2023	$	133,311
At May 31, 2023	$	126,298

The Company invested in patenting their product in the following priority jurisdictions: Canada, the United States, the European Union, and Bosnia and Herzegovina. As funds permit, the Company will continue to increase the breadth of its patent holdings as well as pursuing a variety of trademarks in these jurisdictions.

7 INVENTORY

At May 31, 2023 and February 28, 2023, the Company had aquatic swim boards available for sale with the following costs:

	May 31, 2023 $	February 28, 2023 $
Opening inventory	92,241	-
Additions	10,944	92,241
Sold	(9,866)	-
Total inventory	93,319	92,241

Expressed in Canadian dollars

8. CAPITAL EQUIPMENT

		Computer Equipment
Cost:		
At February 28, 2022	$	8,791
Additions for the year		189,716
At February 28, 2023 and May 31, 2023	$	198,507
Depreciation:		
At February 28, 2022	$	2,931
Depreciation for the year		39,701
At February 28, 2023		42,632
Depreciation for the period		7,896
At May 31, 2023	$	50,528
Net book value:		
At February 28, 2023	$	155,875
At May 31, 2023	$	147,979

9. SHARE CAPITAL

a) Authorized: Unlimited common shares with no par value.

Issued and outstanding: The total issued and outstanding shares of the Company total 65,510,872 as at May 31, 2022 (February 28, 2022: 65,490,872).

During the three months ended May 31, 2023:

a. On May 30, 2023, the Company granted 500,000 Restricted Share Units (each, a "RSU") with a fair value of $0.03 per share for a total value of $15,000.

During the year ended February 28, 2023:

a. On April 20, 2022, the Company issued 4,700,000 shares with a fair value of $0.135 per share in connection with the hiring of a consultant. See Note 10.

b. On May 18, 2022, 20,000 shares purchase warrants priced at $0.10 were exercised for gross proceeds of $2,000.

c. On August 2, 2022, 57,128 performance share units (each, a "PSU") with a fair value of $0.08 vested and were exchanged for an equal amount of common shares of the Company in connection with an investors relations agreement. See Note 11.

d. On June 22, 2022, the Company completed a non-brokered private placement offering (the "Offering") issuing 3,460,000 units (each, a "Unit") at a price of $0.10 per Unit for gross proceeds of $346,000. Each Unit is comprised of one common share (each, a "Common Share") and one common share purchase warrant (each, a "Warrant"). Each Warrant will entitle the holder to acquire one additional Common Share at a price of $0.20 per share, for a period of 12 months from the date the Units are issued. All securities issued pursuant to the Offering will be subject to applicable resale restrictions, including a four month hold from the date of issuance.

Expressed in Canadian dollars

9. SHARE CAPITAL - continued

During the year ended February 28, 2023: - continued

e. On June 29, 2022, the Company completed a warrant exercise incentive program (see Note 9(c)). A total of 19 eligible warrant holders participated in the Incentive Program and exercised an aggregate of 3,001,500 warrants for gross proceeds of $300,150. The Company issued an aggregate of 3,001,500 Incentive warrants to the Eligible Holders.

f. On November 25, 2022, the Company closed a private placement of 3,265,000 units (each, a "Unit") at a price of $0.05 per Unit for aggregate proceeds of $163,250. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.06 until November 25, 2027.

g. On January 23, 2023, the Company closed a private placement of 2,462,500 units (each, a "Unit") at a price of $0.05 per Unit for aggregate proceeds of $123,125. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.06 for a period of five (5) years. The Company paid $2,200 in finder's fees and granted 44,000 finder's warrants with the same terms as the share purchase warrants.

b) Long-term Incentive Plans

On June 20, 2022, the board of directors approved an omnibus equity incentive plan (the "Equity Incentive Plan"), providing for the grant of stock options, restricted share units, performance share units and deferred share units (together the "Awards"). The Equity Incentive Plan replaces its former stock option plan, which was previously adopted by the Company on March 15, 2021.

The Equity Incentive Plan allows the Company to grant stock options and non-stock option awards to acquire up to a maximum number of shares not to exceed 20% of the Company's total issued and outstanding shares from time to time in accordance with Canadian Securities Exchange.

<u>Stock Options</u>

On September 12, 2022, the Company granted 6,770,000 stock options of the Company to certain directors, officers, employees, and consultants of the Company. The options granted vest immediately upon the grant and are exercisable for a period of 2 years from the date of grant at a price of $0.10 per common share. Subsequent to issuance, 1,400,000 stock options issued to consultants were cancelled as the consultants ceased to work for the Company.

The following is a summary of stock option transactions for the three months ended May 31, 2023 and the year ended February 28, 2023:

	May 31, 2023			**February 28, 2023**		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Balance, beginning of period	5,370,000	$	0.10	-	$	-
Issued	-		-	6,770,000		0.10
Cancelled	-		-	(1,400,000)		0.10
Balance, end of period	5,370,000	$	0.10	5,370,000	$	0.10

Expressed in Canadian dollars

9. SHARE CAPITAL – continued

b) Long-term Incentive Plans – continued

Stock Options - continued

The following stock options were outstanding and exercisable as at May 31, 2023 and February 28, 2023:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	**May 31, 2023** Number of Options	**February 28, 2023** Number of Options
September 12, 2024	1.29	$0.10	5,370,000	5,370,000
Total outstanding and exercisable	1.29	$0.10	5,370,000	5,370,000

The following assumptions were used for the Black-Scholes pricing model calculations for the stock options:

	September 12, 2022
Risk-free interest rate	3.61%
Expected stock price volatility	229.14%
Expected option life in years	2 years

Restricted Share Unit

On March 15, 2021, the board of directors approved a restricted share unit ("RSU") plan for the purpose of securing for the Company and its shareholders the benefits of incentive inherent in share ownership by the employees and directors of the Company and its affiliates who, in the judgment of the Board and the Compensation Committee, will be largely responsible for the Company's future growth and success. Subject to the specific provisions of the RSU plan, eligibility, vesting period, terms of the RSUs and the number of RSUs granted are to be determined by the Board or the Compensation Committee at the time of the grant. Each award granted entitles the participant to receive one RSU. Within two business days of the award grant, the participant must send a written settlement election to the Company choosing whether it wishes the awards to be subject to cash or share settlement procedures.

On May 30, 2023, the Company granted 500,000 RSUs with a fair value of $0.03 per share for a total value of $15,000. The RSUs vested immediately. On May 30, 2023, the RSU's were exercised and exchanged for 500,000 common shares of the Company. During the three months ended May 31, 2023, the Company recognized share-based compensation expense related to the RSUs in the amount of $15,000.

Performance Share Unit

On June 13, 2022, 57,128 performance share units (each, a "PSU") (issued with a fair value of $4,570) were granted to a consultant of the Company (see Note 11). Each PSU granted and represents the right to receive one common share in the capital of the Company once performance conditions have been met. On August 2, 2022, upon completion of the requisite performance conditions, the PSUs vested and were exchanged for 57,128 common shares of the Company.

Expressed in Canadian dollars

9. SHARE CAPITAL – continued

c) Warrants

The following is a summary of share purchase warrant transactions for the three months ended May 31, 2023 and the year ended February 28, 2023:

	May 31, 2023			February 28, 2023		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Balance, beginning of period	30,739,152	$	0.14	21,571,652	$	0.11
Exercised	-		-	(3,021,500)		0.10
Issued	-		-	12,189,000		0.11
Balance, end of period	30,739,152	$	0.14	30,739,152	$	0.14

The following share purchase warrants were outstanding and exercisable as at May 31, 2023 and February 28, 2023:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	May 31, 2023 Number of Warrants	February 28, 2023 Number of Warrants
July 1, 2023*	0.04	$0.15	15,059,500	15,059,500
July 22, 2023**	0.00	$0.15	408,500	408,500
December 25, 2023	0.04	$0.20	2,427,152	2,427,152
January 24, 2024***	0.01	$0.30	655,000	655,000
June 22, 2023****	0.01	$0.20	3,460,000	3,460,000
June 29, 2027	0.40	$0.12	3,001,500	3,001,500
November 25, 2027	0.48	$0.06	3,265,000	3,265,000
January 23, 2028	0.37	$0.06	2,462,500	2,462,500
Total Outstanding and exercisable	1.36	$0.14	30,739,152	30,739,152

*Warrant exercise price is $0.10 until July 1, 2022, and $0.15 from July 2, 2022 until July 1, 2023.
**Warrant exercise price is $0.10 until July 22, 2022, and $0.15 from July 23, 2022 until July 22, 2023.
***Warrant exercise price is $0.20 until January 23, 2023, and $0.30 from January 24, 2023 until January 24, 2024.
****Subsequently expired unexercised.

Expressed in Canadian dollars

9. SHARE CAPITAL – continued

c) Warrants - continued

The following is a summary of agents' warrant transactions for the three months ended May 31, 2023 and the year ended February 28, 2023:

	May 31, 2023			**February 28, 2023**		
	Number of Agents' Warrants		Weighted Average Exercise Price	Number of Agents' Warrants		Weighted Average Exercise Price
Balance, beginning of period	216,900	$	0.15	172,900	$	0.11
Issued	-		-	44,000		0.06
Balance, end of period	216,900	$	0.15	216,900	$	0.15

The following agents' warrants were outstanding and exercisable as at May 31, 2023 and February 28, 2023:

Expiry Date	Weighted Average Remaining Contractual Life (Years)	Exercise Price	**May 31, 2023** Number of Warrants	**February 28, 2023** Number of Warrants
July 1, 2023*	0.06	$0.15	147,000	147,000
January 24, 2024**	0.08	$0.30	25,900	25,900
January 23, 2028	0.94	$0.06	44,000	44,000
Total Outstanding and exercisable	1.08	$0.15	216,900	216,900

*Warrant exercise price is $0.10 until July 1, 2022, and $0.15 from July 2, 2022 until July 1, 2023.
**Warrant exercise price is $0.20 until January 23, 2023, and $0.30 from January 24, 2023 until January 24, 2024

The following assumptions were used for the Black-Scholes pricing model calculations:

	February 26, 2021	January 24, 2022	January 23, 2023
Risk-free interest rate	0.30%	1.24%	2.97%
Expected stock price volatility	100.00%	100.00%	170.95%
Expected option life in years	2.5 years	2 years	5 years
Dividend rate	Nil	Nil	Nil

Expressed in Canadian dollars

9. SHARE CAPITAL - continued

c) Warrants - continued

On June 2, 2022, the Company commenced a warrant exercise incentive program (the "Incentive Program") for the exercise of up to 18,489,500 outstanding warrants and 147,000 outstanding agent's warrants of the Company (collectively, "Eligible Warrants"), being an aggregate of 18,636,500 Eligible Warrants, with exercise prices and expiry dates as follows:

Number of Warrants	Exercise Price	Grant Date	Expiry Date
17,971,000 Warrants and 147,000 Agent's Warrant	$0.10 until July 1, 2022 $0.15 until July 1, 2023	February 26, 2021	July 1, 2023
518,500 Warrants	$0.10 until July 22, 2022 $0.15 until July 22, 2023	March 16, 2021	July 22, 2023

Pursuant to the Incentive Program, each holder of Eligible Warrants that exercises Eligible Warrants during the Incentive Program period of June 2, 2022 to June 29, 2022 received one additional common share purchase warrant (each, a "Incentive Warrant"), with each Incentive Warrant entitling the holder to purchase one additional common share at a price of $0.12 until June 29, 2027. During the incentive program period, 3,001,500 warrants were exercised. Eligible Warrants that remain unexercised following the completion of the Early Exercise Period will continue to be exercisable for Shares on the original terms as they existed prior to the Program.

d) Performance warrants

On January 19, 2022, the Company issued 4,000,000 performance warrants to each of Justin Schroenn, Matthew Schroenn and Gareth Schroenn. The performance warrants are exercisable at a price of $0.10 and will vest upon the Company entering into an employment agreement with a former senior level executive from a major sporting brand to act as Chief Executive Officer of the Company. On April 4, 2022, the Company entered into an employment agreement with a senior level executive, however it did not include his appointment as CEO, and as a result, the performance warrants have not vested and no share-based compensation has been recognized.

10. RELATED PARTY TRANSACTIONS

During the three months ended May 31, 2023 and 2022, the Company incurred the following transactions with officers or directors of the Company or companies with common directors:

	Three months ended May 31,	
	2023	**2022**
Key management compensation*	**$**	**$**
Salaries	42,000	84,000
Share-based payments	-	634,500
Total	42,000	718,500

* Key management includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including the Company's executive officers and certain members of its Board of Directors.

As at May 31, 2023, $7,533 (February 28, 2023 - $3,000) is due from the three directors of the Company.

10. RELATED PARTY TRANSACTIONS - continued

During the year ended February 28, 2022, 12,000,000 performance warrants were granted to directors of the Company (see Note 9 (d)), although they have not vested during the year ended February 28, 2023.

On April 20, 2022, the Company issued 4,700,000 shares with a fair value of $0.135 per share in connection with the hiring of a consultant.

The terms and conditions of these transactions with key management and their related parties were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-key management related entities on an arm's length basis. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

11. COMMITMENTS

On November 1, 2020, the Company entered into a Management & Administration Agreement ("Agreement") with Zimtu Capital Corp. ("Zimtu"). Under the terms of the Agreement, Zimtu will provide the Company with administrative and managerial services, including corporate maintenance, continuous disclosure services, rent, and office space, over a period of 13 months, at a price of $14,583 per month. On December 1, 2021, the Agreement was extended a further 12 months at a rate of $12,500 per month. On January 21, 2022, the Company entered into an amended agreement with Zimtu, whereby Zimtu has agreed to defer the amount owing until the earlier of the Company becoming cash flow positive or April 30, 2023. On May 1, 2023, the Company extended the agreement for an additional 12 months.

On March 1, 2022, the Company entered into a twelve-month investor relations agreement with Stockhouse Publishing Inc. ("Stockhouse"). Stockhouse has agreed to provide investor relations services to the Company in exchange for an aggregate amount of $157,500 (including GST). $118,125 (including GST) is payable and will be applied to the first and last two months of the contract. The remainder of the fee is payable monthly.

On March 5, 2022, the Company entered into an investor relations agreement with Proactive Investors North America Inc. ("Proactive"). Proactive has agreed to provide investor relations services to the Company in exchange for an aggregate amount of $25,000 (including GST) due upfront. The initial term of service is until March 31, 2023 and automatically renews thereafter for an additional twelve-month term.

On April 20, 2022, the Company entered into a market making services agreement and a consulting agreement with Venture Liquidity Providers Inc. ("VLP"). In consideration for the services, the Company has agreed to pay VLP a monthly fee of $5,000 and grant stock options at a future date.

On June 13, 2022, the Company entered into an investor relations agreement with Sutton Integrated Communications Ltd. ("Sutton"). Sutton has agreed to provide investor relations services to the Company in exchange for US$8,000, of which US$4,000 will be paid by the Company on commencement by the grant of 57,128 performance share units (each, a "PSU") (issued with a fair value of $4,570) and the remaining US$4,000 was paid in cash. See Note 9.

On October 26, 2022, the Company entered into an additional investor relations agreement with Market One Media Group ("MarketOne"). MarketOne will provide investor relations services to the Company in exchange for an aggregate amount of $85,000 (plus GST) due upfront. The term of service is for 12 months from payment (November 29, 2022 through November 28, 2023).

11. COMMITMENTS - continued

On May 4, 2023, the Company signed an agreement with Zimtu, whereas Zimtu will provide services under the ZimtuADVANTAGE marketing and investor relations program. The Company will pay $12,500 per month for the 12-month term.

On May 17, 2023, the Company engaged Mr. Liam Greenlaw as a consultant of the Company for a term of twelve months. For the first two months of the term, the Company has agreed to grant Mr. Greenlaw 400,000 RSU's and for the third month and thereafter, pay a monthly fee of $10,000.

On May 30, 2023, the Company announced it has engaged Ketchum, Killum, & Wynn Creative Inc. ("KKW Creative") to provide website design, development and support services to the Company. The Company granted KKW Creative 100,000 RSU's in consideration.

12. FINANCIAL INSTRUMENTS

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

a) Credit Risk

The Company is not exposed to significant credit risk on its cash due to its cash is placed with major financial institutions and investments are placed with a Canadian chartered bank or with independent investment dealer member of the Canadian Investor Protection Fund. All transactions executed by the Company in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment.

At May 31, 2023, the Company held cash of $3,456 (February 28, 2023: $14,560) with Canadian chartered banks.

b) Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

As at May 31, 2023, the Company has total current liabilities of $458,764 (February 28, 2023: $291,967).

12. FINANCIAL INSTRUMENTS - continued

c) Market Risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i) *Currency Risk*
Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is in the development stage and has not yet developed commercial production, the underlying commodity price for materials and services is impacted by changes in the exchange rate between the Canadian dollar, the United States dollar, and the Euro. As all of the Company's transactions are denominated in Canadian dollars, the Company is not significantly exposed to foreign currency exchange risk at this time.

ii) *Commodity Price Risk*
Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for production materials are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar and Euro, as outlined above. The Company is not exposed to commodity price risk at this time.

iii) *Interest Rate Risk*
The Company is not exposed to significant interest rate risk even though the Company has cash balances, and its current policy is to invest excess cash in certificates of deposit or money market funds of major Canadian chartered banks. The Company's other financial assets and financial liabilities do not comprise any interest rate risk since they do not bear interest.

d) Fair Value

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at:

	As at May 31, 2023		
	Level 1	**Level 2**	**Level 3**
Cash	$ 3,456	$ -	$ -
	$ 3,456	$ -	$ -

	As at February 28, 2023		
	Level 1	**Level 2**	**Level 3**
Cash	$ 14,560	$ -	$ -
	$ 14,560	$ -	$ -

12. FINANCIAL INSTRUMENTS - continued

e) Capital Management

Capital is comprised of the Company's shareholders' equity and any debt it may issue. As at May 31, 2023, the Company's equity was a deficiency of $7,351 (February 28, 2023: surplus of $205,568). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the production of its products. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of capital and the development of its products, the Company prepares annual expenditure budgets which are updated as necessary and are reviewed and periodically approved by the Company's Board of Directors. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms, enter into joint venture arrangements, or dispose of assets. The Company is not subject to any externally imposed capital requirements and there were no changes in the Company's approach to capital management during the year.

13. SUBSEQUENT EVENTS

1. The Company entered into consulting agreements with Mr. Paul Done and Mr. Brian Fond (the "Consultants") to provide various business development and brand execution services to the Company. The Company has agreed to engage Mr. Done for a term of twelve months, subject to earlier termination by the Company upon 10 days' written notice, or by the Consultant or upon 30 days' written notice, and will grant Mr. Done 240,000 RSUs in consideration for his services. The Company has agreed to engage Mr. Fong for a term of twelve months, subject to earlier termination by the Company upon 10 days' written notice or by the Consultant upon 30 days' written notice. The Company has agreed to grant Mr. Fong 693,000 RSUs in consideration for his services. The RSUs granted to the Consultants will vest as to 50% of the first three months and the other 50% over the remaining 9 months, commencing July 1, 2023.

2. The Company provided one month's notice to terminate its Services Agreement with Zimtu Capital Corp. for CFO, office premises and administrative services.

3. The Company entered into consulting agreements with Mr. Dong Shim, Mr. Stefan Beukman, and Golden Tree Capital Corp. (the "Consultants") to provide various CFO, accounting, bookkeeping and related services to the Company. The Company has agreed to engage the Consultants for a term of twelve months, subject to earlier termination by the Company upon 60 days' written notice or by the Consultant upon 60 days' written notice and will grant Mr. Shim 126,000 RSUs; Mr. Beukman 63,000 RSU's; and Golden Tree Capital Corp. 189,000 RSU'S in consideration for the first three months of their services. The RSUs granted to the Consultants will vest over the first three months of the contract, commencing July 1, 2023. For the fourth month of Services and thereafter under the Consulting Agreement, and subject to the financing of the Company, a cash fee will be paid in the amount of $5,000 per month (the "Cash Fee") to Mr. Shim and $1,000 to Mr. Beukman, or otherwise such additional grants of RSUs as are agreed between the Company and the Contractor; The agreements commenced on July 1, 2023.

4. The Company has approved the award of an aggregate of 360,000 RSUs to certain non-executive directors of the Company in accordance with the Company's Plan. The RSUs granted to the non-executive directors will vest at a rate of 10,000 RSUs per month over a period of twelve months.

5. The Company entered into written executive employment agreements (the "Agreements") with Justin Schroenn, in his capacity as CEO of the Company; Matthew Schroenn and Gareth Schroenn, in their capacities as Vice Presidents of the Company (together, the "Executives") effective July 1, 2023. Pursuant to the Agreements, the Executives will each receive a monthly salary of $7,000, and will each be granted a total of 1,200,000 restricted share units each, ("RSU's"), in accordance with the Company's Omnibus Equity Incentive Plan (the "Plan"). The RSUs granted to the Executives will vest over a period of twelve months. The Agreements will continue indefinitely until terminated pursuant to the terms of the Agreements.

6. The Company appointed Pollock Sales Group Inc., doing business as "Riptide Sales Group" ("Riptide"), as its non-exclusive sales representative in the United States of America and the Caribbean. Riptide will be engaged for a period of twelve months, commencing September 1, 2023, to market and sell the Company's propriety swimboard related products to 1,450 retail Dive Stores in the USA and Caribbean. The Company will pay Riptide a monthly merchandising fee of $500.00 and a sales commission of 13%, based on the sales report provided by the Company each month for the prior month's sales.