

**J4 VENTURES INC.**

Condensed Interim Financial Statements

For the six-month period ended

October 31, 2021

(Unaudited)

(Expressed in Canadian Dollars)

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements of J4 Ventures Inc. have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.



**J4 VENTURES INC.**  
**Condensed interim Statement of Loss and Comprehensive Loss**  
**For the six months ended October 31, 2021**  
(Expressed in Canadian Dollars)  
(Unaudited)

	<b>For the period ended October 31, 2021</b>
	\$
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<b>OPERATING EXPENSES</b>	
Office expense	356
Management fees (Note 3)	6,300
Professional fees	54,859
Rent (Note 3)	9,450
Share-based payment (Note 3 and 4)	64,949
Transfer agent and filing fees	22,424
<b>Loss and comprehensive loss for the period</b>	<b>(158,338)</b>
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<b>Basic and diluted loss per common share</b>	<b>(0.03)</b>
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<b>Weighted average number of common shares outstanding</b>	<b>5,332,608</b>

The Company was incorporated on March 20, 2021, therefore no comparatives.

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

**J4 VENTURES INC.**  
**Condensed Interim Statement of Changes in Shareholders' Equity**  
(Expressed in Canadian Dollars)  
(Unaudited)

	Share Capital		Equity Reserves		Total equity
	Number of Shares outstanding	Amount	Share-based payments	Deficit	
		\$	\$	\$	\$
<b>Balance at March 20, 2021</b>	-	-	-	-	-
Shares issued for private placement	6,550,000	555,000	-	-	555,000
Comprehensive loss for the period	-	-	-	(36,710)	(36,710)
<b>Balance at April 30, 2020</b>	6,550,000	555,000	-	(36,710)	518,290
Shares issued for private placement	2,000,000	200,000	-	-	200,000
Share issuance costs, cash and agent warrants	-	(56,738)	10,452	-	(46,286)
Share-based payment	-	-	64,949	-	64,949
Comprehensive loss for the period	-	-	-	(158,338)	(158,338)
<b>Balance at October 31, 2021</b>	8,550,000	698,262	74,401	(195,048)	578,615

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

**J4 VENTURES INC.**  
**Condensed Interim Statement of Cash Flows**  
(Expressed in Canadian Dollars)  
(Unaudited)

For the six-month period ended October 31,	<b>2021</b>
	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Loss for the period	(158,338)
Items not affecting cash:	
Share-based payment	64,949
Changes in non-cash working capital items:	
Accounts payable and accrued liabilities	2,672
Cash used in operating activities	<u>(90,717)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>	
Proceeds from issuance of shares, net of share issuance costs	<u>164,964</u>
Cash provided by financing activity	<u>164,964</u>
<b>Change in cash during the period</b>	74,247
<b>Cash, beginning of period</b>	<u>543,710</u>
<b>Cash, end of period</b>	<u>617,957</u>
<b>Cash paid during the period for:</b>	
Interest	-
Taxes	-
<b>Supplemental cash flow information:</b>	
	<b>October</b>
	<b>31, 2021</b>
Warrants issued as agent fees	<u>\$10,452</u>

The Company was incorporated on March 20, 2021 therefore no comparatives.

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

**J4 VENTURES INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the period ended October 31, 2021**  
(Expressed in Canadian Dollars)  
(Unaudited)

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**1. Nature and Continuance of Operations**

J4 Ventures Inc. (the "Company") was incorporated under the provincial *Business Corporations Act* (British Columbia) on March 30, 2021 and its registered office is at Suite 2500 Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8. The Company completed its initial public offering ("IPO") during the period ended October 31, 2021 and is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by the exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading. These condensed interim financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The condensed interim financial statements do not include adjustments to amounts and reclassification of assets and liabilities that might be necessary should the Company be unable to continue operates. Management estimates it has sufficient funds to operate for the next twelve months.

**2. Significant Accounting Policies**

(a) Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Report Standards and International Accounting Standards ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements were approved by the Board of Directors for issuance on December 22, 2021.

(b) Basis of Presentation

These condensed interim financial statements have been prepared on the historical cost basis and are presented in Canadian dollars, which is the Company's presentation currency.

(c) Significant Judgments, Estimates and Assumptions

The preparation of these condensed interim financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the reporting period. 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 outcomes could differ from these estimates.

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**2. Significant Accounting Policies (continued)**

(c) Significant Judgments, Estimates and Assumptions (continued)

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 further periods if the review affects both current and future periods.

The preparation of these condensed interim financial statements requires management to make judgements regarding the going concern of the Company, as disclosed in Note 1.

(d) Financial Instruments

*Financial assets*

The Company classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

*Financial assets at FVTPL:* Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in profit or loss.

*Financial assets at FVTOCI:* Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in which they arise.

*Financial assets at amortized cost:* A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

*Impairment of financial assets at amortized cost:* The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The Company has classified its financial instruments as follows:

- Cash: FVTPL
- Trade payable and accrued liabilities: Amortized cost

## **J4 VENTURES INC.**

### **Notes to the Condensed Interim Financial Statements**

**For the period ended October 31, 2021**

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### **3. Related Party Transactions**

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

During the period ended October 31, 2021, the Company entered into the following transactions with related parties:

Paid or accrued management fees of \$6,300 (2020 – \$Nil) to a company controlled by a director and Chief Financial Officer of the Company.

Paid or accrued rent of \$9,450 (2020 - \$Nil) to a company controlled by a director and Chief Executive Officer of the Company.

As at October 31, 2021, \$15,750 (April 30, 2021 - \$Nil) was included in accounts payable and accrued liabilities owing to officers and directors of the Company in relation to services provided and reimbursement of expenses.

During the period ended October 31, 2021, the Company issued 727,500 stock options to the four directors and officers of the Company (being key management personnel), which will be subject to an escrow agreement, with an exercise price of \$0.10 per share, at a fair value of \$64,949. The weighted average fair value per option was \$0.09. The fair value of the options is estimated using the Black-Scholes option pricing model assuming a life expectancy of 10 years, a risk-free rate of 1.19%, a forfeiture rate of 0%, and volatility of 100%.

### **4. Share Capital**

(a) Authorized:

Unlimited Common Shares without par value

Unlimited Preferred Shares without par value

(b) *Issued share capital:*

On March 30, 2021, the Company issued 2,000,000 common shares of the Company at a price of \$0.05 per share for gross proceeds of \$100,000.

On April 14, 2021, the Company closed a private placement and issued 4,550,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$455,000. There were no share issue costs during the period ended April 30, 2021.

On August 20, 2021, the Company completed its initial public offering (“IPO”) of filing its final prospectus with the securities regulatory authorities in the provinces of Alberta and British Columbia. The Company closed the IPO private placement and issued 2,000,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$200,000. The Company recorded \$11,250 as deferred financings costs as at April 30, 2021 upon closing of the IPO private placement these costs were allocated to share issuance costs. The Company paid share issue costs of \$46,286 and issued 200,000 agent compensation warrants. The Agent compensation warrants to acquire 200,000 common shares of the Company at \$0.10 per common share have an expiry date of August 20, 2023. The agent’s warrants have been assigned a fair value of \$10,452 or \$0.05 per agent’s warrant. The fair value of the agent’s warrant was estimated using the Black-Scholes option pricing model assuming a life expectancy of 2 years, a risk-free rate of 0.44%, a forfeiture rate of 0%, and volatility of 100%.

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**4. Share Capital (continued)**

*(c) Escrow:*

The Company has 2,000,000 common shares and 727,500 stock options which will be subject to an escrow agreement. Common shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions to the extent of options exercised prior to the completion of a qualifying transaction. Escrowed shares may be subject to cancellation if the qualifying transaction is not completed.

*(d) Share-based payments:*

Stock Option Plan

The Company has a rolling stock option plan (“the Plan”) which is applicable to directors, officers, employees and consultants. Under the Plan, the total outstanding stock options that may be granted are limited to 10% of the outstanding common shares of the Company at any one time. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the Exchange. The maximum term of stock options is ten years from the grant date. Vesting terms are at the discretion of the directors. Common shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions to the extent of options exercised prior to the completion of a Qualifying Transaction.

As at October 31, 2021, the following stock options were outstanding:

	Number of Stock Options	Weighted Average Exercise Price
Balance April 30, 2021	-	\$ 0.00
Granted	727,500	0.10
Balance, October 31, 2021	727,500	\$ 0.10

During the period ended October 31, 2021, the Company issued 727,500 stock options to the four directors and officers of the Company (being key management personnel), which will be subject to an escrow agreement, with an exercise price of \$0.10 per share, at a fair value of \$64,949. The weighted average fair value per option was \$0.09. The fair value of the options is estimated using the Black-Scholes option pricing model assuming a life expectancy of 10 years, a risk-free rate of 1.19%, a forfeiture rate of 0%, and volatility of 100%.

A summary of the Company’s stock options outstanding and exercisable as at October 31, 2021 is as follows:

Expiry Date	Number of Stock Options	Exercise Price	Remaining Life (in years)
July 29, 2031	727,500	\$0.10	9.75
Outstanding and exercisable	727,500		

Common shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions to the extent of options exercised prior to the completion of a qualifying transaction.

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**4. Share Capital (continued)**

*(e) Share Purchase Warrants*

As at October 31, 2020, the following stock warrants were outstanding:

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2021	-	\$ -
Granted	200,000	0.10
Balance, October 31, 2021	200,000	\$ 0.10

As at October 31, 2020, the following share purchase warrants were outstanding:

Number of Warrants	Weighted Average Exercise Price	Expiry Date	Remaining Life (in years)
200,000	\$ 0.10	August 20, 2023	1.80

**5. Capital Disclosures**

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1. The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and
- to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at period end, except as discussed below.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange Policy 2.4.

**J4 VENTURES INC.****Notes to the Condensed Interim Financial Statements****For the period ended October 31, 2021**

(Expressed in Canadian Dollars)

(Unaudited)

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**6. Financial Instruments**

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- 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 Company's cash is measured as level 1 input.

**7. Financial Risk Management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

*Overview*

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to short term nature.

*Credit Risk*

Credit Risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2021, the Company had a cash balance of \$617,957 to pay liabilities of \$39,342.

*Market Risks*

The Company will be subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. For the period ended October 31, 2021, the Company held \$Nil financial instruments subject to significant foreign exchange or interest rate risks.