

Hypercharge Networks Corp.
(formerly Cliffwood Capital Corp.)

Consolidated Financial Statements
For the year ended August 31, 2021

Expressed in Canadian Dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Hypercharge Networks Corp.

Opinion

We have audited the consolidated financial statements of Hypercharge Networks Corp. (the "Company") (formerly Cliffwood Capital Corp.), which comprise the consolidated statements of financial position as at August 31, 2021 and 2020, and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

DML

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

December 29, 2021



An independent firm
associated with Moore
Global Network Limited

Hypercharge Networks Corp.
(formerly Cliffwood Capital Corp.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	August 31, 2021	August 31, 2020
Assets			
Current assets			
Cash		\$ 3,023,188	\$ 160,420
Prepaid expenses and other current assets		4,646	-
Notes receivable	4	216,933	-
		<u>3,244,767</u>	<u>160,420</u>
Security deposit		36,855	-
Equipment	6	2,548	-
Total assets		<u>\$ 3,284,170</u>	<u>\$ 160,420</u>
Liabilities			
Current liabilities			
Accounts payable	9	\$ 159,181	\$ 8,863
Accrued liabilities		61,444	9,575
Subscription liability	7	816,650	-
		<u>1,037,275</u>	<u>18,438</u>
Total liabilities		<u>1,037,275</u>	<u>18,438</u>
Deficiency			
Share capital	7	2,861,445	221,951
Warrant reserve	7	47,484	-
Share-based payment reserve		45,976	-
Obligation to issue shares	7	250,000	-
Accumulated deficit		(958,010)	(79,969)
Total shareholders equity		<u>2,246,895</u>	<u>141,982</u>
Total liabilities and deficiency		<u>\$ 3,284,170</u>	<u>\$ 160,420</u>
<i>Going concern</i>	1		
<i>Commitments and contingencies</i>	8		
<i>Subsequent events</i>	13		

Approved on behalf of the Board:

"Bronson Peever"
Bronson Peever, Director

"Liam Firus"
Liam Firus, Director

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

Hypercharge Networks Corp.

(formerly Cliffwood Capital Corp.)

Consolidated Statements of Comprehensive Loss

(Expressed in Canadian Dollars)

		Year ended August 31,	
	Note	2021	2020
Operating Expenses			
Consulting fees	9	\$ 210,307	\$ 30,450
Wages and benefits		142,733	-
Professional fees		97,590	18,988
Advertising and promotional		67,487	-
Share-based payments	7 & 9	327,080	-
Office and administration		22,878	3,785
Filing and transfer agent fees		1,814	1,872
Depreciation	6	150	-
Bank charges and interest		1,588	348
Total Operating Expenses		<u>(871,627)</u>	<u>(55,443)</u>
Other expenses (income)			
Unrealized loss on investment	5	37,638	-
Realized gain of sale of investment	5	(53,350)	-
Impairment of investment	5	37,362	-
Foreign exchange gain		(15,236)	-
Interest income		-	(2,022)
Total other expenses (income)		<u>6,414</u>	<u>(2,022)</u>
Net and comprehensive loss		\$ <u>(878,041)</u>	\$ <u>(53,421)</u>
Basic and diluted loss per share		\$ <u>(0.06)</u>	\$ <u>(0.01)</u>
Weighted average number of shares outstanding - basic and diluted		<u>14,167,200</u>	<u>8,575,817</u>

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

Hypercharge Networks Corp.

(formerly Cliffwood Capital Corp.)

Consolidated Statement of Changes in Shareholders' Equity (Deficit)

(Expressed in Canadian Dollars)

	Note	Share capital		Share-based payment reserve	Warrant reserve	Obligation to issue shares	Deficit	Total shareholders' equity
		Number	Amount					
Balance, August 31, 2019		8,516,200	\$ 202,501	\$ -	\$ -	\$ -	\$ (26,548)	\$ 175,953
Common shares issued for cash	7	194,500	19,450	-	-	-	-	19,450
Net and comprehensive loss		-	-	-	-	-	(53,421)	(53,421)
Balance, August 31, 2020		8,710,700	221,951	-	-	-	(79,969)	141,982
Common shares issued for cash	7	17,486,000	2,639,494	-	16,380	-	-	2,655,874
Share-based payments	7 & 9	-	-	45,976	31,104	250,000	-	327,080
Net and comprehensive loss		-	-	-	-	-	(878,041)	(878,041)
Balance, August 31, 2021		26,196,700	\$ 2,861,445	\$ 45,976	\$ 47,484	\$ 250,000	\$ (958,010)	\$ 2,246,895

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

Hypercharge Networks Corp.
(formerly Cliffwood Capital Corp.)
Consolidated Statements of Cash Flows
August 31, 2021
(Expressed in Canadian Dollars)

	<u>Note</u>	<u>Year ended August 31, 2021</u>	<u>2020</u>
Cash provided by (used in):			
Operating activities:			
Net and comprehensive loss		\$ (878,041)	\$ (53,421)
Items not involving cash:			
Share-based payments	7 & 9	327,080	-
Unrealized loss on investment	5	37,638	-
Realized gain on the sale of investment	5	(53,350)	-
Impairment loss on investment	5	37,362	-
Foreign exchange gain		(15,236)	-
Depreciation	6	150	-
Interest income		-	(2,022)
Changes in non-cash working capital items:			
Prepaid expenses and other current assets		(4,646)	-
Accounts payable and accrued liabilities		202,187	10,818
Security deposit		(36,855)	-
Net cash used in operating activities		<u>(383,711)</u>	<u>(44,625)</u>
Investing activities:			
Purchase of investment	5	(150,000)	-
Proceeds on sale of investment, net	5	128,350	-
Purchase of equipment	6	(2,698)	-
Advance of note receivable	4	(201,697)	(98,565)
Repayment of note receivable	4	-	150,587
Net cash (used in) provided by investing activities		<u>(226,045)</u>	<u>52,022</u>
Financing activities:			
Common shares issued for cash, net of cash transaction costs	7	2,655,874	19,450
Proceeds from subscriptions received	7	816,650	-
Net cash provided by financing activities		<u>3,472,524</u>	<u>19,450</u>
Increase in cash flows		2,862,768	26,847
Cash balance, beginning of the year		160,420	133,573
Cash balance, end of the year		<u>\$ 3,023,188</u>	<u>\$ 160,420</u>

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

Hypercharge Networks Corp.

(formerly Cliffwood Capital Corp.)

Notes to the Consolidated Financial Statements

August 31, 2021

(Expressed in Canadian Dollars)

1. Entity information

Hypercharge Networks Corporation (formerly Cliffwood Capital Corp). (the “Company”) was incorporated under the British Columbia Business Corporations Act on September 5, 2018. The head office of the Company is located at Suite 310 – 1008 Homer Street, Vancouver, British Columbia, V6B 2X1 and the registered and records office of the Company is located at 6204 – 125th Street, Surrey, British Columbia, V3X 2X1.

Upon incorporation, the Company’s objective was to identify an appropriate business for acquisition or investment. During the year ended August 31, 2021, the Company started the business of providing electric vehicle charging stations and solutions. Subsequent to August 31, 2021, the Company acquired all of the existing and outstanding shares of Spark Charging Solutions Inc. (“Spark”) (Note 13) to add to its existing business of providing electric vehicle charging solutions.

The Company is an early-stage Company and is primarily dependent on externally provided financing to continue as a going concern. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the Company will be profitable. Management intends to finance operating costs over the next twelve months with its cash on hand, cash raised subsequent to August 31, 2021 (Note 13) and/or additional financing that has not currently been sought. These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

2. Significant accounting policies

(a) Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements of the Company for the year ended to August 31, 2021 were authorized for issue by the Board of Directors (“Board”) on December **X**, 2021.

(b) Basis of presentation

These consolidated financial statements have been prepared on an accrual basis and are based on historical cost, except for certain financial instruments which are measured at fair value.

The Company’s functional currency is the Canadian Dollar. The consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

Hypercharge Networks Corp.

(formerly Cliffwood Capital Corp.)

Notes to the Consolidated Financial Statements

August 31, 2021

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiary. The Company's subsidiary is an entity controlled by the Company, and the Company has power over the entity through its exposure and rights to variable returns from the subsidiary. The results of the Company's wholly owned subsidiary, 2836601 Ontario Inc. are included in these consolidated financial statements. The financial statements of the Company's subsidiary are prepared for the same reporting period as the Company and all intercompany transactions and balances have been eliminated.

(d) Cash and cash equivalents

Cash and cash equivalents include cash at banks and highly liquid investments with original maturities of three months or less, which are readily convertible into a known amount of cash.

(e) Equipment

(i) Recognition and measurement

Items of property and equipment are measured at their initial cost less accumulated depreciation and accumulated impairment charges. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss in the period in which they are incurred.

(ii) Depreciation

Depreciation is recognized in profit or loss over the estimated useful lives of each part of an item of property and equipment in a manner that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for each class of the Company's equipment is as follows:

Class	Rate	Method of depreciation
Computer equipment	3 years	Straight line

(f) Financial instruments

(i) Classification

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

Hypercharge Networks Corp.

(formerly Cliffwood Capital Corp.)

Notes to the Consolidated Financial Statements

August 31, 2021

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(f) Financial instruments (continued)

(i) Classification (continued)

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Financial assets classified as amortized cost if both of the following conditions are met and they are not designated as FVTPL:

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
 - the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- All financial assets not classified as amortized cost as described above are measured at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

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

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statements of comprehensive loss. Other net gains and losses are recognised in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to comprehensive loss.

(iii) Classification

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in comprehensive loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to comprehensive loss.

Hypercharge Networks Corp.

(formerly Cliffwood Capital Corp.)

Notes to the Consolidated Financial Statements

August 31, 2021

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(f) Financial instruments (continued)

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

The Company recognizes in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(vi) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

(vii) Fair value

Financial assets and financial liabilities are measured at fair value using a valuation hierarchy for disclosure of fair value measurements. The determination of the applicable level within the hierarchy of a particular asset or liability depends on the inputs used in the valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally derived (unobservable). The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1: defined as observable inputs such as quoted prices in active markets.

Level 2: defined as inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3: defined as inputs that are based on little or no observable market data and, therefore, requiring entities to develop their own assumptions.

Hypercharge Networks Corp.

(formerly Cliffwood Capital Corp.)

Notes to the Consolidated Financial Statements

August 31, 2021

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(g) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event, and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

(h) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Company has not recorded any deferred tax assets.

(i) Foreign Currency Translation

The functional and reporting currency of the Company is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in profit and loss.

Hypercharge Networks Corp.

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Notes to the Consolidated Financial Statements

August 31, 2021

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

(j) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares.

(k) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as a personnel expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

For share-based payment arrangements with non-employees, the expense is recorded over the service period until the options vest. Once the options vest, services are deemed to have been received.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of the cancellation and any expense not yet recognized for the award (being the total expense as calculated at the grant date) is recognized immediately. This includes any awards where vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled award and new awards are treated as if they were a modification of the original awards.

Hypercharge Networks Corp.

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Notes to the Consolidated Financial Statements

August 31, 2021

(Expressed in Canadian Dollars)

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

These assumptions and estimates are regularly reviewed. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The Company's main judgements, estimates, and assumptions are presented below:

(a) Deferred income tax

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

(b) Share-based payments

The Company utilizes the Black-Scholes model to estimate the fair value of its share-based payments. In applying this model, management must estimate the expected future volatility of the Company's estimated share price, and makes such assumptions based on a proxy of publicly-listed entities under an expectation that historical volatility is representative of the expected future volatility. Additionally, estimates have been made by management, in respect of the performance warrants, regarding the length of the vesting period as well as the number of performance warrants that are likely to vest.

(c) Going concern

Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing its financial statements. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or has no realistic alternative other than to do so.

4. Notes receivable

During the year ended August 31, 2021, the Company provided a series of advances totaling \$216,933 to Spark. The notes receivable are unsecured, non-interest bearing and due on demand. Subsequent to August 31, 2021, the Company acquired the issued and outstanding shares of Spark (Note 13).

In May 2020, the Company advanced \$98,565 to a company with a common officer, due April 30, 2021 and bearing interest at 10% per annum. The note receivable, including accrued interest of \$2,022, was fully repaid in July 2020 (Note 9).

In July 2019, the Company provided a \$50,000 unsecured, non-interest-bearing loan to a shareholder of the Company repayable on or before December 31, 2019, or on demand at the option of the Company. The note receivable was fully repaid in December 2019.

Hypercharge Networks Corp.

(formerly Cliffwood Capital Corp.)

Notes to the Consolidated Financial Statements

August 31, 2021

(Expressed in Canadian Dollars)

5. Investment

In October 2020, the Company invested \$150,000 in American CBD Extraction Corp. ("American CBD") through a non-brokered subscription receipt financing.

Subsequently, on October 21, 2020, American CBD entered into an Amalgamation Agreement (the "Agreement") with Thoughtful Brands Inc. ("Thoughtful Brands") and pursuant to the Agreement, the Company received 4,820,917 shares of Thoughtful Brands in exchange for its shares of American CBD.

On April 16, 2021, Thoughtful Brands' issued and outstanding common shares were consolidated on the basis of one (1) new common share for every ten (10) common shares issued and outstanding. All Thoughtful Brands share and per share amounts disclosed herein are pre-consolidation. From the period of October 21, 2020 through April 16, 2021, the Company sold 2,025,230 shares and had a remaining balance of 2,795,687 prior to the consolidation and 279,568 shares following the consolidation.

During the period of April 17, 2021 to August 31, 2021, the Company sold an additional 38,522 shares and as at August 31, 2021 held 241,046 shares.

At August 31, 2021, the Company assessed the fair value of the investment in Thoughtful Brands as \$nil, and recorded an impairment charge of \$37,362 during the year ended August 31, 2021. Additionally, during the year ended August 31, 2021, the Company received net proceeds from the sales of shares of \$128,350 and recognized realized gains on the disposition of the investments of \$53,350 and unrealized losses on the change in fair value of the investments of \$37,638.

6. Equipment

	Computer equipment
Balance, August 31, 2019 and 2020	\$ -
Additions	2,698
Depreciation	(150)
Balance, August 31, 2021	\$ 2,548

7. Share capital

(a) Authorized

The Company has authorized an unlimited number of common shares without par value.

(b) Issued

As at August 31, 2021, there were 26,196,700 (2020 – 8,710,700) common shares outstanding.

During the year ended August 31, 2021:

On April 22, 2021, the Company closed a non-brokered private placement by issuing 7,300,000 common shares at a price of \$0.02 per share for gross proceeds of \$146,000.

Hypercharge Networks Corp.

(formerly Cliffwood Capital Corp.)

Notes to the Consolidated Financial Statements

August 31, 2021

(Expressed in Canadian Dollars)

7. Share capital (continued)

(b) Issued (continued)

On May 21, 2021, the Company closed a non-brokered private placement by issuing 10,186,000 common shares at a price of \$0.25 per share for gross proceeds of \$2,546,500. The Company incurred cash commission fees of \$31,500, issued 126,000 warrants as finders fees with a grant date fair value of \$16,380 and incurred share issue costs of \$5,126.

During the year ended August 31, 2021, the Company received \$816,650 in subscriptions from investors for a future financing transaction. Subsequent to August 31, 2021, shares were issued in respect of these funds received and the liability was discharged accordingly (Note 13).

At August 31, 2021, the Company is obligated to issue 1,000,000 common shares to the CEO, which is recognized as share-based payments expense with a fair value of \$250,000 (Notes 9 and 13).

During the year ended August 31, 2020:

On April 22, 2020, the Company completed a non-brokered private placement of 194,500 common shares at \$0.10 per share for gross proceeds of \$19,450.

(c) Warrants

(i) Non-performance warrants:

The non-performance warrant continuity schedule is as follows:

	Number of warrants	Weighted average exercise price
Balance, August 31, 2019 and 2020	8,100,000	\$ 0.05
Issued as finders fee	126,000	0.25
Cancelled	(8,100,000)	(0.05)
Balance, August 31, 2021	126,000	\$ 0.25

Details of the non-performance warrants outstanding as at August 31, 2021 are as follows:

Exercise price	Number of warrants exercisable	Expiry date
\$ 0.25	126,000	May 21, 2023

The weighted average remaining contractual life of the non-performance warrants outstanding as at August 31, 2021 is 1.72 years.

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7. Share capital (continued)

(c) Warrants (continued)

The fair value of the non-performance warrants was determined using the Black-Scholes Model using the following assumptions:

	Year ended August 31, 2021	
Expected life		2 years
Expected volatility ^(*)		98.62%
Risk-free rate		0.33%
Dividend yield		-
Underlying share price	\$	0.25
Exercise price	\$	0.25

(*) Expected volatility was estimated by reference to comparable listed entities.

(ii) Performance warrants

On August 3, 2021, the Company granted 2,000,000 performance warrants to an advisor for consideration of a future financing transaction. The warrants will vest upon the completion of a future financing transaction, whereby the Company will obtain a listing on a Canadian stock exchange and conduct a subsequent offering to raise a minimum of \$5 million. The performance warrants, when vested, will provide the holder with the opportunity to exchange one warrant for one share of the Company's common shares at an exercise price of \$0.25 per share, valid for a period of two years from the vesting date. The Company has accounted for the transaction in accordance with IFRS 2 – Share-based payments ("IFRS 2") as a share-based payment with a performance condition, and the cumulative fair value represents the best available estimate of the equity instruments expected to vest as at August 3, 2021. As a result of the nature of the transaction representing a share issuance cost, the Company will capitalize the cumulative fair value of the services provided by the advisor as a deferred offering cost. Due to the Company's success with recent private offerings, subsequent financing following a public listing may not be needed; therefore, there has been no cumulative cost recorded through August 31, 2021.

On August 5, 2021 and amended on November 15, 2021, the Company entered into a collaboration agreement (the "Collaboration Agreement") for an arrangement to supply, install and maintain electric vehicle charging stations. On the same date, the Company provided the third-party with 2,080,000 performance warrants, 200,000 of which vested immediately and the remaining vest in six tranches during the three years following the commencement of the agreement. The performance warrants, when vested, will provide the holder with the opportunity to exchange one warrant for one share of the Company's common shares at an exercise price of \$0.25 per share, valid for a period of three years from the date in which the tranche vested. A condition of the Collaboration Agreement required further agreements to be entered into within twenty-one (21) days of the signing of the Collaboration Agreement. The Company and the other party signed an agreement to extend the term in which the further agreements needed to be signed to continue the Collaboration Agreement, and subsequently to August 31, 2021, the Company and the other party entered into all required agreements.

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7. Share capital (continued)

(c) Warrants (continued)

(ii) Performance warrants (continued)

The Company has accounted for the transaction in accordance with IFRS 2 as a share-based payment with a performance condition, and the cumulative expense recorded represents the best available estimate of the equity instruments expected to vest as at August 31, 2021. During the year ended August 31, 2021, the Company recorded share-based payment expense of \$31,104 relating to the share-based payment component of this agreement.

The performance warrant continuity schedule is as follows:

	Number of warrants	Weighted average exercise price
Balance, August 31, 2020 and 2019	-	\$ -
Performance warrants issued	4,080,000	0.25
Balance, August 31, 2021	4,080,000	\$ 0.25
Performance Warrants exercisable, August 31, 2021	200,000	\$ 0.25

Details of the exercisable performance warrants exercisable at August 31, 2021 is as follows:

Exercise price	Number of warrants exercisable	Expiry date
\$ 0.25	200,000	August 5, 2023

The fair value of the performance warrants was determined using the Black-Scholes model using the following assumptions:

	Year ended August 31, 2021
Expected life	3 years
Expected volatility	98.55% - 98.71%
Risk-free rate	0.42% - 0.44%
Dividend yield	-
Underlying share price	\$ 0.25
Exercise price	\$ 0.25

(d) Stock Options

The Company has an incentive stock option plan whereby the Company may grant incentive stock options ("Options") to directors, officers, employees and independent consultants to purchase voting common shares of the Company. The terms and conditions of each option granted under the stock option plan are determined by the Board of Directors. The number of common shares reserved for issuance upon the exercise of options is limited to a maximum of 20% of the issued and outstanding common shares of the Company at any time.

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7. Share capital (continued)

(d) Stock Options (continued)

During the year ended August 31, 2021, the Company recorded stock-based compensation of \$45,976 (2020 – nil) on the grant of 1,500,000 options. The options vest in tranches over a period of thirty six (36) months and are exercisable at a price of \$0.25 per share for three (3) or five (5) years after grant date.

The Stock Option continuity is as follows:

	Number of options	Weighted average exercise price
Balance, August 31, 2020 and 2019	-	\$ -
Granted	1,500,000	0.25
Balance, August 31, 2021	1,500,000	\$ 0.25
Options exercisable, August 31, 2021	-	\$ -

The following is a summary of the outstanding Options:

Exercise price	Number outstanding	Weighted average contractual life remaining	Number exercisable	Weighted average remaining vesting period
\$ 0.25	1,250,000	4.83 years	-	1.4 years
\$ 0.25	250,000	2.92 years	-	1.4 years
	1,500,000	4.51 years		

The fair value of the options issued during the year ended August 31, 2021 was estimated using the following Black-Scholes Model assumptions:

	Year ended August 31, 2021
Expected life	3 years – 5 years
Expected volatility	96.00% - 110.24%
Risk-free rate	0.61% - 0.99%
Dividend yield	-
Underlying share price	\$ 0.25
Exercise price	\$ 0.25

(e) Reserves

The share-based payment reserve and warrant reserve record items recognized as share based compensation expense and other share based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

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8. Commitments

As at August 31, 2021, the Company had committed to a lease that had not yet commenced. The commitments in accordance with the lease are as follows:

Year ended August 31	
2022	\$ 143,666
2023	147,420
2024	135,135
	<u>\$ 426,221</u>

9. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board and corporate officers, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

In addition to cash compensation, the Company also permits participation in the Stock Option Plan.

During the year ended August 31, 2021, the Company paid its CEO \$94,005 (2020 – \$nil) in cash salary and benefits and recorded stock-based compensation expense of \$281,353 (2020 – \$nil).

During the year ended August 31, 2021, the Company paid \$48,300 (2020 – \$nil) to an entity controlled by two directors of the Company for CEO services provided. Amounts were fully paid during the year ended August 31, 2021 and there were no amounts payable at August 31, 2021 and 2020.

During the year ended August 31, 2021, the Company paid \$37,725 (2020 - \$19,950) to a Company controlled by a family member of the Company's former CFO and former director for consulting services. As at August 31, 2021, the Company has a balance payable to this entity of \$1,066 (2020 - \$1,575) included in accounts payable. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment. During the year ended August 31, 2021, the Company paid \$13,125 (2020 - \$Nil) to the Company's former CFO for consulting services.

During the year ended August 31, 2021, the Company paid \$11,025 to a corporation controlled by a former officer of the Company for contract CFO services. As at August 31, 2021, the Company has a balance payable to this entity of \$3,675 (2020 – \$nil) included in accounts payable. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

During the year ended August 31, 2021, the Company paid \$24,000 (2020 - \$Nil) to a director of the Company for consulting services.

Included in accounts payable at August 31, 2021 was \$12,246 payable to a director of the Company for reimbursement of expenses incurred on behalf of the Company. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

During the year ended August 31, 2020, the Company advanced \$98,565 to a company with a common officer, due April 30, 2021, bearing interest at 10% per annum. The note receivable, including accrued interest of \$2,022, was fully repaid in July 2020 (Note 4).

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10. Management of capital

The Company considers its capital to be comprised of shareholders' equity. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to carry out the planned activities and pay for administrative costs, the Company may attempt to raise additional amounts of capital through the issuance of shares. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since incorporation. The Company is not subject to external capital requirements.

11. Financial instruments

(a) Set out below are categories of financial instruments and fair value measurements:

	August 31, 2021		August 31, 2020	
<hr/>				
Financial assets at fair value				
Cash	\$	3,023,188	\$	160,420
Note receivable	\$	216,933	\$	-
<hr/>				
Financial liabilities at amortized cost				
Accounts payable	\$	(159,181)	\$	(8,863)
Accrued liabilities	\$	(61,444)	\$	(9,575)
Subscription liability	\$	(816,650)	\$	-
<hr/>				

The Company considers that the carrying amount of all its financial assets recognized at amortized cost in the consolidated financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

The Company's cash and investment (Note 5) is valued using level one inputs.

(b) Management of financial risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company assessed credit risk as low.

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11. Financial instruments (continued)

(b) Management of financial risks (continued)

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 liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has sufficient cash to meet its current liabilities at August 31, 2021. The Company assessed liquidity risk as low.

Foreign exchange risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to significant foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

12. Income taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended August 31, 2021	Year ended August 31, 2020
Net loss	\$ (878,041)	\$ (53,421)
Statutory income tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(237,071)	(14,424)
Non-deductible expenses	89,222	-
Temporary differences not recognized	147,849	14,424
Income tax recovery	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	Year ended August 31, 2021	Year ended August 31, 2020
Non-capital losses carried forward	\$ 162,596	\$ 21,592
Share issuance costs and other	6,845	-
Total	\$ 169,441	\$ 21,592

The Company has non-capital losses of \$629,815 available for carry-forward that will expire between 2039 and 2041.

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13. Subsequent Events

On October 1, 2021, the Company completed a non-brokered private placement issuing 10,000,000 common shares of the Company at a price of \$0.40 per share for gross proceeds to the Company of \$4,000,000. The Company paid \$18,900 in finder's fees associated with the offering. The Company paid a bonus of \$30,000 to the CEO related to the offering.

On October 1, 2021, the Company entered into consulting agreements with third parties, whereby those consultants may be paid in warrants or common shares. One consultant will be paid a project fee totaling \$450,000, of which \$180,000 will be paid in up to 450,000 warrants exercisable at \$0.40 per share. Another two consultants can earn up to a combined 1,000,000 common shares over 3 years if all performance thresholds are met within specified timelines.

On November 1, 2021, the Company acquired all the issued and outstanding shares of Spark pursuant to a share exchange agreement (Note 1). The consideration for the transaction was valued at \$2.4 million which was settled by way of the issuance of six million common shares of the Company and payment of \$191,546 to satisfy Spark's existing outstanding debt, and a \$215,000 payment to acquire Spark's inventory. The vendors are also eligible to receive an additional 1,000,000 shares in the next 36 months if specific milestones are met. Additionally, the Company issued 4,219,670 common shares to an advisor. Related to the transaction, the Company is obligated to issue a number of finder's shares to a related company equal to 10% of the issued and outstanding shares of the Company. The six million common shares issued as consideration will be held in escrow and released over a 36-month period after the Company is listed on the Canadian Securities Exchange.

On November 12, 2021, the Company amended its employment agreement with the CEO, whereby the 1,000,000 common shares are no longer obligated to be issued by the Company (Note 7).

On November 17, 2021, the Company granted 175,000 stock options to consultants and employees, which are exercisable at a price of \$0.40 per share for a period of three years. The options will vest as 25% on each of the three and six months from the grant date and 50% at twelve months following the grant date.