

TARGET CAPITAL INC.

FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

To the Shareholders of Target Capital Inc.:

Opinion

We have audited the financial statements of Target Capital Inc. (the "Company"), which comprise the statements of financial position as at March 31, 2022 and March 31, 2021, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022 and March 31, 2021, 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 audits 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 audits 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 2(a) in the financial statements, which indicates that the Company incurred a net loss during the year ended March 31, 2022 and, as of that date, the Company had an accumulated deficit. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2(a), indicate that a material uncertainty exists that may cast significant doubt on 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 Management's Discussion and Analysis.

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

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits 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 on this other information, 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 consolidated 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 consolidated 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 consolidated 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Leanne Bjalek.

Calgary, Alberta

July 19, 2022

MNP LLP

Chartered Professional Accountants

MNP

TARGET CAPITAL INC.

Statements of Financial Position

(expressed in Canadian dollars)

As at	Notes	March 31, 2022	March 31, 2021
ASSETS			
<i>Current assets</i>			
Cash		26,354	7,412
Accounts receivable		-	33,620
Secured note receivable	4	-	110,000
Total current assets		26,354	151,032
<i>Non-current assets</i>			
Investments in private companies	6	660	5,040
Total non-current assets		660	5,040
Total assets		27,014	156,072
LIABILITIES			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities		304,142	183,613
Total current liabilities		304,142	183,613
<i>Non-current liabilities</i>			
CEBA loan	8	42,403	-
Total non-current assets		42,403	-
Total liabilities		346,545	183,613
EQUITY			
Share capital	9	5,130,024	5,130,024
Warrants	9	1,844,165	1,844,165
Contributed surplus		2,420,045	2,420,045
Accumulated other comprehensive income		15,093	15,093
Accumulated deficit		(9,728,858)	(9,436,773)
Equity attributable to owners of the Corporation		(319,531)	(27,446)
Non-controlling interest	2c	-	(95)
Total deficit		(319,531)	(27,541)
Total liabilities and deficit		27,014	156,072

Going concern (note 2a)

Subsequent event (note 15)

APPROVED BY THE BOARD OF DIRECTORS:

/s/ Ron Hozjan
Director/s/ Theo Zunich
Director*See accompanying notes to the financial statements*

TARGET CAPITAL INC.

Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars, except per share amounts)

		Years ended March 31,	
	Notes	2022	2021
REVENUE			
Private company investment fees		-	98,314
Interest and other income	8	22,849	4,542
		22,849	102,856
EXPENSES			
General and administration		309,587	239,751
Royalties		-	6,844
Loss on disposition of other investments	7	-	9,250
Accretion	8	5,252	-
Depreciation		-	4,925
		314,839	260,770
NET LOSS FROM OPERATIONS		(291,990)	(157,914)
Impairment	4,6	-	(1,367,910)
NET LOSS BEFORE TAX		(291,990)	(1,525,824)
Deferred income tax	11	-	-
NET LOSS		(291,990)	(1,525,824)
OTHER COMPREHENSIVE LOSS			
Fair value change	4,6	-	(1,367,910)
Impairment	4,6	-	1,367,910
Unrealized loss on other investments	7	-	(16,667)
NET LOSS AND COMPREHENSIVE LOSS		(291,990)	(1,542,491)
Net loss per share - basic and diluted	12	-	(0.01)

See accompanying notes to the financial statements

TARGET CAPITAL INC.

Statements of Changes in Equity (Deficit)

Years ended March 31, 2022 and 2021

(expressed in Canadian dollars)

	Notes	Share capital	Warrants	Contributed surplus	Accumulated other comprehensive income	Accumulated deficit	Non-controlling interest	Total equity (deficit)
As at March 31, 2020		5,130,024	1,844,165	2,420,045	31,760	(7,910,949)	(95)	1,514,950
Fair value change	4,6	-	-	-	(1,367,910)	-	-	(1,367,910)
Impairment	4,6	-	-	-	1,367,910	-	-	1,367,910
Unrealized loss on other investments	7	-	-	-	(16,667)	-	-	(16,667)
Net loss		-	-	-	-	(1,525,824)	-	(1,525,824)
As at March 31, 2021		5,130,024	1,844,165	2,420,045	15,093	(9,436,773)	(95)	(27,541)
As at March 31, 2021		5,130,024	1,844,165	2,420,045	15,093	(9,436,773)	(95)	(27,541)
Dissolution of subsidiary	2c	-	-	-	-	(95)	95	-
Net loss		-	-	-	-	(291,990)	-	(291,990)
As at March 31, 2022		5,130,024	1,844,165	2,420,045	15,093	(9,728,858)	-	(319,531)

See accompanying notes to the financial statements

TARGET CAPITAL INC.
 Statements of Cash Flows
(expressed in Canadian dollars)

		Years ended March 31,	
	Notes	2022	2021
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES			
Net loss		(291,990)	(1,525,824)
Items not involving cash:			
Loss on disposition of other investments	7	-	9,250
Interest and other income	8	(22,849)	-
Accretion	8	5,252	-
Depreciation		-	4,925
Impairment	4,6	-	1,367,910
Change in non-cash operating working capital	13	154,149	279,794
		(155,438)	136,055
CASH FLOW FROM FINANCING ACTIVITIES			
CEBA loan	8	60,000	-
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES			
Short-term investments		-	1,000,000
Disposition of other investments	7	-	90,750
Secured note repayments (advances)	4	110,000	(1,474,000)
Redemption of investments in private companies	6	4,380	-
		114,380	(383,250)
Net increase (decrease) in cash		18,942	(247,195)
Cash, beginning of year		7,412	254,607
Cash, end of year		26,354	7,412

See accompanying notes to the financial statements

TARGET CAPITAL INC.

Notes to the Financial Statements

For the years ended March 31, 2022 and 2021

(In Canadian dollars)

1. REPORTING ENTITY AND NATURE OF OPERATIONS

Target Capital Inc. ("**Target**" or the "**Corporation**") was incorporated under the Business Corporations Act of Alberta, Canada. The Corporation's registered office is located at Suite 4300, 888 – 3rd Street SW, Calgary, Alberta, T2P 5C5.

The Corporation's shares ("**Target Shares**") were listed on the TSX Venture Exchange ("**TSXV**") between December 19, 2008 and April 14, 2021 and listed on the Canadian Securities Exchange ("**CSE**") between July 8, 2014 and April 15, 2021 under the symbol "**TCI**".

On November 5, 2020, the Alberta Securities Commission issued a cease trade order for failure to file the Corporation's audited consolidated financial statements and management's discussion and analysis for the financial year ended March 31, 2020 and unaudited condensed consolidated interim financial statements and management's discussion and analysis for the quarter ended June 30, 2020. At that time the Corporation had not filed consolidated financial statements and management's discussion and analysis for all periods subsequent to December 31, 2019. In connection with the delay in filing continuous disclosure documents, the listing of the Target Shares was transferred from the TSXV to the NEX board of the TSXV on April 14, 2021 and the Target Shares were delisted from the Canadian Securities Exchange. The trading symbol of the Target Shares was also changed from TCI to TCI.H.

On April 18, 2022 the Corporation filed all the late disclosure documents from March 31, 2020 to December 31, 2021 and as such also applied to the Alberta Securities Commission, as the principal regulator and the Ontario Securities Commission to revoke the cease trade order dated November 5, 2020 issued against the securities of the Corporation and as of the date of the financial statements a decision has yet to be determined.

During the year ended March 31, 2022, Target's principal activities continue to be investing in the securities of various private companies. However, on an ongoing basis the board of directors and management are exploring various options that, if successful, will enable the Corporation to have access to sufficient funds to commence commercial operations, generate operating cash flows and be able to settle liabilities as and when they fall due. These include but are not limited to the success of raising funds, the completion of a material transaction, the monetization of investments, the repayment of outstanding loan amounts, or an alternative transaction that improves the cash and working capital position of the Corporation.

Current Operating Environment

During 2022, the global economy showed strong signs of recovery from the impacts of the COVID-19 pandemic. However, the COVID-19 pandemic, the invasion of Ukraine by Russia on February 24, 2022 that remains ongoing and other negative economic factors remain evolving situations that have had, and may continue to have, a significant impact on the Corporation's operational results, financial position and the environment in which it operates. As the situation remains dynamic and the ultimate duration and magnitude of the impact on the economy and the capital and financial markets is not known at this time management cannot reasonably estimate the length or severity of these global events, or the extent to which the disruption will impact the Corporation longer term.

TARGET CAPITAL INC.

Notes to the Financial Statements

For the years ended March 31, 2022 and 2021

(In Canadian dollars)

2. BASIS OF PRESENTATION

a) Going Concern

These audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

During the year ended March 31, 2022, the Corporation incurred a net loss and comprehensive loss of \$291,990 (2021 - \$1,542,491) and as at March 31, 2022 had an accumulated deficit of \$9,728,858 (2021 - \$9,436,773).

The continued operation of the Corporation is dependent on its ability to obtain additional financing and there is no assurance that the Corporation will be successful in obtaining such funding from its ongoing business activities. Management is currently exploring various options that, if successful, will enable the Corporation to have access to sufficient funds to commence commercial operations, generate operating cash flows and be able to settle liabilities as and when they fall due. These include but are not limited to the success of raising funds, the completion of a material transaction, the monetization of investments, the repayment of outstanding loan amounts, or an alternative transaction that improves the cash and working capital position of the Corporation.

These conditions indicate the existence of material uncertainties that may cast significant doubt on the Corporation's ability to continue as a going concern.

These audited financial statements do not reflect the adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the expenses and the statement of financial position classifications used. Such adjustments could be material.

b) Statement of Compliance

These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

These financial statements have been approved and authorized for issuance by the Board of Directors as of July 19, 2022.

c) Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

The Corporation's 95% owned and inactive subsidiary Industrial Avenue Development Corp. was struck from the corporate registry and dissolved on September 2, 2021. As such, these audited financial statements are no longer consolidated and include the accounts of Target and its 95% owned and inactive subsidiary Industrial Avenue Development Corp. up to the time it was dissolved on September 2, 2021.

d) Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is also the Corporation's and its subsidiary's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest dollar.

TARGET CAPITAL INC.

Notes to the Financial Statements

For the years ended March 31, 2022 and 2021

(In Canadian dollars)

e) Use of Estimates and Judgement

The preparation of the financial statements in accordance with IFRS requires the Corporation to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts within the financial statements. Such judgements, estimates and assumptions relate primarily to unsettled events and transactions as of the date of the financial statements. The estimated fair value of financial assets and liabilities are subject to measurement uncertainty. Judgements, estimates and assumptions are reviewed on a continuous basis and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As a result, actual results may differ materially as future confirming events occur.

Critical judgements in applying accounting policies

The critical estimates, assumptions and judgements that have the most significant impact on the amounts recognized in the financial statements are as follows:

Fair values of the secured note receivable and other investments

The Corporation has determined that the fair value of these investments is the original amount paid and if an indication of a change in fair value is identified, the Corporation shall estimate the fair value change and recognize in other comprehensive income.

Fair values of convertible notes receivable

The Corporation has determined that the fair value of these investments is the original amount paid and if an indication of a change in fair value is identified, the Corporation shall estimate the fair value change and recognize in profit or loss.

Canadian Emergency Business Account ("CEBA") loan

The repayable portion of the interest-free CEBA loan is initially measured at fair value, which is the date of receipt of the loan. Fair value is estimated based on the present value of the loan repayment amount, discounted using the estimated market interest rate, assuming the full amount is repaid on December 31, 2023. The market interest rate is determined based on judgments by reference to third-party lending rate that the Corporation would receive on similar debt instruments. The Corporation determined the fair value of the CEBA loan on the receipt date to be \$37,151 based on a market interest rate of 20% based on management's best estimate of current market conditions.

Income taxes

The determination of income taxes requires certain estimates and assumptions about future events and as such are subject to measurement uncertainty. Deferred income tax assets are only recognized to the extent it is probable that the deductible temporary differences will be recovered in future periods.

Going concern

The determination of whether there are material uncertainties that may cast significant doubt on the Corporation's ability to continue as a going concern.

TARGET CAPITAL INC.

Notes to the Financial Statements

For the years ended March 31, 2022 and 2021

(In Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented in these financial statements.

a) Cash

Cash includes cash held in a chequing account at a financial institution.

b) Financial instruments

Financial instruments are classified into one of five categories:

- 1) financial assets at amortized cost;
- 2) financial assets at fair value through other comprehensive income;
- 3) financial assets at fair value through profit or loss;
- 4) financial liabilities at amortized cost; or
- 5) financial liabilities at fair value through profit or loss.

The classification is determined at initial recognition and depends on the nature and purpose of the financial instrument.

Financial assets at amortized cost

Instruments can only be classified as financial assets at amortized cost if they are held with the objective to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are initially recognized at fair value plus any directly attributable transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method, less any impairment losses.

Financial assets at amortized cost are comprised of cash and accounts receivable.

Financial assets at fair value through other comprehensive income

Financial assets that are not held for trading can be irrevocably designated to have the change in fair value recognized through other comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through other comprehensive income are initially measured at fair value and subsequent changes therein are recognized in other comprehensive income.

Financial assets at fair value through other comprehensive income are comprised of the secured note receivable, investments in private companies and other investments.

Financial assets at fair value through profit or loss

All financial assets except for those placed into one of the above categories are recorded at fair value through profit or loss. Additionally, assets that meet the requirements for financial assets at amortized costs can optionally be designated as financial assets at fair value through profit or loss. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

Financial asset at fair value through profit or loss is the convertible notes receivable.

TARGET CAPITAL INC.

Notes to the Financial Statements

For the years ended March 31, 2022 and 2021

(In Canadian dollars)

Financial liabilities at amortized cost

All financial liabilities, except those designated as financial liabilities at fair value through profit or loss, are recorded at amortized cost. Financial liabilities at amortized cost are initially recognized at fair value plus any directly attributable transaction costs. Subsequently, these liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost are comprised of accounts payable and accrued liabilities and the CEBA loan.

Financial liabilities at fair value through profit or loss

Certain financial liabilities that:

- 1) contain embedded derivatives;
- 2) are part of a group of liabilities actively managed on a fair value basis; or
- 3) which would cause a measurement inconsistency if they were not accounted for at fair value

can optionally be designated as financial instruments at fair value through profit or loss are initially measured at fair value and changes therein are recognized in profit or loss. Such liabilities and the reason for the designation must be clearly disclosed in the financial statements.

The Corporation does not currently hold any financial liabilities at fair value through profit or loss.

c) Impairment of financial assets

The Corporation recognizes a provision of expected credit losses associated with its financial assets, other than financial assets measured at fair value through other comprehensive income and fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. The Corporation applies the simplified approach for accounts receivable and records a provision equal to the expected credit losses resulting from all possible default events over the assets contractual lifetime. The Corporation assesses whether a financial asset is credit-impaired at the reporting date and regular indicators of credit impairment include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts, such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Corporation continues to recognize a provision equal to lifetime expected credit losses. For financial assets measured at amortized cost, the provision for expected credit losses are presented in the statements of financial position as a deduction from the gross carrying amount of the financial asset. Financial assets are written off when the Corporation has no reasonable expectations of recovering all or any portion thereof.

d) Government assistance

The Corporation may receive subsidies or grants, assistance or compensation from the Canadian government or various government agencies.

Grants are recognized when the grant is received, or when there is reasonable assurance that the Corporation has met the requirements of the approved grant program and there is reasonable assurance that the grant will be received.

TARGET CAPITAL INC.

Notes to the Financial Statements

For the years ended March 31, 2022 and 2021

(In Canadian dollars)

e) Income tax

Income tax expense is comprised of current and deferred tax. Current and deferred taxes are recognized in profit or loss except to the extent that it relates to the initial recognition of deferred tax assets or liabilities in a business combination, items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax payable arising from the declaration of dividends.

Deferred tax is recognized using the balance sheet method, providing for temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax asset or liability is settled. Deferred income tax assets are recognized to the extent that it is probable that they can be recovered.

f) Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated financial assets and liabilities are translated into the functional currency using the rate of exchange at the balance sheet date, with any gain or loss being recorded in profit or loss.

g) Share capital

Common shares are classified as equity. Costs directly attributable to the issuance of common shares and warrants are recognized as a deduction from equity, net of any tax effects. The proceeds from the exercise of warrants together with amounts previously recorded in contributed surplus over the vesting periods are recorded as share capital. Share capital issued for non-monetary consideration is recorded at an amount based on fair market value of the shares on the date of issue.

h) Per share amounts

Basic per share amounts are computed by dividing earnings by the weighted average number of common shares outstanding during the period. Diluted per share amounts reflect the potential dilution that would occur if dilutive instruments were exercised and common shares issued.

4. SECURED NOTE RECEIVABLE

As at	March 31, 2022	March 31, 2021
Balance, beginning of the period	110,000	-
(Receipts) advances	(110,000)	1,474,000
Fair value change	-	(1,364,000)
Balance, end of the period	-	110,000

As at the date of approving these financial statements, the Corporation had advanced a total of \$2,283,440 to Performance CBD and the Corporation collected \$110,000 from Performance CBD, as partial repayment of the advanced funds.

TARGET CAPITAL INC.

Notes to the Financial Statements

For the years ended March 31, 2022 and 2021

(In Canadian dollars)

Performance CBD operates as Champions + Legends Corp., a premium sports supplements brand with 11 unique products that are custom formulated and manufactured using hemp extracted cannabidiol (“**CBD**”) as the primary ingredient. At the time of the advances, the CEO and CFO of the Corporation were also the CEO and CFO of Performance CBD, respectively. On April 16, 2021, the CEO and CFO resigned from the Corporation.

On June 16, 2021 the Corporation entered into a \$2,233,440 principal value secured note, bearing an interest rate of 8.0% per annum, with Performance CBD (“**Secured Note**”) to securitize the advances. The Secured Note is repayable on demand at the sole discretion of Target. The Secured Note is also convertible into common shares of Performance CBD at a 10% discount to the issue price of a future equity financing for Performance CBD of not less than \$2.0 million, subject to the sole discretion of Target. The advances, which comprises the convertible Secured Note, is a financial asset and the Corporation measures it at fair value through other comprehensive income.

The Secured Note is secured through corporate, personal and limited recourse guarantees with Performance CBD, the subsidiaries of Performance CBD, and the CEO and CFO of Performance CBD.

In conjunction with the Secured Note financing, the Corporation was granted 369,555 Performance CBD common shares and 144,640 Performance CBD performance warrants, representing approximately 25% of the basic and fully diluted shares outstanding of Performance CBD. In addition, the Corporation is party to a shareholder rights agreement with Performance CBD that provides, among other covenants, corporate rights, board nomination rights, veto rights and negative covenants, in favour of the Corporation. Although the Corporation has a number of rights under the Secured Note, to date, it has not exercised such rights and has not had influence over the business and operations of Performance CBD.

Fair value change

As at March 31, 2021, the Corporation determined that the Secured Note was credit impaired as Performance CBD required additional financing to proceed with its business plan and recognized a fair value decrease of \$1,364,000. As at March 31, 2022, there was no fair value change. Given the scope of the Secured Note, including corporate and personal guarantees, the Corporation may recover all or a portion of the receivable, but the timing and likelihood of any recovery is unknown at this time.

5. CONVERTIBLE NOTES RECEIVABLE

In 2018, the Corporation made a US\$90,000 (CAD\$117,513) investment in JAEB Designs, Inc. (“**JAEB**”). JAEB is a Denver-based, early-stage engineering company focused on designing and manufacturing cannabis accessories. The investment was structured as a convertible note maturing on May 31, 2020 and accruing interest at a rate of 8.0% per annum. On May 31, 2020, the convertible note, together with all accrued and unpaid interest was converted into 78,946 common shares of JAEB at \$1.33 per share.

In 2019, the Corporation made a US\$300,000 (CAD\$395,880) investment in Intev Technologies, LLC (“**Intev**”). Intev is a Brooklyn-based hardware technology company focused on designing and manufacturing luxury personal vaporizing devices. The investment was structured as a convertible note which maturing on September 9, 2021 and accruing interest at a rate of 7.0% per annum.

Fair value change

The Corporation determined that JAEB and Intev required additional financing to proceed with its business plan. The fair value change and impairment was fully recognized in the financial statements for the year ended March 31, 2020. As at March 31, 2022, the fair value of both investments continues to be \$NIL.

TARGET CAPITAL INC.

Notes to the Financial Statements

For the years ended March 31, 2022 and 2021

(In Canadian dollars)

6. INVESTMENTS IN PRIVATE COMPANIES

As at	March 31, 2022	March 31, 2021
Balance, beginning of the period	5,040	8,950
Redemption of investments	(4,380)	-
Fair value change	-	(3,910)
Balance, end of the period	660	5,040

In accordance with its previous principal activity, the Corporation held a majority of the voting shares in various private companies which enabled the debt securities of the private companies to be eligible for registered retirement savings plans, registered education savings plans, registered retirement income funds, locked-in retirement accounts or tax-free savings accounts. Subsequent to the delisting of Target's shares on the TSXV and CSE in April 2021, the private company investees have terminated the relationship with the Corporation. During the year the Corporation received \$4,380 related to private companies redeeming its voting shares owned by the Corporation and the Corporation anticipates it will receive the remaining balance subsequent to March 31, 2022.

Fair value change

As at March 31, 2022, there was no fair value change (March 31, 2021 - \$3,910).

7. OTHER INVESTMENTS

	YSS Corp.	Total
As at March 31, 2020	116,667	116,667
Unrealized loss on other investments	(16,667)	(16,667)
Disposition of other investments	(100,000)	(100,000)
As at March 31, 2021 and 2022	-	-

On June 28, 2018, the Corporation acquired 5,000,000 common shares of YSS Corp. (formerly Solo Growth Corp.) ("YSS") for \$250,000. Prior to a reverse takeover transaction in 2021 to form Nova Cannabis Inc., YSS was a publicly listed cannabis retail operator executing on a vision to become a premier retailer in Canada. On June 4, 2019, Solo Growth Corp. completed a name change to YSS Corp. and a 1:6 share consolidation and as such the Corporation held 833,333 shares of YSS. Between October 29, 2020 and November 27, 2020, the Corporation sold 833,333 shares of YSS Corp. for net proceeds of \$90,750 resulting in a loss on disposition of \$9,250 for the period ended March 31, 2021.

TARGET CAPITAL INC.

Notes to the Financial Statements

For the years ended March 31, 2022 and 2021

(In Canadian dollars)

8. CEBA LOAN

As at	March 31, 2022	March 31, 2021
Balance, beginning of the period	-	-
Fair value of CEBA loan on receipt date	37,151	-
Accretion	5,252	-
Balance, end of the period	42,403	-

In July 2021, the Corporation obtained a \$60,000 bank loan with a chartered bank through the Canadian Emergency Business Account (“CEBA”) Loan. The CEBA funding was provided by the Government of Canada. The loan has no interest or annual fee until December 31, 2023. The balance of the loan as at December 31, 2023 will convert to a 3-year term loan, funded by the Government of Canada with an interest rate of 5% per annum and a maturity date of December 31, 2026. The funds are used for eligible non-deferrable expenses in accordance with the Government of Canada CEBA program. Repayment of the balance of the loan on or before December 31, 2023 will result in a loan forgiveness of \$20,000. The Corporation determined that, at this time, it is uncertain that the Corporation will be able to pay in full the repayable portion of the CEBA loan by December 31, 2023 therefore the forgivable portion of the CEBA loan has not been recognized in profit or loss.

On receipt of the CEBA loan, the fair value was calculated to be \$37,151. The Corporation recognized the calculated interest benefit of \$22,849 related to receiving a government loan below current market interest rates in interest and other income. The repayable portion of the CEBA loan will be accreted up to the \$60,000 repayable amount from the time the loan was received until December 31, 2023. The effective interest rate utilized to calculate the fair value of the CEBA loan on receipt was 20% based on management’s best estimate of current market conditions.

9. SHARE CAPITAL AND WARRANTS**Share capital**

Authorized:

Unlimited number of common voting shares.

Issued and outstanding common shares and warrants:

	Common shares		Warrants	
	Number	Amount	Number	Amount
As at March 31, 2021 and 2022	106,715,629	5,130,024	59,159,504	1,844,165

Warrants

A summary of the changes in the Corporation’s share purchase warrants is as follows:

	Number	Weighted Average Exercise Price
As at March 31, 2021 and 2022	59,159,504	0.10

Exercisable warrants of 53,950,020 expire on December 15, 2022 and 5,209,484 expire on June 26, 2023.

TARGET CAPITAL INC.

Notes to the Financial Statements

For the years ended March 31, 2022 and 2021

(In Canadian dollars)

10. RELATED PARTY TRANSACTIONS***Operating transactions****Key management compensation*

Key management personnel are the individuals responsible for the planning, directing and controlling the activities of the Corporation and includes both executive and non-executive directors. The Corporation considers all of its directors and executive officers to be key management personnel.

Key management personnel compensation during the years ended March 31, 2022 and 2021 are as follows:

	Years ended March 31,	
	2022	2021
Salaries, bonuses and other benefits	187,040	84,631
	187,040	84,631

As at March 31, 2022 the Corporation had an amount payable of \$140,000 (March 31, 2021 - \$NIL) to key management.

11. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate to the effective tax rate is as follows:

	Years ended March 31,	
	2022	2021
Net loss before taxes	(291,990)	(1,525,824)
Income tax rates	23.0%	23.5%
Estimated recovery of income taxes	(67,158)	(358,569)
Increase (decrease) resulting from:		
Realized capital loss for accounting	-	2,174
Change in provincial tax rate	(283)	26,039
Deferred income tax asset not recognized	67,441	330,356
	-	-

TARGET CAPITAL INC.

Notes to the Financial Statements

For the years ended March 31, 2022 and 2021

(In Canadian dollars)

Deferred taxes are provided as a result of temporary differences that arise due to differences between the income tax values and the carrying amount of the assets and liabilities. As at March 31, 2022, deferred income tax assets have not been recognized for the following net deductible temporary differences because the realization of such amounts in the foreseeable future is not probable:

	Years ended March 31,	
	2022	2021
Non-capital losses carried forward	2,012,013	1,682,638
Capital losses carried forward	672,643	672,643
Investments	2,291,332	2,293,792
Property and equipment	207,315	234,524
Non-deductible reserves and other	245,744	245,744
Total deductible temporary differences	5,429,047	5,129,341

The Corporation's non-capital losses expire as follows:

2038	606,791
2039	807,136
2040	119,837
2041	165,913
2042	312,336
	2,012,013

12. NET LOSS PER SHARE

The calculation of net loss per share are as follows:

For the years ended March 31,	2022			2021		
	Net loss	Weighted average common shares	Net loss per share	Net loss	Weighted average common shares	Net loss per share
Basic and diluted	(291,990)	106,715,629	-	(1,525,824)	106,715,629	(0.01)

As the Corporation reported a net loss for the years ended March 31, 2022 and 2021, the basic and diluted weighted average shares outstanding are the same for those periods.

TARGET CAPITAL INC.

Notes to the Financial Statements

For the years ended March 31, 2022 and 2021

(In Canadian dollars)

13. SUPPLEMENTARY CASH FLOW INFORMATION

The following table details the components of non-cash operating working capital:

	Years ended March 31,	
	2022	2021
Source (use) of cash:		
Accounts receivables	33,620	247,573
Prepaid expenses	-	9,984
Accounts payable and accrued liabilities	120,529	22,237
Net change in non-cash operating working capital	154,149	279,794

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments consist of cash, accounts receivable, secured note receivable, convertible note receivable, investments in private companies, other investments, accounts payable and accrued liabilities and the CEBA loan.

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's financial risk management framework. The Board of Directors reviews, with management, the risks faced by the Corporation and the systems that have been put in place to manage these risks.

Fair value

Financial assets and liabilities measured at fair value at the reporting date are categorized using a three-level hierarchy based on the inputs used in making their fair value measurements. Level 1 fair values are determined in reference to quoted prices in active markets for identical assets and liabilities. Level 2 fair values are based on inputs other than Level 1 quoted prices that are observable either directly as prices or indirectly as derived from prices. Level 3 fair values are not based on observable market data.

Other investments represent level 1 fair values and investments in private companies, secured note receivable, convertible notes receivable and the CEBA loan represent level 3 fair values. The Corporation uses valuation techniques and significant inputs, such as discounted cash flows, recent market prices, market volatility, discount rates and the general economic conditions to determine the fair value of level 3 investments. The Corporation determines the fair value of level 3 financial instruments based on management's judgement of the likelihood of receiving the initial investments from the counterparties.

The Corporation is exposed to credit, liquidity, foreign currency and capital management risk as part of its normal course of business. As of the date hereof, the risk management policy is established by the Board of Directors and is monitored by management. Management identifies and analyzes the risks faced by the Corporation, sets appropriate risk limits and controls and monitors risks, market conditions and the Corporation's activities.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its contractual obligations and arises principally from the Secured Note advances and convertible notes receivable. The carrying amount of cash, accounts receivable, secured note receivable and convertible notes receivable represents the maximum credit exposure.

TARGET CAPITAL INC.

Notes to the Financial Statements

For the years ended March 31, 2022 and 2021

(In Canadian dollars)

The credit risk is influenced mainly by the individual credit characteristics of each investment. Geographically, there is a concentration of risk in both the Province of Alberta and in the United States.

At March 31, 2022, the Corporation had \$NIL (2021 - \$30,292) in accounts receivable outstanding for more than 91 days, totalling 0% (2021 - 90%) of outstanding accounts receivables.

As at	March 31, 2022	March 31, 2021
Current	-	1,197
31 to 60 days past due	-	2,131
61 to 90 days past due	-	-
91 days or more past due	-	30,292
	-	33,620

The Corporation's cash is held at financial institutions and it is management's view that the risk of loss is minimal.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation has in place a planning and forecasting process which helps determine the funds required to ensure the Corporation has the appropriate liquidity to meet its operational requirements. The accounts payable and accrued liabilities are due within a year.

As at March 31, 2022, the Corporation had a working capital deficiency of \$277,788 (2021 - \$32,581).

Foreign currency risk

Foreign currency risk is the risk that future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The exchange rate effect cannot be quantified, but in general an increase in the value of the Canadian dollar as compared to the US dollar will reduce any amounts received by the Corporation for the US\$ convertible notes receivable. The Corporation had no risk management contracts that would be affected by foreign currency changes in place as at March 31, 2022.

Capital risk management

The Corporation's current objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Corporation currently manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Corporation may issue new shares, issue new debt, or acquire or dispose of assets. The Corporation is not subject to externally imposed capital requirements.

Current management reviews its capital risk management approach on an ongoing basis and believes the approach is reasonable given the relative size of the Corporation.

TARGET CAPITAL INC.

Notes to the Financial Statements

For the years ended March 31, 2022 and 2021

(In Canadian dollars)

15. SUBSEQUENT EVENTS**Termination of Reverse Takeover Transaction**

On July 22, 2021, the Corporation entered into a confidentiality agreement with a private technology company (the “**RTO Counterparty**”). Concurrent to the preparation and audit of Target’s financial statements, the Corporation and the RTO Counterparty negotiated and advanced a business combination transaction by way of a reverse takeover (“**RTO Transaction**”). On April 7, 2022, the Corporation and the RTO Counterparty mutually agreed to terminate the RTO Transaction (“**RTO Termination**”). Pursuant to the RTO Termination, the RTO Counterparty agreed to pay the Corporation a reimbursement fee of \$250,000 (“**Reimbursement Fee**”). In April 2022, the Corporation has received \$124,025 as partial payment of the Reimbursement Fee, with the remainder anticipated to be received in the second fiscal quarter of 2023.

Collection of Secured Note Receivable

On July 18, 2022, the Corporation issued a formal demand for payment of principal and interest on the Secured Note for \$2,365,989. In addition to demanding repayment, the Corporation has provided formal notice of its intention to enforce security related to the indebtedness pursuant to section 244 of the *Bankruptcy and Insolvency Act*.