TOTALLY HIP TECHNOLOGIES INC.

Interim Consolidated Financial Statements

For the six months ended March 31, 2021

(Expressed in Canadian dollars)

TOTALLY HIP TECHNOLOGIES INC.

March 31, 2021

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

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

TOTALLY HIP TECHNOLOGIES INC.
Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

ASSETS	Note		March 31, 2021		September 30, 2020
Current assets					
Cash and cash equivalents		$	1,016,355	$	1,349,140
Amounts receivable			6,604		5,403
Prepaid expenses			-		9,025
Total current assets			1,022,959		1,363,568
Non-current assets					
Property and equipment	3		611		763
Total assets		$	1,023,570	$	1,364,331
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	4	$	1,018,283	$	1,294,874
Loans payable	5		43,458		42,666
Total liabilities			1,061,741		1,337,540
SHAREHOLDERS' EQUITY (DEFICIT)					
Share capital			13,871,077		13,868,077
Share-based payment reserve			4,240,958		4,240,958
Deficit			(18,150,206)		(18,082,244)
Total shareholders' equity (deficit)			(38,171)		26,791
Total liabilities and shareholders' equity		$	1,023,570	$	1,364,331

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on May 27, 2021:

/s/ “James Boyce” — James Boyce, Director

/s/ “Vincent Teo” — Vincent Teo, Director

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

TOTALLY HIP TECHNOLOGIES INC.
Interim Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

		Three months ended March 31,		Six months ended March 31,	
		2021	2020	2021	2020
Expenses	Note				
Legal fees		$ -	$ 837	$ -	$ 2,993
Depreciation		-	-	152	191
Interest and bank charges		1,125	2,470	3,578	4,297
Office and miscellaneous		1,759	1,316	6,431	1,788
Accounting & audit fees		11,000	10,650	14,000	13,800
Rent		7,500	7,500	22,500	22,500
Salaries		10,176	-	10,176	-
Transfer agent and filing fees		9,060	9,111	11,155	19,659
Loss before other items		(40,620)	(31,884)	(67,992)	(65,228)
Other items:					
Other income		30	371	30	371
Write-off of accounts payable		-	-	-	-
Write-off of loans receivable		-	-	-	-
Net loss and total comprehensive loss		$ (40,590)	$ (31,513)	$ (67,962)	$ (64,857)
Basic and diluted loss per share		$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding		122,627,947	122,627,947	122,627,947	122,627,947

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

TOTALLY HIP TECHNOLOGIES INC.
Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Share subscriptions received	Share-based payment reserve	Deficit	Total shareholders' equity
	Number of shares	Amount $		$	$	$
Balance, September 30, 2019	103,877,878	13,868,077		4,240,958	(18,011,236)	97,799
Shares issued for cash						-
Total comprehensive loss					(64,857)	(64,857)
Balance, March 31, 2020	103,877,878	13,868,077	-	4,240,958	(18,076,093)	32,942

	Share capital			Contributed Surplus	Deficit	Total shareholders' equity
	Number of shares	Amount $		$	$	$
Balance, September 30, 2020	122,627,878	13,868,077		4,240,958	(18,082,244)	26,791
Exercise of stock options	25,000	3,000				3,000
Total comprehensive loss					(67,962)	(67,962)
Balance, March 31, 2021	122,652,878	13,871,077	-	4,240,958	(18,150,206)	(38,171)

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

TOTALLY HIP TECHNOLOGIES INC.
Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Three months ended March 31, 2021	Three months ended March 31, 2020	Six months ended March 31, 2021	Six months ended March 31, 2020
Operating Activities				
Net loss	$ (40,611)	$ (31,513)	$ (67,962)	$ (64,857)
Items not involving cash:				
Depreciation	-	-	152	190
Gain on sale of property and equipment	-	-	-	-
Share based compensation	-	-	-	-
Write-off of accounts payable	-	-	-	-
Write-off of loans payable	-	-	-	-
Changes in non-cash working capital items				
Amounts receivable	(995)	(795)	(1,201)	(1,401)
Prepaid expenses	-	-	9,025	1,665
Accounts payable and accrued liabilities	(5,402)	5,597	(276,591)	(4,988)
Due to related parties	-	-	-	-
Cash used in operating activities	(47,008)	(26,711)	(336,577)	(69,391)
Investing Activities				
Keyleaf working capital	-	-	-	-
Financing Activities				
Proceeds from loans payable	-	-	792	-
Repayment of loans payable	-	42	-	(24,711)
Proceeds from issuance of shares	-	-	3,000	-
Share issuance costs	-	-	-	-
Cash from financing activities	-	42	3,792	(24,711)
Increase/(decrease) in cash	(47,008)	(26,669)	(332,785)	(94,102)
Cash, beginning	1,063,363	1,367,573	1,349,140	1,435,006
Cash, end	$ 1,016,355	$ 1,340,904	$ 1,016,355	$ 1,340,904

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

1. Nature of Operations and Continuance of Business

Totally Hip Technologies Inc. (the "Company") was incorporated in the province of Alberta on March 8, 1995. The Company was continued under the laws of the Province of British Columbia on March 18, 1999. The Company is currently seeking new business opportunities. The Company is listed on the TSX Venture Exchange under the symbol 'THP.V'. The Company's registered address is at Suite 702, 889 West Pender Street, Vancouver, BC, V6C 3B2.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant, but management continues to monitor the situation.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not generated any revenues from operations incurred negative cash flow from operations. As at March 31, 2021, the Company has an accumulated deficit of $18,150,206. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is pursuing additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of Presentation

These interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on a going concern basis ("IASB").

These consolidated financial statements include the accounts of the Company and the following wholly-owned subsidiaries incorporated in the province of British Columbia:

Totally Hip Services Inc.
Totally Hip Software (B.C.) Inc.

All inter-company balances and transactions have been eliminated on consolidation.

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

(b) Application of New IFRS

IFRS 16, Leases

On October 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (of 12 months or less), leases with certain variable lease payments, and leases of low-value assets.

The adoption of IFRS 16 had no significant impact on the Company's consolidated financial statements.

2. Significant Accounting Policies (continued)

(c) Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include unrecognized deferred income tax assets.

The application of the going concern assumption which requires management to take into account all available information about the future, which is at least but not limited to, 12 months from the year end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(e) Property and Equipment

The Company depreciates the cost of property and equipment over their estimated useful lives at the following annual rates:

Automotive	20%	declining balance basis
Office equipment	20%	declining balance basis

(f) Impairment of Non-financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indicators exist, then the asset's recoverable amount is estimated. The recoverable amounts of the following types of intangible assets are measured annually whether or not there is any indication that they may be impaired:

- an intangible asset with an indefinite useful life
- an intangible asset not yet available for use
- goodwill acquired in a business combination

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

2. Significant Accounting Policies (continued)

(f) Impairment of Non-financial Assets (continued)

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of operations. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of assets other than goodwill and intangible assets that have indefinite useful lives, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

Cash and cash equivalents	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

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

Financial Assets

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

• it has been acquired principally for the purpose of selling it in the near term; or

• on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

• it is a derivative that is not designated and effective as a hedging instrument.

2. Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

Financial Assets (continued)

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is 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. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless designated as fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

2. Significant Accounting Policies (continued)

(g) Financial Liabilities and Equity Instruments(continued)

Financial Liabilities and Equity Instruments (continued)

Other financial liabilities

Other financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(h) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(i) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at March 31, 2021, the Company has 30,985,000 (September 30, 2020 – 27,850,000) potentially dilutive shares outstanding.

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(g) Comprehensive Loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the consolidated statement of operations.

(h) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the current financial year end, and have not been early adopted in preparing these consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Property and Equipment

	Equipment $
Cost:	
Balance, September 30, 2018, 2019, and 2020	2,589
Accumulated depreciation:	
Balance, September 30, 2019	1,635
Additions	190
Balance, September 30, 2020	1,825
Additions	153
Balance, March 31, 2021	1,978
Carrying amounts:	
Balance, September 30, 2020	764
Balance, March 31, 2021	611

4. Accounts Payable and Accrued Liabilities

	March 31, 2021 $	September 30, 2020 $
Trade payables (Note 6)	991,505	1,268,324
Accrued liabilities	7,500	7,500
Accrued interest payable	19,278	19,050
	1,018,283	1,294,874

(Expressed in Canadian dollars)

5. Loans Payable

(a) As at March 31, 2021, the amount of $21,892 (September 30, 2020 - $30,393) is owed to various unrelated parties. The amounts due are non-interest bearing, unsecured, and due on demand.

(b) As at March 31, 2021, the amount of $939 (September 30, 2020 - $939) is owed to an unrelated party, which bears interest at 6% per annum, is unsecured, and is due on demand.

(c) As at March 31, 2021, the amount of $19,500 (September 30, 2020 - $11,334) is owed to company controlled by a significant shareholder of the Company. The amounts due are non-interest bearing, is unsecured, and is due on demand.

6. Related Party Transactions

(a) As at March 31, 2021, the amount of $90,494 (September 30, 2020 - $255,409) was owed to companies controlled by a significant shareholder of the Company, which was included in accounts payable and accrued liabilities.

(b) During the six months ended March 31, 2021, the Company incurred the following expenditures to the companies controlled by a significant shareholder of the Company:
- Interest expenses of $3,127 (2020 - $4,255);
- Office and administrative of $307 (2020 - $nil); and
- Accounting & audit fees of $6,000 (2020 - $6,300).

7. Share Capital

Authorized: unlimited common shares without par value
100,000,000 preferred shares without par value

On November 7, 2018, the Company issued 18,750,000 common shares for proceeds of $1,500,000 pursuant to a private placement. Each unit consisted of one common share and one share purchase warrant exercisable at $0.10 per common share expiring on November 7, 2023.

8. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price $
Balance, September 30, 2020	18,750,000	0.10
Issued	-	-
Balance, March 31, 2021	18,750,000	0.10

As at March 31, 2021, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
18,750,000	0.10	November 7, 2023

(Expressed in Canadian dollars)

9. Stock Options

The Company has established a stock option plan pursuant to which options may be granted to directors, officers, employees and consultants of the Company. The exercise price is equal to the market price of the Company's shares as calculated on the date of grant. The aggregate number of shares issuable pursuant to stock options granted under the plan is limited to 10% of the issued and outstanding shares at the time of grant. Options are granted for a maximum term of 5 years and are fully vested when granted unless otherwise stated.

The following table summarizes the continuity of the Company's stock options:

	Number of stock options	Weighted average exercise price $
Outstanding, September 30, 2020	9,100,000	0.17
Issued	3,160,000	0.12
Exercised	(25,000)	0.12
Outstanding, March 31, 2021	12,235,000	0.16

Additional information regarding stock options outstanding as at March 31, 2021 is as follows:

	Outstanding and exercisable		
Range of Exercise prices $	Number of options	Expiry date	Weighted average exercise price $
0.32	600,000	June 23, 2022	0.32
0.16	8,500,000	February 20, 2023	0.17
0.12	3,135,000	December 15, 2025	0.12
	12,235,000		0.16

10. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The fair values of financial instruments, which include cash, accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

10. Financial Instruments and Risk Management (continued)

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(d) 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 significant interest rate risk as it does not have any liabilities with variable rates.

(e) 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 objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company relies on raising debt or equity financing in a timely manner.

11. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company’s overall strategy with respect to capital risk management remains unchanged from the current financial year end.