

WELL TOLD INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021, AND 2020 (Unaudited)
(In Canadian Dollars)

NOTICE TO READER

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 condensed interim consolidated financial statements of AGAU Resources Inc. ("**Corporation**") have been prepared by and are the responsibility of the Corporation's management.

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

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

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

WELL TOLD INC.
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Note	(Unaudited) 3 months ended September 30, 2021	(Unaudited) 3 months ended September 30, 2020	(Unaudited) 9 months ended September 30, 2021	(Unaudited) 9 months ended September 30, 2020
Gross revenue	15	502,578	311,087	1,272,029	1,097,246
Less: refund liabilities	15	1,865	(94,403)	(66,224)	(313,512)
Less: customer chargebacks and listing fees	15	(87,195)	(58,658)	(215,903)	(171,844)
Less: discounts	15	(92,629)	(8,074)	(198,912)	(27,216)
Net Revenue		324,619	149,952	790,990	584,674
Cost of Goods Sold		150,455	110,436	377,106	390,060
Gross Profit		174,164	39,516	413,884	194,614
		70%	64%	70%	64%
GENERAL AND ADMINISTRATIVE EXPENSES					
Professional fees		633,667	40,295	1,262,769	110,562
Salaries, wages and benefits		201,491	122,183	565,929	314,358
Advertising, travel and promotion		158,929	43,037	658,669	184,048
Occupancy, general and administrative		91,827	65,917	295,421	198,865
Share-based payments		117,200	17,734	226,254	69,172
Finance expense		-	-	4,987	-
Commissions		25,197	-	56,116	-
Research and development		19,045	4,268	50,002	25,848
Energy and technology		12,061	4,433	50,955	10,247
Other selling costs		55,539	34,180	101,765	41,118
Amortization		11,497	10,508	34,919	32,603
		1,326,453	342,555	3,307,786	986,821
NET LOSS AND COMPREHENSIVE LOSS BEFORE THE UNDERNOTED ITEMS		(1,152,289)	(303,039)	(2,893,902)	(792,207)
OTHER ITEMS					
Interest expense		90,609	(44,492)	265,685	39,569
Foreign exchange loss		2,531	5,466	8,810	9,407
Change in fair value of convertible debentures	10	196,847	166,138	949,146	468,733
Change in fair value of derivative liability		-	-	(14,661)	-
Gain/loss on settlement		-	-	(2,310)	-
NET LOSS AND COMPREHENSIVE LOSS		(1,442,276)	(430,151)	(4,100,572)	(1,309,916)
Loss per share					
Basic and Diluted		(0.25)	(0.08)	(0.74)	(0.26)
Weighted average number of common shares outstanding, basic and diluted					
		5,769,213	5,100,000	5,505,618	5,100,000

Going concern (Note 1)
Commitments and contingencies (Note 20)
Subsequent events (Note 21)

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

WELL TOLD INC.
Condensed Interim Statements of Financial Position
As at
(Expressed in Canadian dollars)

		(Unaudited)	
	Note	September 30, 2021	December 31, 2020
		\$	\$
ASSETS			
CURRENT			
Cash		20,389	1,096,933
Accounts Receivable	4	233,004	168,185
Inventory	5	682,195	274,813
Prepays and deposits		67,254	13,093
Deferred offering costs	11	139,844	-
Sales tax recoverable		145,903	-
Total current assets		1,288,589	1,553,024
Intangible assets	6	56,201	33,260
Right of use asset and equipment	7	24,397	54,155
Total assets		1,369,187	1,640,439
LIABILITIES			
CURRENT			
Account payable and accrued liabilities	16	2,519,464	1,085,808
Refund liabilities		200,912	257,629
Derivative liability	11	27,587	-
Warranty liability		85,706	-
Due to related party	14	37,744	246,088
Current portion of debt	8	612,994	43,750
Current portion lease liability	9	25,092	39,958
Convertible debentures	10	5,000,486	1,996,000
Total current liabilities		8,509,985	3,669,233
Long-term portion of debt	8	134,254	157,798
Long-term portion of lease liability	9	-	14,518
Convertible debentures	10	711,600	2,528,215
Total liabilities		9,355,839	6,369,764
SHAREHOLDERS' EQUITY			
Share capital	11	2,014,807	1,325,001
Stock option reserve	12	278,397	102,160
Stock options to be issued	12	-	63,447
Warrant reserve	12	75,520	34,871
Accumulated deficit		(10,355,376)	(6,254,804)
Total Deficit		(7,986,652)	(4,729,325)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		1,369,187	1,640,439

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

WELL TOLD INC.**Condensed Interim Statements of Changes in Shareholders' Deficit****For the nine months ended September 30, 2021 and 2020 (unaudited) and for the year ended December 31, 2020***(Expressed in Canadian dollars)*

	Note	Number of Shares	Share Capital \$	Warrant Reserve \$	Stock option Reserve \$	Stock Options to be issued \$	Accumulated Deficit \$	Total \$
Balance, December 31, 2019		5,100,000	1,100,001	-	50,126	-	(3,951,583)	(2,801,456)
Share-pased payments - vesting of options		-	-	-	69,172	-	-	69,172
Comprehensive loss for the period		-	-	-	-	-	(1,309,916)	(1,309,916)
Balance, September 30, 2020		5,100,000	1,100,001	-	119,298	-	(5,261,499)	(4,042,200)
Shares issued for services		175,000	225,000	-	-	-	-	225,000
Options to be issued		-	-	-	-	63,447	-	63,447
Share-pased payments - vesting of options		-	-	-	52,034	-	-	52,034
Warrants issued as part of private-placement		-	-	34,871	-	-	-	34,871
Comprehensive loss for the period		-	-	-	-	-	(993,305)	(993,305)
Balance, December 31, 2020		5,275,000	1,325,001	34,871	102,160	63,447	(6,254,804)	(4,729,325)
Share-pased payments - vesting of options		-	-	-	221,268	-	-	221,268
Shares issued on option exercise	12	108,488	108,489	-	(108,478)	-	-	11
Stock option issuance	12	-	-	-	63,447	(63,447)	-	-
Shares issued as finders fee	11	78,125	139,844	-	-	-	-	139,844
Warrants issued as part of promissory note	12	-	-	17,017	-	-	-	17,017
Proceeds from private placement, net	11,12	307,600	441,473	23,632	-	-	-	465,105
Comprehensive loss for the period		-	-	-	-	-	(4,100,572)	(4,100,572)
Balance, September 30, 2021		5,769,213	2,014,807	75,520	278,397	-	(10,355,376)	(7,986,652)

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

WELL TOLD INC.
Condensed Interim Statements of Cash Flows
For the nine months ended September 30, 2021, and 2020 (unaudited)
(Expressed in Canadian dollars)

		(unaudited) Nine months ended September 30, 2021	(unaudited) Nine months ended September 30, 2020
	Note	\$	\$
OPERATING ACTIVITIES			
Net loss for the period		(4,100,572)	(1,309,916)
Items not affecting cash:			
Amortization	6,7	34,294	32,603
Non-cash interest and accretion expense	8,9,10	261,449	145,249
Finance expense	12	4,987	-
Share-based payments	12	221,299	69,172
Change in fair value of convertible debentures	10	949,146	334,019
Change in fair value of derivative liability	11	(14,661)	-
Change in fair value of warrant liability	12	(2,310)	-
Government grant	8	(11,606)	-
		(2,657,974)	(728,873)
Changes in non-cash working capital items:			
Inventory		(407,382)	(26,784)
Accounts receivable		(64,819)	(89,338)
Prepaid expenses and deposits		(54,161)	617
Sales tax recoverable		(68,701)	26,913
Accounts payable and accrued liabilities		1,363,414	(117,982)
Refund liabilities		(56,717)	195,485
Due to related party		(208,344)	65,731
Cash flows used in operating activities during the period		(2,154,684)	(674,231)
FINANCING ACTIVITIES			
Exercise of stock options	11	11	-
Proceeds from brokered financing	11	600,408	-
Proceeds from government loan	8	20,000	-
Proceeds from debt	8	596,000	74,250
Repayment of debt	8	(78,280)	(18,036)
Lease payments	9	(32,522)	-
Proceeds from issuance of convertible debentures		-	650,000
Cash flows provided by (used in) financing activities during the period		1,105,617	706,214
INVESTING ACTIVITIES			
Acquisition of equipment and intangible assets	6	(27,477)	-
Cash flows used in investing activities during the period		(27,477)	-
Change in cash during the period		(1,076,544)	31,983
Cash, beginning of the period		1,096,933	7,205
Cash, End of the period		20,389	39,188

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

WELL TOLD INC.

Notes to condensed interim financial statements

For the three and nine months ended September 30, 2021 (unaudited)

(Expressed in Canadian dollars)

1. Basis of Presentation and Going Concern

Well Told Inc. (“the Company”) was incorporated in Ontario on January 21, 2016. The Company is a female founded, emerging plant-based wellness company that formulates, develops, distributes and sells a variety of supplements, remedies and other functional wellness products. The head office and principal address of the Company is 99 Yorkville Avenue, Toronto, Ontario, Canada, M5R 1C1.

Basis of measurement and going concern

Although the Company has invested resources into its business, the Company is not yet generating positive cash flow from operations and as such, it must rely, in part, on equity and debt financing to fund operations. To date, the Company’s main source of funding has been the issuances of equity securities for cash through private placements and issuances of long-term debt.

These condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. As at September 30, 2021, the Company’s accumulated deficit was \$10,355,376 and its current liabilities exceeded its current assets by \$7,221,396. The Company incurred for the three-and nine-months period ended September 30, 2021, a net loss of \$1,442,276 and \$4,100,572 respectively (September 30, 2020 – \$339,952 and \$1,219,717). As at December 31, 2020, the Company’s accumulated deficit was \$6,254,804 and its current liabilities exceeded its current assets by \$2,116,209. While these condensed interim financial statements have been prepared on a basis of accounting principles applicable to a going concern, a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

The condensed interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations, and commitments other than in the normal course of business and at amounts different from those in these condensed interim financial statements.

These condensed interim financial statements were approved by the Board of Directors on November 29, 2021.

Statement of compliance

These condensed interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) for the three and nine months ended September 30, 2021, and 2020. The accounting policies set out below have been applied consistently to all periods presented.

Basis of measurement

These condensed interim financial statements have been prepared on the going concern basis, under the historical cost convention except for convertible debentures which are measured at fair value. These condensed interim financial statements have been prepared on an accrual basis except for cash flow information.

Functional and presentation currency

The Company reports its financial results in Canadian Dollars, which is also its functional currency, as it is the currency of the primary economic environment in which it operates.

WELL TOLD INC.

Notes to condensed interim financial statements

For the three and nine months ended September 30, 2021 (unaudited)

(Expressed in Canadian dollars)

1. Basis of Presentation and Going Concern (continued)

Critical accounting judgements and estimates

The preparation of the condensed interim financial statements requires management to make various judgments, estimates and assumptions in applying the Company's accounting policies that affect the reported amounts and disclosures made in the condensed interim financial statements and accompanying notes. These judgements and estimates are based on management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods. While management believes that the estimates are reasonable, actual results could differ materially from those estimates and may impact the future results of operations.

Management has applied significant estimates and assumptions related to the following:

(i) COVID-19 Estimation Uncertainty

In March 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus ("COVID-19"), a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, had an impact on the Company's operations from the second quarter of 2020.

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position, and operating results in the future. In addition, it is possible that estimates in the Company's condensed interim financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

(ii) Share-based payment transactions

Certain equity-settled transactions are measured by reference to the fair value of the equity instruments granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the share option or warrant, volatility, dividend yield and share price.

(iii) Estimated useful lives and depreciation of equipment, right-of-use asset, and intangible assets with finite lives

Depreciation and amortization of equipment, right-of-use asset and intangible assets with finite lives are dependent upon estimates of useful lives and when the asset is available for use, which are determined through the exercise of judgment and are dependent upon estimates that take into account factors such as economic and market conditions, frequency of use, anticipated changes in laws and technological improvements.

(iv) Impairment of equipment, right-of-use asset, and intangible assets

The assessment of any impairment on equipment, right-of-use asset and intangible assets is dependent upon estimates of recoverable amounts. As the recoverable amount is the higher of fair value less costs of disposal and value in use, management must consider factors such as economic and market conditions, estimated future cash flows, discount rates and asset-specific risks.

(v) Fair value of financial liabilities

The Company makes estimates and assumptions relating to the fair value measurement and disclosure of its convertible debentures. The fair values are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, management's judgment is required to establish fair values.

WELL TOLD INC.

Notes to condensed interim financial statements

For the three and nine months ended September 30, 2021 (unaudited)

(Expressed in Canadian dollars)

1. Basis of Presentation and Going Concern (continued)

(vi) Income taxes and recoverability of potential deferred tax assets

Income taxes and tax exposures recognized in the condensed interim financial statements reflect management's best estimate based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

(vii) Valuation of inventory

Inventory is valued at the lower of cost and net realizable value. Determining net realizable value requires the Company to make assumptions about estimated selling prices in the ordinary course of business and the estimated variable costs to sell.

(viii) Expected credit losses on financial assets

Determining an allowance for expected credit losses ("ECLs") for all financial assets not held at fair value requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses. These assumptions are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

(ix) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

(x) Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive as a result of a previous event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the expected future cash flows.

(xi) Determination of transaction price

As a result of the existence of elements of variable consideration in the Company's contracts with customers arising from returns, voluntary recalls and discounts provided to wholesalers, the Company is required to estimate the amount of variable consideration from the customer to which it ultimately expects to be entitled and to adjust the transaction price and amount of revenue recognized accordingly. Refund liabilities represents the provision for product returns and anticipated voluntary recalls. The Company estimates the extent of anticipated voluntary recalls and discounts to be awarded to customers based on historical information and industry return data available, taking into consideration the type of transaction and the specificities of each arrangement. This estimate is updated at the end of each reporting period for any changes in circumstances.

WELL TOLD INC.

Notes to condensed interim financial statements

For the three and nine months ended September 30, 2021 (unaudited)

(Expressed in Canadian dollars)

2. Significant Accounting Policies

(a) Cash

Cash consists of cash on deposit with a major Canadian bank. Cash is measured at amortized cost.

(b) Inventories

Inventories are initially valued at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in ordinary course of business less the estimate cost of completion and the estimated costs necessary to make the sale. Cost is determined using the first-in-first-out (“FIFO”) basis.

(c) Intangible asset

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the assets’ estimate useful lives.

Trademark	10 years
Licenses	10 years

Estimated useful lives and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives, which include the website domain, that are acquired separately are carried at cost less accumulated impairment losses.

d) Equipment and right-of-use asset

Equipment and right-of-use asset are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized over the estimated useful lives of the assets using the following rates and methods:

Equipment	–	Declining balance 55%
Right-of-use asset	–	Lesser of lease term and useful life

An asset’s residual value, useful life and depreciation method are reviewed at the end of each reporting period and adjusted if appropriate.

(e) Impairment of long-lived assets

Impairment tests on intangible assets with indefinite useful lives are undertaken annually at the financial year-end and whenever there is an indication that these assets may be impaired. For other long-lived assets, the Company reviews their carrying amounts at the end of each reporting period to determine whether there is any indication that the carrying amount is not recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly.

The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows resulting from the asset’s use and eventual disposition 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 which the estimates of future cash flows have not been adjusted.

When an individual asset does not generate independent cash flows, the Company estimates the recoverable amount of the cash generating unit (“CGU”) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

WELL TOLD INC.

Notes to condensed interim financial statements

For the three and nine months ended September 30, 2021 (unaudited)

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(f) Financial instruments

All financial instruments are initially recorded at fair value at the time of acquisition. The Company aggregates its financial instruments in accordance with IFRS 9, Financial Instruments, into classes based on their nature and characteristics. Management determines the classification when the instruments are initially recognized, which is normally the date of the transaction. The Company's accounting policy for each class of financial instruments is as follows:

(i) Amortized cost

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely principal and interest ("SPPI") criterion, and financial liabilities which are not required, and for which the Company has not elected, to subsequently record at fair value through profit or loss.

Financial instruments in this category are initially recognized at fair value plus directly attributable transaction costs. Subsequently, these instruments 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 instrument and of allocating interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Financial assets are adjusted for any expected credit losses ("ECLs").

Financial assets in this category include cash and accounts receivable. Financial liabilities in this category include accounts payable and accrued liabilities, current and long-term debt and due to related party.

(ii) Fair value through profit or loss ("FVTPL")

This category includes derivative instruments and debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. These financial instruments are initially recognized at fair value; all transaction costs are recognized immediately in profit or loss. Subsequently, these instruments are recognized at fair value at each reporting date. Any changes in fair value, and gains or losses upon disposition of the financial instruments are recognized in condensed interim statements of loss and comprehensive loss. Financial liabilities in this category include derivative liability and convertible debentures. The Company did not have any financial assets in this category.

(iii) Fair value through other comprehensive income ("FVOCI")

This category only includes equity instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to so classify upon initial recognition or transition. Equity instruments in this category are subsequently measured at fair value with changes recognized in other comprehensive income, with no recycling of gains or losses to profit or loss upon derecognition. Dividend income is recognized in earnings. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. The Company did not have any financial instruments in this category as at September 30, 2021 and December 31, 2020.

WELL TOLD INC.

Notes to condensed interim financial statements

For the three and nine months ended September 30, 2021 (unaudited)

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(g) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on accounts receivable. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. However, when there has been a significant increase in credit risk on these other financial instruments since initial recognition, lifetime ECLs are recognized. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(h) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, warrants, share options and options to be issued are classified as equity instruments.

(i) Leases

The Company accounts for lease contracts in accordance with IFRS 16, Leases.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use assets are adjusted for impairment losses, if any. The estimated useful lives and recoverable amounts of right-of-use assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases for which the underlying asset is of low value. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Income taxes

Income tax expense is comprised of current and deferred tax. Current and deferred income tax are recognized in the statements of loss and comprehensive loss. Current income taxes are the expected taxes payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustments to taxes payable in respect of previous years.

WELL TOLD INC.

Notes to condensed interim financial statements

For the three and nine months ended September 30, 2021 (unaudited)

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

Deferred tax assets and liabilities are recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the condensed interim financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantially enacted at the financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is possible that future taxable profit will be available against which asset can be utilized.

At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Deferred income tax assets and liabilities are presented as non-current.

(k) Share-based payments

Equity-settled share-based payments to directors, officers and employees are measured at the fair value of the equity instruments at the grant date and are recognized as an expense over the relevant vesting periods with a corresponding credit to reserve.

Equity-settled share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments granted if it is determined that the fair value of the goods or services received cannot be reliably measured. The fair value of equity-settled share-based payments to non-employees is recorded as an expense at the date the goods or services are received with a corresponding credit to reserve.

The number of equity instruments expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. After the vesting date, amounts recorded for expired instruments remain in reserve.

In the case of stock options, proceeds received from stock option holders are recorded as an increase to share capital upon exercise and the related reserve is transferred to share capital.

Cash-settled share-based payments are measured at fair value at the grant date and are subsequently re-valued to their value each reporting period with changes reflected in the statement of comprehensive loss.

(l) Basic and diluted loss per share

Basic loss per share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding for the relevant year. Diluted loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

(m) Revenue recognition

The Company generates revenues from the sale of products, specifically focusing on the distribution of all natural and organic supplements, remedies, and other functional wellness products. The Company's contracts with customers for the sales of products, including delivery of the products, consist of one performance obligation. The Company has concluded that revenue from the sale of these products should be recognized at the point in time when control is transferred to the customer, which is on delivery. The Company's payment terms range from 30 to 90 days from the transfer of control.

WELL TOLD INC.

Notes to condensed interim financial statements

For the three and nine months ended September 30, 2021 (unaudited)

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

Revenue generated from wholesale and website channels is recognized as the transaction price, which is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer. Consideration given to customers such as returns and refund liabilities, customer chargebacks and listing fees, and discounts are recorded as reductions in revenue. Returns and refund liabilities include returns and voluntary recalls occurred during the year (period) and the provision for future expected product returns and recalls. Customer chargebacks includes fixed percentage fees charged by wholesalers. Listing fees represents one-time fees charged by the wholesalers when the Company launches a new product through the wholesale channel. Discounts include early payment discounts that the Company provides to wholesalers and pricing discounts provided to website customers.

Gross revenue excludes duties and taxes collected on behalf of third parties. Promised consideration from a wholesaler customer can vary due to refund liabilities and early payment discounts. When the consideration promised in a contract with a customer includes a variable amount, the Company estimates the amount of consideration to which it ultimately expects to be entitled in exchange for transferring the promised goods or services to the customer and the amount of revenue recognized is adjusted accordingly. The variable consideration includes early-payment discounts and refund liabilities and is estimated at contract inception.

(n) Foreign exchange translation

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the transaction. At each reporting date, foreign currency denominated monetary assets and liabilities are translated at year-end exchange rates. Exchange differences are recorded in profit or loss for the period.

(o) Government grants and loans

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the government grants will be received. Grants are recognized as either income over the period(s) necessary to match them with the related costs or if related to a specific expense, as a reduction to the expenses for which they are intended to compensate, on a systematic basis. Grants receivable for costs already incurred or for immediate financial support, with no future related costs, are recognized as income in the period in which the grant is receivable.

If a grant becomes repayable, it is treated as a change in estimate. Where the original grant related to income, the repayment would be applied first against any related unamortized deferred credit, and any excess would be expensed. Where the original grant related to an asset, the repayment would be treated as increasing the carrying amount of the asset or reducing the deferred income balance. The cumulative depreciation which would have been charged had the grant not been received would be charged as an expense.

Government grants include wage subsidies under Canada Emergency Wage Subsidy (“CEWS”) program and the benefit of the below-market interest rate and partial loan forgiveness from the Canada Emergency Business Account (“CEBA”) loan. Government grants are presented in the statements of loss and comprehensive loss as a reduction of the corresponding operating expenses.

CEBA loan was initially measured at fair value based on the present value of future cash flows, discounted using a market rate of interest for similar loans. The loans are subsequently measured at amortized cost using the effective interest method. Interest on the CEBA loan is included in the interest expense in the statements of loss and comprehensive loss. See Note 8.

(p) Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

WELL TOLD INC.

Notes to condensed interim financial statements

For the three and nine months ended September 30, 2021 (unaudited)

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(q) Operating segments

The Company currently operates in a single operating segment: Natural Health Supplements.

The Company has identified its operating segment based on the financial information that is reviewed and used by management in assessing performance and in determining the allocation of resources. Management assesses the performance of the segment based on measure of profits and loss as well as assets and liabilities.

As the operations comprise a single segment, amounts disclosed in the condensed interim financial statements also represent segment amounts.

(r) Convertible debentures

The Company has issued convertible debentures which, on conversion, must be satisfied entirely in Series A preferred shares or Class B common shares of the Company for an amount equal to the greater of the conversion value and the redemption value of the instrument.

The Company reviews the terms of its convertible debentures to determine whether there are embedded derivatives, including the embedded conversion option, that are required to be separated and accounted for as individual derivative financial instruments or equity components.

In circumstances where an equity component is identified, the liability component is recognized at the fair value of a similar liability that does not have a conversion option and the equity component is recognized as the difference between the fair value of the convertible debenture as a whole and the fair value of the liability component. Transaction costs are allocated to the liability and equity components in proportion to the initial carrying amounts. Subsequent to initial recognition, the liability component of the convertible debenture is measured at amortized cost using the effective interest method. The equity component is not re-measured subsequent to initial recognition.

In circumstances where an equity component is not identified, management has elected to designate the entire hybrid contract as at fair value through profit or loss. The fair value of the debentures was calculated using an estimated share price which is based on a probability weighted scenario approach, whereby the probability of conversion of debentures and the probability of the debentures being held to maturity are estimated based on management's expectations, while utilizing various discount rates.

3. New accounting standards and pronouncements

During the year ended December 31, 2020, the Company adopted a number of amendments and improvements of existing standards. The most significant of these is IAS 1. These new standards and changes did not have any material impact on the Company's condensed interim financial statements.

(a) Amendments to IAS 1, Presentation of Condensed interim financial statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Issued but not Yet Effective

IAS 1 – Presentation of Condensed interim financial statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose condensed interim financial statements make on the basis of those condensed interim financial statements.

(b) New and Revised IFRS Standards in issue but not yet effective

The Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

WELL TOLD INC.

Notes to condensed interim financial statements

For the three and nine months ended September 30, 2021 (unaudited)

(Expressed in Canadian dollars)

3. New accounting standards and pronouncements – continued

- IFRS 17 Insurance Contracts
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-Current
- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, plant and equipment – proceeds before intended use
- Amendments to IAS 37 Onerous contracts – costs of fulfilling a contract

The Company does not expect that the adoption of the amendments to IFRS 17, IFRS 10 and IAS 28, IFRS 3, IAS 16 and IAS 37 will have a material impact on the condensed interim financial statements of the Company. The Company has not yet completed its assessment of the impact of adoption of amendments to IAS 1.

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

4. Accounts receivable

	(Unaudited) September 30, 2021	December 31, 2020
Accounts receivable	233,004	168,185
	233,004	168,185

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

*(Expressed in Canadian dollars)***5. Inventory**

Inventories are comprised of the following:

	(Unaudited)	
	September 30, 2021	December 31, 2020
Finished goods	372,045	197,733
Raw materials	310,150	77,080
	682,195	274,813

Inventory recognized as an expense in cost of sales for the three-and-nine-month period ended September 30, 2021, was \$150,455 and \$377,106 respectively (September 30, 2020 - \$110,436 and \$390,060).

6. Intangible assets

	Website domain	Trademark	Licenses	Total
	\$	\$	\$	\$
Cost				
Balance, December 31, 2020	6,662	25,919	9,100	41,681
Additions	-	27,477	-	27,477
Balance, September 30, 2021 (unaudited)	6,662	53,396		69,158
Accumulated depreciation				
Balance, Decemer 31, 2020	-	5,374	3,047	8,421
Depreciation (unaudited)	-	4,536	-	4,536
Balance, September 30, 2021 (unaudited)	-	9,910	3,047	12,957
	\$	\$	\$	\$
Carrying amount				
December 31, 2020	6,662	20,545	6,053	33,260
September 30, 2021	6,662	43,486	6,053	56,201

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

*(Expressed in Canadian dollars)***7. Right-of-use asset and equipment**

	Right-of-use asset	Equipment	Total
	\$	\$	\$
Cost			
Balance, December 31, 2020	111,278	15,627	126,905
Additions			
Balance, September 30, 2021	111,278	15,627	126,905
Accumulated Depreciation			
Balance, December 31, 2020	61,821	10,929	72,750
Depreciation	27,820	1,938	29,758
Balance, September 30, 2021	89,641	12,867	102,508
Carrying amount			
December 31, 2020	49,457	4,698	54,155
September 30, 2021	21,637	2,760	24,397

8. Debt

During the year ended December 31, 2020, the Company obtained an additional \$75,000 loan, bearing interest at BDC's floating base rate plus a variance of 5.01% per year for a term of 5.5 years, with monthly principal repayments of \$1,250 plus interest commencing January 2021. As at September 30, 2021, the principal outstanding was \$63,750 (December 31, 2020 - \$74,250) of which, \$15,000 (December 31, 2020 - \$13,750) was classified as a current liability. For the three-and-nine-month period ended September 30, 2021, \$1,596 and \$5,022 (September 30, 2020, \$1,802 and \$4,834) of interest was accrued and paid. This loan is personally guaranteed by a shareholder of the Company.

The following is a continuity of the BDC Loan for the nine-month period ended September 30, 2021, and for the years ended December 31, 2020:

	BDC Loan
	\$
Balance, December 31, 2020	176,750
Additions	-
Interest expense	13,731
Repayments	(47,481)
Balance, September 30, 2021	143,000

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

*(Expressed in Canadian dollars)***8. Debt (continued)**

The following is a summary of the repayment schedule relating to the BDC Loans:

	30-Sep-21	31-Dec-20
1 year	33,750	45,000
2 years	45,000	45,000
3 years	45,000	45,000
4 years	19,250	26,750
5 years +	-	15,000
Total repayments	\$ 143,000	\$ 176,750

As a response to the COVID-19, the Canadian Federal government introduced CEBA for businesses that meet various eligibility requirements. The purpose of the CEBA is to support businesses and employers to meet their non-deferrable expenses. The non-repayable portion of CEBA is considered as a form of government grant.

	CEBA Loan
	\$
Balance, December 31, 2020	24,798
Additions	20,000
Gain on recognition of interest free portion	(11,606)
Balance at fair value on initial recognition	33,192
Interest expense	2,312
Balance, September 30, 2021	35,504

On April 30, 2021, the Company obtained a \$96,000 loan, bearing interest at 13% for a period of 12 months. The loan agreement is with Shopify who provides capital loans to its customers, with a 17% remittance rate based on the Company's future sales on Shopify. The loan's 12 months term is divided into 60-day cycle repayment. As at September 30, 2021, the principal outstanding was \$68,743 (December 31, 2020 - \$nil), the entire balance has been classified as a current liability. During the nine months period ended September 30, 2021, the Company recorded principal repayments of \$31,985 (December 31, 2020 - \$nil) and interest expense of \$4,728 (December 31, 2020 - \$nil).

	Shopify Loan
	\$
Balance, December 31, 2020	-
Additions	96,000
Repayments	(31,985)
Interest expense	4,728
Balance, September 30, 2021	68,743

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

*(Expressed in Canadian dollars)***8. Debt (continued)**

On August 19, 2021, the Company entered into a Demand Promissory Note payable with Canaccord Genuity Corporation for \$500,000 as an advance against the private placement. The note payable accrues interest at prime rate plus 3%. For the three and nine months ended September 30, 2021, the Company has recorded interest expense of \$1,767 (December 31, 2020 – \$nil). In consideration, the Company will also issue an aggregate of 10,600 warrants to Canaccord. Each lender Warrant will entitle the holder to acquire one common share and one-half common share purchase warrant at an exercise price of \$2.84 for a period of 24 months. Each warrant will entitle the holder to acquire one common share at an exercise price equal to \$3.83 per common share.

9. Lease liability

Effective May 1, 2019, the Company entered into a lease agreement for its office space. The agreement requires payment of monthly rent, as stated in the contract. The agreement has an initial term of 2 years and is subject to an automatic renewal for another two years at current market terms. The agreement is subject to the cancellation by either party with no less than three months' notice prior to the end of the term. In calculating the underlying right-of-use asset and lease liability, management has included 1 additional renewal period (total lease term of three years) and utilized an incremental borrowing rate of 10%. The following is a reconciliation of the lease liability for the three-and-nine-month period ended September 30, 2021, and the years ended December 31, 2020:

	Leased premises
	\$
Cost	
Balance, December 30, 2020 Lease liabilities	54,476
Interest expense	3,138
Lease payments	(32,522)
Balance, September 30, 2021 Lease liabilities (unaudited)	25,092
Current portion of lease liabilities	25,092
Long-term portion of lease liabilities	-
Balance, September 30, 2021 lease liabilities (unaudited)	25,092

The following is a reconciliation from the undiscounted lease payments to the lease liability:

	\$
Within one year:	25,935
1-2 Years:	-
Total Contractual Cash Flows	25,935
Less: Interest	(843)
	25,092

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

(Expressed in Canadian dollars)

10. Convertible debentures

On May 10, 2019, the Company entered into an unsecured convertible debt agreement for aggregate proceeds of \$300,000. The debentures carry a 10% annual interest rate with interest payments due on maturity, May 10, 2020. On May 9, 2020, the debentures were amended in order to extend the maturity date until January 31, 2022. The debentures are convertible into series A preferred shares ("Series A Preferred Shares") of the Company at a 20% discount based on the share price in respect of a Series A Preferred Shares financing; or convertible into class B common shares ("Class B Common Shares") on maturity at a conversion price determined on the basis of a fair market valuation of the Company as a whole, at the option of holder or the Company. As a result of the debentures being convertible into a variable number of preferred shares or common shares, the entire debenture has been classified as a FVTPL liability. On December 17, 2020, a total of \$100,000 principal amount from this issuance was replaced with \$100,000 of the December 17, 2020, convertible debenture issuance. Accrued interest on the \$100,000 principal amount of \$12,822 was reclassified to due to related party and has been included in the statement of financial position as at December 31, 2020. As at December 31, 2020 the fair value of these debentures is \$284,820 (2019 – \$345,504) and the Company recognized a total of \$22,494 (2019 - \$29,449) change in fair value of convertible debentures for the year ended December 31, 2020. During the year ended December 31, 2020, the Company recognized a total of \$29,644 (2019 - \$16,055) of interest expense in the statements of loss and comprehensive loss. As at September 30, 2021, the fair value of these debentures is \$309,801 (September 30, 2020 - \$409,542) and the Company recognized a total of \$10,021 (September 30, 2020 - \$41,518) change in fair value of convertible debentures for the nine-month period ended September 30, 2021. During the three-and-nine-month period ended September 30, 2021, the Company recognized a total of \$5,041 and \$14,960 (September 30, 2020 - \$7,562 and \$22,521) of interest expense in the statements of loss and comprehensive loss.

On July 2, 2019, the Company entered into an unsecured convertible debt agreement for aggregate proceeds of \$250,000. The debentures carry a 10% annual interest rate with interest payments due on maturity, July 2, 2020. On May 9, 2020, the debentures were amended in order to extend the maturity date until January 31, 2022. The debentures are convertible into Series A Preferred Shares of the Company at a 20% discount based on the share price in respect of Series A Preferred Shares financing; or convertible into Class B Common Shares on maturity at a conversion price determined on the basis of a fair market valuation of the Company as a whole, at the option of holder or the Company. As a result of the debentures being convertible into a variable number of common shares, the entire debenture has been classified as a FVTPL liability. As at December 31, 2020, the fair value of these debentures is \$351,641 (2019 – \$286,193) and the Company recognized a total of \$40,448 (2019 - \$23,728) change in fair value of convertible debentures for the year ended December 31, 2020. During the year ended December 31, 2020, the Company recognized a total of \$25,000 (2019 - \$12,465) of interest expense in the statements of loss and comprehensive loss. As at September 30, 2021, the fair value of these debentures is \$382,700 (September 30, 2020 - \$337,329) and the Company recognized a total of \$12,360 (September 30, 2020 - \$32,368) change in fair value of convertible debentures for the nine-month period ended September 30, 2021. During the three-and-nine-month period ended September 30, 2021, the Company recognized a total of \$6,301 and \$18,699 (September 30, 2020 - \$6,301 and \$18,767) of interest expense in the statements of loss and comprehensive loss.

On January 31, 2020, the Company entered into an unsecured convertible debt agreement for aggregate proceeds of \$924,548. The debentures carry a 10% annual interest rate with interest payments due on maturity, January 31, 2022. The debentures are convertible into Series A Preferred Shares of the Company at a 20% discount based on the share price in respect of a Series A Preferred Share financing; or convertible into Class B Common Shares on maturity at a conversion price determined on the basis of a fair market valuation of the Company as a whole, and the option of holder or the Company. As a result of the debentures being convertible into a variable number of common shares, the entire debenture has been classified as a FVTPL liability.

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

(Expressed in Canadian dollars)

10. Convertible debentures - continued

On January 31, 2020, a total of \$539,164 from due to related party balance and a total of \$135,384 from accounts payable and accrued liabilities balance were replaced with \$674,548 of the January 31, 2020, convertible debenture issuance. As at December 31, 2020, the fair value of these debentures is \$1,234,461 (2019 – \$nil) and the Company recognized a total of \$225,058 (2019 - \$nil) change in fair value of convertible debentures for the year ended December 31, 2020. During the year ended December 31, 2020, the Company recognized a total of \$84,855 (2019 - \$nil) of interest expense in the statements of loss and comprehensive loss. As at September 30, 2021, the fair value of these debentures is \$1,348,100 (September 30, 2020 - \$1,188,278) and the Company recognized a total of \$44,488 (September 30, 2020 - \$194,326) change in fair value of convertible debentures for the nine month period ended September 30, 2021. During the three-and-nine-month period ended September 30, 2021, the Company recognized a total of \$23,304 and \$69,151 (September 30, 2020 - \$23,304 and \$69,404) of interest expense in the statements of loss and comprehensive loss.

On August 21, 2020, the Company entered into an unsecured convertible debt agreement for aggregate proceeds of \$400,000. The debentures carry an 8% annual interest rate with interest payments due on maturity, August 21, 2022. The debentures are convertible into Series A Preferred Shares of the Company at a 20% discount based on the lesser of the share price in respect of a Series A Preferred Share financing and the share price determined on the basis of a valuation of the Company at \$18,000,000; or convertible into Class B Common Shares on maturity at a conversion price that is equal to a 20% discount to the lesser of the price determined on the basis of a fair market valuation of the Company as a whole and the value of a common share determined on the basis of a valuation of the Company at \$18,000,000, at the option of holder or the Company. As a result of the debentures being convertible into a variable number of common shares, the entire debenture has been classified as a FVTPL liability. As at December 31, 2020, the fair value of these debentures is \$502,881 (2019 – \$nil) and the Company recognized a total of \$91,308 (2019 - \$nil) change in fair value of convertible debentures for the year ended December 31, 2020. During the year ended December 31, 2020, the Company recognized a total of \$11,573 (2019 - \$nil) of interest expense in the statements of loss and comprehensive loss. As at September 30, 2021, the fair value of these debentures is \$544,300 (September 30, 2020 - \$489,829) and the Company recognized a total of \$17,485 (September 30, 2020 - \$65,806) change in fair value of convertible debentures for the nine-month period ended September 30, 2021. During the three-and-nine-month period ended September 30, 2021, the Company recognized a total of \$8,066 and \$23,934 (September 30, 2020 - \$24,022) of interest expense in the statements of loss and comprehensive loss.

On November 9, 2020, the Company entered into an unsecured convertible debt agreement for aggregate proceeds of \$125,000. The debentures carry an 8% annual interest rate with interest payments due on maturity, November 9, 2022. The debentures are convertible into Series A Preferred Shares of the Company at a 20% discount based on the less of the share price in respect of a Series A Preferred Share financing and the share price determined on the basis of a valuation of the Company at \$18,000,000; or convertible into Class B Common Shares on maturity at a conversion price that is equal to a 20% discount to the lesser of the price determined on the basis of a fair market valuation of the Company as a whole and the value of a common share determined on the basis of a valuation of the Company at \$18,000,000, at the option of holder or the Company. As a result of the debentures being convertible into a variable number of common shares, the entire debenture has been classified as a FVTPL liability. As at December 31, 2020, the fair value of these debentures is \$154,412 (2019 – \$nil) and the Company recognized a total of \$27,987 (2019 - \$nil) change in fair value of convertible debentures for the year ended December 31, 2020. During the year ended December 31, 2020, the Company recognized a total of \$1,425 (2019 - \$nil) of interest expense in the statements of loss and comprehensive loss. As at September 30, 2021, the fair value of these debentures is \$167,300 (September 30, 2020 - \$nil) and the Company recognized a total of \$5,409 (September 30, 2020 - \$nil) change in fair value of convertible debentures for the nine-month period ended September 30, 2021. During the three-and-nine-month period ended September 30, 2021, the Company recognized a total of \$2,521 and \$7,479 (September 30, 2020 - \$nil and \$nil) of interest expense in the statements of loss and comprehensive loss.

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

*(Expressed in Canadian dollars)***10. Convertible debentures - continued**

On December 17, 2020, the Company entered into an unsecured convertible debt agreement for aggregate proceeds of \$1,996,000. The debentures carry a 7% annual interest rate with interest payments due on maturity, December 17, 2021. The debentures are automatically convertible into Class B Common Shares of the Company at a conversion price equal to the lesser of: a) 20% discount based on the share price in respect of a qualified transaction or change of control; b) share price determined on the basis of a valuation of the Company at \$7,000,000. As a result of the debentures being convertible into a variable number of common shares, the entire debenture has been classified as a FVTPL liability. On December 17, 2020, a total of \$100,000 principal amount from May 10, 2019, issuance and \$40,000 from accounts payable and accrued liabilities were replaced with \$140,000 of this issuance. As at December 31, 2020, the fair value of these debentures is \$1,996,000 (2019 – \$nil). In connection with the issuance of the convertible debentures, the Company awarded 64 compensation broker warrants to various brokers, which allow for the warrants to be converted into convertible debentures (Note 12). Such broker warrants were accounted for under IFRS 2 Share-based payments and recorded in share-based payments in the amount of \$34,871 in the statements of loss and comprehensive loss. The Company also recognized a total of \$5,359 (2019 - \$nil) change in fair value of convertible debentures in the statements of loss and comprehensive loss for the year ended December 31, 2020. During the year ended December 31, 2020, the Company recognized a total of \$5,359 (2019 - \$nil) of interest expense in the statements of loss and comprehensive loss. As at September 30, 2021, the fair value of these debentures is \$2,959,886 (September 30, 2020 - \$nil). During the nine-month period ended September 30, 2021, the Company recognized a total of \$859,383 (September 31, 2020 - \$nil) change in fair value of convertible debentures in the statements of loss and comprehensive loss. During the three-and-nine-month period ended September 30, 2021, the Company recognized a total of \$35,217 and \$104,502 (September 30, 2020 - \$nil and \$nil) of interest expense in the statements of loss and comprehensive loss.

The fair value of the debentures as at December 31, 2020 was calculated using an estimated share price which is based on a probability weighted scenario approach, whereby the probability of conversion of debentures is 90% (2019 – 40%) and the probability of the debentures being held to maturity is 10% (2019 – 60%). The calculation utilized estimated discount rates from 0.15% to 40.41%.

The fair value of the debentures as at September 30, 2021 was calculated using an estimated share price which is based on a probability weighted scenario approach, whereby the probability of conversion of debentures is 100% (September 30, 2020 – 60%) and the probability of the debentures being held to maturity is 0% (September 30, 2020 – 40%). The calculation utilized estimated discount rates from 0.29% to 47.20%.

For the three-and-nine-month period ended September 30, 2021, if the probability of conversion of debentures changed by 10%, the estimated fair value of the convertible debentures would change by \$118,289 (December 31, 2020 - \$51,572, September 30, 2020 - \$40,390).

The following is a continuity of the convertible debentures for the six-month period ended September 30, 2021, and the years ended December 31, 2020:

	10-May-19	02-Jul-19	31-Jan-20	21-Aug-20	09-Nov-20	17-Dec-20	Total
Balance, December 31, 2019	\$ 345,504	\$ 286,193	\$ -	\$ -	\$ -	\$ -	\$ 631,697
Convertible debentures issued	-	-	924,548	400,000	125,000	1,996,000	3,445,548
Interest expense	29,644	25,000	84,855	11,573	1,425	5,359	157,856
Unrealized (gain) loss on convertible debentures	22,494	40,448	225,058	91,308	27,987	(5,359)	401,936
Set off	(112,822)	-	-	-	-	-	(112,822)
Balance, December 31, 2020	\$ 284,820	\$ 351,641	\$ 1,234,461	\$ 502,881	\$ 154,412	\$ 1,996,000	\$ 4,524,215
Interest expense	14,960	18,699	69,151	23,934	7,479	104,502	238,725
Unrealized loss on convertible debentures	10,021	12,360	44,488	17,485	5,409	859,383	949,146
Balance, September 30, 2021	\$ 309,801	\$ 382,700	\$ 1,348,100	\$ 544,300	\$ 167,300	\$ 2,959,885	\$ 5,712,086
Balance, September 30, 2021 - Current portion of convertible debentures							5,000,486
Balance, September 30, 2021 - Long-term portion of convertible debentures							711,600
Total convertible debentures - September 30, 2021							\$ 5,712,086

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

*(Expressed in Canadian dollars)***11. Share Capital***Authorized share capital*

The Company is authorized to issue an unlimited number of Class A and B voting shares without par value.

The Company is authorized to issue an unlimited number of Class C non-voting shares without par value.

Class A, B and C shareholders are entitled to receive dividends in equal amount per share if declared by the board of directors in each fiscal year of the Company. In the case of a liquidation, dissolution or winding-up, Class A, B and C shareholders are entitled to receive all of the remaining property and assets of the Company in equal amount per share.

Issued share capital

	Number of Class A Common Shares	Class A Common Shares	Number of Class B Common Shares	Class B Common Shares	Number of Class C Non-Voting Common Shares	Class C Non- Voting Common Shares	Total
		\$		\$		\$	\$
Balance, December 31, 2019	4,000,000	1	1,000,000	1,000,000	100,000	100,000	1,100,001
Shares issued for services	-	-	175,000	225,000	-	-	225,000
Balance December 31, 2020	4,000,000	1	1,175,000	1,225,000	100,000	100,000	1,325,001
Exercise of stock options	-	-	-	-	108,488	108,489	108,489
Shares issued as prepaid finder's fees	-	-	78,125	139,844	-	-	139,844
Shares issued as part of brokered financing	-	-	307,600	441,473	-	-	441,473
Balance September 30, 2021	4,000,000	1	1,560,725	1,806,317	208,488	208,489	2,014,807

On November 6, 2020, the Company issued 175,000 class B common shares for capital advisory services rendered during 2020. The fair value of total services is \$225,000.

On May 5, 2021, the Company issued 78,125 Class B common shares to a consultant in relation to the RTO Private Placement. The shares issued has been valued based on the fair value of those shares issued on the date of issuance in the amount of \$139,844. As the RTO Private Placement has not been completed as of June 30, 2021, the value of the shares issued has been recorded as deferred offering costs in the condensed interim statements of financial position.

On June 1, 2021, an employee of the Company exercised 50,942 options into Class C common shares of the Company. The total cash proceeds received for such exercise was \$5.

On June 9, 2021, the Company completed a brokered financing ("Echelon Financing") for a total of 307,600 units of the Company's Class B common shares. Each unit consists of one Class B common share and one-half Class B common share warrant exercisable at \$4.09 per Class B common share. Each unit was subscribed at a price of \$2.27 per unit for the total gross proceeds of \$698,252. In relation to the private placement, the Company incurred cash commission in the amount of \$41,895, legal fees in the amount of \$73,236 and issued 18,456 broker warrants valued at \$23,632 (Note 12). Each broker warrant upon exercise converts into one unit of Echelon Financing with an exercise price of \$2.27 per unit expiring on June 9, 2023. Each unit consists of one Class B common share and one-half Class B common share purchase warrant exercisable at \$4.09 per Class B common share.

The proceeds, net of cash issuance costs and legal fees, from Echelon Financing in the amount of \$583,121 was allocated between share capital, derivative liability and warrant liability based on the relative fair value of share capital, derivative liability and warrant liability determined on the date of closing of this transaction. As a result, \$460,124 was allocated to share capital, \$35,282 was allocated to derivative liability, \$87,715 was allocated to warrant liability. The cash issuance costs, and legal fees related to warrant liability and derivative liability in the amount of \$24,284 has been recorded as professional fees in the condensed interim statements of loss and comprehensive loss.

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

*(Expressed in Canadian dollars)***11. Share Capital - continued**

As stated in the subscription agreement of Echelon Financing, if the Company completes the RTO private placement within the 180 days from June 9, 2021, and the RTO private placement is completed at a transaction value less than \$25,000,000, the Company is required to issue additional units to the subscribers of Echelon Financing. As the obligation to issue additional units does not meet the requirements for equity instrument classification, such obligation has been considered as an embedded derivative and classified as a financial liability under fair value through profit and loss. The fair value of such derivative liability was determined to be \$42,248 on June 9, 2021, and \$27,587 on June 30, 2021. Therefore, it has been recorded within the condensed interim statements of financial position, with the changes in fair value of \$14,661 recorded within the condensed interim statements of loss and comprehensive loss.

Loss per share

Basic and diluted loss per share based on the net loss and comprehensive loss for the three-and-nine-month periods ended September 30, 2021, and 2020.

	(Unaudited) 3 months ended September 30, 2021	(Unaudited) 3 months ended September 30, 2020	(Unaudited) 6 months ended September 30, 2021	(Unaudited) 6 months ended September 30, 2020
Numerator:				
Net loss and comprehensive loss for the period	(1,442,276)	(430,151)	(4,100,572)	(1,309,916)
Denominator:				
Weighted average number of common shares outstanding - basic and diluted	5,769,213	5,100,000	5,505,618	5,100,000
Loss per share based on net loss and comprehensive loss for the period	(0.25)	(0.08)	(0.74)	(0.26)

12. Contributed Surplus

The following table summarizes the movement in warrants for the nine month period ended September 30, 2021 and the year ended December 31, 2020.

	Number of warrants	Warrant Reserve \$	Weighted average exercise price \$
At December 31, 2020	64	34,871	1,000.00
Warrants - Echelon Financing*	153,800	-	4.09
Brokers' warrants issued	18,456	23,632	2.27
Lenders' warrants issued	10,600	17,017	2.84
At September 30, 2021	182,920	75,520	4.18

On December 17, 2020, the Company issued a total of 64 broker warrants in connection with the December 17, 2020 convertible debenture issuance (Note 10). These warrants are exercisable into convertible debentures, which allow for the conversion of interest and principal into Class B Common Shares at a conversion price which is the lesser of, 20% discount based on the share price in respect of a qualified transaction or change of control; or share price determined on the basis of a valuation of the Company at \$7,000,000. The fair value of the broker warrants issued during the year ended December 31, 2020 was determined at the time of issuance using the Black-Scholes option pricing model with the following inputs, assumptions and results:

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

*(Expressed in Canadian dollars)***12. Contributed Surplus - continued**

Risk-free annual interest rate		0.24%
Expected life (year)		1
Expected annualized volatility		110%
Expected annual dividend yield		0%
Exercise price	\$	1,000
Weighted average share price at grant date	\$	1,000
Calculated fair value per warrant at grant date	\$	545

*On June 9, 2021, the Company completed Echelon Financing for a total of 307,600 units of the Company's Class B shares. Each unit consists of one Class B common share and one-half Class B common share warrant. The warrants are exercisable into Class B common shares of the Company at a price of \$4.09 per share. As stated in the subscription agreement of Echelon Financing, if the Company completes the RTO private placement within the 180 days from June 9, 2021, and the warrants issued in the RTO private placement at an exercise price that is different than \$4.09 per share, the exercise price of those warrants issued under Echelon Financing shall be adjusted to the same exercise price of share purchase warrants of the Company issued under such RTO private placement. As the exercise price is adjustable and will result in a variable amount of cash received to issue fixed number of shares, those warrants issued under Echelon Financing do not meet the requirements of equity instrument classification under IAS 32. These warrants have been considered a derivative financial liability and have been recorded as warrant liability in the condensed interim statements of financial position.

Risk-free annual interest rate		0.32%
Expected life (years)		2
Expected annualized volatility		110%
Expected annual dividend yield		0%
Exercise price	\$	4.09
Weighted average share price at grant date	\$	1.79
Calculated fair value per warrant at grant date	\$	0.68

The fair value of the warrant liability as at June 30, 2021 has been determined to be \$102,723 using the Black Scholes option pricing model with the following inputs, assumptions and results:

Risk-free annual interest rate		0.44%
Expected life (years)		1.94
Expected annualized volatility		110%
Expected annual dividend yield		0%
Exercise price	\$	4.09
Weighted average share price at June 30, 2021	\$	1.79
Calculated fair value per warrant at June 30, 2021	\$	0.67

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

*(Expressed in Canadian dollars)***12. Contributed Surplus - continued**

The Company, as part of the brokered financing, also issued 6% of the total shares issued as brokers warrants for the transaction. A total of 18,456 broker warrants were issued. The fair value of the warrants issued on grant date were valued at \$23,632. The broker warrants related to warrant liability and derivative liability in the amount of \$4,987 has been recorded as finance expense in the condensed interim statements of loss and comprehensive loss.

The fair value of the 18,456 broker warrants issued was determined at the time of issuance using the Black-Scholes option pricing model with the following inputs, assumptions and results:

Risk-free annual interest rate		0.20%
Expected life (years)		2
Expected annualized volatility		110%
Expected annual dividend yield		0%
Exercise price	\$	2.27
Weighted average share price at grant date	\$	2.27
Calculated fair value per warrant at grant date	\$	1.28

The Company, as part of the Demand Promissory Note payable with Canaccord Genuity Corporation, issued 10,600 warrants. Each lender Warrant will entitle the holder to acquire one common share and one-half common share purchase warrant at an exercise price of \$2.84 for a period of 24 months. Each warrant will entitle the holder to acquire one common share at an exercise price equal to \$3.83 per common share. The fair value of the lender warrants issued were valued at \$17,017 and were calculated using the Black-Scholes option pricing model with the following inputs.

Risk-free annual interest rate		0.44%
Expected life (years)		2
Expected annualized volatility		110%
Expected annual dividend yield		0%
Exercise price	\$	3.83
Weighted average share price at grant date	\$	2.84
Calculated fair value per warrant at grant date	\$	1.42

The expected annualized volatility is based on the Company's peer group on the date of issuance. The following table summarizes the warrants outstanding and exercisable at September 30, 2021.

Expiry Date	Number of warrants	Weighted average exercise price
December 17, 2021	64	\$ 1,000
June 9, 2023	153,800	\$ 4.09
June 9, 2023	18,456	\$ 2.27
August 19, 2023	10,600	\$ 2.84
Total	182,920	\$ 4.18

Stock options

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

*(Expressed in Canadian dollars)***12. Contributed Surplus - continued**

Movements in the number of options outstanding for the nine-month period ended September 30, 2021 is as follows:

	Number of options	Weighted average exercise price
Balance December 31, 2020	145,998	0.0001
Granted	585,691	0.8537
Exercised/ Expired	(108,488)	0.0001
Cancelled	(84,022)	0.0001
Balance September 30, 2021	539,179	0.8539

On January 1, 2021, the Company issued 50,388 options. Each option is exercisable for a period of five years from January 1, 2021 at a price of \$0.0001 per class C common share. These options vest 25% on an annual basis over a four-year period. The fair value of options was determined to be \$50,388 using the Black-Scholes option pricing model with the following assumptions: stock price of \$1.00, dividend yield of 0%, expected volatility of 110%, risk free interest rate of 0.36% and expected life of 4 years.

On April 1, 2021, a former employee of the Company forfeited 84,022 unvested options in conjunction with a settlement between the former employee and the Company. The total amount previously recognized as share-based payments for the unvested options was reversed in the amount of \$37,638. Such amount has been recorded as a reduction to the share-based payments in the statements of loss and comprehensive loss.

On April 1, 2021, a former employee of the Company exercised 57,546 options into shares of the Company. The total amount previously recognized as share-based payments for the options exercised in the amount of \$57,541 was transferred into share capital.

On May 19, 2021, the Company issued 301,255 options to an officer. Each option is exercisable for a period of five years from May 19, 2021 at \$1.28 per share. These options vest 1/3 on a) closing of a qualified transaction; b) May 19, 2022; and c) May 19, 2023. The fair value of options was determined to be \$442,887 using the Black-Scholes option pricing model with the following assumptions: stock price of \$1.79, dividend yield of 0%, expected volatility of 110%, risk free interest rate of 0.96% and expected life of 5 years. \$157,173 was recorded as share-based payments in the condensed interim statements of loss and comprehensive loss for the nine months ended September 30, 2021.

On June 1, 2021, an employee of the Company exercised 50,942 options into shares of the Company. The total amount previously recognized as share-based payments in the amount of \$50,937 was transferred into share capital.

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

*(Expressed in Canadian dollars)***12. Contributed Surplus - continued**

On July 8, 2021, the Company issued a total of 26,408 options to a consultant of the Company. The exercise price of the options is \$2.84 per share. The options will vest at a rate of 25% every three months and will expire after 5 years of the grant. The fair value of options was determined to be \$58,776 using the Black-Scholes option pricing model with the following assumptions: stock price of \$2.84, dividend yield of 0%, expected volatility of 110%, risk free interest rate of 0.45% and expected life of 5 years. \$30,563 was recorded as share-based payments in the condensed interim statements of loss and comprehensive loss for the nine months ended September 30, 2021.

Expiry date	Number of options outstanding	Number of options exercisable	Weighted average exercise price
			\$
December 31, 2025*	3,876	3,876	0.0001
December 31, 2025*	-	-	-
January , 2026**	208,000	-	0.0001
May 19, 2026	301,255	-	1.2800
July 8, 2026	26,408	-	2.8400
	539,539	3,876	0.8539

*During the year ended December 31, 2020, the Company agreed to settle advertising, travel and promotion expenses in the amount of \$63,447 (2019 - \$nil), inclusive of sales taxes, through the issuance of stock options that grant the holders the right to convert to variable number of common shares of the Company. Such options to be issued were accounted for under IFRS 2 Share-based payments. The fair value of the options to be issued was determined by referencing to the fair value of the services received, being \$63,447 (2019 - \$nil).

**Each option is exercisable for a period of five years from January 4, 2021 at a price per share equivalent to a 20% discount to the issue price in respect of a qualified transaction or the exercise price determined based on a price per Class B common share determined on the basis of a fair market valuation of the Company provided that if no qualified transaction or change of control has occurred prior to 30 days prior to the end of the option period.

As at September 30, 2021, the weighted average remaining contractual life of all options outstanding was 4.48 years (December 31, 2020 - 3.31 years). The weighted average exercise price for exercisable options was \$0.8539 (December 31, 2020 - \$0.0001). During the three-and-nine-month period ended September 30, 2021, the Company recognized \$117,200 and \$226,254 (September 30, 2020 - \$17,734 and \$69,172) relating to the vesting of options held by employees, officers and consultants which was included in share-based payments in the statements of loss and comprehensive loss.

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

*(Expressed in Canadian dollars)***13. Supplementary Cash Flow Information**

	(Unaudited) 9 months ended September 30, 2021	Year ended December 31, 2020	(Unaudited) Year ended June 30, 2020
	\$	\$	\$
Shares issued for deferred offering costs	139,844		
Settlement of due to related party with issuance of convertible debentures	-	526,342	-
Settlement of accounts payable with issuance of convertible debentures	-	175,384	-

All amounts either due to or from related parties, unless disclosed otherwise, are non-interest bearing, unsecured and due on demand. Transactions undertaken with related parties during the three-and-nine-month period ended September 30, 2021, and September 30, 2020:

Key management compensation

	(Unaudited) 3 months ended September 30, 2021	(Unaudited) 3 months ended September 30, 2020	(Unaudited) 9 months ended September 30, 2021	(Unaudited) 9 months ended September 30, 2020
	\$	\$	\$	\$
Management fees	50,000	37,524	150,000	112,572
Salaries	-	32,500	32,500	97,500
Share-based payments	147,624	14,828	228,926	34,145
	197,624	84,852	411,426	244,217

Related party balances

	(Unaudited) June 30, 2021	Year ended December 31, 2020
Convertible debentures	920,188	819,894
Due to related party	69,844	246,088
	990,032	1,065,982

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

*(Expressed in Canadian dollars)***15. Revenue**

The components of the Company's net sales are as follows:

	(Unaudited) 3 months ended September 30, 2021	(Unaudited) 3 months ended September 30, 2020	(Unaudited) 9 months ended September 30, 2021	(Unaudited) 9 months ended September 30, 2020
Wholesale	346,829	274,566	764,311	975,162
Website	155,749	36,521	507,718	122,084
Total gross revenue	502,578	311,087	1,272,029	1,097,246
Less:				
Total debits to revenue	177,959	161,135	481,039	512,572
Net revenue	324,619	149,952	790,990	584,674

16. Financial instruments

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks, or the methods used to measure them since December 31, 2020, unless otherwise stated.

Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company has moderate exposure to credit risk from its cash and accounts receivable. The risk exposure is limited to their carrying amounts at the statement of financial position date. The risk for cash is mitigated by holding these balances with highly rated Canadian financial institutions. The Company therefore does not expect any credit losses on its cash.

The Company provides credit to certain customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has estimated and set its expected credit losses at \$nil based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate. The Company reviews its trade receivables regularly and reduces amounts to their expected realizable values by providing for expected credit losses as soon as the trade receivables are determined not to be fully collectible. For the three-and-nine-month period ended September 30, 2021, and at December 31, 2020, the Company determined the ECL to be a nominal amount.

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

*(Expressed in Canadian dollars)***16. Financial instruments - continued**

For the nine-month period ended September 30, 2021, the Company had two customers (December 31, 2020 – three) with revenue amounted to 30% or more of the Company’s total revenues. As at September 30, 2021, one customer represents 66% of trade receivables (December 31, 2020 – 74%) while another customer represents 20% of trade receivables (December 31, 2020 – 8%). There have been no past credit losses from these three customers.

An analysis of the aging of trade accounts receivable is as follows:

	(Unaudited) September 30, 2021	December 31, 2020
	\$	\$
Current	37,720	100,120
Past due	195,284	68,065
	233,004	168,185

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company has had no history of collection issues with its customers. Management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which its customers operate. A customer is considered to be at default when they are unable to fulfil their contractual commitments and make the required payments on their debt obligations. The gross carrying amount of a trade receivable is written off when the Company has no reasonable expectations of recovering the balance in its entirety or a portion thereof. The Company makes an assessment on a customer-by-customer basis with respect to the timing and amount of write-off based on the specific circumstances of the customer and determines the amount to write-off based on whether there is a reasonable expectation of recovery.

Liquidity risk is the risk that the Company will not be able to meet the financial obligations associated with its financial liabilities as they come due. The Company manages liquidity risk through the management of its capital structure. As at September 30, 2021, the Company had working capital deficiency of \$7,221,396 (December 31, 2020 - \$2,116,209). The Company does not have positive cash flows from operations yet and as such, the Company may be dependent upon the issuance of new equity and/or debt to advance its production efforts and meet its financial obligations. If equity or debt financing is required, failure to obtain such financing on a timely basis may cause the Company to postpone, reduce or terminate its production plans. The Company has the following undiscounted contractual obligations subject to liquidity risk:

As at September 30, 2021	Within 1 year	Between 1-2 years	Between 2-5 years	Total
	\$	\$	\$	\$
Accounts payable and accrued liabilities	2,442,262	-	-	2,442,262
Refund liabilities	200,912	-	-	200,912
Due to related party	37,744	-	-	37,744
Derivative liability	27,587	-	-	27,587
Warrant liability	85,706	-	-	85,706
Debt	612,994	134,254	-	747,248
Lease liabilities	25,092	-	-	25,092
Convertible debentures	5,000,486	711,600	-	5,712,086
	8,432,783	845,854	-	9,278,637

WELL TOLD INC.

Notes to condensed interim financial statements

For the three and nine months ended September 30, 2021 (unaudited)

(Expressed in Canadian dollars)

16. Financial instruments - continued

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's debt bears interest at the floating interest rates detailed in Note 8 and the Company's convertible debenture bears interest at the fixed interest rate detailed in Note 10. As at September 30, 2021 and December 31, 2020, the Company had no hedging agreements in place.

As at September 30, 2021, a 5% strengthening of the floating interest rate on the debt detailed in Note 8, would have an unfavorable impact of approximately \$37,362 (December 31, 2020 - \$3,750) in statements of loss and comprehensive loss, while a 5% weakening of the floating interest rate on the debt detailed in Note 8, would have had approximately the equal but opposite effect. This analysis assumes that all other variables remain constant.

17. Fair value of financial instruments

Financial instruments recorded at fair value in the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. As at September 30, 2021, the Company's financial instruments are comprised of cash, accounts receivable, accounts payable and accrued liabilities, debt, due to related party, derivative liability and convertible debentures. The fair values of cash, accounts receivable, accounts payable and accrued liabilities, and due to related party approximate their carrying values due to their short-term maturity. The carrying values of debt and convertible debentures approximate their fair value given the market rate of interest. Fair values of financial instruments are classified in a fair value hierarchy based on inputs used to determine fair values.

The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets and 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 or indirectly; and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Convertible debentures and derivative liability have been measured and recognized in the condensed statements of financial position as Level 3.

As at September 30, 2021 and for the year ended December 31, 2020, there were no transfers of amounts between levels

18. Operating segment information

For the three-and-nine-month period ended September 30, 2021, and September 30, 2020, and for the year ended December 31, 2020, the Company identified a single reportable operating segment of selling natural health supplements products.

The Company has identified its operating segment based on the financial information that is reviewed and used by executive management (collectively, the Chief Operating Decision Maker, or "CODM") in assessing performance and in determining the allocation of resources. The CODM considers the business from a single operating segment perspective and assess the performance of the segment based on measures profit and loss as well as assets and liabilities.

As the operations of the Company comprise a single segment, all amounts disclosed in the condensed interim financial statements also represent segment amounts.

WELL TOLD INC.**Notes to condensed interim financial statements**

For the three and nine months ended September 30, 2021 (unaudited)

(Expressed in Canadian dollars)

19. Capital management

The Company manages its cash, common shares, stock options, share purchase warrants and options to be issued as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of natural health business, to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk level.

The Company manages its 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 Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and short-term investments on hand. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. Management considers its approach to capital management to be appropriate given the relative size of the Company. There were no changes in the Company's approach to capital management during the year.

20. Commitments and contingencies

During the year ended December 31, 2020, the Canadian federal government made certain government support programs available to eligible entities as part of its COVID-19 economic response plan. The Company applied and received support under the CEBA and CEWS programs. Each applicant's eligibility for these programs is subject to validation and detailed verification by the federal government. Due to the nature of the eligibility requirements and related calculations, it is possible that the eligibility requirements may not be considered to be met upon validation, and as such the benefits received may be repayable. During the year ended December 31, 2020, the Company received \$40,000 (nine months ended September 30, 2021 - \$20,000) in connection with the CEBA program and \$6,776 of wage subsidies as a reduction to salaries, wages, and benefits in the statements of loss and comprehensive loss in connection with the program.

21. Subsequent events

Immediately prior to the completion of the Transaction, the Company will grant a total of 340,000 stock options to certain officers, directors and employees of the Company. Each option has an exercise price of \$2.84 per share and will expire after 5 years from the date of grant. Out of the 350,000 stock options, 250,000 options shall vest at a rate of 25% per year on each anniversary of the grant date. The remaining 100,000 options shall vest immediately upon grant.

In August 2021, Well Told completed the RTO private placement (the "Financing") comprised of 1,945,001 subscription receipts of the Company (the "Subscription Receipts") at a price of \$2.84 per Subscription Receipt for aggregate gross proceeds of \$5,523,803. Each Subscription Receipt consists of one common share and one-half common share purchase warrant at the exercise price of \$3.83 for a period of 24 months. In consideration for the services rendered by the brokers in connection with the Financing, the Company paid a cash advisory fee of \$25,153, a corporate finance in an amount equal to 53,488 Subscription Receipts and a cash commission equal to 3.5% to 7% of the aggregate gross proceeds from the Financing. As additional consideration for the services of the brokers, the Company granted 8,849 non-transferable advisory warrants the non-transferable broker warrants equal to 3.5% to 7% of the number of Subscription Receipts sold. Each advisory warrant and broker warrant will entitle the holder to acquire one unit of the Subscription Receipt. As a result of this RTO private placement, the Company issued additional 20,218 shares, 10,109 warrants to those who participated under the Echelon Financing and issued additional 1,213 broker warrants. Under the terms of the private placement all funds and equity instruments were held in trust until the Company has received the necessary approvals from the regulators.

WELL TOLD INC.

Notes to condensed interim financial statements

For the three and nine months ended September 30, 2021 (unaudited)

(Expressed in Canadian dollars)

21. Subsequent events - continued

On October 14, the Company and Well Told completed a transaction (the "Transaction") whereby the Company acquired all of the issued and outstanding securities of Well Told pursuant to a three-cornered amalgamation in connection with which (i) Well Told amalgamated with a wholly-owned subsidiary of the Company; and (ii) the Company issued 11.36 Resulting Issuer Shares (as defined below) to former Well Told shareholders in exchange for every one class A, class B or class C common share of Well Told (the "Well Told Shares") so acquired. Pursuant to the Transaction, the Company also filed articles of amendment pursuant to which it consolidated its common shares on the basis of one post-consolidation common share (a "Resulting Issuer Share") for every 81.42 pre-consolidation common shares issued and outstanding (the "Consolidation"). In addition, an aggregate of 1,998,489 subscription receipts of Well Told, which were issued pursuant to a concurrent private placement of Well Told, were converted for no additional consideration into an aggregate of 22,702,831 Resulting Issuer Shares and 11,351,397 warrants to acquire Resulting Issuer Shares in connection with the closing of the Transaction. The common shares of the Company were listed on the TSX on October 25, 2021.