

Hypercharge Networks Corp.

Condensed Consolidated Interim Financial Statements
For the four months ended December 31, 2022

Expressed in Canadian Dollars
(unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Hypercharge Networks Corp.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31 2022 (Unaudited)	August 31, 2022 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		\$ 4,104,748	\$ 1,119,358
Cash held in escrow	10	-	5,674,424
Accounts receivable	4	1,046,144	499,811
Current portion of lease receivable	5	151,545	-
Prepaid expenses and other current assets	10	906,229	375,998
Inventory	6	1,098,811	1,280,798
		<u>7,307,477</u>	<u>8,950,389</u>
Non-Current assets			
Non-current portion of lease receivable	5	79,102	-
Property and equipment	7	114,119	118,504
Right-of-use assets	8	425,874	233,925
		<u>619,095</u>	<u>352,429</u>
Total assets		\$ <u>7,926,572</u>	\$ <u>9,302,818</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	12	\$ 1,143,364	\$ 575,261
Current portion of deferred revenue		136,293	419,045
Current portion of lease liabilities	8	267,377	126,554
Note payable	3, 9 & 12	11,573	97,918
Holdbacks payable		10,203	29,365
		<u>1,568,810</u>	<u>1,248,143</u>
Non-Current liabilities			
Deferred revenue		31,510	-
Lease liabilities	8	311,563	90,636
		<u>343,073</u>	<u>90,636</u>
Total liabilities		<u>1,911,883</u>	<u>1,338,779</u>
Equity			
Share capital	10	17,125,166	11,729,614
Warrants reserve	10	635,025	383,850
Share-based payment reserve	10	734,977	454,960
Obligation to issue shares	10	165,200	5,745,073
Accumulated deficit		(12,645,679)	(10,349,458)
Total shareholders equity		<u>6,014,689</u>	<u>7,964,039</u>
Total liabilities and equity		\$ <u>7,926,572</u>	\$ <u>9,302,818</u>
<i>Going concern</i>	1		
<i>Commitments and contingency</i>	11		
<i>Subsequent events</i>	16		

Approved on behalf of the Board:

"Bronson Peever"

Bronson Peever, Director

"Liam Firus"

Liam Firus, Director

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

Hypercharge Networks Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(unaudited)

	Note	Four months ended December 31 2022	Three months ended November 30 2021
Revenue			
EV charging equipment		\$ 1,160,368	\$ 40,050
Other revenue		<u>74,966</u>	<u>1,250</u>
Total revenue		<u>1,235,334</u>	<u>41,300</u>
Cost of goods sold	6	<u>(965,947)</u>	<u>(28,130)</u>
Gross profit		269,387	13,170
Operating Expenses			
Consulting and professional fees	12	757,749	370,126
Employee wages and benefits	12	750,137	175,836
Share-based payments	10 & 12	506,545	92,515
Office and administration	4	368,801	46,744
Advertising and promotional		241,879	93,576
Depreciation and amortization	7 & 8	76,641	33,593
Shipping and installation		59,363	1,356
Total Operating Expenses		<u>2,761,115</u>	<u>813,746</u>
Operating loss		(2,491,728)	(800,576)
Other expenses (income)			
Transaction costs	3	-	1,887,868
Change in fair value of contingent consideration		-	(23,993)
Loss on settlement of debt	3, 9 & 12	7,735	-
Gain on sublease arrangement	5	(22,149)	-
Foreign exchange loss (gain)		(6,579)	15,700
Interest (income) expense, net	8	(8,716)	4,556
Other income		(598)	-
Total other expenses (income)		<u>(30,307)</u>	<u>1,884,131</u>
Net and comprehensive loss		<u>\$ (2,461,421)</u>	<u>\$ (2,684,707)</u>
Basic and diluted loss per share		<u>\$ (0.04)</u>	<u>\$ (0.07)</u>
Weighted average number of shares outstanding - basic and diluted		<u>55,047,685</u>	<u>36,046,925</u>

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

Hypercharge Networks Corp.

Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian Dollars)

(unaudited)

	Note	Share capital	Share-based payment reserve	Warrant reserve	Obligation to issue shares	Deficit	Total shareholders' equity
Balance, August 31, 2021		\$ 2,861,445	\$ 45,976	\$ 47,484	\$ 250,000	\$ (958,010)	\$ 2,246,895
Common shares issued	10	4,000,000	-	-	-	-	4,000,000
- Issuance cost - cash		(18,899)	-	-	-	-	(18,899)
Shares issued in Spark Acquisition	3 & 10	2,400,000	-	-	-	-	2,400,000
Shares issued for advisory success fee	3 & 10	1,687,868	-	-	-	-	1,687,868
Share-based payments	10 & 12	-	74,560	17,955	-	-	92,515
Transfer on cancellation of share issuance obligation	10	-	-	-	(250,000)	250,000	-
Net and comprehensive loss		-	-	-	-	(2,684,707)	(2,684,707)
Balance, November 30, 2021		10,930,414	120,536	65,439	-	(3,392,717)	7,723,672
Balance, August 31, 2022		11,729,614	454,960	383,850	5,745,073	(10,349,458)	7,964,039
Common shares issued	10	6,000,000	-	-	(6,000,000)	-	-
- Issuance cost - cash		(630,103)	-	-	401,524	-	(228,579)
- Issuance cost - broker warrants		(183,803)	-	-	183,803	-	-
Share-based payments	10 & 12	-	355,093	251,175	-	-	606,268
Shares-for-debt	3, 9 & 10	94,382	-	-	-	-	94,382
Stock options exercised	10	62,276	(22,276)	-	-	-	40,000
Performance Share Units Vested	10	52,800	(52,800)	-	-	-	-
Transfer on forfeiture of Performance Share Units		-	-	-	(165,200)	165,200	-
Net and comprehensive loss		-	-	-	-	(2,461,421)	(2,461,421)
Balance, December 31, 2022		\$ 17,125,166	\$ 734,977	\$ 635,025	\$ 165,200	\$ (12,645,679)	\$ 6,014,689

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

Hypercharge Networks Corp.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

(unaudited)

	Note	Four months ended December 31, 2022	Three months ended November 30, 2021
Cash provided by (used in):			
Operating activities:			
Net and comprehensive loss		\$ (2,461,421)	\$ (2,684,707)
Items not involving cash:			
Non-cash transaction expense	3	-	1,887,868
Loss on settlement of debt	3, 9 & 12	7,735	-
Gain on sublease arrangement	5	(22,149)	-
Share-based payments	10 & 12	506,545	92,515
Change in fair value of contingent consideration		-	(23,993)
Depreciation and amortization	7 & 8	76,641	33,593
Accretion from lease liabilities	8	10,001	4,560
Changes in non-cash working capital items:			
Accounts receivable		(546,333)	(58,280)
Inventory		181,987	(29,797)
Prepaid expenses and other current assets		(430,508)	(460,675)
Accounts payable and accrued liabilities		568,405	86,524
Deferred revenue		(251,242)	-
Holdbacks payable		(19,162)	-
Net cash used in operating activities		<u>(2,379,501)</u>	<u>(1,152,392)</u>
Investing activities:			
Purchase of equipment	7	(13,916)	(66,546)
Advances to Spark prior to acquisition	3 & 7	-	(159,601)
Cash assumed in acquisition of Spark	3	-	12,603
Net cash used in investing activities		<u>(13,916)</u>	<u>(213,544)</u>
Financing activities:			
Proceeds of stock option exercises		40,000	-
Share issuance costs paid from cash held in escrow		(228,579)	-
Common shares issued for cash, net of cash transaction costs	10	-	3,164,450
Repayment of notes payable	13	-	(29,126)
Repayments of lease liability	8	(107,038)	(22,750)
Net cash (used in) provided by financing activities		<u>(295,617)</u>	<u>3,112,574</u>
(Decrease) Increase in cash flows		(2,689,034)	1,746,638
Cash and cash held in escrow balance, beginning of the period		<u>6,793,782</u>	<u>3,023,188</u>
Cash and cash held in escrow balance, end of the period		\$ 4,104,748	\$ 4,769,826

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

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

1. Entity information

Hypercharge Networks Corporation (the “Company”) was incorporated under the British Columbia Business Corporations Act on September 5, 2018. The head office of the Company, as well as the registered and records office is located at 1075 W. 1st St., #208, North Vancouver, British Columbia, V7P 3T4. Effective November 16, 2022, the Company’s common shares began trading on the NEO Exchange under the symbol “HC”, and subsequently on the Frankfurt Stock Exchange under the symbol “PB7”.

The Company is in the business of providing electric vehicle (EV) charging equipment and solutions. On November 1, 2021, the Company acquired all the existing and outstanding shares of Spark Charging Solutions Inc. (“Spark”) and on April 22, 2022, acquired CoSource Information Technology Inc. (“CoSource”) (Note 4) to add to its existing business of providing electric vehicle charging solutions. The Spark transaction combine two established teams with experience in EV technology, software and hardware. Spark supplies and installs EV charging stations across Canada; and holds Canadian distribution rights to charging stations manufactured by Oasis Charger Corporation, based in Connecticut, USA. The CoSource asset acquisition of the Plug-and-charge concept provides an additional tool to be integrated into the Company’s existing operations. The combined teams will continue to grow as Hypercharge scales strategic operations and support of existing and new clients across North America.

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

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

On February 24, 2022, Russian military forces commenced an invasion of Ukraine. In response to this military action, various countries, including Canada, issued broad-ranging economic sanctions against Russia. The ramifications of the sanctions may not be limited to Russia and Ukraine and may spill over to and negatively impact other regional and global economic markets, sectors, industries and markets for securities and commodities globally. The current circumstances are dynamic and the duration of the conflict and related impact of imposed sanctions on the business cannot be reasonably estimated at this time. While the company expects any direct impacts of the conflict in Ukraine to the business to be limited, the direct impacts on the economy may negatively affect the business and future operations.

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

2. Significant accounting policies

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and note disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed, and therefore these condensed interim consolidated financial statements should be read in conjunction with the Company’s August 31, 2022, audited annual financial statements and the notes to such financial statements. Certain comparative figures have been reclassified to conform with current period presentation.

On November 24, 2022, the Board (as later defined) determined that it was in the best interest of the Company to change its financial year end from August 31 to March 31. The change of year end will allow the Company to align its financial reporting to calendar quarter reporting, enhancing market comparability and better accommodate audit firm staffing constraints. The change in year-end results in the current period reflecting results for the four months ended December 31, 2022, while the comparative period is for the three months ended November 30, 2021.

The condensed interim consolidated financial statements of the Company for the four months ended December 31, 2022 were authorized for issue by the Board of Directors (“Board”) on February 14, 2023.

(b) New significant accounting policy adopted

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

On September 1, 2022, the Company adopted the amendments to IAS 37, which specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

There was no impact to the Company’s condensed consolidated interim financial statements as a result of the impact of the adoption of the amendments to IAS 37.

(c) Accounting Standard issued not yet effective

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023. The Company is evaluating the impact of the above amendments on its consolidated financial statements.

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

3. Acquisitions

(a) Spark Charging Solutions Inc.

On November 1, 2021 (the “Acquisition Date”), the Company acquired all of the issued and outstanding shares of Spark Charging Solutions Inc. pursuant to a share exchange agreement (the “Spark Acquisition”). The consideration for the transaction consisted of: (i) issuance of 6,000,000 common shares (the “Consideration Shares”) of the Company to the vendors (issued), and (ii) up to 1,000,000 contingent shares (the “Spark Contingent Shares”) based on the following milestones: (i) 333,334 shares to be issued upon the deployment of 150 chargers by November 1, 2022; (ii) 333,334 shares to be issued upon hitting a gross revenue threshold of \$1,000,000 by November 1, 2022; and (iii) 333,334 shares to be issued upon hitting a gross revenue threshold of \$4,000,000 by November 1, 2024. On February 15, 2022, the Company entered into agreements with the holders of the Spark Contingent Shares to formalize the 2,000,004 Spark Contingent Shares into 2,000,004 Performance Share Units (“PSUs”) of the Company. The Company is also required to settle Spark’s existing outstanding debt by issuing shares or making future cash payments of up to a total aggregate amount of \$191,546 (of which \$75,773 had been paid through October 31, 2021). During the four months ended December 31, 2022, the Company settled the remaining notes payable balance of \$86,647 through the issuance of 154,725 common shares of the Company’s share capital at a loss of \$7,735 (three months ended November 30, 2021 – cash payment of \$29,126). As a result, there is no balance outstanding as at December 31, 2022 (August 31, 2021 - \$86,647).

The Consideration Shares will be held in escrow and released over a 36-month period beginning on November 16, 2021, the date the Company listed on a Canadian securities exchange.

Related to Spark Acquisition, the transaction cost of \$1,935,668 consisted of: (i) issuance of 4,219,670 common shares of the Company to the advisors, valued at \$0.40 per share for a fair value of \$1,687,868, (ii) up to 1,000,000 contingent shares, valued at \$247,800, to be issued to the advisors in the next 36 months if the same milestones as the Spark Contingent Shares are met.

The transaction was accounted for as a business combination, as the operations of Spark meet the definition of a business. Transaction costs were expensed.

Spark supplies and installs EV charging stations across Canada and holds Canadian distribution rights to all charging stations manufactured by Oasis Charger Corporation, based in Connecticut, USA. The acquisition is intended to combine two established teams with experience in EV technology, software and hardware further enabling the company to scale strategic operations and support of existing and new clients across North America.

The following table summarizes the purchase consideration:

Fair value of 6,000,000 common shares issued	\$	<u>1,770,000</u>
Fair value of 1,000,000 Spark Contingent shares issued		<u>247,800</u>
Total consideration	\$	<u>2,017,800</u>

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

3. Acquisitions (continued)

(a) Spark Charging Solutions Inc. (continued)

The fair value of the 6,000,000 common shares issued was determined based on the share price of the most recent private placement of \$0.40 per share, adjusted for a discount of \$630,000 using option pricing models to account for the timing of the share releases from the escrow over the next 36 months.

The estimated fair value of the Spark Contingent Shares of \$247,800 is based on 1,000,000 shares, valued at \$0.40 per share, being the most recent private placement price, adjusted for a discount of \$152,200, incorporating probability of whether, and when, the milestone threshold would be met, amongst other variability in the outcomes.

The purchase has been accounted for by the acquisition method, with the results of Spark included in the Company's results of operation from the date of acquisition.

The following table summarizes the fair values of the assets and liabilities as at the date of acquisition:

Cash	\$	12,603
Accounts receivable		16,305
Notes receivable		10,067
Inventory		302,986
Equipment		54,671
Accounts payable		(14,480)
Notes payable		(115,773)
Notes payable - Hypercharge		(376,534)
Goodwill		2,127,955
Total consideration	\$	<u>2,017,800</u>

The fair value of the accounts receivable acquired is \$16,305. This consists of the gross contractual value all of which is expected to be collected.

The goodwill of \$2,127,955 comprised the value of the expected synergies arising from the acquisition. On August 31, 2022, the Company recorded an impairment loss on goodwill of \$2,127,955 on the basis that the expected synergies from the acquisition have not materialized as expected due to a shift in market strategy.

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

3. Acquisitions (continued)

(b) CoSource Information Technology Services Inc. (continued)

Pursuant to a share exchange agreement dated April 22, 2022 (the "CoSource Agreement"), the Company acquired 100% of the issued and outstanding shares of CoSource in exchange for: (i) 3,800,000 common shares of the Company (the "CoSource Consideration Shares") and (ii) 1,500,000 performance warrants (the "CoSource Performance Warrants"), where each CoSource Performance Warrant will be exercisable into one common share of the Company (each, a "Common Share") at a price of \$0.02 per share, with 250,000 warrants vesting upon the Company achieving aggregate gross revenue of \$1,000,000 within 24 months of the commencement date of May 24, 2022, 500,000 warrants vesting upon the Company achieving gross revenue of \$2,000,000 or more in a single fiscal year within 36 months of May 24, 2022, and 750,000 warrants vesting upon the Company achieving aggregate gross revenue of \$8,000,000 within 48 months of May 24, 2022. On August 15, 2022, the Company entered into an amended agreement with its CEO in which the exercise price of the warrants was raised to an exercise price of \$0.40 per share. The Company incurred cash transaction costs of \$24,673 associated with the acquisition.

CoSource Information Technology Services Inc. ("CoSource") is a digital agency specializing in digital innovation, marketing, and software product development. The acquisition is intended to further enable Hypercharge to innovate and advance the Company's network and technologies to create a seamless and integrated experience for the Company's customers. At the date of acquisition, the Company determined that CoSource did not constitute a business as defined under IFRS 3, Business Combinations, and the CoSource acquisition was accounted for as an asset acquisition.

As a result of the acquisition, there were no intangible assets identified that met the recognition criteria under IFRS; therefore, the excess of the consideration paid over the fair value of the assets and liabilities assumed was expensed as transaction cost.

As the vesting of the Performance Warrants is dependent on the continued service requirement of the vendor, the service expense has been accounted for in accordance with IFRS 2 – *Share-based payments* as a compensation arrangement and not part of the acquisition price.

The CoSource Consideration Shares are subject to voluntary resale restrictions, where 10% of the CoSource Consideration Shares were released on November 16, 2022, the date the Common Shares are listed on a Canadian securities exchange, with the balance of the CoSource Consideration Shares being released in six (6) equal 15% installments every six (6) months thereafter.

The restricted common shares value of \$1,108,000 was estimated using \$0.40 per share, being the subscription price of the Company's nearest private placement, reduced by a discount of \$412,000, estimated using a commonly used option model related to the lack of marketability of the shares from the contractual restriction. The fair value of the 190,000 common shares issued as an advisory fee was valued using \$0.40 per share, being the subscription price of the Company's nearest private placement.

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

3. Acquisitions (continued)*(b)* CoSource Information Technology Services Inc.

The following table summarizes the allocation of the purchase consideration to the fair value of the assets acquired and liabilities assumed at the date of acquisition:

Fair value of 3,800,000 common shares issued to the vendor	\$ 1,108,000
Fair value of 190,000 common shares issued as an advisory fee	76,000
Transaction costs	<u>24,673</u>
Total acquisition expense	<u>\$ 1,208,673</u>
Accounts receivable	\$ 1,138
Accounts payable and accrued liabilities	(2,765)
Notes payable	<u>(34,771)</u>
Net liabilities assumed	<u>(36,398)</u>
Transaction cost	<u>\$ 1,245,071</u>

4. Accounts receivable

As at	December 31 2022	August 31, 2022
Trade accounts receivable	\$ 861,677	\$ 396,019
GST/HST Receivable	115,647	64,720
Other receivable	<u>93,542</u>	44,951
	\$ 1,070,866	\$ 505,690
Loss allowance	<u>(24,722)</u>	(5,879)
	<u>\$ 1,046,144</u>	\$ 499,811

During the four months ended December 31, 2022, the Company recorded bad debt expense of \$18,843 in office and administrative expenses (three months ended November 30, 2021 – nil).

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

5. Lease receivable

On October 3, 2022, the Company entered into a sublease agreement associated with leased office space, covering the remaining term of the lease expiring in July 2024. Upon commencement of the sublease, the Company recognized a lease receivable of \$230,647, representing the future payments receivable of \$247,163 discounted at an annual rate of 9.0%. Upon derecognition of the associated right-of-use asset, the Company recorded a gain on sublease arrangement of \$22,149 representing the difference between the initial lease receivable and the value of the right-of-use asset of \$208,498. As of December 31, 2022, the remaining balance receivable was \$230,647, of which \$151,545 represents the current portion (August 31, 2022 – nil).

Set out below is a reconciliation of the Company's lease receivable for the four months ended December 31, 2022 and three months ended November 30, 2021:

	Four months ended December 31 2022	Three months ended November 30 2021
Balance, beginning of period	\$ -	\$ -
Additions	230,647	-
Lease payments received, net of interest	-	-
Balance end of period	\$ 230,647	\$ -

6. Inventory

The Company's inventory consists of electric vehicle chargers and components available for sale to customers. During the four months ended December 31, 2022, the Company recorded \$953,091 of inventory as an expense of cost of goods sold (three months ended November 30, 2021 – \$28,130).

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

7. Property and equipment

Cost	Computer equipment	Furniture and equipment	Vehicles	Leasehold Improvements	Charging equipment and demo units	Total
August 31, 2021	\$ 2,698	\$ -	\$ -	\$ -	\$ -	2,698
Acquired (note 3)	-	-	54,671	-	-	54,671
Additions	19,739	8,164	-	68,402	61,506	157,811
Reclassified to inventory	-	-	-	-	(9,776)	(9,776)
Disposals	-	-	(54,671)	-	-	(54,671)
August 31, 2022	22,437	8,164	-	68,402	51,730	150,733
Additions	3,469	10,082	-	-	365	13,916
December 31, 2022	\$ 25,906	\$ 18,246	\$ -	\$ 68,402	\$ 52,095	\$ 164,649

Accumulated Depreciation	Computer equipment	Furniture and equipment	Vehicles	Leasehold Improvements	Charging equipment and demo units	Total
August 31, 2021	\$ 150	\$ -	\$ -	\$ -	\$ -	150
Additions	3,793	803	569	20,081	7,402	32,648
Disposals	-	-	(569)	-	-	(569)
August 31, 2022	3,943	803	-	20,081	7,402	32,229
Additions	2,710	1,076	-	8,727	5,788	18,301
December 31, 2022	\$ 6,653	\$ 1,879	\$ -	\$ 28,808	\$ 13,190	\$ 50,530

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

7. Property and equipment (continued)

Net book value	Computer equipment	Furniture and equipment	Vehicles	Leasehold Improvements	Charging equipment and demo units	Total
December 31, 2022	\$ 19,253	\$ 16,367	\$ -	\$ 39,594	\$ 38,905	\$ 114,119
August 31, 2022	\$ 18,494	\$ 7,361	\$ -	\$ 48,321	\$ 44,328	\$ 118,504

8. Leases*(a) Right-of-use assets*

	Buildings
Balance, August 31, 2021	\$ -
Additions	355,972
Amortization	(122,047)
Balance, August 31, 2022	233,925
Additions	458,787
Disposals	(208,498)
Amortization	(58,340)
Balance, August 31, 2022	\$ 425,874

(b) Lease liabilities

	Four months ended December 31 2022	Three months ended November 30 2021
Balance, beginning of period	\$ 217,190	\$ -
Additions	458,787	320,872
Interest expense	10,001	4,560
Lease payments	(107,038)	(22,750)
Balance end of period	\$ 578,940	\$ 302,682
	December 31 2022	August 31, 2022
As of		
Current	\$ 267,377	\$ 126,554
Non-current	311,563	90,636
	\$ 578,940	\$ 217,190

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

8. Leases (continued)

(b) Lease liabilities (continued)

During the four months ended December 31, 2022, the Company recorded interest expense of \$10,001 (three months ended November 30, 2021 - \$4,560) associated with interest on the lease liabilities. The Company has entered into contracts for office and commercial use spaces, of which the terms end between 2024 and 2025. The lease liability has been measured by discounting future non-cancellable payments using incremental borrowing rates ranging from 7.8% - 9.3%

9. Notes payable

Upon the acquisition of Spark, the Company assumed \$115,773 of notes payable (see Note 3), of which \$57,520 was due to now former related parties (see note 12). During the four months ended December 31, 2022, the Company settled the remaining notes payable balance of \$86,647 through the issuance of 154,725 common shares of the Company's share capital at a loss of \$7,735 (three months ended November 30, 2021 – cash payment of \$29,126). As a result, there is no balance outstanding as at December 31, 2022 (August 31, 2022 - \$86,647).

Upon the acquisition of CoSource, the Company assumed a \$34,771 note payable (see Note 3) due to a related party (see Note 12). As at December 31, 2022, the remaining balance payable was \$11,573 (August 31, 2022 – \$11,271). The note is unsecured, non-interest bearing, and due within fifteen (15) days of the completion of an initial public offering.

10. Share capital

(a) Authorized

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

(b) Issued

As at December 31, 2022, there were 61,701,429 (August 31, 2022 – 51,273,038) common shares issued and outstanding.

During the four months ended December 31, 2022, the Company issued 100,000 shares upon the exercise of 100,000 stock options with gross proceeds to the Company of \$40,000 (three months ended November 30, 2021 – nil).

During the four months ended December 31, 2022, the Company issued 132,000 shares as a result of Performance Share Units vesting during the period (three months ended November 30, 2021 – nil).

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

10. Share capital (continued)*(b)* Issued (continued)

	Number of shares	\$
Balance, August 31, 2021	26,196,700	\$ 2,861,445
Common shares issued, net of share issue costs	10,000,000	3,981,101
Shares issued in Spark Acquisition	6,000,000	1,770,000
Shares issued as advisory success fee	4,409,670	1,763,868
Shares issued as consulting fee	200,000	80,000
Shares issued for purchase of CoSource	3,800,000	1,108,000
Performance share units vested	666,668	165,200
Balance, August 31, 2022	51,273,038	11,729,614
Common shares issued, net of share issue costs	10,000,000	5,186,094
Shares issued as a corporate finance fee	41,666	-
Performance share units vested	132,000	52,800
Stock options exercised	100,000	62,276
Shares-for-debt	154,725	94,382
Balance, December 31, 2022	61,701,429	\$ 17,125,166

On December 8, 2022, the Company issued 154,725 common shares with a fair value of \$0.61 per common share to the holders of the notes' payable assumed in the Spark Acquisition (notes 3 and 9) to settle the remaining balance payable of \$86,647.

On June 1, 2022, the Company completed a brokered private placement issuing 10,000,000 subscription receipts of the Company at a price of \$0.60 per subscription receipt for gross proceeds of \$6,000,000. The Company incurred issuance costs of \$630,103 associated with the offering and issued 554,253 warrants with a grant date fair value of \$183,803 to the agents. The subscription receipts were deemed exchanged, without payment of any additional consideration, for one subscription receipt share on November 16, 2022 when the Company's shares began trading on the NEO Exchange. As of August 31, 2022, \$5,674,424 was held in escrow, and was recorded as obligation to issue shares.

On May 13, 2022, the Company issued 3,800,000 common shares, with a fair value of \$1,108,000 to the vendors of the CoSource acquisition to facilitate the transaction which closed on May 13, 2022. Upon closing, the Company issued 190,000 common shares with a fair value of \$76,000 to a consultant as an advisory success fee.

On March 29, 2022, the Company issued 200,000 shares in compensation with a consulting arrangement. During the year ended August 31, 2022, the Company recorded expense of \$80,000 in professional fees expense associated with the payment of the shares with a value of \$0.40 per share.

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

10. Share capital (continued)**(b) Issued (continued)**

On November 12, 2021, the Company entered into an amended employment agreement with its CEO, discharging its obligation to issue 1,000,000 shares to its CEO. The Company accounted for the contract amendment as a modification to a share-based payment arrangement in which there has been a reduction in the number of equity instruments to be issued to an employee. As a result, the transaction has been accounted for as a cancellation, and as there was no remaining vesting period, the Company did not incur any additional share-based payment expenditures during the year ended August 31, 2022. As at August 31, 2022, the Company reclassified its previously recorded obligation to issue shares balance of \$250,000 to deficit.

On November 1, 2021, the Company issued 6,000,000 common shares to the vendors of the Spark acquisition (see Note 4), valued at \$0.40 per share, being the most recent private placement price, adjusted for a discount of lack of marketability of \$630,000. The Company also issued 4,219,670 common shares to advisors as an advisory success fee, valued at \$0.40 per share totaling \$1,687,868.

On October 1, 2021, the Company completed a non-brokered private placement issuing 10,000,000 common shares of the Company at a price of \$0.40 per share for gross proceeds of \$4,000,000, of which \$816,650 had been received prior to September 1, 2021 and were reclassified from subscription liability to share capital upon share issuance. The Company paid \$18,899 in finder's fees associated with the offering.

(c) Warrants**(i) Non-performance warrants**

The non-performance warrant continuity schedule is as follows:

	Four months ended December 31, 2022		Three months ended November 30, 2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of the period	680,253	\$ 0.54	126,000	\$ 0.25
Granted	-	-	-	-
Cancelled	-	-	-	-
Balance, end of the period	680,253	\$ 0.54	126,000	\$ 0.25
Warrants exercisable, end of the period	680,253	\$ 0.54	126,000	\$ 0.25

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

10. Share capital (continued)*(c)* Warrants (continued)*(i)* Non-performance warrants (continued)

Details of the non-performance warrants outstanding as at December 31, 2022 are as follows:

Exercise price	Number of warrants outstanding	Expiry date
\$ 0.25	126,000	May 21, 2023
\$ 0.60	554,253	June 1, 2024

(ii) Performance warrants

The continuity schedule for the performance warrants is as follows:

	Four months ended December 31, 2022		Three months ended November 30, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of the period	5,580,000	\$ 0.25	4,080,000	\$ 0.25
Performance warrants granted	1,050,000	0.60	-	-
Balance, end of the period	6,630,000	\$ 0.34	4,080,000	\$ 0.25
Warrants exercisable, end of the period	450,000	\$ 0.33	200,000	\$ 0.25

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

10. Share capital (continued)

(c) Warrants (continued)

(ii) Performance warrants (continued)

Details of the performance warrants exercisable at December 31, 2022 are as follows:

Exercise price	Number of warrants exercisable	Expiry date
\$ 0.25	200,000	August 5, 2024
\$ 0.40	250,000	May 13, 2027

The fair value of the performance warrants, including issuances and revaluations was determined using the Black-Scholes model using the following assumptions:

	Four months ended December 31, 2022	Three months ended November 30, 2022
Exercise life	2-5 years	3 years
Expected volatility	82.26% - 100.73%	98.55% - 98.71%
Risk-free rate	3.41% - 4.06%	0.42% - 0.44%
Dividend yield	-	-
Underlying share price	\$ 0.56	\$ 0.25
Exercise price	\$ 0.25 - 0.60	\$ 0.25

Advisory warrants

On August 3, 2021, the Company granted 2,000,000 performance warrants to an advisor for consideration of a future financing transaction. The warrants will vest upon the completion of a future financing transaction, whereby the Company will obtain a listing on a Canadian stock exchange and conduct a subsequent offering to raise a minimum of \$5 million. The performance warrants, when vested, will provide the holder with the opportunity to exchange one warrant for one share of the Company's common shares at an exercise price of \$0.25 per share, valid for a period of two years from the vesting date. The Company has accounted for the transaction in accordance with IFRS 2 – Share-based payments (“IFRS 2”) as a share-based payment with a performance condition, and the cumulative fair value represents the best available estimate of the equity instruments expected to vest as at December 31, 2022 and August 31, 2022. During the four months ended December 31, 2022, the Company recorded \$99,724 (three months ended November 30, 2021 – \$nil) within prepaid expenses and other current assets relating to the share-based payment component of this agreement.

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

10. Share capital (continued)

(c) Warrants (continued)

(ii) Performance warrants (continued)

Collaboration warrants

On August 5, 2021, and amended on November 25, 2021, the Company entered into a collaboration agreement (the "Collaboration Agreement") for an arrangement to supply, install and maintain electric vehicle charging stations. On the same date, the Company provided the third-party with 2,080,000 performance warrants, 200,000 of which vested immediately and the remaining vest upon successfully completing milestones during the three years following the commencement of the agreement. The performance warrants, when vested, will provide the holder with the opportunity to exchange one warrant for one share of the Company's common shares at an exercise price of \$0.25 per share, valid for a period of three years from the date in which the tranche vested. A condition of the Collaboration Agreement required further agreements to be entered into within twenty-one (21) days of the signing of the Collaboration Agreement. The Company and the other party signed an agreement to extend the term in which the further agreements needed to be signed to continue the Collaboration Agreement, and subsequently the Company and the other party entered into all required agreements.

The Company has accounted for the transaction in accordance with IFRS 2 as a share-based payment with a performance condition, and the cumulative expense recorded represents the best available estimate of the equity instruments expected to vest as at December 31, 2022 and August 31, 2022. During the four months ended December 31, 2022, the Company recorded share-based payment expense of \$6,338 (three months ended November 30, 2021 – \$17,955) relating to the share-based payment component of this agreement.

CoSource warrants

Pursuant to the CoSource Agreement (see Note 3), the Company issued 1,500,000 Performance Warrants to the vendor, the Company's CEO (as later defined). Each Performance Warrant will be exercisable into one common share of the Company (each, a "Common Share") at a price of \$0.02 per share upon the Company's achievement of certain revenue-based milestones. On August 15, 2022, the Company entered into an amended agreement with its CEO in which the exercise price of the performance warrants was raised to an exercise price of \$0.40 per share.

Due to the nature of the CoSource Agreement requiring continued service from the Company's CEO for the Performance Warrants to vest, the Company has accounted for the transaction in accordance with IFRS 2 as a share-based payment with a performance condition, and the cumulative expense recorded represents the best available estimate of the equity instruments expected to vest as at December 31, 2022 and August 31, 2022. During the four months ended December 31, 2022, the Company recorded share-based payment expense of \$132,560 (three months ended November 30, 2021 – nil) relating to the share-based payment component of this agreement.

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

10. Share capital (continued)

(c) Warrants (continued)

(ii) Performance warrants (continued)

Consultant warrants

On September 28, 2022, the Company granted 1,050,000 performance warrants to a consultant of the Company, providing the holder with each performance warrant granting the holder the right to purchase one (1) common share of the Company at an exercise price of \$0.60 per share. The options vest in seven (7) tranches and vest upon meeting certain thresholds with respect to charging ports delivered and invoiced.

The Company has accounted for the transaction in accordance with IFRS 2 as a share-based payment with a performance condition, and the cumulative expense recorded represents the best available estimate of the equity instruments expected to vest as at December 31, 2022. During the four months ended December 31, 2022, the Company recorded share-based payment expense of \$12,553 (three months ended November 30, 2021 – nil) relating to the share-based payment component of this agreement.

(d) Stock options

The Company has an incentive stock option plan whereby the Company may grant incentive stock options (“Options”) to directors, officers, employees and independent consultants to purchase voting common shares of the Company. The terms and conditions of each option granted under the stock option plan are determined by the Board of Directors. The number of common shares reserved for issuance upon the exercise of options is limited to a maximum of 10% of the issued and outstanding common shares of the Company at any time.

During the four months ended December 31, 2022, the Company recorded stock-based compensation of \$124,593 (three months ended November 30, 2021 – \$74,560).

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

10. Share capital (continued)*(d)* Stock options (continued)

The Stock Option continuity schedule is as follows:

	Four months ended December 31, 2022		Three months ended November 30, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	2,435,000	\$ 0.33	1,500,000	\$ 0.25
Granted	421,721	0.58	125,000	0.40
Exercised	(100,000)	(0.40)	-	-
Balance, end of period	2,756,721	\$ 0.37	1,625,000	\$ 0.27
Options exercisable, end of period	1,667,500	\$ 0.32	62,500	\$ 0.25

The following is a summary of the outstanding Options at December 31, 2022:

Exercise price	Number outstanding	Weighted average remaining contractual life	Number exercisable	Weighted average remaining vesting period
\$ 0.25	1,500,000	2.91 years	1,187,500	0.49 years
\$ 0.40	525,000	2.15 years	250,000	0.48 years
\$ 0.58	421,721	2.93 years	-	0.94 years
\$ 0.60	310,000	2.49 years	230,000	0.24 years
	2,756,721		1,667,500	

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

10. Share capital (continued)**(d) Stock options (continued)**

The fair value of the options issued during the four months ended December 31, 2022 and three months ended November 30, 2021 were estimated using the following Black-Scholes Model assumptions:

	Four months ended December 31, 2022	Three months ended November 30, 2021
Expected life	3 years	3 years
Expected volatility ^(*)	92.15% - 92.24%	86.94%
Risk-free rate	3.50% - 3.56%	1.13%
Dividend yield	-	-
Underlying share price	\$ 0.58	\$ 0.40
Exercise price	\$ 0.58	\$ 0.40

(*) – The Company measures its volatility based on a proxy of publicly traded Company's that are similar in size and operate in a similar industry. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends which may not necessarily be the actual outcome.

(e) Performance share units

On February 15, 2022, the Company granted 550,000 PSUs to employees of the Company and entered into agreements with the holders of the Spark Contingent Shares (Note 3) to formalize the 2,000,004 Spark Contingent Shares into 2,000,004 PSUs of the Company. Each PSU requires the Company to deliver one (1) common share of the Company's share capital for each unit that vests. The PSUs vest upon meeting specific performance targets related to deployment of certain numbers of EV chargers on or before specified dates.

Set out below is a reconciliation of the changes in the PSUs as at December 31, 2022 and August 31, 2022:

	# of awards		
	Employee	Contractor	Total
Balance, August 31, 2021	-	-	-
Granted	550,000	2,000,004	2,550,004
Vested	-	(666,668)	(666,668)
Balance, August 31, 2022	550,000	1,333,336	1,883,336
Granted	-	-	-
Vested	(132,000)	-	(132,000)
Forfeited	-	(666,668)	(666,668)
Balance, December 31, 2022	418,000	666,668	1,084,668

During the four months ended December 31, 2022, the Company recorded expense of \$46,662 (three months ended November 30, 2021 - nil) associated with the PSUs issued to employees.

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

10. Share capital (continued)**(f) Restricted share units (“RSUs”)**

Set out below is a reconciliation of the changes in the RSUs as at December 31, 2022 and August 31, 2022:

	# of awards		
	Employee	Contractor	Total
Balance, August 31, 2021	-	-	-
Granted	300,000	-	300,000
Vested	-	-	-
Balance, August 31, 2022	300,000	-	300,000
Granted	300,000	500,000	800,000
Vested	-	-	-
Balance, December 31, 2022	600,000	500,000	1,100,000

On December 6, 2022, the Company granted 300,000 RSUs to a director of the Company. Each RSU requires the Company to deliver one (1) common share of the Company’s share capital for each unit that vests. The RSUs vest each six (6) months in equal tranches over the twenty-four (24) months service period.

On October 13, 2022, the Company granted 500,000 RSUs to a consultant of the Company. Each RSU requires the Company to deliver one (1) common share of the Company’s share capital for each unit that vests. The RSUs vest as to 25% on each of 3, 6, 9, and 12 months post-issuance.

On July 11, 2022, the Company granted 300,000 RSUs to a director of the Company. Each RSU requires the Company to deliver one (1) common share of the Company’s share capital for each unit that vests. The RSUs vest each six (6) months in equal tranches over the twenty-four (24) months service period.

During the four months ended December 31, 2022, the Company recorded expense of \$183,838 associated with the service cost of RSUs (three months ended November 30, 2021 – nil).

(g) Reserves

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

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

11. Commitments and contingencies**(a) Commitments**

As at December 31, 2022, the Company has committed to the following undiscounted minimum lease payments:

Year ended March 31:		
2023 - remaining	\$	78,886
2024		318,338
2025		197,411
2026		70,590
Total	\$	<u>665,224</u>

(b) Contingency

On April 12, 2022, the Company was notified of a civil claim filed by AddEnergie/Flo for unlawful solicitation of AddEnergie/FLO's prospective customers and business opportunities. The Company believes the claim is without merit and has multiple valid arguments to defend against the claim. Management has assessed the probability of loss as unlikely and the possible damages to be indeterminate. As of December 31, 2022, no provision has been recorded.

12. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board and corporate officers, including the Company's Chief Executive Officer ("CEO") and the now former Chief Financial Officer (the "Former CFO" – see note 16). The Company measures related party transactions at the exchange amount which represents the consideration agreed upon between the Company and the related party.

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

The compensation paid to key management personnel is as follows:

	Four months ended December 31, 2022	Three months ended December 31, 2021
Wages and benefits	\$ 208,135	\$ 94,185
Share-based payments	298,288	45,288
	<u>\$ 506,423</u>	<u>\$ 139,473</u>

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

12. Related party transactions (continued)

During the four months ended December 31, 2022, included within consulting and professional fees is expense of \$77,151 (three months ended November 30, 2021 - \$17,750) incurred for professional fees provided by 1006098 B.C. Ltd. dba PubCo Reporting, an entity significantly influenced by the Company's Former CFO. As at December 31, 2022, the Company has a balance payable to this entity of \$11,018 (August 31, 2022 - \$20,499) included in accounts payable. The amount is unsecured, non-interest bearing, and had no fixed terms of repayment.

During the three months ended November 30, 2021, in connection with the acquisition of Spark (see Note 3) the Company acquired a note receivable from a now former director of the Company totaling \$10,067. The loan was subsequently collected and as at December 31, 2022 and August 31, 2022, there is no remaining balance. The amount was unsecured, non-interest bearing, and had no fixed terms of repayment.

During the three months ended November 30, 2021, in connection with the acquisition of Spark (see Note 3), the Company assumed a note payable from an entity controlled by close family members of a now former director of the Company totaling \$7,749. During the four months ended December 31, 2022, the Company paid the remaining balance of \$7,749 through the issuance of 38,176 common shares of the Company's share capital. As at December 31, 2022, there is no remaining balance (August 31, 2022 - \$7,749). The note was unsecured, non-interest bearing, and due within fifteen (15) days of the completion of an initial public offering.

During the three months ended November 30, 2021, in connection with the acquisition of Spark (see Note 3) the Company assumed a note payable from an entity controlled by a now former Company director and a close family member totaling \$49,771. During the four months ended December 31, 2022, the Company paid the remaining balance of \$49,771 through the issuance of 88,877 common shares of the Company's share capital. As at December 31, 2022, there is no remaining balance (August 31, 2022 - \$49,771). The note was unsecured, non-interest bearing, and due within fifteen (15) days of the completion of an initial public offering.

During the three months ended November 30, 2021, the Company paid \$4,725 for consulting services to a Company controlled by a family member of a former CFO and director of the Company. As at December 31, 2022, the Company has a balance payable to this entity of \$nil (August 31, 2021 - \$nil) included in accounts payable. The amount was unsecured, non-interest bearing, and had no fixed terms of repayment.

As at December 31, 2022, in connection with the acquisition of CoSource (see Note 3) the Company assumed a note payable to a close family member of an officer of the Company totaling \$34,771. As at December 31, 2022, the remaining balance payable was \$11,573 (August 31, 2022 -\$11,271). The note was unsecured, non-interest bearing, and due within fifteen (15) days of the completion of an initial public offering.

There are no amounts payable to related parties included in accounts payable and accrued liabilities at December 31, 2022. The amounts are unsecured, non-interest bearing, and has no fixed terms of repayment.

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

13. Management of Capital

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

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

14. Financial instruments

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

As at	December 31 2022	August 31, 2022
Financial assets at fair value		
Cash and cash equivalents	\$ 4,104,748	\$ 1,119,358
Cash held in escrow	-	5,674,424
Financial assets at amortized cost		
Accounts receivable	1,046,144	499,811
Lease receivable	230,647	-
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	\$ (1,143,364)	\$ (575,261)
Lease liability	(578,940)	(217,190)
Notes payable	(11,573)	(97,918)
Holdbacks payable	(10,203)	(29,365)
	\$ 3,637,459	\$ 6,373,859

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

The Company's cash and cash equivalent is valued using level one inputs.

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

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

14. Financial instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash, accounts receivable, and lease receivable. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. At December 31, 2022, there was three customers with amount outstanding that exceed 10% of the Company's trade accounts receivable that totaled 54% in aggregate (Customer A – 23%; Customer B – 16%; Customer C – 16%). As at August 31, 2022 there was one customer with a balance outstanding totaling 19% of the Company's trade accounts receivable. The Company assessed credit risk as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has sufficient cash to meet its current liabilities at August 31, 2022. The Company assessed liquidity risk as low.

Foreign exchange risk

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

Interest rate risk

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

15. Segmented reporting

The Company operates in a single segment, the sale of electric vehicle charging equipment, software, and maintenance contracts. During the four months ended December 31, 2022, the Company recognized 60% of its revenue from 3 customers (Customer A – 37%, Customer B – 12% and Customer C – 11%). During the three months ended November 30, 2021, the Company recognized 100% of its revenue from 2 customers (Customer A – 50% and Customer B – 50%). The Company's property and equipment and right-of-use assets are located in Canada. All of the Company's customers are located within North America.

Hypercharge Networks Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the four month period ended December 31, 2022 and three month period ended November 30, 2021

(Expressed in Canadian Dollars)

(unaudited)

16. Subsequent events

On January 9, 2023, the Company appointed Navraj Dosanjh as the Company's full-time Chief Financial Officer. In connection with the appointment of Mr. Dosanjh, the Company has approved a grant of 200,000 incentive stock options and 100,000 RSUs pursuant to the Company's Equity Incentive Plan. The Options are exercisable at a price of \$0.50 per share for a 3-year term and the RSUs are to vest over a period of 2 years.

On January 13, 2023, the Company issued 200,000 common shares upon the vesting of 200,000 previously issued RSUs.