Interim Condensed Consolidated Financial Statements of

EDDY SMART HOME SOLUTIONS INC.

Unaudited

For the Three and Nine Months Ended September 30, 2021 and 2020

January 6, 2022

To the Board of Directors of Eddy Smart Home Solutions Inc.

In accordance with our engagement letter dated November 25, 2021, we have performed interim reviews of the interim condensed consolidated financial statements (interim financial statements) of Eddy Smart Home Solutions Inc. and its subsidiaries (together, the Company) consisting of:

- The interim condensed consolidated statement of financial position as at September 30, 2021;
- the interim condensed consolidated statements of loss and comprehensive loss for the three-month and nine-month periods ended September 30, 2021 and September 30, 2020;
- the interim condensed consolidated statements of changes in shareholders' equity/deficiency for the nine-month periods ended September 30, 2021 and September 30, 2020; and
- the interim condensed consolidated statements of cash flows for the three-month and nine-month periods ended September 30, 2021 and September 30, 2020; and
- the related notes.

These interim financial statements are the responsibility of the Company's management.

We performed our interim reviews in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditor.

An interim review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements. Accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our interim reviews, we are not aware of any material modification that needs to be made for these interim financial statements to be in accordance with International Financial Reporting Standards applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting.

We have audited, in accordance with Canadian generally accepted auditing standards, the consolidated statement of financial position of the Company as at December 31, 2020, and the related consolidated statements of loss and comprehensive loss, changes in shareholders' equity/deficiency and cash flows for the year then ended and related notes (not presented herein). In our report dated January 6, 2022, we expressed an unmodified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying interim condensed consolidated statement of financial position as at December 31, 2020, is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

This report is solely for the use of the Board of Directors of the Company to assist them in discharging their obligation to review these interim financial statements, and should not be used for any other purpose.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Ontario

EDDY SMART HOME SOLUTIONS INC.

Interim Condensed Consolidated Statements of Financial Position

(in Canadian dollars) (unaudited)

	September 30, 2021	December 31, 2020
Assets	**$**	**$**
Current assets		
Cash	422,745	192,518
Restricted cash (note 5)	50,000	-
Accounts receivable (note 6)	332,813	145,449
Prepaid expenses	853,446	299,764
Inventory (note 7)	1,545,695	1,443,953
	3,204,699	**2,081,684**
Contracted assets	281,254	8,804
Fulfillment assets (note 12)	189,043	268,827
Right-of-use assets (note 18)	496,906	577,515
Property and equipment	293,679	317,871
	1,260,882	1,173,017
Total Assets	**4,465,581**	**3,254,702**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 14)	2,820,104	895,653
Deferred revenue (note 8)	171,253	102,303
Derivative liability (note 15)	373,335	-
Current portion of lease liabilities (note 18)	130,621	118,350
Term loans (note 15)	3,785,882	250,000
	7,281,195	**1,366,306**
Lease liabilities (note 18)	618,375	717,767
Deferred revenue (note 9)	932,668	457,605
Loans payable (note 15)	30,000	30,000
Total Liabilities	**8,862,238**	**2,571,677**
Shareholders' (Deficiency)/Equity		
Share capital (note 20, 23)	33,266,143	32,658,151
Contributed surplus (note 15, 16)	228,006	13,776
Deficit	(37,910,444)	(32,018,250)
Accumulated other comprehensive income	19,638	29,348
Total shareholders (deficiency)/equity	**(4,396,657)**	**683,025**
Contingencies (note 19)		
Commitments (note 1)		
Total Liabilities & shareholders' equity	**4,465,581**	**3,254,702**

See accompanying notes to interim condensed consolidated financial statements

On behalf of the Directors:

"signature"
Mark L. Silver
Director

"signature"
Travis Allan
Director

EDDY SMART HOME SOLUTIONS INC.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

(in Canadian dollars)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	Three months ended		**Nine months ended**	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	$	**$**	**$**	**$**
Revenue (note 8)	280,315	230,126	968,643	656,868
Expenses				
Cost of Sales (note 10)	272,340	255,687	662,705	1,003,650
Depreciation on fulfillment assets (note 13)	10,868	61,290	59,288	190,649
General and administrative (note 9)	2,699,583	615,109	4,927,620	1,874,652
Selling (note 11)	235,518	106,979	500,101	283,493
(Gains)/loss on foreign exchange	30,198	939	22,215	(8,840)
Provision and derecognition of accounts receivable (note 21)	122,031	(68,517)	130,934	23,382
Stock based compensation (note 16)	73,763	739	209,790	2,226
Depreciation on property and equipment	18,020	16,256	52,273	48,769
Amortization on right-of-use assets (note 18)	26,870	26,870	80,609	80,609
	3,489,191	1,015,352	6,645,535	3,498,590
Operating loss	**(3,208,876)**	**(785,226)**	**(5,676,892)**	**(2,841,722)**
Interest income	91	1,640	939	3,293
Interest expenses	(86,243)	(21,622)	(216,241)	(227,845)
Gain on financial instrument (note 15)	-	-	-	180,371
Net Loss before income taxes	**(3,295,028)**	**(805,208)**	**(5,892,194)**	**(2,885,903)**
Income taxes	-	-	-	-
Net loss	**(3,295,028)**	**(805,208)**	**(5,892,194)**	**(2,885,903)**
Other comprehensive income (loss):				
Items that may subsequently be reclassified to income				
Gain (loss) on foreign currency translation, for foreign operation	(3,236)	(294)	(9,710)	(441)
Total comprehensive loss	**(3,298,264)**	**(805,502)**	**(5,901,904)**	**(2,886,345)**
Net loss per share - basic and diluted	**(0.05)**	**(0.01)**	**(0.10)**	**(0.05)**
Weighted average number of common shares outstanding - Basic and diluted	61,169,428	61,069,428	61,169,428	61,069,428

See accompanying notes to interim condensed consolidated financial statements

EDDY SMART HOME SOLUTIONS INC.

Interim Condensed Consolidated Statement of Changes in Shareholder's equity/deficiency

(in Canadian dollars)

(unaudited)

	Number of Common Shares	Number of Class A Preferred Shares	Number of Class B Preferred Shares	Common Shares	Class A Preferred Shares	Class B Preferred Shares	Contributed Surplus	Accumulated OCI	Accumulated Deficit	Shareholder's Deficiency
Balance at January 1, 2021	**61,169,428**	**-**	**10,519,566**	**$ 29,397,086**	**-**	**$ 3,261,066**	**$ 13,774**	**29,348**	**$ (32,018,250)**	**$ 683,025**
Conversion of Class A Pref shares to Common shares	-	-	-	-	-	-	-	-	-	-
Share issue costs	-	-	-	(35,259)	-	-	-	-	-	(35,259)
Common shares issued (note 20)	-	-	-	-	-	-	-	-	-	-
Class B Preferred shares issued (note 20)	-	-	2,075,002	-	-	643,250	-	-	-	643,250.00
Share-based compensation (note 16)	-	-	-	-	-	-	214,230	-	-	214,230.00
Cumulative translation adjustment	-	-	-	-	-	-	-	(9,710)	-	(9,710)
Net loss for the period	-	-	-	-	-	-	-	-	(5,892,194)	(5,892,194)
Balance at September 30, 2021	**61,169,428**	**-**	**12,594,568**	**$ 29,361,827**	**$ -**	**$ 3,904,316**	**$ 228,004**	**$ 19,638**	**$ (37,910,444)**	**$ (4,396,657)**

	Number of Common Shares	Number of Class A Preferred Shares	Number of Class B Preferred Shares	Common Shares	Class A Preferred Shares	Class B Preferred Shares	Contributed Surplus	Accumulated OCI	Accumulated Deficit	Shareholder's Equity
Balance at January 1, 2020	**10,510,978**	**25,395,612**	**-**	**$ 197,180**	**$ 25,025,376**	**-**	**$ 11,462**	**29,935**	**$ (27,605,787)**	**$ (2,341,834)**
Conversion of Class A Pref shares to Common shares	25,395,612	(25,395,612)	-	25,025,376	(25,025,376)	-	-	-	-	-
Common shares issued (note 20)	13,666,156	-	-	4,056,582	-	-	-	-	-	4,056,582
Class B Preferred shares issued (note 20)	-	-	10,519,566	-	-	3,261,066	-	-	-	3,261,066
Share-based compensation (note 16)	11,596,682	-	-	117,947	-	-	2,226	-	-	120,173
Contributed surplus	-	-	-	-	-	-	(5,380)	-	-	(5,380)
Cumulative translation adjustment	-	-	-	-	-	-	-	2,407	-	2,407
Net loss for the period	-	-	-	-	-	-	-	-	(2,886,345)	(2,886,345)
Balance at September 30, 2020	**61,169,428**	**-**	**10,519,566**	**$ 29,397,086**	**$ -**	**$ 3,261,066**	**$ 8,308**	**$ 32,342**	**$ (30,492,133)**	**$ 2,206,669**

See accompanying notes to interim condensed consolidated financial statements

EDDY SMART HOME SOLUTIONS INC.

Interim Condensed Consolidated Statement of Cash Flows

(in Canadian dollars)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	Three months ended		**Nine months ended**	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	$	**$**	**$**	**$**
Cash provided by (used in)				
Operating activities				
Net loss for the period	(3,295,028)	(805,208)	(5,892,194)	(2,885,903)
Add items not affecting cash				
Depreciation of property and equipment	18,020	16,256	52,273	48,769
Depreciation of fulfillment assets (note 12)	10,868	61,290	59,288	190,649
Amortization of right-of-use assets (note 18)	26,870	26,870	80,609	80,609
Gain on financial instrument (note 15,21)	-	-	-	(180,371)
Interest expense	86,243	21,622	216,241	227,845
Interest income	(92)	(1,640)	(939)	(3,293)
Stock-based compensation (note 16)	73,763	739	209,790	2,226
	(3,079,356)	(680,071)	(5,274,932)	(2,519,470)
Changes in non-cash working capital				
Accounts receivable (note 6)	(57,261)	(146,295)	(187,364)	(143,841)
Prepaid expenses	(525,104)	79,788	(553,679)	(15,549)
Contracted assets	4,321	(7,087)	(201,827)	(29,966)
Fulfillment assets (note 12)	56,990	(179)	(85,212)	(76,035)
Fulfillment assets disposal (note 13)	-	-	35,086	-
Inventory (note 7)	(92,467)	41,468	(101,741)	457,889
Deferred revenue (note 8)	73,412	35,799	544,013	90,135
Accounts payable and accrued liabilities (note 14)	1,673,800	15,035	1,921,772	(121,404)
	1,133,691	18,528	1,371,048	161,229
Net cash flow (used in) operating activities	(1,945,665)	(661,543)	(3,903,884)	(2,358,240)
Investing activities				
Property and equipment	-	-	(28,081)	-
Net cash flow (used in) investing activities	-	-	(28,081)	-
Financing activities				
Proceeds from equity offering (note 15, 20)	-	-	643,250	2,000,000
Share issuance cost (note 20, 23)	(10,259)	-	(35,259)	-
Lease liabilities (note 18)	(30,432)	(26,316)	(87,122)	(77,023)
Interest paid on lease liabilities (note 18)	(18,827)	(21,622)	(58,677)	(66,792)
Interest	-	-	-	(7,847)
Term loan (note 15)	1,500,000	-	1,500,000	700,000
Convertible loan (note 15)	-	-	2,250,000	-
Loan payable advance -CEBA	-	-	-	40,000
Net cash flow from financing activities	1,440,482	(47,939)	4,212,192	2,588,338
(Decrease)/increase in cash during the period	(505,183)	(709,482)	280,228	230,098
Restricted cash (note 5)	(50,000)	-	(50,000)	-
Cash, beginning of period	977,928	1,507,807	192,517	568,227
Cash, end of period	**422,745**	**798,325**	**422,745**	**798,325**

See accompanying notes to interim condensed consolidated financial statements

1. Nature of operations and basis of presentation

Eddy Smart Home Solutions Inc. (the Company) was incorporated under the Ontario Business Corporations Act on January 27, 2015. The Company is a North American provider of and developer of residential and commercial smart water metering products and related technologies, helping property owners protect, control, and conserve water usage by combining water sensing devices with behavioural learning software. This provides substantial protection to single-family homes as well as commercial and residential buildings at every stage of the building cycle, including construction.

The wholly owned operating subsidiaries of the Company are Eddy Home Inc., Eddy Home Distribution Inc. (formerly Municipal Water Savings Corp.) and Municipal Water Savings California Corp.

The Company operates in three segments: Single-Family Residential ("SFR"), Multi-Family Residential ("MFR") and Commercial and Institutional ("C&I").

The Company is domiciled in Toronto, Canada. The registered office of the Company is 5255 Yonge Street, Suite 900, Toronto, Ontario M2N 6P4. These interim condensed consolidated financial statements include the accounts of the Company and its consolidated subsidiaries.

These consolidated financial statements have been prepared on the historical cost basis.

Liquidity

These interim condensed consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation and be able to realize its assets and discharge its liabilities and commitments in the normal course of business for the foreseeable future. In assessing whether this assumption is appropriate and whether there are material uncertainties that may cast significant doubt about the Company’s ability to continue, management considers all available information and actions within its control with respect to the future which is at least, but not limited to, twelve months from the end of the reporting period.

During the nine months ended September 30, 2021, the Company generated a net loss of $5,892,194 and negative cash flows from operating activities of $3,688,044. As at September 30, 2021, the Company has an accumulated deficit of $37,910,444 and a working capital shortfall of $4,076,496. As a result, based on current operational results, the Company may not have sufficient capital to fund its current planned operations during the twelve-month period subsequent to September 30, 2021. The continuation of the Company is dependent on its ability to achieve positive cash flow from operations, to obtain the necessary equity or debt financing to continue with expansion in the water monitoring services market, and to ultimately attain and maintain profitable operations. These conditions indicate a material uncertainty that may cast significant doubt on the Company’s ability to continue its operations.

The Company has also been successful in raising capital, during April and May 2021, the Company increased its capitalization by issuing 2,075,002 Class B Preferred Shares for $643,250. In addition, On September 15, 2021, the Company completed the first tranche of a brokered private placement of an aggregate of 17,615,269 Subscription Receipts for aggregate gross proceeds of $10,569,161 (the "First Tranche"). On October 13, 2021, the Company completed the second tranche of a brokered private placement of 2,898,499 subscription receipts for additional aggregate gross proceeds of $1,739,099 (the “Second Tranche”). Including the Subscription Receipts sold under the first tranche of the Private Placement, the Company has issued an aggregate of 20,513,768 Subscription Receipts for aggregate gross proceeds of $12,308,260. Each Subscription Receipt will be automatically converted, without additional consideration or any further action on the part of the holder thereof, into two (2) common shares in the capital of the Company upon the satisfaction of certain conditions related to the qualifying transaction (see subsequent events note). The Company also has support from a shareholder who has committed to support the Company with financing of up to $10,000,000 to meet its operational objectives if the Company does not satisfy the conditions related to the qualifying transaction.

While management has a high degree of confidence that this trend of capital raising will continue, there is no assurance that it will be successful in closing additional financings in the future. These interim condensed consolidated financial statements do not give effect to any adjustments to the carrying value of recorded assets and liabilities, revenue and expenses, the statement of financial position classifications used and disclosures that might be necessary should the Company be unable to continue its operations. Such adjustments could be material.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company is exposed to this risk mainly in respect of its accounts payable, due to related parties and accruals. The Company prepares cash flow forecasts to monitor its cash flow needs in order to manage its liquidity risk. The Company mitigates this risk through financing activities, such as raising cash through the issuances of shares; see subsequent events note. The Company has received a commitment from a shareholder to provide additional financing should the need arise, in order for the company to meet its obligational and fulfill its financial commitments.

Contractual obligations as at September 30, 2021 are due as follows:

	Carrying Amount	Less than 6 months	6 - 12 months	1 - 3 years	4 - 5 years
Accounts payable and accrued liabilities	2,820,104	2,792,217	-	27,887	-
Term loan	3,785,882	3,785,882	-	-	-
Loans payable	30,000	-	-	30,000	-
	6,635,986	**6,578,099**	**-**	**57,887**	**-**

Accounts payable and accrued liabilities includes a warranty provision of $27,887, related to water monitoring equipment.

During the three months ended September 30, 2021, the Company entered into a commitment to purchase inventory in the amount of $1,740,758.

2. Basis of presentation

The Company prepares its interim condensed consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) applicable to the preparation of interim financial statements including International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. The interim condensed consolidated financial statements do not include all the information and disclosures required in the Company’s annual consolidated financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2020. The accounting policies that are set out in Note 3, “Significant Accounting Policies” to the Company’s annual consolidated financial statements for the year ended December 31, 2020 were consistently applied to all periods presented. Accounting judgements, estimates and assumptions set out in note 4 to the Company's annual consolidated financial statements for the year ended December 31, 2020, remains consistent except for the items described below in note 4.

The interim condensed consolidated financial statements of the Company were approved by the Board of Directors on January 6, 2022.

Seasonality

The Company has exposure to the construction industry, particularly condominium construction, which in Canada is seasonal in nature. As a result, less work is performed in the winter and early spring months than in the summer and fall months. Accordingly, the Company will experience a seasonal pattern in its operating results, with the first half of the year, and particularly the first quarter, typically generating lower revenue and profits than the second half of the year. Therefore, results in any one quarter are not necessarily indicative of results in any other quarter, or for the year as a whole.

3. Significant accounting policies

The significant accounting policies used in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those as described in note 3 of the Corporation’s consolidated financial statements for the year ended December 31, 2020.

4. Accounting judgement, estimate and assumptions

Management makes judgments, estimates and assumptions in the application of the Company’s accounting policies. These may affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the periods presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. The estimates and the underlying assumptions are reviewed on an ongoing basis.

FINANCIAL INSTRUMENTS

The Company is required to measure certain financial instruments at fair value, using the most readily available market comparison data and where no such data is available, using quoted market prices of similar assets or liabilities, quoted prices in markets that are not active, or other observable inputs that can be corroborated.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

5. Restricted cash

The Company has an externally imposed restriction placed on cash in the amount of $50,000 (2020 - $nil).

6. Accounts receivable

	September 30, 2021	December 31, 2020
	$	$
Accounts receivable	504,445	299,735
Direct write-off	(56,347)	(113,590)
Expected credit losses	(115,284)	(40,696)
	332,813	**145,449**

7. Inventory

	September 30, 2021	December 31, 2020
	$	$
Installation supplies	250,816	351,606
Water monitoring equipment	1,874,490	1,960,940
Provision	(579,611)	(868,592)
	1,545,695	**1,443,953**

The inventory provision relates to water monitoring equipment that is not expected to be put into use.

8. Revenue

The Company's main revenue stream is water leak detection monitoring services designed to detect and prevent water leaks in multiunit residential buildings, single family homes and commercial properties. The Company has contracts with owners as well as developers. Revenue is recorded monthly on a straight-line basis in accordance with the Company's revenue recognition policy.

Deferred revenue is comprised of upfront payments received for the water leak detection monitoring services, which are recognized over the contract term. For the nine months ended September 30, 2021, deferred revenue amounted to $171,253 (2020 – $102,303).

The Company committed to issue 2,879,505 Eddy Common Share, to a customer upon leak detection equipment installation of 5,000 condominium units. For the three months ended September 30, 2021, 556 units were installed which amounted to $3,302, and for the nine months ended September 30, 2021, 771 units (2020 - 1,063 units) were installed which amounted to $4,440 (2020 - $6,122). This is included in revenue as a non-cash discounts provided to certain customers in the form of stock in the Company. See subsequent events note.

For the nine months ended December 31, 2021, the Company determined that for certain customers, primarily in California, that had not made contractual monthly payments when due for a period of time, it was determined that collection of revenue earned under the contract was not probable and revenue recognition was ceased. The amounts that were uncollectible under such contracts are as follows:

September 30, 2021 amounted to $56,347, of which $43,545 pertained to California.

December 31, 2020 amounted to $113,590, of which $91,665 pertained to California.

9. General and administrative

	Three months ended		Nine months ended	
	September 30, 2021	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
	$	$	$	$
Wages and benefits	934,069	313,502	2,385,130	1,061,429
Research and project expenses	261,626	197,594	661,332	362,918
Professional fees	1,416,480	14,418	1,492,996	32,793
Marketing	7,150	32,363	25,506	71,911
Administrative	80,258	57,232	362,656	345,601
	2,699,583	**615,109**	**4,927,620**	**1,874,652**

For the three months ended September 30, 2021, the Company received the government wage subsidy of $nil (2020 - $225,737). For the nine months ended September 30, 2021, the Company received the government wage subsidy of $36,152 (2020 - $537,354). This subsidy related to the COVID-19 pandemic to cover part of the employee wages, this was allocated to general and administrative expenses.

The Company leases warehouse space on a month-to-month basis, for the three months ended September 30, 2021, the lease expense was $16,500 (2020 - $16,500), for the nine months ended September 30, 2021, the lease expense was $49,500 (2020 - $58,500). Included in accounts payable on September 30, 2021 is an amount owing of $27,500.

10. Cost of sales

	Three months ended		Nine months ended	
	September 30, 2021	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
	$	$	$	$
Direct labour	128,095	47,294	321,695	370,127
Materials	60,733	166,158	147,355	504,616
Monitoring Service	60,486	33,699	155,627	106,242
Licensing and network fees	23,026	8,536	38,028	22,665
	272,340	**255,687**	**662,705**	**1,003,650**

11. Selling

	Three months ended		Nine months ended	
	September 30, 2021	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
	$	$	$	$
Salaries	158,480	79,171	320,295	210,120
Commissions related to obtaining a contract	45,513	9,758	95,815	35,226
General	31,525	18,050	83,991	38,147
	235,518	**106,979**	**500,101**	**283,493**

12. Fulfillment assets

Fulfillment assets consists of the following

	September 30, 2021
	Fulfillment assets
	$
Cost	
Balance at December 31, 2020	1,493,691
Additions	(85,212)
Disposals	35,086
Balance at September 30, 2021	**1,443,565**

	Fulfillment assets
	$
Accumulated depreciation	
Balance at December 31, 2020	(1,224,864)
Depreciation	(59,288)
Disposals	29,631
Balance at September 30, 2021	(1,254,521)
Net book value at September 30, 2021	**189,043**

Fulfillment assets

	December 31, 2020
	Fulfillment assets
	$
Cost	
Balance at December 31, 2019	1,342,076
Additions	345,555
Disposals	(193,940)
Balance at December 31, 2020	**1,493,691**

	Fulfillment assets
	$
Accumulated depreciation	
Balance at December 31, 2019	(989,867)
Depreciation	(234,997)
Balance at December 31, 2020	(1,224,864)
Net book value at December 31, 2020	**268,827**

13. Property and equipment

Property and equipment consisted of the following:

				September 30, 2021
	Office equipment, furniture and fixtures	Computer hardware	Leasehold improvements	Total
	$	$	$	$
Cost				
Balance at December 31, 2020	91,730	10,552	345,952	448,234
Additions	-	28,081	-	28,081
Balance at September 30, 2021	**91,730**	**38,633**	**345,952**	**476,315**

	Office equipment, furniture and fixtures	Computer hardware	Leasehold improvements	Total
		$	$	$
Accumulated depreciation				
Balance at December 31, 2020	(32,575)	(1,652)	(96,136)	(130,363)
Depreciation	(12,132)	(4,388)	(35,753)	(52,273)
Balance at September 30, 2021		(6,040)	(131,889)	(182,636)
Net book value at September 30, 2021		**32,593**	**214,063**	**293,679**

				December 31, 2020
	Office equipment, furniture and fixtures	Computer hardware	Leasehold improvements	Total
		$	$	$
Cost				
Balance at December 31, 2019	89,530	1,752	345,952	437,234
Additions	2,200	8,800	-	11,000
Balance at December 31, 2020	**91,730**	**10,552**	**345,952**	**448,234**

	Office equipment, furniture and fixtures	Computer hardware	Leasehold improvements	Total
		$	$	$
Accumulated depreciation				
Balance at December 31, 2019	(16,843)	(551)	(47,944)	(65,338)
Depreciation	(15,732)	(1,101)	(48,192)	(65,025)
Balance at December 31, 2020	(32,575)	(1,652)	(96,136)	(130,363)
Net book value at December 31, 2020	**59,154**	**8,900**	**249,816**	**317,871**

14. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	September 30, 2021	December 31, 2020
	$	$
Accounts payables	1,173,312	684,091
Accruals and other payables	1,646,792	211,562
	2,820,104	**895,653**

15. Convertible debentures, term Loan and loans payable

	September 30, 2021	December 31, 2020
	$	$
Term loans - current	3,785,882	250,000
Loan payable - non current	30,000	30,000
	3,815,882	**280,000**

Term loans

On January 6, 2021, the Company received a convertible loan, from several shareholders, for interim financing in the amount of $2,000,000, maturing on September 30, 2021 (amended to mature on February 28, 2022) and bears interest at 9% per annum, payable at maturity. The loan has conversion rights, in the event the Company completes a raise of equity prior to the termination date, the lenders have the right, at their option, to have their share of the loan converted into the shares of the borrower at a twenty percent discount to the amount paid for the shares by the other participants in the equity raise. The lenders wishing to exercise their conversion rights must do so in writing to the Company at least five days prior to the close of the equity raise. The conversion feature is considered a derivative as it not on a fixed-for-fixed basis. The loan has been recorded at fair value using the effective interest method and subsequently measured at amortized cost. The derivative liability associated with the conversion feature is a Level 3 on the fair value hierarchy and amounts to $277,588. The fair value was determined by discounting the accrued interest of the convertible loan held to maturity by the estimated market yield on a straight debt (non-convertible) for an issuance of similar term and credit quality. There has been no change in the fair value of the convertible loan since the date of initial recognition.

On June 4, 2021, the convertible loan was further increased by $500,000 (for a total of $2,500,000), with the same terms as stated for the January 6, 2021 loan. The derivative liability associated with the conversion feature is a Level 3 on the fair value hierarchy and amounts to $95,747. There has been no change in the fair value of the convertible loan since the date of the initial recognition.

The accrued interest of $148,174 on the term loans (of $2,500,000) is reflecting in the term loan carrying amount.

On September 3, 2021, the Company established a demand loan with several shareholders, in the amount of $1,500,000 at 9% per annum, payable at the demand date. For the period needed, September 30, 2021, accrued interest of $11,043 is reflected in the carrying amount.

On May 7, 2020, term loans in the amount of $1,250,000 (plus accrued interest of $11,066) were converted into 4,067,953 Eddy Class B Preferred shares (the details are outlined below).

> On March 9, 2020, term loan financing was received by the Company in the amount of $200,000, with interest at 9% per annum and set to mature on December 31, 2020. On May 7, 2020, the term loan of $200,000 with accrued interest of $1,770 was converted into 650,873 Eddy Class B Preferred shares.
>
> On February 13, 2020, term loan financing was received by the Company in the amount of $250,000, with interest at 9% per annum set to mature on December 31, 2020. On May 7, 2020 the term loan of $250,000 with accrued interest of $2,213 was converted into 813,591 Eddy Class B Preferred shares.
>
> On January 21, 2020, term loan financing was received by the Company in the amount of $250,000, with interest at 9% per annum and set to mature on December 31, 2020. On May 7, 2020 the term loan of $250,000 plus accrued interest of $2,213 was converted into 813,591 Eddy Class B Preferred Shares.

Convertible debentures

On March 1, 2020, the convertible debentures (issued on March 23, 2019 and December 31, 2019) in the amount of $4,236,953 (principal of $4,033,267 and accrued interest of $203,686), were converted into 13,666,158 Eddy Common Shares, upon conversion a gain of $180,371 was recognized.

Loan payable

On April 23, 2020, the Company received the Canada Emergency Business Account ("CEBA") loan in the amount of $40,000, which was provided interest free with 25% of the amount forgivable if repaid on or before December 31, 2022. The Company will fully repay the outstanding balance of $30,000 on or before December 31, 2022, and $10,000 will be forgiven.

16. Share-based compensation

On June 1, 2021, the company granted options to an officer of the Company to purchase up to 250,000 shares at a price of $0.33 per share with the expiry date of June 30, 2031. These options vested 33% one year after issuance, 33% two years after issuance and 33% three years after issuance. The fair value of these options was estimated at $59,675 using the Black-Scholes options pricing model.

On May 28, 2021, the company granted options to an officers of the Company to purchase up to 750,000 shares at a price of $0.33 per share with the expiry date of May 28, 2031. These options vested 33% one year after issuance, 33% two years after issuance and 33% three years after issuance. The fair value of these options was estimated at $179,025 using the Black-Scholes options pricing model.

On April 30, 2021, the company granted options to an employee of the Company to purchase up to 1,000,000 shares at a price of $0.33 per share with the expiry date of April 30, 2031. These options vested 33% one year after issuance, 33% two years after issuance and 33% three years after issuance. The fair value of these options was estimated at $238,700 using the Black-Scholes options pricing model.

In January 4, 2021, the company granted options to certain of the officers and employees of the Company to purchase up to 450,000 shares at a price of $0.31 per share with the expiry date of January 4, 2031. These options vested on issuance and the fair value of these options was estimated at $99,000 using the Black-Scholes options pricing model.

The following assumptions were used in arriving at the grant-date fair value associated with the stock options:

Exercise price	$0.31 to $0.33
Risk free rate	92% to 1.46%
Expected life	5 years
Expected volatility	70% to 96%
Expected dividends	Nil

Stock based compensation expense is recognized during the period in which entitlement to the compensation vests. During the three and nine months ended September 30, 2021, compensation expense of $73,763 (2020 - $739) and $209,790 (2020 - $2,226) was recognized as a result of stock options granted under the Company's plan.

	September 30, 2021			**December 31, 2020**		
	Number of Options	Weighted Average Exercise Price	Amount	Number of Options	Weighted Average Exercise Price	Amount
Outstanding, beginning of the period	1,350,000	$0.01	$13,500	1,600,000	$0.01	16,000
Options Granted	450,000	$0.31	139,500	-	$0.01	-
Options Granted	2,000,000	$0.33	660,000	-	-	-
Exercised	-	$0.01	-	(100,000)	$0.01	(1,000)
Forfeited	(120,000)	$0.01	(1,200)	(150,000)	$0.01	(1,500)
Expired	-	$0.01	-	-	$0.01	-
Outstanding, end of period	**3,680,000**	**$0.22**	**811,800**	**1,350,000**	**$0.01**	**$13,500**
Number of Options exercisable	**1,447,500**	**$0.23**	**-**	**675,000**	**$0.01**	**-**

The following options were issued and outstanding as at September 30, 2021:

Expiry Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price
June 1, 2031	250,000	-	$0.33
April 30, 2031	1,000,000	-	$0.33
May 28, 2031	750,000	-	$0.33
January 4, 2031	450,000	450,000	$0.31
September 29, 2029	1,230,000	997,500	$0.01
Number of Options exercisable	**3,680,000**	**1,447,500**	**$0.23**

Total stock options outstanding as at September 30, 2021 were 3,680,000 (December 31, 2020 – 1,350,000), of which 1,447,500 are exercisable (December 30, 2020 – 675,500).

During the nine months ended September 30, 2021, 2,450,000 options were issued under the stock options plan (During the year ended 2020, nil options were issued under the stock options plan).

During the nine months ended September 30, 2021, nil options were exercised under the stock options plan (During the year ended 2020, 100,000 options were exercised under the stock options plan).

During the nine months ended September 30, 2021, 120,000 options were cancelled (During the year ended 2020, 100,000 options were cancelled).

17. Related party transactions

On September 3, 2021, the Company established a demand loan with several shareholders, in the amount of $1,500,000 at 9% per annum, payable at the demand date.

On January 6, 2021, the Company received a convertible loan, from several shareholders, for interim financing in the amount of $2,000,000, maturing on September 30, 2021 (amended to mature on February 28, 2022) and bears interest at 9% per annum, payable at maturity. The loan has conversion rights, in the event the Company completes a raise of equity prior to the termination date, the lenders have the right, at their option, to have their share of the loan converted into the shares of the borrower at a twenty percent discount to the amount paid for the shares by the other participants in the equity raise. The lenders wishing to exercise their conversion rights must do so in writing to the Company at least five days prior to the close of the equity raise (see note 15).

On June 4, 2021, the convertible loan was further increased by $500,000 (for a total of $2,500,000), with the same terms as stated for the January 6, 2021 loan (see note 15).

On March 27, 2020, the Company issued 11,000,000 common shares to the current CEO of the Company as a settlement for certain compensation in the amount of $110,000. The CEO holds the 11,000,000 Eddy Common Shares through a Holding Company (the "Holding Company") which he controls. As at September 30, 2021, $125,000 is accrued as compensation expense and allocated to accounts payable.

The Company and the Holding Company (controlled by the current CEO of the Company) entered into a Forfeiture Agreement dated May 7, 2020 (effective March 27, 2020) (the "Forfeiture Agreement") which relates to 5,500,000 of the 11,000,000 Eddy Common Shares issued to the Holding Company. Under the terms of the Forfeiture Agreement, 5,500,000 of such Eddy Common Shares (the "Forfeiture Shares") may not be transferred without the consent of the Company. In the event of Default (as defined below) occurs prior to January 1, 2023, 23% of the Forfeiture Shares shall be forfeited to the Company, and the Company shall pay as consideration for the Forfeiture Shares the price of $0.01 per share forfeited. The following constitutes an "Event of Default": (a) if the Holding Company becomes insolvent, or makes a general assignment for the benefit of its creditors or otherwise acknowledges insolvency or if a bankruptcy petition or receiving order is filed or made against it; (b) any proceeding is instituted by or against the Holding Company seeking to adjudicate it a bankrupt or insolvent; (c) the Holding Company permits, creates or grants any security or encumbrance against the Forfeiture Shares except as permitted by the Forfeiture Agreement; (d) any charge or encumbrance against the Forfeiture Shares becomes enforceable and steps are taken to enforce it; (e) the current CEO resigns from his employment with the Company or termination for cause; or (f) a breach by the Holding Company of the restrictions of transfer set forth in the Forfeiture Agreement.

On March 27, 2020, the Company issued 161,682 Eddy Common Shares to the former president of the Company, the share issuance was part of a severance agreement.

The following financings for working capital and general and administrative purposes were provided by shareholders, no single shareholder has a controlling interest in the Company:

Term loans to Eddy Class Preferred Shares:

On March 9, 2020, term loan financing was received by the Company in the amount of $200,000, with interest at 9% per annum and set to mature on December 31, 2020. On May 7, 2020, the term loan of $200,000 with accrue interest of $1,770 was converted into 650,873 Eddy Class B Preferred shares.

On February 13, 2020, term loan financing was received by the Company in the amount of $250,000, with interest at 9% per annum and set to mature on December 31, 2020. On May 7, 2020, the term loan of $250,000 plus accrued interest of $2,213 was converted into 813,591 Eddy Class B Preferred shares.

On January 21, 2020, term loan financing was received by the Company in the amount of $250,000, with interest at 9% per annum and set to mature on December 31, 2020. On May 7, 2020, the term loan of $250,000 plus accrued interest of $2,213 was converted into 813,591 Eddy Class B Preferred shares.

Key management personnel compensation

The compensation awarded to key management personnel is as follows:

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	$	$	$	$
Salaries, fees and other short-term benefits	285,633	202,214	723,695	531,516
Stock-based compensation	73,523	-	143,685	-
	359,156	202,214	867,380	531,516

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 defines key management personnel as being the directors and key officers.

During the three and nine months ended September 30, 2021, compensation expense of $73,763 (2020 - $739) and $209,790 (2020 - $2,226) was recognized as a result of stock options granted under the Company's plan.

18. Right-of-use assets

	Equipment	Office	Total
	$	$	$
Balance at December 31, 2020	**4,519**	**572,996**	**577,515**
Addition during the period	-	-	-
Depreciation charge for the period	(1,271)	(79,338)	(80,609)
Balance at September 30, 2021	**3,248**	**493,658**	**496,906**

Lease liabilities

	September 30, 2021	December 31, 2020
Maturity analysis - contractual undiscounted cash flow		
Less than one year	198,020	195,086
One to five years	732,906	881,652
More than five years	-	-
Total undiscounted lease liabilities	**930,926**	**1,076,738**
Lease liabilities	**748,996**	**836,117**
Current	**130,621**	**118,350**
Non-current	**618,375**	**717,767**

Amount recognized in consolidated statement of loss and comprehensive loss

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Leases under IFRS 16				
Interest on lease liabilities recorded on finance costs	18,827	21,622	58,677	66,792

Amount recognized in consolidated statement of cash flows

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Total cash outflow for leases included in financing activities	49,259	47,938	145,799	143,815

The Company leases warehouse space on a month-to-month basis, for the three months ended September 30, 2021, the lease expense was $16,500 (2020 - $16,500), for the nine months ended September 30, 2021, the lease expense was $49,500 (2020 - $58,500). Included in accounts payable on September 30, 2021 is an amount owing of $27,500.

19. Contingencies

The Company, from time to time, may be subject to various legal proceedings and complaints arising in the normal course of business. These proceedings primarily include matters related to employment laws, various provincial regulations governing debt collection and contractual obligations. The Company has liability insurance coverage in excess of certain limits from various insurance carriers, which cover in part many of these matters. It is the Company's policy to accrue for amounts related to these legal matters when it is probable a liability has been incurred and an amount is reasonably estimable.

On September 14, 2021, a former employee filed a $267,000 claim related to wrongful dismissal by the Company. The Company believes that there is no merit to this claim.

20. Share capital

The following share were issued and outstanding as at September 30, 2021:

	Number of Common Shares	Number of Class A Preferred Shares	Number of Class B Preferred Shares	Common Shares	Class A Preferred Shares	Class B Preferred Shares	# of shares	Amount
Balance, January 1, 2021	**61,169,428**	**-**	**10,519,566**	**29,397,086**	**-**	**3,261,066**	**71,688,994**	**$ 32,658,152**
Conversion of Class A Pref shares to Common shares	-	-	-	-	-	-	-	-
Share issue costs	-	-	-	- 35,259	-	-	-	(35,259)
Common shares issued (note 20)	-	-	-	-	-	-	-	-
Class B Preferred shares issued (note 20)	-	-	2,075,002	-	-	643,250	2,075,002	643,250
Balance, September 30, 2021	**61,169,428**	**-**	**12,594,568**	**$29,361,827**	**$ -**	**$3,904,316**	**73,763,996**	**$ 33,266,143**

The following share were issued and outstanding as at December 31, 2020:

	Number of Common Shares	Number of Class A Preferred Shares	Number of Class B Preferred Shares	Common Shares	Class A Preferred Shares	Class B Preferred Shares	# of shares	Amount
Balance, January 1, 2020	**10,510,978**	**25,395,612**	**-**	**$ 197,180**	**$ 25,025,376**	**-**	**35,906,590**	**$ 25,222,556**
Conversion of Class A Pref shares to Common shares	25,395,612	(25,395,612)	-	25,025,376	(25,025,376)	-	-	-
Common shares issued (note 20)	13,666,156	-	-	4,056,582	-	-	13,666,156	4,056,582
Class B Preferred shares issued (note 20)	-	-	10,519,566	-	-	3,261,066	10,519,566	3,261,066
Share-based compensation (note 16)	11,596,682	-	-	117,947	-	-	11,596,682	117,947
Balance, December 31, 2020	**61,169,428**	**-**	**10,519,566**	**$29,397,085**	**$ -**	**$3,261,066**	**71,688,994**	**$ 32,658,151**

The Class B Preferred shares will be converted automatically into common shares, either (i) following payment of dividends to each preferred shareholder equal to at least the issuance price or (ii) prior to or conterminously on the closing of a qualified initial public offering. The preferred shares will be converted at a rate of one preferred share for one common share.

For the three months ended September 30, 2021, share issue costs amounted to $10,259 (2020 - $nil). For the nine months needed September 30, 2021, share issue costs amounted to $35,259 (2020 - $nil).

During April and May 2021, the Company issued 2,075,002 Class B Preferred Shares for $643,250.

On May 7, 2020, 10,519,566 Eddy Class B Preferred shares were issued for $3,261,066.

On May 7, 2020, term loans in the amount of $1,250,000 (plus accrued interest of $11,066) were converted into 4,067,953 Eddy Class B Preferred shares (note 17 and 19).

On March 1, 2020, the convertible debentures in the amount of $4,236,953, consisting of principal and accrued interest, were converted into 13,666,158 common shares.

21. Risk management

The Company is exposed to the symptoms and effects of global economic conditions and other factors that could adversely affect its business, financial condition, and operating results. Many of the risk factors are beyond the Company's direct control. The Company's management and Board of Directors plan an active role in monitoring the Company's key risks and in determining the polices that are best suited to manage these risk.

Capital and risk management

The Company's objective and polices for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes changes based on economic conditions, risks that impact the consolidated operations and future significant capital investment opportunities. In order to maintain or adjust its capital structure, the Company may issue new equity instruments or considers other financing opportunities.

The Company is exposed to a variety of financial risks by virtue of its activities: market risk, credit risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors has overall responsibility for the determination of the Company's capital and risk management objectives and policies while retaining ultimate responsibility for them. The Company's overall capital and risk management program has not changed throughout the year. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies and evaluates financial risks in close cooperation with management.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risks relate to its trade accounts receivable. The Company installs residential and commercial water leak mitigation technology at its customers locations in the normal course of its operations.

Credit risk is the risk of a financial loss to the Company if a customer fails to meet its contractual obligation of the monthly equipment rental and monitoring payments. Management of the Company monitors the creditworthiness of its customers by performing background checks on all new customers focusing on publicity, reputation in the market, and relationships with customers and other vendors. Further, management monitors the frequency of payments from ongoing customers and performs frequent reviews of outstanding balances.

Provisions for outstanding balances are established based on forward-looking information and revised when there are changes in circumstances that would create doubt over the receipt of funds. Such reviews are conducted on a continued basis through the monitoring of outstanding balances as well as the frequency of payments received. Accounts receivables are completely written off once management determines the probability of collection to be remote. The receivables written off and still subject to collection enforcement activity, for the three months ended September 30, 2021, amounted to $55,459 (2020 - $1,366) and for the nine months ended September 30, 2021, amounted to $56,347 (2020 - $77,288).

Payments are usually 30 to 60 days after the invoice is issued. The following tables presents the provision for credit losses on accounts receivable as at September 30, 2021:

Accounts receivable	**Current**	**60 - 120 days**	**Over 120 days**	**Total**
SFR	$ 91,766	$ 2,337	$ 4,567	$ 98,671
MFR	287,010	59,430	2,985	349,425
C&I	-	-	-	-
	$ 378,776	**$ 61,768**	**$ 7,552**	**$ 448,096**
Provision for credit losses	**Current**	**60 - 120 days**	**Over 120 days**	**Total**
SFR	$ 39,435	$ 1,637	$ 2,665	$ 43,737
MFR	57,402	11,886	2,258	71,546
C&I	-	-	-	-
Expected credit losses	**$ 96,837**	**$ 13,523**	**$ 4,923**	**$ 115,283**
Accounts receivable, net				**$ 332,813**

The following tables presents the provision for credit losses on accounts receivable as at December 31, 2020

Accounts receivable		**Current**		**60 - 120 days**		**Over 120 days**		**Total**
SFR	$	61,756	$	2,804	$	41,663	$	106,223
MFR		79,103		-		-		79,103
C&I		481		-		338		819
	$	**141,340**	**$**	**2,804**	**$**	**42,001**	**$**	**186,145**

Provision for credit losses		Stage 2		Stage 3		Over 120 days		Total
SFR	$	4,140	$	835	$	27,690	$	32,665
MFR		8,032		-		-		8,032
C&I		-		-		-		-
Expected credit losses	**$**	**12,172**	**$**	**835**	**$**	**27,690**	**$**	**40,697**
Accounts receivable, net							**$**	**145,449**

Changes in the provision for expected credit losses result from the following:

Balance - December 31, 2020	$40,697
Net allowance recognized as an expense	130,933
Receivable written off	(56,347)
Balance - September 30, 2021	$115,283

Currency and interest rate risk

Currency and interest rate risk has not significantly changed since the annual consolidated financial statements for the year ended December 31, 2020.

22. Segment reporting

The Company operates in three operating segments, which are based on the Company's organizational structure and how the information is reported internally on a regular basis. The Company's revenue is generated from its customers in the following market sectors: SFR, MFR and C&I. The Company's revenue is generated from customers in Canada and the USA.

The Company's revenue by operating segment are as follows:

Three months ended September 30, 2021	SFR	MFR	C&L	Corporate	Total
	$	$	$	$	$
Revenue	131,432	147,534	1,349	-	280,315
Cost of sales (note 10)	179,650	91,928	763	-	272,341
Depreciation of fulfillment costs (note 13)	5,096	5,720	52	-	10,868
Selling (note 11)	110,428	123,957	1,133	-	235,518
Provision for expected credit losses (note 21)	57,217	64,227	587	-	122,031
General and administrative (note 9)	-	-	-	2,699,583	2,699,583
(Gain)/loss on foreign exchange	-	-	-	30,198	30,198
Stock based compensation (note 16)	-	-	-	73,763	73,763
Depreciation on property and equipment (note 13)	-	-	-	18,020	18,020
Depreciation on right-of-use assets (note 18)	-	-	-	26,870	26,870
Interest income	-	-	-	(91)	(91)
Interest expense	-	-	-	86,243	86,243
Income taxes	-	-	-	-	-
Net loss	**(220,959)**	**(138,297)**	**(1,187)**	**(2,934,586)**	**(3,295,028)**

Three months ended September 30, 2020	SFR	MFR	C&L	Corporate	Total
	$	$	$	$	$
Revenue	168,113	60,665	1,348	-	230,126
Cost of sales (note 10)	179,042	75,882	763	-	255,687
Depreciation of fulfillment costs (note 13)	44,774	16,157	359		61,290
Selling (note 11)	78,151	28,201	627	-	106,979
Provision for expected credit losses (note 21)	(50,053)	(18,062)	(401)	-	(68,517)
General and administrative (note 9)	-	-	-	615,109	615,109
(Gain)/loss on foreign exchange	-	-	-	939	939
Stock based compensation (note 16)	-	-	-	739	739
Depreciation on property and equipment (note 13)	-	-	-	16,256	16,256
Depreciation on right-of-use assets (note 18)	-	-	-	26,870	26,870
Interest income	-	-	-	(1,640)	(1,640)
Interest expense	-	-	-	21,622	21,622
Income taxes	-	-	-	-	-
Net loss	**(83,800)**	**(41,513)**	**-**	**(679,895)**	**(805,208)**

Nine months ended September 30, 2021	SFR	MFR	C&L	Corporate	Total
		$	$	$	$
Revenue	564,606	399,957	4,080	-	968,643
Cost of sales (note 10)	488,699	171,717	2,290	-	662,706
Depreciation of fulfillment costs (note 13)	34,558	24,480	250	-	59,288
Selling (note 11)	291,501	206,494	2,106	-	500,101
Provision for expected credit losses (note 21)	76,319	54,063	552	-	130,934
General and administrative (note 9)	-	-	-	4,927,620	4,927,620
(Gain)/loss on foreign exchange	-	-	-	22,215	22,215
Stock based compensation (note 16)	-	-	-	209,790	209,790
Depreciation on property and equipment (note 13)	-	-	-	52,273	52,273
Depreciation on right-of-use assets (note 18)	-	-	-	80,609	80,609
Interest income	-	-	-	(939)	(939)
Interest expense	-	-	-	216,241	216,241
Income taxes	-	-	-	-	-
Net loss	**(326,471)**	**(56,797)**	**(1,118)**	**(5,507,809)**	**(5,892,194)**

Nine months ended September 30, 2020	SFR	MFR	C&L	Corporate	Total
		$	$	$	$
Revenue	474,040	178,755	4,073	-	656,868
Cost of sales (note 10)	828,307	173,665	1,679	-	1,003,651
Depreciation of fulfillment costs (note 13)	137,585	51,882	1,182	-	190,649
Selling (note 11)	204,588	77,148	1,758	-	283,493
Provision for expected credit losses (note 21)	16,874	6,363	145	-	23,382
General and administrative (note 9)	-	-	-	1,874,652	1,874,652
(Gain)/loss on foreign exchange	-	-	-	(8,840)	(8,840)
Stock based compensation (note 16)	-	-	-	2,226	2,226
Depreciation on property and equipment (note 13)	-	-	-	48,769	48,769
Depreciation on right-of-use assets (note 18)	-	-	-	80,609	80,609
Interest income	-	-	-	(3,293)	(3,293)
Interest expense	-	-	-	227,845	227,845
Income taxes	-	-	-	(180,371)	(180,371)
Net loss	**(713,314)**	**(130,302)**	**(691)**	**(2,041,597)**	**(2,885,903)**

The Company's revenue by geography are as follows:

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Canada	230,255	104,546	703,696	321,497
USA	50,060	125,580	264,947	335,371
Total	**280,315**	**230,126**	**968,643**	**656,868**

The Company's total assets by geography are as follows

	September 30, 2021	December 31, 2020
Canada	4,415,267	3,105,215
USA	50,315	149,487
Total	**4,465,581**	**3,254,702**

23. Issuance of subscription receipts

On June 21, 2021, the Company and Aumento Capital VIII Corporation (“Aumento”) (TSXV: AMU.P) entered into a letter of intent (the “LOI”) to complete a business combination transaction in accordance with TSXV Policy 2.4 Capital Pool Companies (the “Transaction”), that will, if consummated, result in a reverse take-over of Aumento by the Company. The entities resulting from the Transaction (the “Resulting Issuer”) will continue to carry on business of the Company. The LOI was negotiated at arm’s length.

Pursuant to the terms of the Agency Agreement, the Company paid to the Agents: (i) a cash commission equal to 7.0% of the aggregate gross proceeds of the Private Placement, other than in respect of any Subscription Receipts sold to members of a president’s list provided by the Company (the President’s List Purchases”), which commission is 3.5% of the gross proceeds from President’s List Purchasers; and (ii) such number of warrants (the “Agents Warrants”) as is equal to 7.0% of the number of Subscription Receipts sold pursuant to the Private Placement, other than any Subscription Receipts sold to President’s List Purchasers, which commission is 3.5% of the number of Subscription Receipts sold to the President’s List Purchasers. Each Agents’ Warrant is exercisable for two Eddy Common Shares at a price of $0.60 until the date that is 36 months from the date of satisfaction or waiver, as applicable, of certain conditions (the “Escrow Release Conditions”). Upon completing of the Transaction, each Agent’s Warrant will be automatically exchanged for 0.504867 Resulting Issuer agents’ warrants exercisable to purchase Resulting Issuer Common Shares at a purchase price equal to the issue price divided by 0.504867 for a period of 36 months following the date the Escrow Release Conditions are satisfied.

On June 23, 2021, the Company and Aumento entered into an engagement letter with Canaccord Genuity Corp. (the “Lead Agent”) in connection with a brokered private placement (the “Private Placement”) of a minimum of 16,666,667 and a maximum of 25,000,000 subscription receipts of the Company (the “Subscription Receipts”) at a price of $0.60 per Subscription Receipt for aggregate gross proceeds of a minimum of $10,000,000 and a maximum of $15,000,000.

On September 13, 2021, Aumento, the Company and 2865357 Ontario Inc. (“Subco”), a wholly-owned subsidiary of Aumento, entered into an amalgamation agreement (the “Amalgamation Agreement”), pursuant to which Subco will amalgamate with the Company (the “Amalgamation”). The Amalgamation is structured as a three-cornered amalgamation and, as a result, the amalgamated corporation will become a wholly-owned subsidiary of Aumento at the time of the completion of the Amalgamation. Pursuant to the terms of the Amalgamation Agreement each Eddy Common Share will be exchanged for common shares of the Resulting Issuer (the “Resulting Issuer Common Shares”) on the basis of 0.504867 Resulting Issuer Common Shares for each Company Common Share held in accordance with the Amalgamation Agreement. In connection with the Amalgamation, the Resulting Issuer will change its name to “Eddy Smart Home Solutions Inc.”

On September 14, 2021, the Company completed the first tranche of the Private Placement of an aggregate of 17,615,269 Subscription Receipts for aggregate gross proceeds of $10,569,161 (the “First Tranche”). Each Subscription Receipt will be automatically converted, without additional consideration or any further action on the part of the holder thereof, into two Eddy Common Shares upon the satisfaction of certain conditions related to the Transaction.

In connection with the Private Placement, the Company entered into an agency agreement (the “Agency Agreement”) with Aumento, the Lead Agent and INFOR Financial Inc. (together with the Lead Agents, the “Agents”). Under the terms of the Agency Agreement, the Company granted the Agents an option to purchase up to an additional 3,750,000 Subscription Receipts, exercisable in whole or in part, at any time prior to the closing of the Private Placement, on the same terms as the Private Placement, for additional gross proceeds of up to $2,250,000.

For the three months ended September 30, 2021, share issue costs amounted to $10,259 (2020 - $nil). For the nine months needed September 30, 2021, share issue costs amounted to $35,259 (2020 - $nil).

The proceeds from the subscription receipts are held in escrow ("Escrow Funds") pending the completion of certain conditions relating to the transaction. The Company does not control the funds held in escrow and is required to return the escrow funds and prorate the share of any interest accrued in respect of the escrow funds. In the event that the conditions are not satisfied.

24. Subsequent events

On October 7, 2021, the Company entered into a loan agreement with a shareholder for $1,500,000, interest at 1% per month (minimum three months of interest payments), with principal and interest due on demand. The fee in consideration for this loan is $15,000.

On October 12, 2021, the Company completed the second tranche of its Private Placement, issuing an additional 2,898,499 Subscription Receipts for additional aggregate gross proceeds of $1,739,099. Including the Subscription Receipts sold under the First Tranche, the Company has issued an aggregate of 20,513,768 Subscription Receipts for aggregate gross proceeds of $12,308,260 under the Private Placement.

On December 15, 2021, the Company entered into an addendum (the "Addendum") to amend an exclusive supplier agreement that was entered into in January 2019 with a developer that is also a customer of the Company (the "Developer"). Pursuant to the Addendum, the Company agreed to issue, or to cause to be issued, 1,453,767 Resulting Issuer Common Shares and warrants of the Resulting Issuer ("Resulting Issuer Warrants") to purchase 1,900,000 Resulting Issuer Common Shares upon consummation of the Qualifying Transaction of Aumento. The Resulting Issuer Warrants shall have an exercise price of $0.61 and be exercisable for a period of 3 years from the date of issuance. In addition, the Company agreed to issue, or cause to be issued, 750,000 Resulting Issuer Common Shares which will be contingent on the Developer permitting the Company to install equipment in at least 12,500 units of its condominium projects. Finally, an aggregate of 1,869,152 warrants of the Company issued to the Developer on February 4, 2019 were terminated under the terms of the Addendum.

An aggregate of 420,000 stock options of the Resulting Issuer will be issued to the Eddy directors concurrently with the closing of the Transaction with an exercise price of $0.60 and a 5 year term.