

Condensed Consolidated Interim Financial Statements of

**THERMAL ENERGY
INTERNATIONAL INC.**

Three months ended August 31, 2020 and 2019

(Unaudited)

THERMAL ENERGY INTERNATIONAL INC.

Condensed Consolidated Interim Statements of Financial Position

As at August 31 and May 31, 2020
(Expressed in Canadian dollars) (Unaudited)

	August 31, 2020	May 31, 2020
	\$	\$
Assets		
Current assets:		
Cash and cash equivalents	4,589,333	4,774,580
Trade and other receivables (note 4)	2,329,542	2,211,381
Current tax receivable	221,111	232,904
Inventory	798,023	844,685
	7,938,009	8,063,550
Non-current assets:		
Property, plant and equipment (note 5)	401,144	431,597
Right-of-use assets	391,330	421,338
Intangible assets	1,289,559	1,415,756
Deferred tax assets	114,186	111,439
	2,196,219	2,380,130
Total assets	10,134,228	10,443,680
Liabilities		
Current liabilities:		
Trade payables and other liabilities (note 6)	1,819,227	3,437,927
Current tax liabilities	23,929	18,710
Pensions and other employer obligations	136,468	139,359
Current portion of long-term debt (note 7)	476,128	269,886
Deferred revenue (note 8)	1,368,118	937,228
Provisions	283,426	283,635
Lease obligations (note 9)	91,465	105,269
	4,198,761	5,192,014
Non-current liabilities:		
Long-term debt (note 7)	3,218,427	2,489,786
Lease obligations (note 9)	417,359	431,976
Deferred tax liabilities	285,513	323,564
	3,921,299	3,245,326
Total liabilities	8,120,060	8,437,340
Equity		
Capital stock	32,117,242	32,117,242
Contributed surplus	4,476,927	4,426,697
Accumulated other comprehensive income	390,739	217,342
Deficit	(34,883,739)	(34,658,665)
Equity attributable to owners of the parent	2,101,169	2,102,616
Non-controlling interest	(87,001)	(96,276)
Total equity	2,014,168	2,006,340
Total liabilities and equity	10,134,228	10,443,680

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

On behalf of the Board:

" John Kelly "

Director

" Michael Williams "

Director

THERMAL ENERGY INTERNATIONAL INC.

Condensed Consolidated Interim Statements of Comprehensive Income

For the three months ended August 31, 2020 and 2019

(Expressed in Canadian dollars) (Unaudited)

	2020	2019
	\$	\$
Revenue (note 11)	2,827,862	4,965,789
Cost of sales	1,503,659	2,775,271
Gross profit	1,324,203	2,190,518
Expenses (note 12):		
Administration	889,033	972,428
Selling, marketing and business development	552,790	863,541
Research and development	17,486	54,092
	1,459,309	1,890,061
Operating (loss) income	(135,106)	300,457
Finance costs	(99,245)	(83,277)
Finance revenue	-	3,033
(Loss) income before income taxes	(234,351)	220,213
Income taxes recovery	16,251	21,048
Net (loss) income for the period	(218,100)	241,261
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of overseas operations	175,698	(161,056)
Total comprehensive (loss) income for the period	(42,402)	80,205
Net (loss) income for the period attributable to:		
Owners of the parent	(225,074)	245,936
Non-controlling interest	6,974	(4,675)
Net (loss) income for the period	(218,100)	241,261
Total comprehensive (loss) income for the period attributable to:		
Owners of the parent	(51,677)	89,243
Non-controlling interest	9,275	(9,038)
Total comprehensive (loss) income for the period	(42,402)	80,205
Net (loss) income per share - basic and diluted	(0.001)	0.002

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

THERMAL ENERGY INTERNATIONAL INC.

Condensed Consolidated Interim Statements of Changes in Equity

For the three months ended August 31, 2020 and 2019
(Expressed in Canadian dollars) (Unaudited)

	Capital stock \$	Contributed surplus \$	Deficit \$	Accumulated other comprehensive income \$	Total attributable to owners of the parent \$	Non- controlling interest \$	Total equity \$
Balance at June 1, 2019	32,464,780	4,002,683	(32,760,222)	267,889	3,975,130	(80,578)	3,894,552
Share-based compensation (note 10)	-	51,666	-	-	51,666	-	51,666
Transactions with owners	-	51,666	-	-	51,666	-	51,666
Net income (loss) for the period	-	-	245,936	-	245,936	(4,675)	241,261
Other comprehensive loss: exchange differences arising on translation of overseas operations	-	-	-	(156,693)	(156,693)	(4,363)	(161,056)
Total comprehensive income (loss) for the period	-	-	245,936	(156,693)	89,243	(9,038)	80,205
Balance at August 31, 2019	32,464,780	4,054,349	(32,514,286)	111,196	4,116,039	(89,616)	4,026,423
Balance at June 1, 2020	32,117,242	4,426,697	(34,658,665)	217,342	2,102,616	(96,276)	2,006,340
Share-based compensation (note 10)	-	50,230	-	-	50,230	-	50,230
Transactions with owners	-	50,230	-	-	50,230	-	50,230
Net (loss) income for the period	-	-	(225,074)	-	(225,074)	6,974	(218,100)
Other comprehensive income: exchange differences arising on translation of overseas operations	-	-	-	173,397	173,397	2,301	175,698
Total comprehensive (loss) income for the period	-	-	(225,074)	173,397	(51,677)	9,275	(42,402)
Balance at August 31, 2020	32,117,242	4,476,927	(34,883,739)	390,739	2,101,169	(87,001)	2,014,168

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

THERMAL ENERGY INTERNATIONAL INC.

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended August 31, 2020 and 2019
(Expressed in Canadian dollars) (Unaudited)

	2020	2019
	\$	\$
Operating activities:		
Net (loss) income for the period	(218,100)	241,261
Add items not involving cash:		
Depreciation of property, plant and equipment (note 5)	29,586	21,754
Depreciation of right-of-use assets	33,171	25,693
Amortization of intangible assets	70,288	69,183
Finance revenue	-	(3,033)
Finance costs	99,245	83,277
Share-based compensation (note 10)	50,230	51,666
Income tax recovery	(16,251)	(21,048)
Unrealized foreign exchange and translation adjustments	138,746	(141,130)
Changes in working capital:		
Trade and other receivables	(118,161)	(66,147)
Inventory	46,662	(69,977)
Trade payables and other liabilities	(1,649,634)	(218,754)
Deferred revenue (note 8)	422,965	1,609,763
Income taxes received (paid)	-	5,025
Interest paid	(69,774)	(67,440)
Net cash (used in) provided by operating activities	(1,181,027)	1,520,093
Investing activities:		
Additions to property, plant and equipment (note 5)	(4,673)	(20,024)
Net cash used in investing activities	(4,673)	(20,024)
Financing activities:		
Issuance of long-term debt (note 7)	1,082,760	-
Repayment of long-term debt (note 7)	-	(65,588)
Repayment of lease obligations (note 9)	(31,671)	(24,182)
Net cash provided by (used in) financing activities	1,051,089	(89,770)
(Decrease) increase in cash and cash equivalents for the period	(134,611)	1,410,299
Cash and cash equivalents, beginning of period	4,774,580	4,177,260
Exchange differences on cash and cash equivalents	(50,636)	12,772
Cash and cash equivalents, end of period	4,589,333	5,600,331

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

THERMAL ENERGY INTERNATIONAL INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2020 and 2019

(Expressed in Canadian dollars except share amounts)

1. Nature of operations:

Thermal Energy International Inc. (the “parent”) was incorporated under the Ontario Business Corporations Act on May 22, 1991 and is primarily engaged in the development, engineering and supply of pollution control, heat recovery systems, and condensate return solutions. The parent company’s common shares are listed on the TSX Venture Exchange (“TSX.V”) under the symbol TMG. The primary office is located at Suite 850, 36 Antares Drive, Ottawa, Ontario, K2E 7W5.

The unaudited condensed consolidated interim financial statements comprise the financial results of the parent and its subsidiaries (collectively known as the “Company”) for the three months ended August 31, 2020 and 2019.

2. Basis of presentation:

(a) Statement of compliance:

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed consolidated interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended May 31, 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual consolidated financial statements for the year ended May 31, 2020.

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS issued and effective as of October 22, 2020, the date the Board of Directors approved the unaudited condensed consolidated interim financial statements.

(b) Significant accounting judgments and estimates:

In preparing these unaudited condensed consolidated interim financial statements, management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The accounting policies and the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended May 31, 2020.

THERMAL ENERGY INTERNATIONAL INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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3. Segment reporting:

Management reporting comprises analysis of revenue and gross profit within two distinct geographical areas. All other items of revenue and expenses are considered on a geographical and/or global basis in making strategic decisions regarding the Company's future. The Company has two operational bases ("reporting units"). One in Ottawa, Canada covering North America, and the other in Bristol, United Kingdom, covering Europe and the rest of the world. These areas are determined by proximity of the region to the reporting unit, plus the location of the contracts in existence with agents and distributors in the respective areas and the historical relationships with those agents and distributors. Corporate costs that cannot easily be attributed to either of the two reporting units are included in reconciling items. The chief operating decision maker focuses on revenues and costs by geographical segments, but manages assets and liabilities on a global basis.

Segment information for the three months ended August 31, 2020 and the comparative period are detailed in the table below.

	Thermal Energy Ottawa		Thermal Energy Bristol		Reconciling Items		Total	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Total revenue	1,550,737	3,762,692	1,277,125	1,203,097	-	-	2,827,862	4,965,789
Cost of sales	(836,330)	(2,244,034)	(667,329)	(531,237)	-	-	(1,503,659)	(2,775,271)
Gross profit	714,407	1,518,658	609,796	671,860	-	-	1,324,203	2,190,518
Other expenses	(337,815)	(817,837) ¹	(567,522)	(806,408) ¹	(553,972)	(265,816) ¹	(1,459,309)	(1,890,061)
Net finance (costs) income	(7,770)	2,624 ²	(1,880)	(2,965) ²	(89,595)	(79,903) ²	(99,245)	(80,244)
Income (loss) before taxation	368,822	703,445	40,394	(137,513)	(643,567)	(345,719)	(234,351)	220,213
Tax recovery (expense)	2,231	2,196	(4,958)	-	18,978	18,852	16,251	21,048
Net income (loss)	371,053	705,641	35,436	(137,513)	(624,589)	(326,867)	(218,100)	241,261
Attributable to:								
Owners of the parent	371,053	710,604	28,462	(137,801)	(624,589)	(326,867)	(225,074)	245,936
Non-controlling interest	-	(4,963)	6,974	288	-	-	6,974	(4,675)

1. Other expenses related to depreciation of right-of-use assets of \$25,693 for the three months ended August 31, 2019 were reclassified from "Reconciling Items" to "Thermal Energy Ottawa" and "Thermal Energy Bristol" in the amount of \$3,736 and \$21,957, respectively, to conform to the current period presentation.
2. Finance costs related to interest accretion on lease obligations of \$3,374 for the three months ended August 31, 2019 were reclassified from "Reconciling Items" to "Thermal Energy Ottawa" and "Thermal Energy Bristol" in the amount of \$409 and \$2,965, respectively, to conform to the current period presentation.

THERMAL ENERGY INTERNATIONAL INC.

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3. Segment reporting (continued):

Reconciling items comprise the following:

	Three months ended August 31	
	2020	2019
	\$	\$
Corporate admin costs	123,980	149,914
Share-based compensation	50,230	51,666
Professional fees	93,692	58,887
Depreciation of property, plant and equipment	29,586	21,754
Amortization of intangible assets	70,288	69,183
Acquisition costs	10,100	-
Foreign exchange loss (gain)	176,096	(85,588)
Total	553,972	265,816

Corporate administration costs include directors' fees, all costs relating to both the CEO and CFO, directors' and officers' insurance, corporate legal costs, public relations costs, professional fees relating to group tax planning and corporate filing costs as well as the Annual General Meeting.

Finance costs within the reconciling items include interest and deferred financing charge on the long-term debt, and interest accretion on lease obligations.

4. Trade and other receivables:

	August 31, 2020	May 31, 2020
Trade receivables, gross	\$ 1,608,687	\$ 1,888,144
Allowance for doubtful accounts	(61,853)	(67,438)
Trade receivables, net	1,546,834	1,820,706
Unbilled revenue	19,270	77
Work in progress	15,550	10,289
Prepayments	490,582	166,144
Sales tax and other miscellaneous receivables	257,306	214,165
Balance, end of period	\$ 2,329,542	\$ 2,211,381

The net carrying value of trade receivables is considered a reasonable approximation of fair value. At August 31, 2020, \$86,487 (5.4%) of the Company's trade receivables balance was over 90 days past due. \$61,853 of the past due balance was impaired at August 31, 2020.

At May 31, 2020, \$189,442 (10%) of the Company's trade receivables balance was over 90 days past due. \$61,120 of the past due balance was impaired at May 31, 2020. \$6,318 of trade receivables that was not over 90 days past due was also impaired.

THERMAL ENERGY INTERNATIONAL INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2020 and 2019

(Expressed in Canadian dollars except share amounts)

4. Trade and other receivables (continued):

The Company's trade and other receivables have been reviewed for indicators of impairment. No additional provisions were made for the quarter ended August 31, 2020 or 2019. For the quarter ended August 31, 2020, \$5,585 (\$nil – August 31, 2019) of the allowance for doubtful accounts was released due to the collection.

5. Property, plant and equipment:

During the quarter ended August 31, 2020, the Company acquired property, plant and equipment of \$4,673 (\$20,024 - August 31, 2019) and the Company did not dispose of any assets (\$nil – August 31, 2019). Depreciation expense of \$29,586 (\$21,754 – August 31, 2019) was recognized under administration expense. Translation loss of \$5,095 (\$5,072 - August 31, 2019) was recognized under exchange differences arising on translation of overseas operations.

6. Trade payables and other liabilities:

Trade payables and other liabilities recognized in the statements of financial position can be summarized as follows:

	August 31, 2020	May 31, 2020
Trade payables	\$ 615,976	\$ 1,156,736
Accruals	894,069	1,118,819
Other government remittances payable	210,555	891,162
Government grants	98,627	271,210
	\$ 1,819,227	\$ 3,437,927

All amounts are short-term. The carrying values of trade payables and accrued liabilities are considered to be a reasonable approximation of fair value.

Included in accruals is \$64,940 due to directors (\$46,580 at May 31, 2020).

THERMAL ENERGY INTERNATIONAL INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian dollars except share amounts)

7. Long-term debt:

	August 31, 2020	May 31, 2020
Term loan (equivalent to USD\$2,001,436), net of deferred financing costs of \$30,732 (equivalent to USD\$23,564), bearing interest at US dollar floating base rate plus a variance of between 1.50% to 8.00%, repayable in monthly principal instalments of \$32,605 (equivalent to USD\$25,000) starting July 1, 2019 and continuing up to the maturity date, with a balloon payment of \$619,495 (equivalent to USD\$475,000) payable on the maturity date, December 1, 2025 (a)	\$ 2,610,273	\$ 2,759,672
Term loan, net of deferred financing costs of \$2,828, bearing interest at the institution's floating base rate less a variance of 1.10%, repayable in monthly principal instalments of \$40,000 starting June 15, 2021 and continuing up to the maturity date, with a balloon payment on the maturity date, May 15, 2023 (b)	997,172	-
Term loan (equivalent to GBP£50,000), bearing zero interest for the first 12 months and 2.50% thereafter, repayable in monthly principal instalments of \$1,545 (equivalent to GBP£887) starting June 10, 2021 and continuing up to the maturity date, May 10, 2026 (c)	87,110	-
Total long-term debt	3,694,555	2,759,672
Less: current portion	(476,128)	(269,886)
Long term portion	3,218,427	2,489,786

- (a) On March 19, 2020, the lender agreed to postpone the next three payments of principal to the end of the payment schedule as a COVID-19 relief measure to the Company. On May 13, 2020, the lender agreed to further postpone another three payments to the end of the payment schedule. Consequently, the maturity date of the loan was extended by six months from June 1, 2025 to December 1, 2025.

This loan bears interest at the institution's US dollar floating base rate, plus a variance. The US dollar floating base rate was 4.65% on August 31, 2020 (4.70% on May 31, 2020). The variance is reset annually based on the Company's consolidated total funded debt to EBITDA ratio. As at August 31, 2020, the variance was at 8.00% (8.00% at May 31, 2020). Interest is payable monthly in arrears on the 1st day of the month.

THERMAL ENERGY INTERNATIONAL INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian dollars except share amounts)

7. Long-term debt (continued):

The Company had certain covenants in accordance with this term loan. However, on May 13, 2020, the lender waived the covenants for all the periods from June 1, 2020 up to May 15, 2021 as another COVID-19 relief measure to the Company.

As at May 31, 2020, the Company was in compliance with its covenants.

- (b) On June 9, 2020, the Company entered into a Working Capital – COVID-19 loan with a lending institution for a total amount of \$2,300,000. This loan bears interest at the institution's floating base rate less a variance of 1.10% and is repayable over the next 3 years. The institution's floating base rate was 4.55% on June 9, 2020 and August 31, 2020. Interest is payable monthly in arrears on the 15th day of the month. The first tranche of proceeds in the amount of \$1,000,000 was received by the Company on July 23, 2020. The remaining two tranches of \$650,000 each are anticipated to be disbursed in November 2020 and February 2021, subject to meeting certain conditions in accordance with this term loan. The amount advanced under the financing was expected to support internal working capital needs related to operations and to assist with a degree of continuity of operations of the Company during the current economic environment.
- (c) On June 10, 2020, the Company entered into a COVID-19 bounce back fixed rate loan with a UK lending institution for a total amount of \$87,110 (equivalent to GBP£50,000). This loan bears zero interest for the first 12 months and 2.50% thereafter and is repayable over the next 6 years.

8. Deferred revenue:

	Deferred revenue relating to heat recovery solutions	Deferred revenue relating to sales of goods and rendering of services	Total deferred revenue
Balance, June 1, 2020	\$ 771,089	\$ 166,139	\$ 937,228
Increase from payments received	2,075,188	62,041	2,137,229
Decrease from revenue recognized	(1,651,618)	(62,646)	(1,714,264)
Translation adjustments	4,918	3,007	7,925
Balance, August 31, 2020	\$ 1,199,577	\$ 168,541	\$ 1,368,118
Balance, June 1, 2019	\$ 2,530,047	\$ 74,543	\$ 2,604,590
Increase from payments received	5,274,003	7,475	5,281,478
Decrease from revenue recognized	(3,659,534)	(12,181)	(3,671,715)
Translation adjustments	(48,364)	(3,775)	(52,139)
Balance, August 31, 2019	\$ 4,096,152	\$ 66,062	\$ 4,162,214

All amounts are short-term and will be settled within the next reporting year.

THERMAL ENERGY INTERNATIONAL INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three months ended August 31, 2020 and 2019

(Expressed in Canadian dollars except share amounts)

9. Lease obligations:

The following table presents the contractual undiscounted cash flows for lease obligations:

	August 31, 2020	May 31, 2020
Less than one year	\$ 125,958	\$ 141,157
One to five years	290,655	293,827
Six to ten years	267,000	286,500
Total undiscounted lease obligations	683,613	721,484
Less: impact of present value	(174,789)	(184,239)
Total lease obligations	508,824	537,245
Less: current portion	(91,465)	(105,269)
Long term portion	\$ 417,359	\$ 431,976

During the quarter ended August 31, 2020, the interest expense on lease obligations was \$9,648 and total cash outflow for leases was \$68,838, including \$27,519 for short-term leases.

During the quarter ended August 31, 2019, the interest expense on lease obligations was \$3,374 and total cash outflow for leases was \$57,803, including \$30,247 for short-term leases.

For the three months ended August 31, 2020 and 2019, expenses for leases of low-dollar value items are not material. Extension options are included in the measurement of lease obligations when the Company is reasonably certain to exercise that option.

10. Share based payments:

There were no options granted, forfeited, expired or exercised for the three months ended August 31, 2020 or 2019.

The following tables summarize information about stock options outstanding at August 31, 2020:

Range of exercise prices	Options outstanding		Options exercisable		
	Number outstanding August 31, 2020	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at August 31, 2020	Weighted average exercise price
0.05-0.07	2,739,583	0.75	0.05	2,739,583	0.05
0.08-0.10	14,831,693	2.84	0.08	5,838,360	0.08
0.11-0.12	250,000	1.24	0.12	250,000	0.12
	17,821,276	2.49	0.07	8,827,943	0.07

THERMAL ENERGY INTERNATIONAL INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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10. Share based payments (continued):

Stock-based compensation expense related to the issuance of stock options is included in administration, selling, marketing and business development expenses and is broken down as follows:

	Three months ended August 31, 2020	Three months ended August 31, 2019
Administration	\$ 40,339	\$ 42,043
Selling, marketing and business development	9,891	9,623
	\$ 50,230	\$ 51,666

11. Revenue:

	Three months ended August 31, 2020	Three months ended August 31, 2019
Sale of goods	\$ 901,490	\$ 900,816
Rendering of services	247,569	405,439
Contracts for heat recovery solutions	1,678,803	3,659,534
	\$ 2,827,862	\$ 4,965,789

12. Other significant expenses:

Other significant expenses included in administration expense are as follows:

	Three months ended August 31, 2020	Three months ended August 31, 2019
Depreciation of property, plant and equipment	\$ 29,586	\$ 21,754
Depreciation of right-of-use assets	33,171	25,693
Amortization of intangible assets	70,288	69,183
Foreign exchange loss (gain)	176,096	(85,588)

The Company received funding from various government bodies as COVID-19 wage subsidies. For the quarter ended August 31, 2020, a total amount of \$408,563 related to COVID-19 wage subsidies was recognized as a reduction to operating expenses, of which \$283,303 was netted against administration expenses and \$125,260 against selling, marketing and business development expenses.

THERMAL ENERGY INTERNATIONAL INC.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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13. Financial instruments:

The fair values of the following financial instrument assets and liabilities are not measured at fair value, but fair value disclosures are required: cash and cash equivalents, trade and other receivables, trade payables and other liabilities, lease obligations, and long-term debt.

The carrying values of cash and cash equivalents, trade and other receivables, trade payables and other liabilities approximate their fair values due to their short-term to maturity.

The carrying values of long-term debt and lease obligations are different from their fair values. The fair values of long-term debt, except the COVID-19 bounce back fixed rate loan, are subject to market interest rate. The fair values of lease obligations are subject to incremental borrowing rate. Fair value increases with lower market interest rates and incremental borrowing rates, and decreases with higher market interest rates and incremental borrowing rates.

14. Related party transactions:

Related parties include the members of the Board of Directors and key management personnel, as well as close family members and enterprises that are controlled by these individuals and shareholders.

Transactions with key management personnel

Key management personnel of the Company include members of the Company's Board of Directors as well as members of the Company's senior management team. Key management personnel remuneration includes the following expenses:

	Three months ended August 31, 2020	Three months ended August 31, 2019
Salaries and other short-term employee benefits	\$ 175,600	\$ 208,655
Share-based payments	18,915	24,876
	\$ 194,515	\$ 233,531

Salaries and other short-term employee benefits include cash payments for base salaries and related social security costs and employee benefits, as well as payments made into defined contribution pension plans of the Company's UK based subsidiary, amounts expensed in the period as due to key management personnel under the Company's employee incentive plan, and Directors' fees including meeting fees, committee chairman fees and retainers. Share-based payments include the fair value of equity settled share-based payment arrangements expensed during the period.

15. Comparative information:

Certain figures and information from prior period have been adjusted to conform to the current period presentation, see note 3 for more details.