Rapid Dose Therapeutics Corp.

Consolidated Financial Statements
February 28, 2021 and February 29, 2020
(expressed in Canadian dollars)

Rapid Dose Therapeutics Corp.
Management's Responsibility for Financial Reporting

The accompanying condensed interim consolidated financial statements of Rapid Dose Therapeutics Corp. are the responsibility of the management and Board of Directors of the Company.

The condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the date of the condensed interim consolidated statements of financial position. In the opinion of management, the condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Mark Upsdell
Chief Executive Officer

Doug Hyland
Interim Chief Financial Officer

August 24, 2021

Independent Auditor's Report

To the Shareholders of Rapid Dose Therapeutics Corp.:

Opinion

We have audited the consolidated financial statements of Rapid Dose Therapeutics Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at February 28, 2021 and February 29, 2020, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at February 28, 2021 and February 29, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that during the year ended February 28, 2021, the Company incurred a net loss and, as of that date, had a working capital deficit. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Sean Patrick Crewe.

MNP LLP

Mississauga, Ontario

Chartered Professional Accountants

August 24, 2021

Licensed Public Accountants

Rapid Dose Therapeutics Corp.
Consolidated Statements of Financial Position
For the years ended
(expressed in Canadian dollars)

	Notes	As at February 28, 2021 $	As at February 29, 2020 $
Assets			
Current			
Cash and cash equivalents		70,262	3,469
Amounts receivable	5	255,093	110,807
Inventory	6	333,397	210,399
Prepaid expenses	7	138,783	88,841
		797,535	413,516
Non-current			
Right-of-use asset	4 and 8	889,165	1,177,661
Property and equipment	9	2,145,025	2,698,568
		3,831,725	**4,289,745**
Liabilities			
Current			
Accounts payable and accrued liabilities		1,831,111	1,553,719
Due to a related party	10	129,000	129,000
Loans payable	11	1,100,000	
Deferred revenue	12	1,394,525	1,531,842
Current portion of lease liability	4 and 13	285,655	263,763
		4,740,291	3,478,324
Non-current			
Lease liability	4 and 13	673,549	959,204
		5,413,840	**4,437,528**
Shareholders' equity			
Common shares	14	18,604,067	18,093,690
Warrant reserve	15	306,316	4,000
Options reserve	16	2,635,827	2,635,827
Accumulated other comprehensive loss		34,152	(16,477)
Deficit		(23,162,477)	(20,864,823)
		(1,582,115)	(147,783)
		3,831,725	**4,289,745**

Going concern	2
Subsequent events	22

Approved by the Board:

Director

Director

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

Rapid Dose Therapeutics Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended
(expressed in Canadian dollars)

	Notes	February 28, 2021 $	February 29, 2020 $
Revenue			
Sales		262,805	101,498
Cost of sales		55,351	64,161
Gross profit		**207,454**	**37,337**
Expenses			
Personnel	21	783,432	2,483,194
Stock-based compensation	16	-	2,635,827
General and administrative		209,566	710,369
Professional fees		311,868	327,251
Sales and marketing		162,553	455,692
Research and development		85,310	272,718
Travel		36,307	173,533
Inventory provision	6	70,000	-
Depreciation	8 and 9	675,468	484,055
Interest	13	142,561	108,519
		2,477,065	**7,651,158**
Loss from operations		**(2,269,611)**	**(7,613,821)**
Non-operating expenses			
Realized loss on short-term investments		-	(569,996)
Unrealized loss on short-term investments		-	-
Foreign exchange gain (loss)		(28,043)	25,498
Gain on sale of equipment		-	85,808
Interest income		-	17,170
Other income		-	90,725
Net loss before other comprehensive loss		**(2,297,654)**	**(7,964,616)**
Currency translation adjustment		50,629	(3,778)
Net comprehensive loss		**(2,247,025)**	**(7,968,394)**
Net loss per common share-basic and diluted		**(0.03)**	**(0.10)**
Weighted average number of common shares-basic and diluted		**77,787,309**	**76,091,906**

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

Rapid Dose Therapeutics Corp.
Consolidated Statements of Changes in Equity
For the years ended February 28, 2021 and February 29, 2020
(expressed in Canadian dollars)

	Number of shares	Common Shares	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
		$	$	$	$	$	$
Balance, February 28, 2019	**75,121,327**	**16,673,525**	**67,033**	**-**	**(12,699)**	**(12,900,207)**	**3,827,652**
Private placement of common shares (note 14(ii))	1,276,108	893,276	-	-	-	-	893,276
Fair Value of warrants issued	-	(4,000)	4,000	-	-	-	-
Exercise of warrants	670,000	502,500	-	-	-	-	502,500
Fair Value of warrants exercised	-	60,692	(60,692)	-	-	-	-
Fair value of expired warrants	-	6,341	(6,341)	-	-	-	-
Share issued costs	-	(38,644)	-	-	-	-	(38,644)
Stock-based compensation	-	-	-	2,635,827	-	-	2,635,827
Loss	-	-	-	-	(3,778)	(7,964,616)	(7,968,394)
Balance, February 29, 2020	**77,067,435**	**18,093,690**	**4,000**	**2,635,827**	**(16,477)**	**(20,864,823)**	**(147,783)**
Private placement of common shares (note 14 (i)	3,599,370	899,843	-	-	-	-	899,843
Fair Value of warrants issued (note 15)	-	(306,316)	306,316	-	-	-	-
Fair Value of warrants expired (note 15)	-	4,000	(4,000)	-	-	-	-
Share issue costs (note 14)	-	(87,150)	-	-	-	-	(87,150)
Loss	-	-	-	-	50,629	(2,297,654)	(2,247,025)
Balance, February 28, 2021	**80,666,805**	**18,604,067**	**306,316**	**2,635,827**	**34,152**	**(23,162,477)**	**(1,582,115)**

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

Rapid Dose Therapeutics Corp.
Consolidated Statements of Cash Flows
For the years ended
(expressed in Canadian dollars)

	February 28, 2021	February 29, 2020
Cash provided by (used in)	**$**	**$**
Operating activities		
Loss	(2,297,654)	(7,964,616)
Items not affecting cash		
Stock-based compensation	-	2,635,827
Depreciation	675,468	484,055
Realized loss on short-term investments	-	569,996
Inventory provision	70,000	-
Gain on sale of equipment	-	(85,808)
Changes in non-cash operating working capital		
Receivables	(144,286)	175,285
Inventory	(192,998)	(71,534)
Prepaid expenses	(49,942)	78,608
Accounts payable and accrued liabilities	453,087	600,888
Deferred revenue	(137,317)	529,082
	(1,623,642)	**(3,032,681)**
Investing activities		
Proceeds on sale of short-term investments	-	1,654,910
Recovery of deposit on equipment	-	98,997
Purchase of property and equipment	(9,124)	(1,223,443)
	(9,124)	**530,464**
Financing activities		
Due to a related party	-	129,000
Loans payable	1,100,000	-
Payment on lease	(263,763)	(243,548)
Private placement of common shares	899,843	893,276
Exercise of warrants	-	502,500
Share issue costs	(87,150)	(38,644)
	1,648,930	**1,242,584**
Net increase (decrease) in cash	16,164	(1,259,633)
Cash, beginning of year	3,469	1,266,880
Currency translation adjustment	50,629	(3,778)
Cash, end of year	**70,262**	**3,469**
Non-cash transactions		
Receipt of common shares of licensee for deferred revenue	-	296,090
Supplementary information		
Interest paid	142,561	108,519
Income taxes paid	-	-
Deposit on property & equipment applied against accounts payable	175,695	-

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

1. Nature of operations

Rapid Dose Therapeutics Corp. (the "Company") is a publicly traded Canadian life sciences company that provides innovative, proprietary drug delivery technologies designed to improve outcomes and quality of lives. The Company is incorporated under the laws of Ontario and its registered office is located at 1121 Walker's Line, Unit 3A, Burlington, Ontario, L7N 2G4.

2. Going concern uncertainty

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company is in its early stages of growth and has just started to generate revenue. As at February 28, 2021, the Company had a working capital deficiency of $3,942,756 (as at February 29, 2020 - working capital deficiency of $3,064,808) and for the year ended February 28, 2021, the Company recorded a loss of $2,297,654 (2020 - $7,964,616). The working capital deficiency and losses limit the Company's ability to fund its operations.

The continued operation of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligations and finance its operations. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

The outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

3. Basis of preparation

Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The consolidated financial statements were approved and authorized for issue by the Board of Directors on August 24, 2021.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for short-term investments, which are measured at fair value.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its Canadian subsidiaries. The US dollar is the functional currency of the Company's US subsidiary.

4. Significant accounting policies and future accounting changes

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except for the change in accounting standards as disclosed below.

Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Rapid Dose Solutions Inc. and RDT Therapeutics Inc. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceases. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all the following:

(a) power over the investee;
(b) exposure, or rights, to variable returns from its involvement with the investee; and
(c) the ability to use its power over the investee to affect the amount of the investor's returns.

All intercompany transactions and balances are eliminated on consolidation.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

Going concern (note 2)
The Company applied judgment in assessing its ability to continue as a going concern for at least 12 months.

Functional currency
The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. Such determination involves certain judgements to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment. The determination of foreign exchange differences on loans to the US subsidiary is recorded

to other comprehensive income because the loans are part of the net investment in a foreign operation and repayment is not expected in the foreseeable future.

Business combinations (note 22)
Determining whether an acquisition meets the definition of a business combination or represents an asset purchase requires judgement on a case-by-case basis. As outlined in IFRS 3 Business Combinations, the components of a business must include inputs, processes and outputs.

Management makes judgements in the valuation of the consideration transferred, including determining the value of any contingent consideration. The consideration transferred for an acquired business ("purchase price") is assigned to the identifiable tangible and intangible assets purchased and liabilities assumed on the basis of their fair values at the date of acquisition. The identification of assets acquired, and liabilities assumed, and the valuation thereof is judgmental.

Estimated useful life of long-lived assets (note 8 & 9)
Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries. As at the year ended February 28, 2021, there were no indications of impairment on these assets.

Impairment of long-lived assets (note 8 & 9)
Property and equipment are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. For the purposes of measuring recoverable values, assets are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverable value is the greater of an asset's fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. An impairment loss is recognized for the value by which the asset's carrying value exceeds its recoverable value.

Provisions
Provisions are accrued for liabilities with uncertain timing or amounts, if, in the opinion of management, it is both likely that a future event will confirm that a liability had been incurred at the date of the consolidated financial statements and the amount can be reasonably estimated. In cases where it is not possible to determine whether such a liability has occurred, or to reasonably estimate the amount of loss until the performance of some future event, no accrual is made until that time. In the ordinary course of business, the Company may be party to legal proceedings which include claims for monetary damages asserted against the Company. The adequacy of provisions is regularly assessed as new information becomes available. As at the year ended February 28, 2021, there were no identified provisions.

Valuation of stock-based compensation and warrants (note 16)
The Company uses the Black-Scholes option pricing model in determining the fair value of stock-based compensation and warrants, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility.

Deferred income taxes (note 17)
Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Income taxes (note 17)
Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Financial instruments
Financial assets are required to be initially measured at fair value and subsequently classified at amortized cost or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related party	Amortized cost
Loans payable	Amortized cost

Foreign currency translation
Assets and liabilities of subsidiaries having a functional currency other than the Canadian dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in the accumulated other comprehensive income (loss) included in shareholders' equity. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the consolidated statement of loss and comprehensive loss.

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

Inventory
Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. All inventories are reviewed for impairment due to slow movement or obsolescence. Any provisions for obsolete, slow moving or defective inventories are recognized in profit or loss. Previous write downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventory. Additionally, the Company makes estimates for inventory shrinkage using historical trends from actual physical inventories, which are performed periodically.

Property and equipment
Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment. All other repair and maintenance costs are recognized in the consolidated statement of loss and comprehensive loss.

The initial cost of property and equipment comprises its purchase price or construction cost and any costs directly attributable to bringing it to a working condition for its intended use. The purchase price or construction cost is the aggregate amount of cash consideration paid and the fair value of any other consideration given to acquire the asset. Where an item of property and equipment is comprised of significant components with different useful lives, the components are accounted for as separate items of property and equipment.

For all property and equipment, depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation on leasehold improvements is calculated straight-line over the term of the lease. For all other property and equipment, depreciation is calculated using the declining balance method using the following annual rates:

Processing equipment	20%
Research and development equipment	20%
Portable building units	10%
Computer and office equipment	20%
Leasehold improvements	Over the term of the lease
Furniture and fixtures	20%

Impairment of non-financial assets

The carrying value of property and equipment is assessed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. Events or changes in circumstances which may indicate impairment include: a significant change to the Company's operations, significant decline in performance, or a change in market conditions which adversely affect the Company. The recoverable amount is determined as the higher of the fair value less costs of disposal ("FVLCD") and its value in use based on discounted cash flows. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, referred to as a cash generating unit ("CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded. There was no impairment of non-financial assets identified for the year ended February 28, 2021 or February 29, 2020.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Unit private placements

For private placements of units consisting of common shares and warrants, the Company uses the Black-Scholes option pricing model in determining the fair value of warrants. The proceeds from the issuance of units are first allocated to the warrants and the residual amount, being the difference between the proceeds from issuance and the fair value of the warrants, is allocated to common shares. The value assigned to the warrants are reclassified back to share capital upon exercise or expiry of the warrants.

Revenue recognition

The Company generates revenue through (a) sale of nutraceutical products and (b) white label manufacturing. In determining the appropriate amount of revenue to be recognized, the Company performs the following steps:

(i) identification of the promised goods or services in the contract;
(ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract;
(iii) measurement of the transaction price, including the constraint on variable consideration;
(iv) allocation of the transaction price to the performance obligations; and
(v) recognition of revenue when (or as) the Company satisfies each performance obligation.

Sale of nutraceutical products

The Company generates revenue from the sale of nutraceutical products ("Nutraceuticals") to distributors and retailers. Pursuant to distribution agreements and purchase orders ("Contracts"), the Company has a single performance obligation to deliver Nutraceuticals to the distributors and retailers. Upon completion of the performance obligation, the Company recognizes revenue recorded at fixed prices as set out in the Contracts.

White label manufacturing

The Company generates service fee revenue from manufacturing its thin film polymer strips using the customer's active ingredient in the Company's formulated and packaged product. Shipment is authorized by the customer once the Certificate of Analysis of the product has been provided to the Company by an independent third party. The Company recognizes the service fee revenue on a per piece basis at the time of shipment.

Share-based payments

The Company offers a stock option plan for its officers, directors, employees and consultants. The fair value of stock options for each vesting period is determined using the Black-Scholes option pricing model and is recorded over the vesting period as an increase to stock-based compensation and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase to share capital. When vested stock options expire, previously recognized share-based compensation is not reversed. When stock options are forfeited, previously recognized share-based compensation associated with the unvested portion of the stock options forfeited is reversed.

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued for goods and services are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services. The fair value of broker warrants is measured at the date that the Company receives the services.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost. No provisions were recorded as at February 28, 2021 and February 29, 2020.

Income tax
Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates items recognized directly in equity or in other comprehensive income, in which case the income tax is also recognized directly in equity of other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent it is no longer probable that sufficient taxable earnings will be available to allow all of part of the asset to be recovered.

Loss per share
The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise outstanding warrants and stock options. For the years ended February 28, 2021, and February 29, 2020, outstanding stock options and warrants are anti-dilutive.

Business combinations
The Company uses the acquisition method to account for business combinations when control is acquired. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interest issued by the Company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the fair value of the consideration transferred including the recognized amount of any non-controlling interest over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill

The Company assesses whether a transaction results in an asset or business acquisition using the optional concentration test, which is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the assets is concentrated in a single identifiable asset or a group of similarly identifiable assets. If the test is failed, the assessment focuses on the existence of a substantive process. The Company thoroughly assesses whether a transaction is an asset or business acquisition by assessing inputs and determining whether the process is substantive.

The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value or its proportionate share of the recognized amount of the identifiable net assets at the acquisition date. Acquisition costs are expensed as incurred unless they qualify to be treated as debt issuance costs or costs of issuing equity securities

(expressed in Canadian dollars)

IFRS 3 Business Combinations (Amendments to IFRS 3) clarifies the definition of a business and permits a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company has adopted this standard effective January 1, 2020. There was no impact to the consolidated financial statements as a result of this adoption

Change in accounting standards
IAS 37 Onerous contracts – cost of fulfilling a contract
On May 14, 2020, the IASB issued amendments to IAS 37 to specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. This amendment is effective on January 1, 2022. The Company intends to adopt this amendment in its consolidated financial statement for the annual period beginning January 1, 2022. The extent of the impact of the adoption of this amendment has not yet been determined.

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the consolidated financial statements.

5. Amounts receivable

	February 28 2021 $	February 29 2020 $
Trade receivables	84,907	36,614
Expected credit losses	-	-
Government grants and HST receivable	170,186	74,193
	255,093	110,807

6. Inventory

	February 28 2021 $	February 29 2020 $
Raw materials	72,082	39,136
Labels and packaging	82,540	80,841
Finished goods - Nutraceuticals	248,775	90,422
Inventory provision	(70,000)	-
	333,397	210,399

7. Prepaid expenses and deposits

	February 28 2021 $	February 29 2020 $
Prepaid insurance	53,247	59,502
Prepaid occupancy expense	29,339	29,339
Prepaid marketing costs	20,894	-
Deposit for inventory	35,303	-
	138,783	88,841

(expressed in Canadian dollars)

8. Right-of-use asset

Right-of-use asset represents a lease for office premises with a term ending on March 31, 2024.

Assets	February 28 2021	February 29 2020
	$	$
Non-current		
Right-of-use asset	1,466,516	1,466,516
Accumulated depreciation	(577,351)	(288,855)
	889,165	1,177,661

For the year ended February 28, 2021, the Company recorded depreciation on the right-of-use asset of $288,496 (2020 - $288,855)

9. Property and equipment

	Furniture and fixtures	R&D Equipment	Portable building units	Computer hardware	Leaseholds	Processing equipment	Total
	$	$	$	$	$	$	$
Cost							
March 1, 2019	36,050	141,779	358,088	93,833	36,678	1,172,351	1,840,779
Additions	25,843	18,971	73,771	105,803	207,940	791,115	1,223,443
Disposals	-	-	-	-	-	(13,189)	(13,189)
February 29, 2020	**61,893**	**160,750**	**431,859**	**199,636**	**246,618**	**1,950,277**	**3,051,033**
Additions						9,124	9,124
Deposit on property & equipment	-	-	-	-	-	(175,695)	(175,695)
February 28, 2021	**61,893**	**160,750**	**431,859**	**199,636**	**246,618**	**1,783,706**	**2,884,462**
Accumulated depreciation							
March 1, 2019	5,008	16,128	7,133	4,299	1,575	123,122	157,265
Depreciation	11,424	23,128	29,131	50,118	19,838	61,561	195,200
February 29, 2020	**16,432**	**39,256**	**36,264**	**54,417**	**21,413**	**184,683**	**352,465**
Depreciation	12,378	32,196	43,186	48,659	24,662	225,891	386,972
February 28, 2021	**28,810**	**71,452**	**79,450**	**103,076**	**46,075**	**410,574**	**739,437**
Net book value							
February 29, 2020	45,461	121,494	395,595	145,219	225,205	1,765,594	2,698,568
February 28, 2021	**33,083**	**89,298**	**352,409**	**96,560**	**200,543**	**1,373,132**	**2,145,025**

For the year ended February 28, 2021, the Company recorded depreciation on property and equipment of $386,972 (2020 - $195,200)

(expressed in Canadian dollars)

10. Due to a related party

Due to a related party of $129,000 (2020 - $129,000) represents advances from an officer and director. The advances are unsecured and non-interest bearing with $75,000 due on December 9, 2021, and $54,000 due on December 30, 2021.

11. Loans payable

	February 28 2021	February 29 2020
	$	$
Working capital loan	500,000	-
Related party – Promissory note (note 22)	600,000	-
	1,100,000	-

In August 4, 2020, the Company received working capital loan proceeds of $500,000 from a private lender, secured by a promissory note registered under the Personal Property Securities Act, Ontario. The loan bears interest at 12% per annum, payable monthly in arrears and maturing on November 30, 2021.

An arm's length entity to the Company, on behalf of 2544737 Ontario Limited, in the following amounts, secured by promissory notes, due and payable on closing of the CCB transaction:

November 1, 2020	$300,000, interest at 8%, payable at maturity
November 30, 2020	$200,000, interest at 3%, payable at maturity
February 15, 2021	$100,000, interest at 3%, payable at maturity

The notes and the interest on the notes, amounting to $600,000 and $12,427 respectively, were settled as part of the consideration on closing of the purchase of the shares of 2544737 Ontario Limited on March 19, 2021 as disclosed in Note 22.

12. Deferred revenue

Deferred revenue includes Signing Fees and Acceptance Fees that have been received prior to the Company fulfilling its performance obligations under managed service contracts. The Company has determined the amount to be current. During the year, the Company recognized previously deferred revenue of $45,726 pertaining to the sale of nutraceuticals (2020 - $nil recognized as revenue).

(expressed in Canadian dollars)

13. Lease liability

	February 28 2021 $	February 29 2020 $
Balance, beginning of the year	1,222,967	1,466,516
Interest	88,305	108,519
Payments	(352,068)	(352,068)
Balance, end of the year	959,204	1,222,967
Current	285,655	263,763
Non-current	673,549	959,204
	959,204	1,222,967

The remaining lease term is 3.09 years, with payments due monthly at an amount of $29,339.

14. Share capital

Authorized
An unlimited number of common shares without par value

Outstanding
80,666,805 common shares

Private placements

(i) On December 16, 2020, the Company completed a non-brokered private placement of 3,599,370 units at a price of $0.25 per unit for gross proceeds of $899,843. In connection with the private placement, the Company paid share issue costs of $87,150. Each unit consists of one common share and a share purchase warrant equivalent to one common share. Each warrant is exercisable at a price of $0.40 per common share and expires on December 16, 2022.

(ii) On October 9, 2019 and October 30, 2019, the Company completed tranches of a non-brokered private placement of 1,276,108 common shares at a price of $0.70 per common share for gross proceeds of $893,276. In connection with the private placement, the Company paid a finder's fee of $35,369 and issued 17,684 warrants with each warrant entitling the holder to purchase one common share for $1.00 per common share until October 9, 2021.

(expressed in Canadian dollars)

The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

Date of issue	December 16 2020	October 9 2019
Expiry date	December 16 2023	October 9 2020
Warrants issued	3,599,370	17,684
Exercise price	$0.40	$1.00
Share price	$0.35	$0.69
Risk-free interest rate	0.25%	1.47%
Expected volatility based on historical volatility	106%	80%
Expected life of warrants	2 years	2 years
Expected dividend yield	0%	0%
Fair value	306,316	$4,000
Fair value per warrant	$0.18	$0.23

15. Warrant reserve

A summary of the continuity of warrant activity is as follows:

	Weighted-average exercise price	Number of warrants	Warrant reserve $
Balance, March 1, 2019	**0.75**	**740,000**	**67,033**
Issued	1.00	17,684	4,000
Exercised	0.75	(670,000)	(60,692)
Cancelled	0.75	(70,000)	(6,341)
Balance, February 29, 2020	**1.00**	**17,684**	**4,000**
Issued	0.40	3,599,370	306,616
Exercised		-	-
Cancelled	0.75	(17,684)	(4,000)
Balance, February 28, 2021	0.40	**3,599,370**	**306,616**

On October 9, 2020, 17,684 warrants expired. Subsequent to the year ended, 1,898,000 warrants were exercised (note 22). The remaining outstanding warrants expire on December 16, 2022. The weighted-average remaining life of the remaining outstanding warrants is 1.8 years.

(expressed in Canadian dollars)

16. Options reserve

The Company adopted a stock option plan under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the Canadian Securities Exchange.

A summary of the Company's stock options is presented below:

	Weighted-average exercise price $	Number of stock options	Options reserve $
Balance, March 1, 2019	-	-	-
Granted	0.82	5,526,000	2,730,113
Cancelled	0.82	(1,540,000)	(94,286)
Balance, February 29, 2020	0.82	3,986,000	2,635,827
Cancelled	0.82	(545,000)	-
Balance, February 28, 2021	0.82	3,441,000	2,635,827

A summary of the Company's outstanding stock options is presented below:

Exercise price	**Expiry date**	**Number of stock options outstanding and exercisable**
$0.82	March 11, 2024	3,441,000

The Company granted stock options to directors, officers, employees and consultants.

17. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory rate of 26.5% (2020 - 26.5%) to the effective tax rate is as follows:

	February 28 2021 $	**February 29 2020 $**
Net loss	(2,297,654)	(7,964,616)
Expected income tax (recovery) expense	(608,880)	(2,110,623)
Tax rate changes and other adjustments	10,510	39,366
Non-deductible expenses	1,610	(12,469)
Stock-based compensation	-	698,494
Share issue costs booked directly to equity	(23,090)	(11,301)
Changes in tax benefits not recognized	619,850	1,396,533
Income tax (recovery)	–	–

(expressed in Canadian dollars)

Deferred tax

The following table summarizes the components of deferred tax

	February 28 2021 $	February 29 2020 $
Asset		
Capital lease obligation	235,630	312,080
Operating tax losses carried forward	1,390	4,043
	237,020	316,123
Liability		
Property and equipment	(1,390)	(4,043)
Right of use assets	(235,630)	(312,080)
Subtotal of Liabilities	(237,020)	(316,123)
Net deferred tax liability	-	-

Unrecognized deferred tax assets

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	February 28 2021 $	February 29 2020 $
Property and equipment	290,350	532
Right of use assets	70,040	30,049
Unrealized FX gains or losses	23,880	23,883
Share issuance costs	156,490	129,615
Operating tax losses carried forward – Canada	11,182,580	9,259,170
Operating tax losses carried forward – USA	839,230	764,984
	12,562,570	10,208,233

The Canadian operating tax loss carry forwards expire as noted in the table below.
The U.S. operating tax losses may be carried forward indefinitely.
The remaining deductible temporary differences may be carried forward indefinitely.
Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

As at February 28 2021, the Company's Canadian operating tax losses expire as follows:

	$
2037	1,535,390
2038	1,863,950
2039	1,408,430
2040	4,434,170
2041	1,940,640
	11,182,580

18. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities

The fair values of cash, accounts receivable and accounts payable and accrued liabilities at February 28, 2021 approximated their respective carrying values due to their short term to maturity.

Classification of fair value of financial instruments
The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the number of observable inputs used to value the instrument:

Level 1: quoted prices in active markets for identical assets and liabilities;
Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3: inputs for the asset or liability that are not based on observable market data.

Short-term investments, which were disposed during the year ended February 29, 2020 were classified as Level 1 financial assets.

19. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its activities, including credit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's customers are subject to an internal credit review, together with ongoing monitoring of the amount and age of balances in order to minimize the risk of non-payment. The carrying amount of accounts receivable reflects the maximum credit exposure and management's assessment of the credit risk.

Liquidity risk (note 2)
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The continued operation of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligations and finance operations. Accounts payable and accrued liabilities are subject to normal trade terms.

Market risk
Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments.

Equity price risk
Equity price risk arises from the Company's marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk.

Currency risk
Currency risk arises from financial instruments and sales and purchases that are denominated in a currency other than the Canadian dollar, the Company's functional currency. The Company operates in Canada and the United States, and the Company incurs the majority of its operating expenses in Canadian dollars. In the future, the proportion of international sales is expected to increase. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Company's business, financial condition and results of operations. The Company manages risk to foreign currency exposure by monitoring financial assets and liabilities denominated in US dollars and exchange rates on an ongoing basis. The Company has not engaged in foreign currency hedging.

Interest rate risk
The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments.

20. Capital risk management

Capital of the Company consists of share capital, warrant reserve, option reserve and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can provide returns for the benefit of its shareholders and other stakeholders.

The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an early-stage company and has just started to generate revenue, its principal source of capital is from the issuance of common shares or advances from related parties. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

(expressed in Canadian dollars)

21. Related party transactions

Related parties include the members of the Board of Directors, key management personnel and any companies controlled by these individuals. Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company, namely Directors, Chief Executive Officer, Chief Financial Officer and Senior Vice President, Business Development. See Note 10 for other Related Party Transactions.

Related party debt
An arm's length party to the Company issued three promissory notes amounting to the total of $600,000 during the year ended February 28, 2021 (2020 - $nil) (note 11).

Compensation of key management personnel
The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	Years ended February 28,	
	2021	**2020**
	$	**$**
Salaries	321,452	768,493
Consulting fees	-	16,568
Stock-based compensation	-	1,457,350
	321,452	2,242,411

In addition to the compensation of key management personnel, of the 1,726,108 common shares issued on October 9, 2019 and October 30, 2019, 227,857 common shares were issued to two directors and officers of the Company (note 14).

22. Subsequent events

Management cease trade order
A management cease trade order was granted on June 29, 2021 (the "MCTO") by its principal regulator, the Ontario Securities Commission, in accordance with the alternative information guidelines under National Policy 12-203 - *Management Cease Trade Orders* ("NP 12-203"), following the Company's announcement on June 18, 2021 that it would be unable to file its annual audited financial statements, annual management's discussion and analysis and related certifications for the year ended February 28, 2021 (collectively, the "Annual Financial Documents") on June 28, 2021, as required under applicable securities laws.

Acquisition of 2544737 Ontario Limited operating as Consolidated Craft Brands ("CCB").
On March 19, 2021, the Company acquired, through a share exchange of 20 million Units, 100% of the common shares of CCB, an early-stage company in the consumer-packaged brands industry focused on developing, manufacturing, and distributing therapeutic wellness products. Immediately after the acquisition, CCB was amalgamated with a newly incorporated wholly owned subsidiary of the Company with the succeeding company carrying on business as CCB.

The acquisition brought to the Company synergistic products, valuable relationships, various business partnerships and experienced management along with a research and development license and a license application in process which would allow for production of products complimentary to the Company's offerings.

The initial accounting for this business acquisition was not complete at the time that these consolidated financial statements were approved by the Board of Directors. As such, certain disclosures required under IFRS 3 in respect of the above acquisition cannot be made.

Granting of Share Options ("Options") and issuance of Share Purchase Warrants (" Warrants")

Warrants
On March 29, 2021, pursuant to an Advisory Agreement, the Company issued 200,000 Warrants having a two-year term and exercisable during that term at $0.21 each. On June 3, 2021, the Company issued a further 200,000 Warrants pursuant to the same agreement having a two-year term and exercisable during that term at $0.21 each.

Also on March 29, 2021, the Company issued 200,000 Warrants pursuant to a Public Relations Services Agreement having a two-year term and exercisable during that term at $0.24 each.

In July 2021, one million eight hundred and ninety-eight thousand (1,898,000) warrants were exercised at a price of $0.375 for proceeds of $711,750. The Company issued 1,898,000 common shares in exchange in accordance with the original subscription agreements.

Share Options
Further, on March 29, 2021, pursuant to its Stock Option Plan, the Company granted incentive stock options to acquire 4,490,000 common shares at an exercise price of $0.24 per share. Each has a term of two years and vests equally every six months over the term.

On July 29, 2021, pursuant to its Stock Option Plan, the Company granted incentive stock options to acquire 2,100,000 common shares at an exercise price of $0.65 per share. Each has a term of 5 years and vest equally every six months over the first two years of the term except for options granted to Investor Relations Consultants whereby the options vest one-half after one year with the other one-half vesting every six months of year two of the term.