PODA HOLDINGS, INC.

(formerly) PODA LIFESTYLE AND WELLNESS LTD.

Interim Consolidated Financial Statements

For the nine months ended November 30, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The Company's external auditor has not performed a review of the consolidated interim financial statements for the period ending November 30, 2021.

The accompanying unaudited consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

PODA HOLDINGS, INC.
(formerly) PODA LIFESTYLE AND WELLNESS LTD.

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in Canadian Dollars)

	Nov 30, 2021	Feb 28, 2021
	$	$
ASSETS		
Current		
Cash	**14,401,775**	7,769
GST and taxes recoverable	**194,294**	4,204
Prepaid expenses and deposits (Note 6)	**347,172**	27,867
	14,943,241	39,840
Amounts receivable	**-**	106,846
Intangible assets (Note 5)	**1**	1
	14,943,242	146,687
LIABILITIES		
Current		
Accounts payable (Note 7)	**182,751**	861,530
Deferred revenue	**-**	74,984
Amounts payable (Note 7)	**-**	2,086,106
	182,751	3,022,620
Non-current		
Convertible note (Note 11)	**350,000**	550,962
Loans payable (Note 12)	**60,000**	60,000
	592,751	3,633,583
EQUITY (DEFICIENCY)		
Share capital (Note 9)	**24,043,901**	630,160
Contributed surplus	**1,597,301**	1,214,574
Equity portion of convertible note	**-**	40,484
Deficit	**(11,290,711)**	(5,372,113)
	14,350,491	(3,486,895)
	14,943,242	146,687

NATURE OF OPERATIONS (Note 1)

Approved and authorized for issuance on behalf of the Board on January 27, 2022:

/s/ Ryan Selby Director /s/ Aaron Bowden Director

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

PODA HOLDINGS, INC.
(formerly) PODA LIFESTYLE AND WELLNESS LTD.

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended Nov 30, 2021	Three Months Ended Nov 30, 2020	**Nine Months Ended Nov 30, 2021**	Nine Months Ended Nov 30, 2020
	$	$	**$**	$
REVENUES	**63,035**	-	**63,035**	-
EXPENSES				
Advertising and promotion	**937,627**	-	**2,453,212**	-
Accretion and interest expense	**10,471**	11,030	**53,163**	50,324
Management fees (Note 7)	**224,617**	22,800	**1,877,473**	110,000
Office and miscellaneous	**261,902**	(1,462)	**326,847**	24,718
Professional fees	**166,972**	8,340	**470,324**	79,395
Research and development	**63,429**	-	**352,925**	-
Share-based compensation (Note 9)	**239,581**	11,400	**390,291**	11,400
Travel and entertainment	**35,874**	-	**57,398**	1,650
Net and comprehensive loss for the period	**(1,877,438)**	(50,968)	**(5,918,598)**	(277,487)
Loss per share (basic and diluted)	**(0.05)**	(0.00)	**(0.15)**	(0.01)
Weighted average number of common shares outstanding	**38,914,395**	42,783,920	**38,914,395**	42,783,920

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

PODA HOLDINGS, INC.
(formerly) PODA LIFESTYLE AND WELLNESS LTD.

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited - Expressed in Canadian Dollars)

	Number of shares						
	Common	**Preferred**		**Contributed Surplus**	**Equity Portion of Convertible Note**	**Deficit**	**Total**
			$	**$**	**$**	**$**	**$**
Balance as at February 29, 2020	42,783,920	-	630,160	1,175,348	35,385	(1,259,313)	581,480
Share-based compensation	-	-	-	-	-	-	-
Convertible note	-	-	-	-	5,099	-	5,099
Comprehensive loss	-	-	-	11,400	-	(277,487)	(266,087)
Balance as at November 30, 2020	**42,783,920**	**-**	**630,160**	**1,186,748**	**40,484**	**(1,536,800)**	**320,492**
Balance as at February 28, 2021	6,970,286	63,646	3,075,781	1,207,010	48,049	(5,372,113)	(1,041,274)
Private placements	43,076,944	-	20,655,620	-	-	-	20,655,620
Special warrants	150,000	-	7,500	-	-	-	7,500
Shares issued on conversion of debentures	4,500,000	-	200,000	-	-	-	200,000
Exercise of warrants	1,050,000	-	105,000	-	-	-	105,000
Share-based compensation	-	-	-	390,291	-	-	150,710
Convertible note	-	-	-	-	(48,049)	-	(48,049)
Comprehensive loss	-	-	-	-	-	(5,918,598)	(5,918,598)
Balance as at November 30, 2021	**55,747,229**	**63,646**	**24,043,901**	**1,597,301**	**-**	**(11,290,711)**	**14,350,491**

PODA HOLDINGS, INC.
(formerly) PODA LIFESTYLE AND WELLNESS LTD.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED NOVEMBER 30, 2021 AND 2020

(Unaudited - Expressed in Canadian Dollars)

	2021	2020
	$	**$**
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	**(5,918,598)**	(277,487)
Items not affecting cash		
Interest and accretion	**53,163**	28,741
Forgiveness of liabilities	**(48,048)**	-
Share-based compensation	**390,291**	11,400
Changes in non-cash working capital balances:		
GST and taxes recoverable	**(83,243)**	2,615
Prepaid expenses and deposits	**(319,305)**	7,878
Deferred revenue	**-**	(7,765)
Customer advances	**-**	91,975
Accounts payable	**(807,889)**	176,633
Cash provided (used) by operating activities	**(6,733,629)**	33,900
INVESTING ACTIVITIES		
Intangible assets	**-**	(257,911)
Cash used in investing activities	**-**	(257,911)
FINANCING ACTIVITIES		
Convertible note converted to common stock	**(200,000)**	-
Proceeds from convertible note	**-**	198,000
Issuance of shares to extinguish liabilities	**(2,086,106)**	-
Proceeds from exercise of warrants	**105,000**	-
Proceeds from the issuance of common stock	**23,308,741**	-
Cash provided by financing activities	**21,127,635**	198,000
CHANGE IN CASH DURING THE PERIOD	**14,394,006**	(25,921)
CASH, BEGINNING OF YEAR	**7,769**	32,800
CASH, END OF PERIOD	**14,401,775**	6,879
SUPPLEMENTAL CASH DISCLOSURES		
Interest paid	**$ -**	$ 21,777
Income taxes paid	**$ -**	$ -

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

1. NATURE OPERATIONS

Poda Holdings, Inc. (formerly PODA Lifestyle & Wellness Ltd. (the "Company") was incorporated in the Province of British Columbia on July 6, 2018, under the Business Corporations Act of British Columbia under the name Gamora Capital Corp. On March 11, 2021, the Company changed its name to PODA Lifestyle & Wellness Ltd. On September 27, 2021, the Company changed its name to PODA Holdings, Inc. The Company's principal business activity is the design, development and production of a new and improved heat-not-burn technology for the consumption of tobacco and other materials.

The Company's head office is located at 666 Burrard St, Vancouver, BC V6C 2Z7.

The accompanying consolidated interim financial statements comprise the financial statements of the Company and its legal subsidiary, Poda Technologies Ltd. ("Poda"). The Company and Poda entered into an Arrangement Agreement (Note 8) on February 8, 2021, pursuant to which the Company, by way of a court approved plan of arrangement under the provisions of Division 5 of Part 9 of the BCBCA acquired all of the issued and outstanding PODA Shares in exchange for Preferred Shares to be issued as consideration pursuant to the Plan of Arrangement (the "Arrangement").

The Arrangement resulted in the shareholders of Poda acquiring control of the Company. Therefore, the transaction, has been accounted for as an acquisition of the Company by Poda. The transaction has been accounted for as a reverse take-over ("RTO"). As the Company does not meet the definition of a business as defined by International Financial Reporting Standards ("IFRS") 3, it has been accounted for as a share-based payment transaction in accordance with IFRS 2.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. In preparation of these consolidated interim financial statements, the Company has consistently applied the same accounting policies disclosed in the Poda's audited annual financial statements (see Note 8), with the exception of the new accounting standards adopted in the current year, as described below.

These consolidated interim financial statements were authorized for issue by the Board of Directors on January 27, 2022.

b) Basis of measurement

These consolidated interim financial statements have been prepared on a historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as disclosed in Note 3.

The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

The preparation of these consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of

judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

c) Basis of consolidation

These consolidated interim financial statements include the financial statements of the Company and the subsidiary controlled by the Company. Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date on which control is transferred to the Company until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

Company	Place of Incorporation	Percentage of ownership
Poda Technologies Ltd.	Canada	100%
Poda Tobacco, Inc.	Canada	100%
Poda Alternatives, Inc.	Canada	100%
Poda Research & Development, Inc.	Canada	100%
Poda CBD, Inc.	Canada	100%
Poda THC, Inc.	Canada	100%
Poda Therapeutics, Inc.	Canada	100%

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting estimates and judgements

The preparation of these consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

i. the measurement of deferred income tax assets and liabilities; and
ii. inputs used in impairment calculations.

Significant accounting judgment

i. the evaluation of the Company's ability to continue as a going concern;
ii. the evaluation on whether or not an acquisition of a business is considered a business combination or an asset acquisition;
iii. assessment of indications of impairment; and
iv. the determination of categories of financial assets and financial liabilities.

b) Income taxes

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

c) Financial instruments

On initial recognition financial assets are classified as measured at:

i. Amortized cost;

ii. Fair value through other comprehensive income ("FVOCI"); and

iii. Fair value through profit and loss ("FVTPL").

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification:

i. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at amortized cost.

ii. FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at FVOCI.

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Consolidated Interim Statement of Loss and Comprehensive Loss in the period in which it arises.

The Company's cash is classified at FVTPL.

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as

incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company classifies its accounts payable, loans payable, deferred revenue, amounts payable and convertible note at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

c) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued.

The Company has adopted the relative fair value method with respect to the measurement of common shares and warrants issued as equity units. The relative fair value method requires an allocation of the net proceeds received based on the pro rata relative fair value of the components. If and when the warrants are ultimately exercised, the applicable amounts are transferred from reserve for warrants to share capital.

e) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Basic and diluted loss per share is the same for the periods presented.

f) Impairment of long-lived assets

Long-lived assets, including intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. 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 (the cash-generating unit, or "CGU"). The recoverable amount of an

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 had no impairment loss been recognized previously.

g) Intangible assets

Intangible assets consist mainly of trademarks, pending patents and prototype development costs, including certain intellectual property. Acquired trademarks, patents and development costs are carried at cost less accumulated amortization and impairment. Intangible assets with indefinite lives are not amortized but are tested annually for impairment. Any impairment of intangible assets is recognized in the statement of operation and comprehensive loss but increases in intangible asset values are not recognized.

Estimated useful lives of intangible assets are shorter of the economic life and the period the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

h) Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

i) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

j) Business acquisitions

The Company assesses whether an acquisition should be accounted for as an asset acquisition or a business combination under IFRS 3 Business Combinations. This assessment

(Unaudited - Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

requires management to make judgments on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business and the Company obtains control of the business inputs and processes.

k) Convertible debt

Convertible debentures, where applicable, are separated into their liability and equity components using the effective interest method. The fair value of the liability component at the time of the issue is determined based on an estimated interest rate of the debentures without the conversion feature. The fair value of the equity component is determined as the difference between the face value and the fair value of the liability component.

4. ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

5. INTANGIBLE ASSETS

	Development Costs	License	Total
	$	$	$
Balance, February 29, 2020	2,891,460	228,716	3,120,176
Additions	242,860	118,814	361,674
Impairment	(3,134,319)	(347,530)	(3,481,849)
Balance, February 28, 2021	1	-	1
Additions	-	-	-
Balance, November 30, 2021	1	-	1

As at November 30, 2021, the intangible assets relate to the Company's vaporizer prototype and a license agreement for the vaporizer technology.

During fiscal 2021, the Company completed its annual assessment of the recoverable amount of the intangible assets and determined that the recoverable amount was lower than the carrying value. Accordingly, the Company recorded an impairment loss of $3,481,849 to recognize its recoverable amount.

6. PREPAID EXPENSES AND DEPOSITS

As at November 30, 2021, the Company had a balance of $347,172 in prepaid expenses pertaining to advertising and consulting agreements paid for in advance.

In prior periods, the Company had a balance that consisted of amounts paid per the terms of a non-binding letter of intent to form a joint venture for the purpose of developing, constructing, operating, maintaining, and managing a facility which will manufacture and distribute the Company's patented heat-not-burn pods exclusively for the Company.

(Unaudited - Expressed in Canadian Dollars)

6. PREPAID EXPENSES AND DEPOSITS (continued)

During the first quarter of 2021, the Company wrote-off the deposit amount in full ($112,588) to recognize the economic uncertainty related to forming the joint venture. There have been no subsequent changes to this balance as at November 30, 2021.

7. RELATED PARTY BALANCES AND TRANSACTIONS

All related party transactions have occurred in the normal course of operations. Related party transactions occur and are recorded at the amounts agreed between the parties.

Poda had amounts payable to Invictus MD Strategies Corp. ("Invictus") of $2,086,106. On March 30, 2021, Poda completed an assignment agreement (Note 8) with the Company. Pursuant to the Assignment Agreement, Poda assigned $2,086,106 amounts payable to the Company. On March 30, 2021, the Company issued 20,862 preferred shares to extinguish the amounts payable $2,086,106.

On April 12, 2019, the Company acquired the rights to additional vaporizer-related intellectual property from the original founders of the Company (the "Inventors") on the terms and conditions set forth in an amended and restated royalties' agreement (the "Amended Agreement"). The Inventors and the Company previously entered into a royalties agreement dated April 19, 2015 (the "Original Agreement"), pursuant to which the Company agreed to pay royalties to the Inventors in the amount of 3% of the Company's gross revenues in relation to the commercialization of certain inventions (the "Original Inventions"). Since that time, the Inventors have developed certain additional vaporizer-related inventions (the "New Inventions") and in accordance with the terms and conditions of the Amended Agreement, the Company is granted a royalty-bearing exclusive license to commercialize, use, and sublicense the Original Inventions and the New Inventions. In exchange for the additional rights granted to the Company under the Amended Agreement, the Company has assigned the ownership of certain patents back to the Inventors and the royalty payable by the Company has been increased from 3% to 4.5%. The fair value of the patents assigned back to the Inventors was $146,583.

Key management compensation

Key management is comprised of the Company's directors and executive officers. The Company incurred the following key management compensation during the periods ended November 30, 2021 and 2020:

	2021	2020
	$	$
Consulting and management fees	**785,711**	129,820
Share-based compensation	**10,131**	-
	795,841	129,820

As at November 30, 2021, accounts payable includes $nil (2020 - $199,134) due to the directors of the Company. The amounts are unsecured, non-interest bearing, and due on demand.

8. ARRANGEMENT AGREEMEENT

The Company and Poda entered into an Arrangement Agreement ("Arrangement Agreement") on February 8, 2021, pursuant to which the Company, by way of a court approved plan of arrangement under the provisions of Division 5 of Part 9 of the BCBCA acquired all of the issued and outstanding PODA Shares in exchange for Preferred Shares to be issued as consideration pursuant to the Plan of Arrangement (the "Arrangement"). Pursuant to the Arrangement, PODA Shareholders received Preferred Shares at a ratio of 1 Preferred Share for every 1,000 PODA Shares held. Fractional Preferred Shares will be issued to shareholders owning less than 1,000 PODA Shares. Preferred Shares entitle each holder to a restricted right to convert one (1) preferred share into 1,000 Common Shares upon certain events or automatically on the following terms: (i) 10% after twelve (12) months from approval of the Arrangement and (ii) 15% every three (3) months thereafter. The Arrangement was approved at the Meeting and PODA obtained regulatory approval on April 23, 2021, resulting in 42,784 preferred shares issued which are convertible into 42,784,000 common shares.

9. SHARE CAPITAL

Authorized Share Capital

The Company has an unlimited number of common shares and preferred shares without par value authorized for issuance.

Share Transactions

From the period of the Arrangement Agreement and during the nine months ended November 30, 2021, there were the following share capital transactions:

(i) As a result of the Arrangement Agreement (Note 8), the Company issued 42,784 preferred shares to the former Poda Shareholders and Poda became a wholly owned subsidiary of the Company.
(ii) A vendor of the PODA (Note 7) converted its debt totaling $2,086,103 into 20,862 preferred shares of the Company.
(iii) The Company closed a private placement and issued 19,500,000 Common Shares at $0.025 per share for total proceeds of $487,500.
(iv) The Company closed a private placement and issued 7,000,000 Common Shares at $0.05 per share for total proceeds of $350,000.
(v) The Company closed a private placement and issued 150,000 Special Warrants at $0.05 per share for total proceeds of $7,500.
(vi) The Company closed a private placement and issued 2,500,000 units at a price of $0.40 per unit, for gross proceeds of $1,000,000. Each unit consists of one subordinate voting share.
(vii) The Company closed a private placement and issued 6,576,943 units at a price of $0.70 per unit, for gross proceeds of $4,603,860. Each unit consists of one subordinate voting share.
(viii) The Company closed a private placement and issued 7,500,000 units at a price of $2.00 per unit, for gross proceeds of $14,214,260. Each unit consists of one subordinate voting share.
(ix) Certain insiders converted their convertible notes into 4,500,000 Common Shares for gross proceeds of $200,000.
(x) Warrant holders exercised their warrants into 1,050,000 Common Shares for gross proceeds of $150,000.

During the period ended November 30, 2020:

(i) There were no share capital transactions.

9. SHARE CAPITAL (continued)

Warrants

The Company issued an aggregate of 27,000,000 warrants pursuant to a unit private placement and convertible debenture issued on December 9, 2020. Each warrant is exercisable into one common share of the Company at $0.10 per common share for a period of three years from the date of issuance. During the reporting period ended November 30, 2021, 1,050,000 of these warrants were exercised for common shares.

The Company issued an aggregate of 1,250,000 warrants pursuant to a unit private placement issued on May 21, 2021. Each warrant is exercisable into one common share of the Company at $0.50 per common share for a period of two years from the date of issuance.

The Company issued an aggregate of 3,640,320 warrants pursuant to a unit private placement issued on June 24, 2021. Each warrant is exercisable into one common share of the Company at $1.00 per common share for a period of two years from the date of issuance.

The Company issued an aggregate of 7,500,000 warrants pursuant to a unit private placement issued on July 29, 2021. Each warrant is exercisable into one common share of the Company at $2.50 per common share for a period of three years from the date of issuance.

As at November 30, 2021, 38,340,320 warrants are outstanding with a weighed average exercise price of $1.03 and a weighted average remaining contractual life of 1.9 years.

Stock option plan

The Company has adopted a rolling incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to Directors, officers, employees or consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 15% of the issued and outstanding common shares of the Company. Options and RSU's granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

On October 31, 2020, the Company granted a total of 150,000 incentive stock options to certain officers, and other eligible persons of the Company. The options are exercisable, vesting on November 1, 2020, over a period of five years at a price of $0.16 per share.

On January 15, 2021, the Company granted a total of 600,000 incentive stock options to certain officers, directors and other eligible persons of the Company. The options are exercisable, subject to vesting provisions, over a period of five years at a price of $0.10 per share.

On March 30, 2021, the Company granted a total of 550,000 incentive stock options to advisors and other eligible persons of the Company. The options are exercisable, subject to vesting provisions, over a period of five years at a price of $0.10 per share.

On June 28, 2021, the Company granted an aggregate of 485,000 restricted share units to a consultant at a price of $1.39. The RSUs vest as follows: (a) 240,000 six months following the date of grant, and (b) 245,000 twelve months following the date of grant.

(Unaudited - Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

On July 6, 2021, the Company granted an aggregate of 435,000 restricted share units to an advisor at a price of $2.33. The RSUs vest as follows: (a) 215,000 six months following the date of grant, and (b) 220,000 twelve months following the date of grant.

On July 14, 2021, the Company granted an aggregate of 50,000 restricted share units to an advisor at a price of $2.42. The RSUs vest as follows: (a) 25,000 six months following the date of grant, and (b) 25,000 twelve months following the date of grant.

On August 9, 2021, the Company granted an aggregate of 40,000 restricted share units to an advisor at a price of $2.42. The RSUs vest as follows: (a) 20,000 six months following the date of grant, and (b) 20,000 twelve months following the date of grant.

For the period ended November 30, 2021, the Company recognized share-based compensation of $390,291 (2020: $11,400). A total of 987,133 incentive stock options were cancelled during the period.

The Company uses the Black-Scholes option pricing model to estimate the fair value for all share-based compensation. The weighted average assumptions used in this pricing model, and the resulting weighted average fair values per option, for the options granted during the periods ended November 30, 2021 and 2020, respectively, are as follows:

	2021	2020
(i) Risk-free interest rate	1.60%	1.60%
(ii) Expected life	5 years	5 years
(iii) Expected volatility	125%	125%
(iv) Expected dividend yield	0%	0%
(v) Expected forfeiture rate	0%	0%
(vi) Fair value per option	$0.14	$0.12

Movements in the number of stock options outstanding and their related weighted average exercise prices are as follows:

	Number of options	Weighted average exercise price $
Outstanding, February, 2021	3,925,044	0.16
Granted	2,110,000	1.59
Cancelled	(987,133)	(0.01)
Outstanding, November 30, 2021	6,035,044	1.16

(Unaudited - Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

The following summarizes information about the stock options outstanding and exercisable as at November 30, 2021:

Outstanding			Exercisable		
Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $
831,855		0.16	831,855		0.16
2,943,190		0.16	2,943,190		0.16
150,000		0.16	150,000		0.16
600,000		0.10	-		0.10
500,000		0.10	-		0.10
485,000		1.39	-		1.39
435,000		2.33	-		2.33
50,000		2.42	-		2.42
40,000		2.42	-		2.42
6,035,044	2.8	1.16	3,925,044	2.8	1.16

10. FINANCIAL INSTRUMENTS AND RISKS

Fair values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at November 30, 2021, as follows:

		November 30, 2021		
	Carrying value $	Level 1 $	Level 2 $	Level 3 $
Cash	14,401,775	14,401,775	-	-

		February 28, 2021		
	Carrying value $	Level 1 $	Level 2 $	Level 3 $
Cash	7,769	7,769	-	-

The fair values of other financial instruments, which include accounts payable, deferred revenue and amounts payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit risk

Credit risk arises from cash held with banks and financial institutions, as well as credit exposure on any outstanding accounts receivable. The carrying amount of financial assets represents the maximum credit exposure.

10. FINANCIAL INSTRUMENTS AND RISKS (continued)

Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The Company has minimal financial assets and liabilities held in foreign currencies.

Interest rate risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
(ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity. The Company's amounts due to related parties are non-interest bearing.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

11. CONVERTIBLE NOTE

On October 23, 2019, Poda issued convertible debenture for gross proceeds of up to $550,000. The debenture bears interest at 12% and is secured against the personal property of Poda. In the event that Poda earns a profit during any fiscal quarter, the debenture holders shall have the option to require Poda to prepay a portion of the principal amount and accrued interest amount and in an amount equal to up to 20% of the amount of profit for such quarter. At any time prior to the maturity date of the convertible debenture, the debenture holders have the option to convert any portion of the outstanding principal amount and accrued interest amount at the lower conversion rate of: i) 1 common share of Poda for $0.05 of the principal amount plus accrued interest amount remaining due or ii) 20% discount to the price per share for the most recent financing. On the maturity date, the balance of the principal amount shall automatically be converted into shares of Poda at the lower conversion rate of i) 1 common share of Poda for $0.05 of the principal amount remaining due or ii) 20% discount to the most recent financing prior to the maturity date. The debenture matures thirty-six (36) months from the date of closing of the financing on October 23, 2019 and is payable on demand after maturity. On March 30, 2021, Poda completed an assignment agreement (Note 8) with the Company. Interest expense of $53,163 (2020 - $50,324) was expensed to the Consolidated Statements of Comprehensive Loss during the period ended November, 2021. As at November 30, 2021, the Company had received an aggregate principal amount of $550,000 (2020 - $550,000) and converted $200,000 of the balance to Common Shares (Note 9), leaving an outstanding principal balance of $350,000.

12. LOAN PAYABLE

(i) On August 15, 2020, the Company received a loan from the Canadian government's Canada Emergency Business Account ("CEBA") Program in the amount of $40,000. On December 15, 2020, the Company received an additional CEBA Loan in the amount of $20,000 under the CEBA Loan expansion programs.

The CEBA is a government guaranteed loan that is interest-free until December 31, 2022. The loan is available to help businesses with operating costs during COVID-19. Twenty-five percent of the loan amount is eligible for forgiveness as long as the business pays back seventy-five percent of the outstanding balance on or before December 31, 2022. If the business cannot pay back the loan by December 31, 2022, it can be converted into a three-year term loan at an interest rate of 5%.

13. CAPITAL MANAGEMENT

The Company manages its capital to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of all components of shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities, as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the period ended November 30, 2021.