GENERATIVE AI SOLUTIONS CORP.

(FORMERLY IDLE LIFESTYLE, INC.)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED FEBRUARY 28, 2023 AND THE THIRTEEN MONTHS ENDED FEBRUARY 28, 2022

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Generative AI Solutions Corp. (Formerly Idle Lifestyle, Inc.)

Opinion

We have audited the consolidated financial statements of Generative AI Solutions Corp. and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at February 28, 2023 and 2023, and the consolidated statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the twelve and thirteen months then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information (together, the "Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at February 28, 2023 and 2022, and its financial performance and its cash flows for the twelve and thirteen months then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 *Auditors' Responsibilities for the Audit of the 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 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 1 of the accompanying Financial Statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for the year ended February 28, 2023. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 Financial Statements

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

In preparing the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 auditors' report to the related disclosures in the 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 auditors' 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 Financial Statements, including the disclosures, and whether the 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 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
June 23, 2023

GENERATIVE AI SOLUTIONS CORP
(FORMERLY IDLE LIFSTYLE, INC.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

	February 28, 2023	February 28, 2022
	$	$
ASSETS		
Current		
Cash	**4,016,650**	13,235,203
GST and taxes recoverable	**16,874**	377,586
Prepaid expenses and deposits	**33,821**	73,861
Advances receivable	**-**	225,000
	4,067,345	13,911,650
Intangible Assets (Note 5)	**-**	1
	4,067,345	13,911,651
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**259,265**	625,184
Income taxes payable (Note 15)	**2,900,081**	-
Restricted share unit liability (Note 8)	**-**	289,800
	3,159,346	914,984
Non-current		
Convertible notes (Note 10)	**-**	604,507
	3,159,346	1,519,491
EQUITY		
Share capital (Note 8)	**1,251,805**	24,564,398
Contributed surplus	**4,136,838**	4,167,053
Deficit	**(4,480,644)**	(16,339,291)
	907,999	12,392,160
	4,067,345	13,911,651

NATURE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 17)

Approved and authorized for issuance on behalf of the Board on June 23, 2023:

/s/ Patrick Gray, Director */s/ Aaron Bowden,* Director

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

GENERATIVE AI SOLUTIONS CORP
(FORMERLY IDLE LIFESTYLE, INC.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Expressed in Canadian Dollars)

	For the twelve months ended February 28, 2023	For the thirteen months ended February 28, 2022
	$	$
EXPENSES		
Accretion and interest expense	**39,213**	68,800
Advertising and promotion	**384,127**	2,325,937
Bank services charges	**4,684**	7,399
Legal fees	**448,876**	710,836
Listing expense (Note 7)	**-**	4,048,732
Management fees (Note 6)	**3,055,067**	2,070,070
Meals and entertainment	**206,072**	17,729
Office and miscellaneous	**153,354**	88,892
Professional fees (Note 6)	**6,978,034**	133,259
Research and development	**128,485**	383,545
Rent	**38,600**	31,650
Share-based compensation (Note 8)	**526,110**	447,648
Travel and entertainment	**53,503**	68,822
Transfer agent	**186,512**	137,018
Wages	**994,310**	373,681
	(13,196,947)	(10,914,018)
Gain on disposal of assets (Note 14)	**67,817,449**	-
Other income (expenses)	**58,119**	(368,769)
Investment tax credit received	**524,396**	-
Foreign exchange gain (loss)	**(199,525)**	215,577
Forgiveness of government loan (Note 11)	**-**	20,000
Net and comprehensive income (loss) before income taxes	**55,003,492**	(11,047,210)
Current tax expense (Note 15)	**(2,900,081)**	-
Net and comprehensive income (loss) for the period	**52,103,411**	(11,047,210)
Earnings (loss) per share (basic)	**13.93**	(7.80)
Earnings (loss) per share (diluted)	**11.31**	(7.80)
Weighted average number of common shares outstanding	**3,739,825**	1,435,313

GENERATIVE AI SOLUTIONS CORP
(FORMERLY IDLE LIFESTYLE, INC.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

	Number of shares						
	Subordinate Voting Shares	**Multiple Voting Shares**	**Amount**	**Contributed Surplus**	**Equity Portion of Convertible Notes**	**Deficit**	**Total**
			$	$	$	$	$
Balance as at January 31, 2021	1,426,131	-	630,160	1,207,010	48,049	(5,292,081)	(3,406,862)
Preferred shares issued in exchange for common shares of Poda Technologies Ltd.	(1,426,131)	1,426	-	-	-	-	-
Deemed fair value of common shares and warrants held by existing shareholders upon completion of RTO	1,000,833		3,002,500	1,611,228	-	-	4,613,728
Preferred shares issued for debt settlement	-	696	2,086,193	-	-	-	2,086,193
Common shares issued for debt settlement	119,843	-	359,528	-	-	-	359,528
Private placements	552,565	-	20,603,860	-	-	-	20,603,860
Share issuance costs	-	-	(2,473,049)	1,199,073	-	-	(1,273,976)
Shares issued upon conversion of debentures	150,000	-	212,500	-	-	-	212,500
Exercise of warrants	41,667	-	125,000	-	-	-	125,000
Exercise of stock options	2,000	-	17,706	(8,106)	-	-	9,600
Share-based compensation	-	-	-	157,848	-	-	157,848
Convertible note	-	-	-	-	(48,049)	-	(48,049)
Comprehensive loss	-	-	-	-	-	(11,047,210)	(11,047,210)
Balance as at February 28, 2022	**1,866,908**	**2,122**	**24,564,398**	**4,167,053**	**-**	**(16,339,291)**	**12,392,160**
Balance as at February 28, 2022	1,866,908	2,122	24,564,398	4,167,053	-	(16,339,291)	12,392,160
Conversion of preferred shares to common	1,305,852	(1,306)	-	-	-	-	-
Shares issued upon conversion of debentures	519,673	-	604,507	-	-	-	604,507
Exercise of warrants	858,335	-	2,571,242	-	-	-	2,571,242
RSU conversion	33,668	-	289,800	-	-	-	289,800
Exercise of stock options	149,270		1,234,414	(556,325)	-	-	678,089
Return of capital (Note 14)	-	-	(28,012,556)	-	-	-	(28,012,556)
Dividends paid (Note 14)	-	-	-	-	-	(40,244,764)	(40,244,764)
Share-based compensation	-	-	-	526,110	-	-	526,110
Comprehensive income	-	-	-	-	-	52,103,411	52,103,411
Balance as at February 28, 2023	**4,733,706**	**816**	**1,251,805**	**4,136,838**	**-**	**(4,480,644)**	**907,999**

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

GENERATIVE AI SOLUTIONS CORP
(FORMERLY IDLE LIFESTYLE, INC.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

	For the twelve months ended February 28, 2023	For the thirteen months ended February 28, 2022
	$	**$**
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net income (loss) for the period	**52,103,411**	(11,047,210)
Items not affecting cash		
Gain on disposal of assets	**(67,817,449)**	**-**
Forgiveness of government loan	**-**	(20,000)
Interest and accretion	**-**	68,800
Listing expense	**-**	4,048,732
Share-based compensation	**526,110**	157,848
Changes in non-cash working capital balances:		
GST and taxes recoverable	**360,712**	(340,838)
Prepaid expenses and deposits	**40,040**	(73,861)
Accounts receivable	**-**	873,036
Convertible note converted to common stock	**-**	-
Deferred Revenue	**-**	(74,984)
Restricted share unit liability	**-**	289,800
Advances receivable	**225,000**	-
Income taxes payable	**2,900,081**	-
Accounts payable	**(365,919)**	56,467
Cash used in operating activities	**(12,028,014)**	(6,062,210)
INVESTING ACTIVITIES		
Purchase of assets (Note 13)	**(3,669,708)**	-
Cash acquired upon RTO transaction	**-**	34,220
Proceeds from sale of assets (Note 14)	**71,487,158**	-
Cash provided by investing activities	**67,817,450**	34,220
FINANCING ACTIVITIES		
Dividends (Note 14)	**(40,244,764)**	-
Proceeds from convertible note	**-**	(48,049)
Return of capital (Note 14)	**(28,012,556)**	-
Proceeds from exercise of warrants	**2,571,242**	125,000
Proceeds from exercise of options	**678,089**	9,600
CEBA Loan	**-**	(40,000)
Loans received	**-**	(125,000)
Proceeds from issuance of common stock -	**-**	19,329,884
Cash provided by (used in) financing activities	**(65,007,989)**	19,251,435
CHANGE IN CASH DURING THE PERIOD	**(9,218,553)**	13,223,445
CASH, BEGINNING OF PERIOD	**13,235,203**	11,758
CASH, END OF PERIOD	**4,016,650**	**13,235,203**
SUPPLEMENTAL CASH DISCLOSURES		
Interest paid	**15,484**	-

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

1. NATURE OPERATIONS

Generative AI Solutions Corp. (formerly Idle Lifestyle, Inc, or the "Company") was incorporated in the Province of British Columbia on July 6, 2018, under the Business Corporations Act of British Columbia ("BCBCA") 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. On June 24, 2022, the Company changed its name to Idle Lifestyle, Inc. On February 4, 2023, the Company changed its name to Generative AI Solutions Corp. The Company's principal business activity is to identify and develop or acquire assets in artificial intelligence and machine learning technology space.

The Company's head office is located at 550 Burrard Street, Suite 2300, Vancouver, British Columbia, V6C 2B5.

The accompanying consolidated financial statements comprise the financial statements of the Company and its legal subsidiaries. On June 30, 2022, the Company completed an amalgamation with Poda Technologies Ltd. ("Poda"), a wholly-owned subsidiary.

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 common and preferred shares of Poda in exchange for Preferred Shares to be issued as consideration pursuant to the Plan of Arrangement (the "Arrangement"). The consolidated financial statements for the year ended February 28, 2023 include the results of operations of Poda until June 30, 2022, the date of amalgamation, and of the Company from March 1, 2022. The comparative figures are those of Poda and of the Company from March 1, 2021 to February 28, 2022.

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

As at February 28, 2023, the Company has not generated any revenue or cash flow from operations and had an accumulated deficit of $4,480,644 (2022 – $16,339,291). These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months.

The Company's ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities, when due, is dependent upon the Company's ability to execute its business plan which may require additional financing. The timing and availability of additional financing will be determined largely by the performance of the Company and market conditions and there is no certainty that the Company will be able to raise funds as they are required in the future. These factors indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to reflect these consolidated financial statements on a liquidation basis which could differ from accounting principles applicable to a going concern.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated 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 financial statements.

These consolidated financial statements were authorized for issue by the Board of Directors on June 23, 2023.

b) Basis of measurement

These consolidated 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 financial statements include the financial statements of the Company and the subsidiaries controlled by the Company. The 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 subsidiaries 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.

During the year ended February 28, 2023, the Company dissolved all its inactive subsidiaries (Note 16).

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting estimates and judgements

The preparation of these consolidated 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 financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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. inputs used in the measurement of share-based compensation.

Significant accounting judgment

i. the evaluation of the Company's ability to continue as a going concern;
ii. the determination of categories of financial assets and financial liabilities; and
iii. the measurement of deferred income tax assets and 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments

Financial assets

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”).

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 Statement of Loss and Comprehensive Loss in the period in which it arises.

The Company’s cash is classified at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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, restricted share unit liability, and convertible notes 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.

d) 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 residual method with respect to the measurement of common shares and warrants issued as equity units. Warrants that are part of units are assigned a value based on the residual value, if any, and included in the reserves.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities, and contingent liabilities acquired are recorded at their fair values. Assets are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Judgement is used in determining whether an amalgamation is to be accounted for as a merger or a purchase. The Company has accounted for the amalgamation on March 1, 2022 as a merger. Accordingly, all assets, liabilities, reserves and operating results of the predecessor company were combined at their existing carrying amounts at the date of amalgamation for the year ended February 28, 2023.

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.

(Expressed in Canadian Dollars)

5. INTANGIBLE ASSETS

	Development Costs	License	Total
	$	$	$
Balance, January 31, 2021	1	-	1
Impairment	-	-	-
Balance, February 28, 2022	1	-	1
Disposition	(1)	-	(1)
Balance, February 28, 2023	-	-	-

In prior periods, the intangible assets related to the Company's vaporizer prototype and a license agreement for the vaporizer technology.

As described in Notes 13 and 14, the Company completed the sale of substantially all its assets and properties used in the Company's business of developing, manufacturing and marketing multi-substrate heated capsule technology in June 2022. As a result of this sale, the Company recorded a gain of $67,817,449.

6. 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.

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 February 28, 2023 and February 28, 2022:

	2023	2022
	$	$
Professional and management fees	**3,055,067**	1,004,239
Wages	**198,000**	-
Share-based compensation	**-**	19,650
	3,253,067	1,023,889

As at February 28, 2023, $27,137 (2022 – $Nil) is payable to related parties and included in accounts payable and accrued liabilities; these amounts are unsecured, non-interest bearing and have no fixed terms of repayment. Directors of the Company received compensation as part of the transactions disclosed in Note 14.

(Expressed in Canadian Dollars)

7. ARRANGEMENT AGREMEENT AND REVERSE TAKEOVER TRANSACTION

Pursuant to the Arrangement and Transaction described in Note 1, Poda shareholders received preferred shares at a ratio of one preferred share of the Company for every 1,000 shares held of Poda. Preferred shares entitle each holder to a restricted right to convert one preferred share into 1,000 common shares of the Company 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 Company and Poda obtained the required shareholder and regulatory approvals on April 23, 2021, resulting in 42,784 preferred shares issued which are convertible into 42,784,000 common shares.

The acquisition of Poda is accounted for as a reverse takeover ("RTO"), whereby, Poda is deemed to be the acquirer and the Company is deemed to be the acquiree for accounting purposes. The Transaction constitutes an asset acquisition as the Company did not meet the definition of a business as defined in IFRS 3, Business Combinations. As a result, the Transaction is accounted for in accordance with IFRS 2, Share-based Payments whereby Poda is deemed to have issued shares in exchange for the net assets of the Company, together with its listing status at the fair value of the consideration deemed received by the Company's shareholders and the share capital of the Company is eliminated as a result of the acquisition. The consolidated financial statements of the combined entity are issued under the legal parent, the Company, but are considered a continuation of the financial statements, assets and operations of the legal subsidiary, Poda.

The listing expense of $4,048,732 is comprised of the fair value of the common shares of the Company retained by the former shareholders of the Company, along with warrants held, and other direct expenses of the transaction less the fair value of the net assets of the Company that were acquired in the Transaction, and is summarized as follows:

	$
Shares deemed to be issued (30,025,001 shares at $0.10)	3,002,500
Warrants deemed to be issued	1,611,228
	4,613,728
Net assets of the Company:	
Cash	34,220
Accounts receivable	902,059
Accounts payable	(371,283)
	564,996
Listing expense	**4,048,732**

8. SHARE CAPITAL

Authorized Share Capital

The Company has an unlimited number of Subordinate Voting Shares and Multiple Voting Shares without par value authorized for issuance.

Share Transactions

The Company issued the following shares during the period ended February 28, 2023:

(i) Pursuant to the Transaction described in Note 7, the Company issued 1,305,849 common shares of the Company after the conversion of 1,306 preferred shares to the former Poda Shareholders.

(ii) Certain holders of convertible notes converted their convertible notes and interest accrued to date totaling $604,507 into 519,673 common shares of the Company.

(iii) The Company issued 858,335 and 149,270 common shares for gross proceeds of $2,571,242 and $1,234,414 pursuant to the exercise of share purchase warrants and stock options, respectively.

(iv) The Company issued 33,668 common shares pursuant to conversion of restricted share units with a fair value of $289,800.

The Company issued the following shares during the thirteen months ended February 28, 2022:

(i) Pursuant to the Transaction described in Note 7, the Company issued 1,426 preferred shares to the former Poda Shareholders and Poda became a wholly owned subsidiary of the Company.

(ii) The Company completed a private placement and issued 83,333 units at a price of $12.00 per unit, for gross proceeds of $1,000,000. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant is exercisable by the holder to purchase one common share at an exercise price of $15.00 for a period of 24 months from the grant date.

(iii) The Company completed a private placement and issued 219,232 units at a price of $21.00 per unit, for gross proceeds of $4,603,860. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant is exercisable by the holder to purchase one common share at an exercise price of $30.00 for a period of 24 months from the grant date. In connection with the private placement, share issuance costs paid in cash were $256,095. Additionally, the Company issued 11,728 finders' warrants at the same terms.

(iv) The Company completed a private placement and issued 250,000 units at a price of $60.00 per unit, for gross proceeds of $15,000,000. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant is exercisable by the holder to purchase one common share at an exercise price of $75.00 for a period of 36 months from the grant date. In connection with the private placement, share issuance costs paid in cash were $1,017,881. Additionally, the Company issued 17,500 finders' warrants at the same terms.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

Share Transactions (continued)

(v) Certain holders of convertible notes converted their convertible notes and interest accrued to date totaling $212,500 into 150,000 common shares of the Company.

(vi) The Company issued 41,667 and 2,000 common shares for gross proceeds of $125,000 and $17,706 pursuant to the exercise of share purchase warrants and stock options, respectively.

(vii) The Company settled liabilities totaling $359,528 through the issuance of 119,843 common shares of the Company.

Share Consolidation

The Company announced that effective February 13, 2023, the equity securities of the Company, consisting of Subordinate Voting Shares and Multiple Voting Shares of the Company will be consolidated on the basis of one (1) post-consolidated share outstanding for every thirty (30) pre-consolidated share of the same class. The Subordinate Shares began trading on a Consolidated basis on the Canadian Securities Exchange ("**CSE**") at the open of markets on February 13, 2023.

Warrants

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

	Number of warrants	Weighted average exercise price $
Outstanding, February 28, 2021	-	-
Deemed granted upon reverse take-over	900,000	3.00
Granted	430,513	56.51
Exercised	(41,667)	(3.00)
Outstanding, February 28, 2022	1,288,846	21.00
Exercised	(858,335)	(3.00)
Outstanding, February 28, 2023	430,511	56.51

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

Warrants (continued)

Warrants outstanding and exercisable as at February 28, 2023 are as follows:

Number of Warrants				Contractual Life of
Outstanding	Exercisable	Exercise Price	Expiry Date	Warrants Remaining
41,667	41,667	$15.00	May 20, 2023	0.22 years
121,344	121,344	$30.00	June 24, 2023	0.32 years
250,000	250,000	$75.00	July 29, 2023	0.41 years
17.500	17,500	$75.00	August 4, 2024	1.43 years
430,511	430,511	$56.51		0.41 years

As at February 28, 2023, 430,511 warrants are outstanding with a weighed average exercise price of $56.51 and a weighted average remaining contractual life of 0.41 years.

The fair values of the finders' warrants were estimated as at the date of the grant using the Black-Scholes option pricing model, with the following assumptions and resulting fair values:

	June 24, 2021	August 4, 2021
Risk-free interest rate	0.44%	0.39%
Expected life of the warrants	2 years	3 years
Annualized volatility	125%	125%
Dividend Rate	0.00%	0.00%
Grant date common share fair value	$27.60	$50.10

Stock options

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 January 15, 2021, the Company granted a total of 20,000 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 $3 per share

On March 30, 2021, the Company granted a total of 16,667 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 $3 per share.

On November 1, 2021, the Company granted a total of 13,333 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 $16.80 per share.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

Options (continued)

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 28, 2021	163,739	4.20
Granted	50,000	6.60
Exercised	(2,000)	(4.80)
Forfeitures and cancellations	(32,904)	(2.40)
Outstanding, February 28, 2022	178,835	5.28
Exercised	(149,268)	(4.55)
Forfeitures and cancellations	(6,667)	(3.00)
Outstanding, February 28, 2023	22,900	11.07

Stock options outstanding and exercisable as at February 28, 2023 are as follows:

Number of Stock Options				
Outstanding	Exercisable	Exercise Price	Expiry Date	Contractual Life of Options Remaining
400	400	$4.73	March 15, 2024	1.04 years
6,667	6,667	$3.00	January 15, 2026	2.88 years
2,500	2,500	$3.00	March 30, 2026	3.08 years
13,333	13,333	$16.80	November 1, 2026	3.68 years
22,900	22,900	$11.07		3.33 years

As at February 28, 2023, 22,900 stock options are outstanding with a weighed average exercise price of $11.07 and a weighted average remaining contractual life of 3.33 years.

The fair values of the stock options were estimated as at the date of the grant using the Black-Scholes option pricing model, with the following assumptions and resulting fair values:

	March 30, 2021	November 1, 2021
Risk-free interest rate	0.94%	1.60%
Expected life of the warrants	5 years	5 years
Annualized volatility	125%	125%
Dividend Rate	0.00%	0.00%
Grant date common share fair value	$2.40	$14.10

For the period ended February 28, 2023, the Company recognized share-based compensation of $526,110 (2022: $157,848) related to stock options granted and vested during the period.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

Restricted Share Units (“RSUs”)

On June 28, 2021, the Company granted an aggregate of 16,167 restricted share units to a consultant. The RSUs vest as follows: (a) 8,000 six months following the date of grant, and (b) 8,167 twelve months following the date of grant.

On July 6, 2021, the Company granted an aggregate of 14,500 restricted share units to an advisor. The RSUs vest as follows: (a) 7,167 six months following the date of grant, and (b) 7,333 twelve months following the date of grant.

On July 14, 2021, the Company granted an aggregate of 1,667 restricted share units to an advisor. The RSUs vest as follows: (a) 833 six months following the date of grant, and (b) 834 twelve months following the date of grant.

On August 9, 2021, the Company granted an aggregate of 1,333 restricted share units to an advisor. The RSUs vest as follows: (a) 666 six months following the date of grant, and (b) 667 twelve months following the date of grant.

The RSUs granted entitle the holder to receive a payout with respect to the vested RSUs within 60 days of vesting. The RSUs were converted to common shares during the quarter. As at and for the period ended February 28, 2022, the Company had recorded a liability of $289,800 on the statement of financial position, and a corresponding share-based compensation expense on the statement of comprehensive loss which represents the fair value of the RSUs based on the market price as of the date of vesting or period-end. This amount was reversed upon conversion of the restricted share units.

9. 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 February 28, 2023 and February 28, 2022, as follows:

		February 28, 2023		
	Carrying value $	Level 1 $	Level 2 $	Level 3 $
Cash	4,016,650	4,016,650	-	-

		February 28, 2022		
	Carrying value $	Level 1 $	Level 2 $	Level 3 $
Cash	13,235,203	13,235,203	-	-

The fair values of other financial instruments, which include accounts receivable, accounts payable, RSU liability, convertible note and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

9. FINANCIAL INSTRUMENTS AND RISKS (continued)

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.

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.

10. CONVERTIBLE NOTES

On October 23, 2019, Poda issued a convertible debenture for gross proceeds of up to $550,000. The debenture bore interest at 12% and was 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 $1.50 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 $1.50 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. During the year ended February 28, 2023, the Company issued 286,338 common shares pursuant to the conversion rights exercised by the debenture holders (Note 8).

10. CONVERTIBLE NOTES (continued)

On December 9, 2020, the Company issued an unsecured convertible debenture for gross proceeds of $187,500. The debenture bore interest at 1% and matures thirty-six (36) months from the date of closing of the financing on December 9, 2020 and is payable on demand after maturity. At any time prior to the maturity date of the convertible debenture, the debenture holder has the option to convert any portion of the outstanding principal amount and accrued interest amount at the lower conversion rate of 1 common share of the Company for $0.75 of the principal amount plus accrued interest amount remaining due. The holders were issued an aggregate of 250,000 Common Share purchase warrants with an exercise price of $3.00 for every common share issued expiring three years from date of issuance. During the year ended February 28, 2022, the Company converted the outstanding amounts to 16,667 common shares. During the year ended February 28, 2023, the Company issued 233,333 common shares pursuant to the conversion rights exercised by the debenture holders (Note 8).

11. LOANS PAYABLE

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 and partially forgivable if paid on or before December 31, 2023. If repaid on or before December 31, 2023, it would result in a loan forgiveness of up to 33 percent. The loan is available to help businesses with operating costs during COVID-19. The Company paid back $40,000 of the CEBA Loan in February 2022 and as a result, $20,000 was forgiven.

12. 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 February 28, 2023.

13. ACQUISTION OF MANUFACTURING EQUIPMENT AND IP

During March 2022, the Company signed a purchase agreement with its Chinese manufacturing partner to acquire manufacturing equipment, 15 patent applications related to Poda Pod technology, and three Chinese trademarks for approximately $3.67 million payable in cash.

The manufacturing equipment was comprised of all proprietary custom-built equipment for Poda Pods production capable of producing an estimated 5 million Poda Pods per annum. The 15 patent applications were filed in China and represent unique product design and manufacturing methods applicable to the development and large-scale production of Poda Pods.

This manufacturing equipment was sold as part of the sale described in Note 14.

(Expressed in Canadian Dollars)

14. DISPOSAL OF ASSETS AND DISTRIBUTIONS TO SHAREHOLDERS

On June 24, 2022, the Company, together with two directors of the Company who own certain patents (the "Owners"), completed the sale of substantially all assets and properties used in the Company's business of developing, manufacturing and marketing multi-substrate heated capsule technology, including, without limitation, the Owners' patents related to such technology and the Company's exclusive, perpetual license of certain of those patents pursuant to an amended and restated royalties agreement dated April 12, 2019 (the "Royalties Agreement"), for total consideration of US$100.5 million, subject to certain adjustments and holdbacks. US$55.28 million of the total consideration was allocated to the Company. The carrying value of the assets sold was $3.7 million and as a result the Company recorded a gain of $67.8 million. The Company has recorded an estimated tax expense of $2.9 million for this sale.

On July 26, 2022, the Company's Board of Directors declared the payment of a special dividend, and approved the return of capital, on its Subordinate Voting Shares ("SVS") and Multiple Voting Shares ("MVS") together amounting to a distribution of $0.41 per SVS, and $0.41 per MVS on an as-converted to SVS basis (the "Distribution"). The Distribution was paid during the month of August 2022 to holders of record of SVS and MVS on August 3, 2022 (the "Record Date").

The Distribution was an aggregate amount of approximately $68.2 million and was comprised of a return of capital of approximately $28 million and dividends of approximately $40.2 million. The Shareholders received $0.41 per each SVS held, being $0.215 in connection with the return of capital, and $0.195 in connection with the dividend payment and $410 per each MVS held, being $56.00 in connection with the return of capital, and $354.00 in connection with the dividend payment.

15. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2023	2022
	$	$
Canadian statutory income tax rate	**27%**	27%
Income tax payable (recovery) at statutory rate	**14,709,000**	(2,983,000)
Tax effect of:		
Permanent and other differences	**(8,752,000)**	947,000
Change in unrecognized deferred income tax assets	**(3,057,000)**	2,036,000
Deferred income tax expense	**-**	-
Current income tax expense	**2,900,000**	-

(Expressed in Canadian Dollars)

15. INCOME TAXES (continued)

The significant components of deferred income tax assets and liabilities are as follows:

	2023	2022
	$	**$**
Deferred income tax assets (liabilities)		
Non-capital losses carried forward	**-**	2,083,000
Capital losses carried forward	**-**	15,000
SR&ED expenditures carried forward	**-**	505,000
Investment tax credits	**-**	173,000
Convertible debt	**-**	(14,000)
Intangible assets	**-**	-
Capital assets	**-**	20,000
Share issuance costs	**206,000**	275,000
Total gross deferred income tax assets (liabilities)	**206,000**	3,057,000
Unrecognized deferred income tax assets	**(206,000)**	(3,057,000)
Net deferred income tax assets (liabilities)	**-**	-

As at February 28, 2023, the Company does not have any non-capital losses available to carry forward for use to offset future years' taxable income. These losses were used up in the current period following the sale of the Company's intellectual property as described in Note 14.

16. DISSOLUTION OF SUBSIDIARIES

As at February 28, 2023, the Company dissolved the following inactive subsidiaries:

Company	Place of Incorporation	Percentage of ownership
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%

As a result, the Company no longer consolidates the aforementioned subsidiaries. There was no significant impact on the Company's consolidated financial statements from the dissolution of subsidiaries.

17. SUBSEQUENT EVENTS

On April 11, 2023, the Company amended its authorized capital by, (i) creating a new class of Common Shares in the capital of the Company; (ii) redesignating the Subordinate Voting Shares to be Class B Shares; (iii) amending the rights and restrictions of the Class B Shares so that the Class B Shares shall be converted into Common Shares, such that, on a per-holder basis, 10% of the issued and outstanding Class B Shares will be converted into Common Shares on a date that is 24 months after the business combination with Ultron Capital Corp., and 15% are to be converted every 3 months thereafter; and (iv) by amending the rights and restrictions of the Multiple Voting Shares such that they are to be converted into Class B Shares immediately upon a resolution of the Board approving the conversion on a 1,000 Class B Shares for each Multiple Voting Share basis.

On April 18, 2023, the Company announced that it been had granted approval by the Canadian Securities Exchange (“CSE”) to begin trading of its Common Shares under the symbol "AICO", beginning on April 19, 2023. The Listing is the result of the closing of the Company's business combination with Ultron Capital Corp. (“Ultron”) pursuant to the terms of the business combination agreement dated February 16, 2023. Under the terms of the business combination agreement, the Company acquired all of the issued and outstanding securities of Ultron in exchange for 51,176,001 Common Shares of the Company. The Transaction resulted in a reverse takeover of the Company by Ultron, which constituted a fundamental change of the Company, as defined in the policies of the CSE.

On May 10, 2023, the Company completed its acquisition of, all of the outstanding securities of Global AI Billing Corp. ("Global AI") pursuant to a share purchase agreement (the “Agreement”). Pursuant to the Agreement, the Company acquired all of the securities of Global AI in exchange for the issuance of 7,500,000 common shares at a value of $0.72 per share and the assumption of US$1.25 million in existing liabilities of Global AI, of which US$500,000 was reorganized as a convertible debenture of the Company (the "Convertible Debenture"). The Convertible Debenture bears 5% interest per year and is convertible into common shares at an exercise price of $0.79 (the "Conversion Price"). Subject to applicable securities laws and the policies of the Canadian Securities Exchange, in the event a financing is completed by the Company within 6 months of the closing and the purchase price of securities in such financing is lower than the Conversion Price, the Conversion Price will be reduced to such purchase price. The Convertible Debenture has a term of 12 months and is secured against Global AI’s ownership interest in Remitz, Inc. (“Remitz”). Global AI owns 10% of Remitz which operates in the artificial intelligence industry. The Company may also elect to satisfy the Convertible Debenture in full without payment by causing the transfer from Global AI of 6.7% of the common shares of Remitz of the 10% position it currently holds, to the holder of the Convertible Debenture. No finder's fee or other commission was paid to any person in respect of the Transaction.

On June 6, 2023, the Company closed a private placement financing of 9,595,531 units at a price of $0.56 per Unit for gross proceeds of $5,373,497.

Each Unit will consist of one common share in the capital of the Company and one Common Share purchase warrant. Each Warrant will entitle the subscriber to acquire one additional Common Share at a price of C$1.65 per Common Share for a period of two years from the applicable closing date. The Company intends to use the gross proceeds of the Offering for general working capital purposes.

On June 19, 2023, the Company announced the closing of a share purchase agreement dated June 13, 2023 (the "Share Purchase Agreement") with Minework Technologies Pte Ltd. ("Minework"), pursuant to which, subject to the satisfaction of certain conditions to closing, the Company’s wholly-owned subsidiary, MAI Cloud Solutions Inc. ("MAI Cloud"), agreed to purchase all of the issued and outstanding shares (the "Purchased Shares") in the authorized share structure of Pulse AI, which were held by Minework (the "Transaction").

17. SUBSEQUENT EVENTS (continued)

MAI Cloud acquired the Purchased Shares from Minework for an aggregate purchase price of $1,500,000 (the "Purchase Price"). The Purchase Price was paid to Minework at the closing of the Transaction (the "Closing") through the issuance of 1,630,435 common shares (the "Consideration Shares") in the authorized share structure of the Company (the "GenAI Shares") at a deemed price per share of $0.92 per GenAI Share (the "GenAI Share Price"), being the closing price of the GenAI Shares on the Canadian Securities Exchange (the "CSE") on June 13, 2023. The Consideration Shares issued by the Company to Minework in full satisfaction of the Purchase Price are subject to a contractual restriction whereby Minework may not trade any such Consideration Shares for a period of 12 months following the date of the Closing (the "Closing Date").

In addition to the Purchase Price, the Company shall pay to Minework the following amounts, to be settled through the further issuance of GenAI Shares at the GenAI Share Price:

(a) upon Pulse AI or the Company entering into an agreement to provide services or products to certain customers, $1,500,000; and

(b) for each $1,500,000 of committed revenue generated by Pulse AI following the Closing Date, $1,500,000, up to a maximum of $4,500,000.