

**Gravitas II Capital Corp.**  
(A Capital Pool Company)

**Financial Statements**

**For the Year Ended March 31, 2022 and for the  
Period from the Date of Incorporation (January  
18, 2021) to March 31, 2021**

(Expressed In Canadian Dollars)

# Independent Auditor's Report

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To the Shareholders of Gravitas II Capital Corp.:

## Opinion

We have audited the financial statements of Gravitas II Capital Corp. (the "Corporation"), which comprise the statements of financial position as at March 31, 2022 and March 31, 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended March 31, 2022 and for the period from the date of incorporation (January 18, 2021) to March 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2022 and March 31, 2021, and its financial performance and its cash flows for the year ended March 31, 2022 and for the period from the date of incorporation (January 18, 2021) to March 31, 2021 in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation 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.

## Other Information

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation 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.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Brock Stroud.

Toronto, Ontario  
July 25, 2022

*MNP* LLP

Chartered Professional Accountants  
Licensed Public Accountants

**MNP**

**Gravitas II Capital Corp.**  
**Statements of Financial Position**  
*(in Canadian Dollars)*

As at,	March 31, 2022	March 31, 2021
<b>Assets</b>		
Cash	\$ 3,293,436	\$ 1,000,056
	<b>\$ 3,293,436</b>	<b>\$ 1,000,056</b>
<b>Liabilities</b>		
Accrued liabilities	\$ 12,301	\$ 29,000
<b>Shareholders' Equity</b>		
Share capital (note 3)	3,228,502	990,000
Contributed surplus (note 4)	334,217	-
Warrant reserve (note 5)	163,310	-
Accumulated Deficit	(444,894)	(18,944)
	<b>3,281,135</b>	<b>971,056</b>
	<b>\$ 3,293,436</b>	<b>\$ 1,000,056</b>

Incorporation and Nature of Business  
 (note 1)

Approved by the Board           **Nima Besharat**            
 CEO (Signed)

          **Mahdi Shams**            
 Director (Signed)

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

**Gravitas II Capital Corp.**  
**Statements of Loss and Comprehensive Loss**  
*(in Canadian Dollars)*

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	For the Year ended March 31, 2022	For the period January 18, 2021 to March 31, 2021
<b>Expenses</b>		
Stock-based compensation (note 4)	\$ 334,217	\$ -
Professional fees (note 8)	77,292	19,000
Regulatory and filing fees	26,071	-
Interest income	(12,030)	(56)
Bank service charges	400	-
<b>Net loss and comprehensive loss for the period</b>	<b>(425,950)</b>	<b>(18,944)</b>
<b>Net loss per share – basic and diluted (note 7)</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>
<b>Weighted average shares outstanding - basic and diluted (note 7)</b>	<b>20,312,877</b>	<b>3,368,056</b>

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

**Gravitas II Capital Corp.**  
**Statements of Changes in Cash Flows**  
(in Canadian Dollars)

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	<b>For the Year Ended March 31, 2022</b>	<b>For the Period January 18, 2021 to March 31, 2021</b>
<b>Cash provided by (used in)</b>		
<b>Operating</b>		
Net loss for the year/period	\$ (425,950)	\$ (18,944)
Stock-based compensation	334,217	-
Change in accrued liabilities	(16,699)	29,000
Cash used in operating activities	(108,432)	10,056
<b>Financing</b>		
Initial Public Offering, net of issuance costs	2,401,812	-
Share subscription, net of issuance costs	-	990,000
Cash provided by financing activities	2,401,812	990,000
<b>Net change in cash</b>	<b>2,293,380</b>	<b>1,000,056</b>
Cash, beginning of period/year	1,000,056	-
<b>Cash, end of period/year</b>	<b>\$ 3,293,436</b>	<b>\$ 1,000,056</b>

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

**Gravitas II Capital Corp.**  
**Statements of Changes in Shareholders' Equity**  
*(in Canadian Dollars)*

	Number of shares	Share capital	Contributed surplus	Warrant reserve	Accumulated deficit	Shareholders' equity
<b>Balance – January 18, 2021</b>	-	\$ -	\$ -	\$ -	\$ -	\$ -
Share subscription (note 3)	10,000,000	1,000,000	-	-	-	1,000,000
Share issuance costs	-	(10,000)	-	-	-	(10,000)
Net loss for the period	-	-	-	-	(18,944)	(18,944)
<b>Balance – March 31, 2021</b>	10,000,000	990,000	-	-	(18,944)	971,056
Initial public offering (note 1)	13,688,000	2,737,600	-	-	-	2,737,600
Share issuance costs (note 1, note 5)	-	(499,098)	-	163,310	-	(335,788)
Stock-based compensation (note 4)	-	-	334,217	-	-	334,217
Net loss for the year	-	-	-	-	(425,950)	(425,950)
<b>Balance – March 31, 2022</b>	<b>23,688,000</b>	<b>\$ 3,228,502</b>	<b>\$ 334,217</b>	<b>\$ 163,310</b>	<b>\$ (444,894)</b>	<b>\$ 3,281,135</b>

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

**Gravitas II Capital Corp.**  
**Notes to the Financial Statements**

*(in Canadian Dollars)*

For the year ended March 31, 2022 and for the period from the date of incorporation (January 18, 2021) to March 31, 2021

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**1. INCORPORATION AND NATURE OF BUSINESS**

Gravitas II Capital Corp. (the "Corporation") was incorporated under the *Business Corporations Act* (British Columbia) on January 18, 2021, and is a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"), as defined under the policies of the Exchange. The Corporation has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Corporation's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange.

The head office of the Corporation is located at MNP Tower, Suite 2880, 1021 West Hastings Street, Vancouver, British Columbia V6E 0C3, and the registered office of the Corporation is located at 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, British Columbia V6C 2T5.

On July 22, 2022, the Board of Directors approved the annual financial statements for the year ended March 31, 2022.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations, and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 pandemic may have on the Corporation as this will depend on future developments that are highly uncertain, and that cannot be predicted with confidence. To date, the Corporation has not been significantly impacted by COVID-19. However, there remains ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on the global financial markets, the Corporation's ability to raise additional capital, or the Corporation's ability to complete a QT. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the impact to date has been manageable, and the Corporation will continue to be in operation.

**Gravitas II Capital Corp.**  
**Notes to the Financial Statements**

*(in Canadian Dollars)*

For the year ended March 31, 2022 and for the period from the date of incorporation (January 18, 2021) to March 31, 2021

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**1. INCORPORATION AND NATURE OF BUSINESS - continued**

Initial Public Offering

On June 29, 2021, the Corporation completed its initial public offering (the "Offering") pursuant to a prospectus dated June 4, 2021. Pursuant to the Offering, the Corporation issued an aggregate 13,688,000 common shares at a purchase price of \$0.20 per share for gross proceeds of \$2,737,600. Upon completion of the Offering, the Corporation had 23,688,000 common shares issued and outstanding. In connection with the Offering, the Corporation incurred legal fees and paid cash commissions to Gravitas Securities Inc. and Research Capital Corp. (collectively, the "Agents") equal to 8% of the gross proceeds raised amounting to \$219,008, plus a 2% Corporate Finance fee of \$54,752 paid to Gravitas Securities Inc. The Corporation also granted to the Agents 1,095,040 non-transferable warrants. Each warrant is exercisable into one common share of the Corporation at a price of \$0.20 per share for a period of five years, expiring on June 29, 2026. The fair value assigned to these warrants was \$163,310 (note 5). The Corporation paid additional expenses of \$94,028 relating to legal and other expenses of which \$62,028 were capitalized as share issuance costs.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

**Basis of Presentation**

The financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

**Use of Estimates and Judgments**

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities if actual results differ from assumptions made, relate to, but are not limited to, the following:

- the inputs used in accounting for share-based payment transactions, including stock options, and in the valuation of warrants issued in financings; and
- management's position that there is no income tax asset recognized within these financial statements.

**Gravitas II Capital Corp.**  
**Notes to the Financial Statements**

*(in Canadian Dollars)*

For the year ended March 31, 2022 and for the period from the date of incorporation (January 18, 2021) to March 31, 2021

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**2. SIGNIFICANT ACCOUNTING POLICIES – continued**

**Share Capital**

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. Warrants issued to subscribers and agents are classified within warrant reserve. Where common shares and warrants are offered together (as a “unit”), the Corporation allocates the consideration received per unit, net of any issuance costs, to the common shares and subscriber warrants based on their relative fair values. The fair value of warrants is measured using a Black-Scholes option pricing model.

**Basic and Diluted Loss per Share**

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

**Financial Instruments**

*Recognition*

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

*Classification*

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition).

For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

**Gravitas II Capital Corp.**  
**Notes to the Financial Statements**

*(in Canadian Dollars)*

For the year ended March 31, 2022 and for the period from the date of incorporation (January 18, 2021) to March 31, 2021

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**2. SIGNIFICANT ACCOUNTING POLICIES – continued**

**Financial Instruments – continued**

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

- Cash is classified as an asset at fair value, and any period change in fair value is recorded in profit or loss.
- Accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

*Measurement*

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows and that have contractual cash flows that are solely payments or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets, including equity investments, are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash is a level 1 financial instrument measured at fair value on the statements of financial position.

**Gravitas II Capital Corp.**  
**Notes to the Financial Statements**

*(in Canadian Dollars)*

For the year ended March 31, 2022 and for the period from the date of incorporation (January 18, 2021) to March 31, 2021

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**2. SIGNIFICANT ACCOUNTING POLICIES – continued**

**Financial Instruments – continued**

**Income Taxes**

Income tax expense consists of current and deferred tax expenses. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. Deferred tax assets are recognized to the extent that realization of such benefits is probable.

**Share-based Payments**

The Corporation accounts for share-based payments using the fair value method. Under this method, compensation expense is measured at fair value on the date of grant using the Black-Scholes option pricing model and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the employees earn the options. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

For transactions with employees and others providing similar services, the Corporation measures the fair value of the services received by reference to the fair value of the equity instruments granted. For transactions with parties other than employees, the Corporation measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. When the Corporation cannot estimate reliably the fair value of the goods or services received, it measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

**Gravitas II Capital Corp.**  
**Notes to the Financial Statements**

*(in Canadian Dollars)*

For the year ended March 31, 2022 and for the period from the date of incorporation (January 18, 2021) to March 31, 2021

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**3. SHARE CAPITAL**

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

As at March 31, 2022, share capital amounted to \$3,228,502. The changes in issued share capital for the periods were as follows:

<b>Issued</b>	<b>Number of common shares</b>	<b>Amount</b>
<b>Balance, January 18, 2021</b>	-	\$ -
Common shares issued (i) (ii)	10,000,000	1,000,000
Cost of issuance	-	(10,000)
<b>Balance, March 31, 2021</b>	<b>10,000,000</b>	<b>990,000</b>
Initial public offering (note 1)	13,688,000	2,238,502
<b>Balance, March 31, 2022</b>	<b>23,688,000</b>	<b>\$ 3,228,502</b>

- (i) On March 5, 2021, the Corporation authorized a private placement of up to 7,500,000 common shares at a price of \$0.10 per share for gross proceeds of \$750,000.
- (ii) On March 12, 2021, the Corporation authorized a private placement of up to 2,500,000 common shares at a price of \$0.10 per share for gross proceeds of \$250,000. Share issuance costs of \$10,000 were associated with these subscriptions.

c) Escrowed Shares

Upon completion of the Corporation's initial public offering, the 10,000,000 currently issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange. 25% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (as defined in the policies of the Exchange) (the "Initial Release") and an additional 25% will be released on each of the dates up to 6 months, 12 months, and 18 months following the Initial Release.

All common shares acquired on exercise of stock options granted to directors and officers of the Corporation prior to completion of the QT, must also be deposited in escrow until the Final Exchange Bulletin is issued.

All common shares acquired in the secondary market prior to the completion of a QT by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow.

**Gravitas II Capital Corp.**  
**Notes to the Financial Statements**

(in Canadian Dollars)

For the year ended March 31, 2022 and for the period from the date of incorporation (January 18, 2021) to March 31, 2021

**4. STOCK OPTIONS**

The Corporation has adopted an incentive stock option plan which provides that the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers and technical consultants of the Corporation and eligible charitable organizations non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the stock option plan shall not exceed 10% of the issued and outstanding common shares. In addition, the number of common shares reserved for issuance to any one director or officer shall not exceed 5% of the issued and outstanding common shares; the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares; the number of common shares reserved for issuance to all eligible charitable organization shall not exceed 1% of the issued and outstanding common shares.

The Corporation records a charge to the statements of loss and comprehensive loss using the Black-Scholes valuation model. For options granted to non-employees, the valuation is based on services provided if reliably measurable. The Black-Scholes valuation is dependent on several estimates, including the risk-free interest rate, the level of stock volatility together with an estimate of the level of forfeiture. The level of stock volatility is calculated with reference to comparable companies' historic traded daily closing share price at the date of the issue.

Options pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Corporation's share purchase options.

The following tables reflect the continuity of stock options for the year ended March 31, 2022:

	Number of Stock Options	Weighted Average Exercise Price (\$)
<b>Balance, January 18, 2021 and March 31, 2021</b>	-	-
Granted (i) (ii)	2,368,800	0.16
<b>Balance, March 31, 2022</b>	<b>2,368,800</b>	<b>0.16</b>

The following table reflects the stock options issued and outstanding remaining life as of March 31, 2022:

Expiry Date	Exercise Price (\$)	Weighted Ave Remaining contractual Life (years)	Fair value (\$)	Number of Options Exercisable and Outstanding
April 5, 2031	0.10	9.02	89,475	1,000,000
June 29, 2031	0.20	9.25	244,742	1,368,800
		<b>9.15</b>	<b>334,217</b>	<b>2,368,800</b>

**Gravitas II Capital Corp.**  
**Notes to the Financial Statements**

(in Canadian Dollars)

For the year ended March 31, 2022 and for the period from the date of incorporation (January 18, 2021) to March 31, 2021

**4. STOCK OPTIONS - continued**

- (i) On April 5, 2021, the Corporation granted 1,000,000 options to certain directors and officers of the Corporation. The options have an exercise price of \$0.10 per share, an expiry date of April 5, 2031, and vested immediately on the date of grant. The fair value of the options was estimated on the date of grant using the Black-Scholes pricing model with the following assumptions: a share price of \$0.10, expected dividend yield of 0%, risk-free interest rate of 1.56%, the volatility of 100%, and an expected life of 10 years. The fair value assigned to these options was \$89,475.
- (ii) On June 29, 2021, the Corporation granted 1,368,800 options to certain directors and officers of the Corporation. The options have an exercise price of \$0.20 per share, an expiry date of June 29, 2031, and vested immediately on the date of grant. The fair value of the options was estimated on the date of grant using the Black-Scholes pricing model with the following assumptions: a share price of \$0.20, expected dividend yield of 0%, risk-free interest rate of 1.42%, the volatility of 100%, and an expected life of 10 years. The fair value assigned to these options was \$244,742.

For the year ended March 31, 2022, the Corporation recognized stock-based compensation of \$334,217 (period ended March 31, 2021 - \$Nil) in the statements of loss and comprehensive loss in connection with the vesting of options.

**5. WARRANTS**

The following table reflects the continuity of warrants for the year ended March 31, 2022:

	Number of Warrants	Weighted average exercise price (\$)
<b>Balance, January 18, 2021 and March 31, 2021</b>	-	-
Issued (i)	1,095,040	0.20
<b>Balance, March 31, 2022</b>	<b>1,095,040</b>	<b>0.20</b>

The following table reflects the warrants issued and outstanding as of March 31, 2022:

Expiry Date	Number of warrants outstanding and exercisable	Fair value (\$)	Exercise price (\$)	Weighted Remaining Life
June 29, 2026 (i)	1,095,040	163,310	0.20	4.25
	<b>1,095,040</b>	<b>163,310</b>	<b>0.20</b>	<b>4.25</b>

- (i) On June 29, 2021, a total of 1,095,040 warrants were issued to the Agents in conjunction with the Corporation's initial public offering. The warrants have an exercise price of \$0.20 per share and an expiry date of June 29, 2026. The fair value of the warrants was estimated on the date of issuance using the Black-Scholes pricing model with the following assumptions: a share price of \$0.20, expected dividend yield of 0%, risk-free interest rate of 1.42%, the volatility of 100%, and an expected life of 5 years. The fair value assigned to these warrants was \$163,310.

**Gravitas II Capital Corp.**  
**Notes to the Financial Statements**

*(in Canadian Dollars)*

For the year ended March 31, 2022 and for the period from the date of incorporation (January 18, 2021) to March 31, 2021

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**6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**Capital Management**

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation includes equity, comprised of share capital, and accumulated deficit, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange.

**Risk Disclosures and Fair Values**

The Corporation's financial instruments measured at amortized cost consist of accrued liabilities which approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**7. NET LOSS PER COMMON SHARE**

The calculation of basic and diluted loss per share for the year ended March 31, 2022, was based on losses attributable to common shareholders of \$425,950, and the basic weighted average number of common shares outstanding of 20,312,877. Diluted loss per share did not include the effect of outstanding options or warrants as they are anti-dilutive.

**8. RELATED PARTY TRANSACTIONS**

During the period ended March 31, 2021, 5,000,000 common shares were issued at a price of \$0.10 per share to directors, officers, and companies related to directors or officers of the Corporation.

During the year ended March 31, 2022, 2,368,800 options were granted to certain directors and officers of the Corporation. In connection with the grant, stock-based compensation totaling \$334,217 was recognized in the statements of loss and comprehensive loss.

During the year ended March 31, 2022, the Corporation incurred legal fees of \$38,106 (period ended March 31, 2021 - \$19,000) to a law firm of which a partner is corporate secretary and a shareholder of the Corporation through a holding company as at year end. \$38,106 (period ended March 31, 2021 - \$9,000) has been expensed to the statements of loss and comprehensive loss, and \$Nil (period ended March 31, 2021 - \$10,000) has been capitalized to share capital. As at March 31, 2022, there were no amounts owing to the law firm (March 31, 2021 - \$19,000).

**Gravitas II Capital Corp.**  
**Notes to the Financial Statements**

*(in Canadian Dollars)*

For the year ended March 31, 2022 and for the period from the date of incorporation (January 18, 2021) to March 31, 2021

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**8. RELATED PARTY TRANSACTIONS - continued**

In connection with the Corporation's initial public offering, cash commissions were paid under the terms of an agency agreement with the Agents dated June 3, 2021, equal to 8% of gross proceeds raised, amounting to \$219,008 of which 50% was paid to Gravitas Securities Inc. Additionally, the Corporation paid Gravitas Securities Inc. a 2% Corporate Finance fee of \$54,752. The Corporation also granted 1,095,040 non-transferable warrants to the Agents with a fair value of \$163,310 (note 5) of which 50% was granted to Gravitas Securities Inc. The Corporation paid additional expenses of \$62,028 relating to legal and other expenses. Gravitas Securities Inc. is related to the Corporation through common directors and executives. Additionally, certain directors, executives, and employees of Gravitas Securities Inc. are shareholders of the Corporation.

There was no remuneration paid to key management personnel and no other related party transactions during the year ended March 31, 2022.

**9. INCOME TAXES**

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 26.5% and the Corporation's effective income tax expense is as follows:

	Year ended March 31, 2022	January 18, 2021 to March 31, 2021
<b>Net loss for the period</b>	<b>\$ 425,950</b>	<b>\$ 18,944</b>
Expected income tax recovery	(112,877)	(5,020)
Share issuance costs	(88,984)	(2,650)
Deferred tax assets not recognized	201,861	7,670
<b>Income taxes recovery</b>	<b>\$ -</b>	<b>\$ -</b>

At March 31, 2022, the Corporation had non-capital losses for income tax purposes of approximately \$497,762, which can be carried forward to be applied against future taxable income. These losses expire to the extent unutilized against future taxable income in 2042. The Corporation also had approximately \$292,920 in undeducted share issuance costs, which will be expensed for tax purposes over the next five years.

The Corporation has not recorded deferred tax assets related to these unused carry forward losses as it is not probable that future taxable profits will be available against which these can be deducted.