

Condensed Consolidated Interim Financial Statements of

**KDA GROUP INC.**

For the three-month period ended October 31, 2021

(Unaudited)

# **KDA GROUP INC.**

## Condensed Consolidated Interim Financial Statements

For the three months ended October 31, 2021

### **Condensed Consolidated Interim Financial Statements**

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# KDA GROUP INC.

## Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

	October 31, 2021	July 31, 2021
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	2,910,620	1,717,150
Trade receivables	4,378,823	3,726,008
Inventories	55,314	55,314
Prepaid expenses	210,451	97,854
Income taxes receivable	17,657	17,657
Advances receivable, without interest	228,156	228,156
Loan receivable from shareholders, without interest	3,080	3,080
	<b>7,804,101</b>	5,845,219
<b>Non-current assets</b>		
Property and equipment	116,964	119,788
Intangible assets	8,202,246	7,799,322
Goodwill	6,310,861	6,310,861
Deferred tax assets	2,572,931	1,898,679
Right of use assets	215,063	224,260
	<b>17,418,065</b>	16,352,910
<b>TOTAL ASSETS</b>	<b>25,222,166</b>	22,198,129

Accompanying notes form an integral part of these Condensed Consolidated Interim financial statements

# KDA GROUP INC.

Condensed Consolidated Interim Statements of Financial Position  
(Unaudited)

	October 31, 2021	July 31, 2021
	\$	\$
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank indebtedness (note 4)	-	980,000
Trade and other payables	2,881,696	3,134,701
Due to third-party	322,612	522,612
Deferred revenues	1,321,272	806,752
Due to shareholders, without interest	100,561	100,561
Income taxes payable	8,003	438,003
Current maturity of long-term debt (note 5)	1,135,629	1,748,079
Current maturity of lease liabilities	34,325	34,325
	<b>5,804,098</b>	<b>7,765,033</b>
<b>Non-current liabilities</b>		
Long-term debt (note 5)	11,141,792	5,880,168
Lease liabilities	204,890	212,988
Preferred shares (note 6)	5,157,214	4,091,221
Deferred tax liabilities	735,028	335,776
	<b>17,238,924</b>	<b>10,520,153</b>
<b>TOTAL LIABILITIES</b>	<b>23,043,022</b>	<b>18,285,186</b>
<b>DEFICIENCY (note 7)</b>		
Share capital	29,904,954	29,799,954
Contributed surplus	1,689,273	1,652,133
Other comprehensive loss		
Deficiency attributable to shareholders	(29,415,111)	(27,539,173)
Equity attributable to non-controlling interest	29	29
<b>TOTAL DEFICIENCY</b>	<b>2,179,143</b>	<b>3,912,943</b>
<b>TOTAL LIABILITIES AND DEFICIENCY</b>	<b>25,222,165</b>	<b>22,198,129</b>

Commitment (note 15)  
Contingencies (note 16)

Approved on behalf of the Board:

\_\_\_\_\_  
(Signed)  
Michael W. Kinley, Director

\_\_\_\_\_  
(Signed)  
Pierre Monet, CFO

Accompanying notes form an integral part of these Condensed Consolidated Interim financial statements

# KDA GROUP INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss  
(Unaudited)

	Three-months period ended October 31, 2021 \$	Three-months period ended October 31, 2020 \$
Revenues (note 8)	5,544,958	5,317,979
Cost of revenues	4,199,506	3,823,806
Gross Margin	1,345,452	1,494,173
Selling and administrative expenses (note 9)	1,846,957	942,259
<b>Income (loss) before depreciation, amortization, net finance costs and income taxes:</b>	<b>(501,505)</b>	551,914
Depreciation of right of use assets	9,198	9,198
Depreciation of property and equipment	12,685	18,871
Amortization of intangible assets	69,216	138,814
<b>Operating loss before the following</b>	<b>(592,604)</b>	385,031
<b>Net finance costs</b> (note 10)	<b>1,672,087</b>	439,196
<b>Loss before income tax (recovery) expense</b>	<b>(2,264,691)</b>	(54,165)
Deferred income tax recovery	(275,000)	-
Net loss from continuing operations	(1,989,691)	(54,165)
Net loss from discontinued operations (note 3)	-	(98,873)
<b>Net loss and other comprehensive loss</b>	<b>(1,989,691)</b>	(153,038)
Net loss and comprehensive loss attributable to:		
Equity holders of KDA Group Inc.	(1,989,691)	(104,649)
Non-controlling interest	-	(48,389)
	<b>(1,989,691)</b>	(153,038)
<b>Loss per share to equity holders of KDA Group Inc</b>		
<b>Basic and diluted (note 11)</b>	<b>(0.01)</b>	(0.00)
<b>Loss per share to equity holders of KDA Group Inc. from discontinued operations</b>		
<b>Basic and diluted (note 11)</b>	-	(0.00)

Accompanying notes form an integral part of these Condensed Consolidated Interim financial statements

# KDA GROUP INC.

Condensed Consolidated Interim Statements of Changes in Deficiency  
For the three-months ended October 31, 2021 and 2020

	Total Deficiency attributable to shareholders									
	Number of shares	Class "A" Common shares	Contributed surplus	Warrants reserve	Premium on convertible shares and debentures	Equity (deficiency)	Total	Other comprehensive loss	Non controlling Interest	Total equity (deficiency)
Balance at July 31, 2021	147,540,947	29,799,954	1,652,133	2,776,489	(2,274,216)	(28,041,446)	(27,539,173)	-	29	3,912,943
Issuance of shares	500,000	80,000	-	113,751	-	-	113,751	-	-	193,751
Options exercised	100,000	25,000	-	-	-	-	-	-	-	25,000
Share-based compensation	-	-	37,140	-	-	-	-	-	-	37,140
Net loss	-	-	-	-	-	(1,989,691)	(1,989,691)	-	-	(1,989,691)
<b>Balance at October 31, 2021</b>	<b>148,140,947</b>	<b>29,904,954</b>	<b>1,689,273</b>	<b>2,890,240</b>	<b>(2,274,216)</b>	<b>(30,031,137)</b>	<b>(29,415,113)</b>	<b>-</b>	<b>29</b>	<b>2,179,143</b>
Balance at July 31, 2020	118,420,947	25,089,855	911,524	2,205,390	(2,371,363)	(28,602,950)	(28,768,923)	(220,500)	(666,685)	(3,654,729)
Issuance of units and shares	9,000,000	758,241	-	581,759	-	-	581,759	-	-	1,340,000
Share issue cost	-	(76,782)	-	-	-	-	-	-	-	(76,782)
Issuance of shares for intangibles assets	20,000,000	4,000,000	-	-	-	-	-	-	-	4,000,000
Warrants exercised	120,000	28,660	-	(10,660)	-	-	(10,660)	-	-	18,000
Share-based compensation	-	-	740,609	-	-	-	-	-	-	740,609
Other comprehensive loss	-	-	-	-	-	-	-	(779,499)	-	(779,499)
Disposal of subsidiary	-	(20)	-	-	-	-	-	-	666,685	666,665
Debentures	-	-	-	-	97,147	-	97,147	-	-	97,147
Reclassification to profit or loss	-	-	-	-	-	-	-	999,999	-	999,999
Net profit	-	-	-	-	-	561,504	561,504	-	29	561,533
Balance at July 31, 2021	147,540,947	29,799,954	1,652,133	2,776,489	(2,274,216)	(28,041,446)	(27,539,173)	-	29	3,912,943

Accompanying notes form an integral part of these Condensed Consolidated Interim financial statements

# KDA GROUP INC.

## Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

	Three-months period ended October 31, 2021 \$	Three-months period ended October 31, 2020 \$
<b>Cash flows from (used by) operating activities:</b>		
Net loss for the period	(1,989,691)	(153,038)
Adjustments for:		
Deferred income tax recovery	(275,000)	-
Depreciation of property and equipment	12,685	16,752
Depreciation of right of use assets	9,198	70,521
Amortization of intangible assets	69,216	140,394
Financing fees - warrants	113,751	-
Amortization of financing fees	18,454	-
Share-based compensation	117,140	47,165
Accrued interest	293,779	-
Accreted interest	1,115,220	240,000
	(515,248)	361,794
Changes in non-cash elements of working capital (note 14)	(1,133,897)	1,059,009
	(1,649,145)	1,420,803
<b>Cash flows from (used by) investing activities:</b>		
Additions to property and equipment	(9,861)	(62,130)
Disposal of property and equipment	-	1,890
Additions to intangibles assets	(472,140)	(65,525)
Additions to right of use of assets	-	(17,875)
Disposal of right of use of assets	-	21,725
Increase in loan receivable	-	(41,112)
	(482,001)	(163,027)
<b>Cash flows from (used by) financing activities:</b>		
Proceeds from long-term debt, net of issuance cost (note 5)	5,816,354	-
Repayment of long-term debt (note 5)	(1,528,640)	(345,045)
Repayment of lease liabilities	(8,098)	(65,145)
Exercise of stock options	25,000	-
Decrease in the bank indebtedness (note 4)	(980,000)	(340,000)
	3,324,616	(750,190)
Net increase in cash	1,193,470	507,586
Cash, beginning of the period	1,717,150	1,807,969
<b>Cash, end of the period</b>	<b>2,910,620</b>	<b>2,315,555</b>
<b>Supplemental information</b>		
Interest paid	111,441	141,641

Refer to note 14 for non-cash transactions.

Accompanying notes form an integral part of these Condensed Consolidated Interim financial statements

# KDA GROUP INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the three months period ended October 31, 2021  
(Unaudited)

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## 1. Incorporation and nature of activities

KDA Group Inc. (“KDA” or the “Corporation”) is incorporated under the Business Corporations Act (Québec). The Corporation is a publicly traded company listed on the TSX Venture Exchange (“TSX.V”) under the symbol “KDA”. The Corporation’s head office is 300-1351 Notre-Dame East, Thetford Mines, Québec, G6G 0G5.

The condensed consolidated interim financial statements of the Corporation for the three months ended October 31, 2021 include the Corporation and its subsidiaries. The Corporation provides a range of solutions and services to pharmacies and pharmaceutical companies in Canada as well as technological platform for the health industry.

## 2. Basis of preparation

### a) Statement of compliance:

These condensed consolidated interim financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by International Accounting Standard Board (“IASB”) and with IAS 34 Interim Financial Reporting. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the most recent audited annual consolidated financial statements and the notes thereto for the year ended July 31, 2021.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on December 17, 2021.

### b) Basis of measurement:

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following material item in the condensed consolidated interim statements of financial position:

- Derivative instruments are measured at fair value;
- Miscellaneous equity investments are measured at fair value.

### c) Functional and presentation currency

The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Corporation’s functional currency.

### d) Use of estimates and judgments:

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

# KDA GROUP INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the three months period ended October 31, 2021  
(Unaudited)

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## 2. Basis of preparation (continued)

The significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those described in the July 31, 2021, audited annual financial statements.

## 3. Discontinued operations

On June 11, 2021, the Corporation sold its 51% ownership in CanNorth Medic Inc. ("CNM") for \$51. The advances receivables of \$2,881,409 bears an annual interest of 10% and is repayable through 10% royalties on the future sale from CNM's plant. In the event that the buyer sells his shares or the assets of CNM, 51% of the proceeds must be remitted to the Corporation less the amount of the advances repaid.

KDA will remain as a cautioner of the lease regarding the building until December 2028. The annual rent amount cautioned is \$350,000.

Statements of loss and comprehensive loss for discontinued operations

	Three-months period ended October 31, 2021	Three-months period ended October 31, 2020
		\$
Revenues	-	-
Selling and administrative expenses	-	13,569
<b>Loss before depreciation, amortization, net finance costs and income taxes</b>	-	(13,569)
Depreciation of right of use of assets	-	(61,323)
<b>Operating loss before following:</b>	-	(74,892)
Net finance costs	-	(23,981)
<b>Net loss from discontinued operations</b>	-	(98,873)

Net cash flow used in discontinued operations

	Three-months period ended October 31, 2021	Three-months period ended October 31, 2020
	\$	\$
Cash used by operating activities	-	(98,873)
Cash used by investing activities	-	(211,357)
Cash flow provided by financing activities	-	-
<b>Net cash flows used in Discontinued operations</b>	-	<b>(310,231)</b>

# KDA GROUP INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the three months period ended October 31, 2021  
(Unaudited)

## 4. Bank indebtedness

The bank indebtedness has been fully repaid and the Corporation does not have an authorized operating credit.

## 5. Long-term debt

	At October 31, 2021	At July 31, 2021
Loan from a lending institution, 9.95%, repayable by monthly instalments of \$111,004, net of transaction costs of \$173,154 <sup>(3)</sup>	5,696,632	-
Loan from a Canadian chartered bank, repaid in August 2021	-	1,363,247
Balance of purchase price, non-interest bearing and net of accreted interest of \$13,113 as of July 31, 2021 and 2020, matured in August 2021	341,287	371,287
Promissory notes with a shareholder, bearing interest at 9%, maturing December 31, 2022, net of transaction costs of \$22,148 (\$25,418 as of July 31, 2021)	5,426,908	5,090,044
Convertible debentures <sup>(1)</sup> , bearing interest at 10%, unsecured maturing on June 23, 2023, net of transaction costs of \$18,886	647,190	634,460
Loan without interest, secured by the federal government, no instalments if reimbursement occur before December 31, 2022, the Corporation will receive a subvention of \$60,000 <sup>(2)</sup>	113,331	111,957
Other loans, bearing interest from prime rate plus 4% to 7.74%, repayable by monthly instalments of \$2,054, and maturing from October 2023 to December 2025	52,073	57,252
	12,277,421	7,628,247
Less:		
Current portion due to breach of covenants	-	1,363,247
Current maturity of long-term debt	1,135,629	384,832
Total current portion	1,135,629	1,748,079
Total long-term debt portion	11,141,792	5,880,168

<sup>(1)</sup> The debentures are convertible into Class A shares of the corporation anytime at a conversion price equal to \$0.15 per share.

<sup>(2)</sup> If the loan is not repaid in full by December 31, 2022, the entire loan can be converted in a term loan, bearing interest at the rate of 5%, payable monthly, without payment of capital before maturity, and maturing on December 31, 2025.

<sup>(3)</sup> The loan is subject to financial ratios on quarterly basis. The Company complies with the Senior Debt to EBITDA of < 3.25:1 and debt service coverage ratio above 1.25:1.

# KDA GROUP INC.

Notes to the Condensed Consolidated Interim Financial Statements  
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(Unaudited)

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## 5. Long-term debt (continued)

	At October 31, 2021	At July 31, 2021
Less than 1 year	1,135,629	1,748,079
Between 1 and 5 years	11,355,980	5,924,472
More than 5 years	-	-
Total amounts payable	12,491,609	7,672,551
Less: Financing fees	(214,188)	(44,304)
Total	12,277,421	7,628,247

## 6. Preferred shares

On June 30, 2021, the Corporation entered into an agreement with the holders of the series A Preferred Shares. Under this agreement, series A were cancelled, and series B-1 and B-2 were created. The interest payable was added to the principal of the Preferred Shares and a portion was added to the Promissory Notes (Note 13). They bear a 9% interest on an annual basis. The maturity date is December 31, 2022.

Series B <sup>(1)</sup>

	\$
Balance at July 31, 2021	4,091,221
Accreted interest	1,065,993
<b>Balance at October 31, 2021</b>	<b>5,157,214</b>

<sup>(1)</sup> The Corporation has authorized and unlimited number of Series B preferred shares.

A crediting factor will be applied to repayment of the Promissory Notes and repurchase of Preferred shares as follows:

From August 1, 2021 to December 31, 2021	2.50x
From January 1, 2022 to June 30, 2022	1.50x
From July 1, 2022 to December 31, 2022	1.25x

Notwithstanding the crediting factor, the minimum payment by the Corporation to repay the Promissory Notes and repurchase the Preferred Shares is \$8 million.

# KDA GROUP INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the three months period ended October 31, 2021  
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## 7. Share capital and other components of equity

### SHARE CAPITAL

In accordance with the granted restricted common shares (“RCS”) to executives, the Corporation issued 500,000 common shares to one officer at \$0.16 per share on October 15, 2021. Those shares were evaluated at fair value at that date and were recorded as share-based compensation for total of \$80,000. 100,000 options were exercised at \$0.25 per share during the three-month period ended October 31, 2021.

### WARRANTS

The Corporation issued 3,000,000 warrants that entitles the private lending institution to purchase one Class A Shares of KDA at an exercise price of \$0.14 per Common Share with an expiration date of December 30, 2022.

Risk free interest rate	0.42%
Expected volatility	75.8%
Dividend yield	NIL
Expected life	17 months
Grant date fair value	\$0.12

THE FOLLOWING IS A CONTINUITY OF THE WARRANTS OUTSTANDING AS AT OCTOBER 31, 2021.

	Number of warrants	Weighted average exercisable price
Balance, at July 31, 2021	43,178,904	0.37
Issuance	3,000,000	0.14
Expired	(11,428,571)	0.69
<b>Balance, at October 31, 2021</b>	<b>34,750,333</b>	<b>0.25</b>

## KDA GROUP INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the three months period ended October 31, 2021  
(Unaudited)

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### 7. Share capital and other components of equity (continued)

THE FOLLOWING TABLE PRESENTS THE DETAILS OF THE ISSUED AND OUTSTANDING WARRANTS AS AT:

	October 31, 2021		July 31, 2021	
Exercise price	Expiry date	Number	Expiry date	Number
0.20	November 7, 2021	13,890,333	November 7, 2021	13,890,333
0.69	-	-	October 20, 2021	11,428,571
0.20	November 24, 2021	8,000,000	November 24, 2021	8,000,000
0.40	October 22, 2022	9,860,000	October 22, 2022	9,860,000
0.14	December 30, 2022	3,000,000	-	-
		<b>34,750,333</b>		<b>43,178,904</b>

On November 16, 2021, the Corporation amended the expiry date of 8,000,000 warrants to purchase 8,000,000 common shares of KDA at a price of \$0.20 per share.

### STOCK OPTION PLAN

100,000 options were exercised during the period. None were issued, expired or cancelled.

At October 31, 2021		
	Number of options	Weighted average exercise price (\$)
Balance, beginning of the period	11,530,000	0.21
Exercised	100,000	0.25
Balance, end of the period	11,430,000	0.21

## KDA GROUP INC.

Notes to the Condensed Consolidated Interim Financial Statements  
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### 7. Share capital and other components of equity (continued)

		Options outstanding		Options exercisable
Exercise price	Number of options	Weighted average remaining contractual life (in years)		Number of options
0.18	7,000,000	4.5		2,333,333
0.25	550,000	1.5		550,000
0.25	880,000	2.6		880,000
0.25	2,500,000	2.8		2,500,000
0.30	500,000	3.3		500,000
<b>0.21</b>	<b>11,430,000</b>	<b>3.8</b>		<b>6,763,333</b>

Of the options outstanding at October 31, 2021, a total of 4,500,000 (July 31, 2021 – 5,200,000) are held by key management personnel.

### 8. Revenues

	Three months ended October 31, 2021	Three months ended October 31, 2020
Replacement pharmacists	<b>3,207,130</b>	3,293,467
Training	<b>2,337,828</b>	1,886,033
Others	-	138,479
Total	<b>5,544,958</b>	5,317,979

## KDA GROUP INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the three months period ended October 31, 2021  
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### 9. Selling and administrative expenses

	Three months ended October 31, 2021	Three months ended October 31, 2020
Salaries and fringe benefits	744,051	282,883
Professional fees	654,010	504,606
Rental fees	6,457	15,912
Supplies and office expenses	155,275	60,317
Other	170,024	31,376
Sub-total	1,729,817	895,094
Share-based compensation	117,140	47,165
Total	1,846,957	942,259

### 10. Net finance costs

	Three months ended October 31, 2021	Three months ended October 31, 2020
Accreted interest	1,115,220	240,000
Financial costs	556,867	199,196
Net finance costs	1,672,087	439,196

### 11. Loss per share

The calculation of basic net loss per share was based on the net loss attributable to Class A common shares of \$1,989,691 (October 31, 2020 – net loss of \$104,649) and a weighted average number of Class A common shares of 147,667,614 (October 31, 2020 – 118,420,847).

The effect of potential issuances of shares under stock options, warrants and preferred shares would be non-dilutive for periods ended October 31, 2021 and 2020.

# KDA GROUP INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the three months period ended October 31, 2021  
(Unaudited)

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## 12. Segmented information

In line with the Corporation's strategic plan and recent acquisitions expanding the customer's products offering, the Corporation provides information on three reporting segments: Pharmacy Services and Pharmaceutical Solutions and Pharmaceutical cannabis. The profitability measures employed by the chief operating decision maker, who is responsible for allocating resources and for assessing segment performance. The profitability measure is gross margin less selling and administrative expenses.

INFORMATION PERTAINING TO EACH SEGMENT FOR THE THREE MONTHS ENDED OCTOBER 31:

	Pharmacy Services		Pharmaceutical Solutions		Technology		Corporate and others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues	3,207,130	3,608,388	2,337,828	1,700,689	-	-	-	8,902	5,544,958	5,317,979
Segment operating income (loss)	486,674	855,321	226,858	304,282	(17,502)	-	(1,197,535)	(607,689)	(501,505)	551,914
Assets acquisitions										
Property and equipment	-	-	9,861	7,468	-	-	-	-	9,861	7,468
Intangibles	-	-	-	-	472,140	-	-	-	472,140	-

## 13. Related party transactions

### Transactions with key management personnel

The Corporation's related parties include companies under common control as well as key management personnel. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. The transactions are measured at value of the consideration given or received, which has been established and agreed by the parties. Outstanding balances are usually settled in cash.

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Corporation as a whole. The Corporation has determined that key management personnel consist of the Corporation's Board of Directors and corporate officers.

## KDA GROUP INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the three months period ended October 31, 2021  
(Unaudited)

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### 13. Related party transactions (continued)

THE KEY MANAGEMENT AND DIRECTORS RECEIVED THE FOLLOWING REMUNERATION.

	Three months ended October 31, 2021	Three months ended October 31, 2020
Professional fees	142,860	174,708
Salaries	188,920	70,519
Share-based compensation	43,020	-

THE CORPORATION HAS THE FOLLOWING AMOUNTS OWING TO KEY MANAGEMENT PERSONNEL.

	At October 31, 2021	At October 31, 2020
Trade and other payables	-	12,977
Dividend payable <sup>(1)</sup>	75,000	75,000

<sup>(1)</sup> Recorded before the reverse takeover transaction in 2015 from prior business combination in the acquired entity.

## KDA GROUP INC.

Notes to the Condensed Consolidated Interim Financial Statements  
For the three months period ended October 31, 2021  
(Unaudited)

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### 14. Changes in non-cash working capital

	Three months ended October 31, 2021	Three months ended October 31, 2020
Trade and other receivables	(652,815)	170,346
Inventories	-	(61,994)
Income taxes receivable	-	(9,617)
Prepaid expenses	(112,597)	(54,882)
Trade and other payables	(253,005)	(50,769)
Deposits	-	505,000
Due to a third party	(200,000)	-
Income taxes payable	(430,000)	(17,289)
Deferred revenues	514,520	577,714
Total	(1,133,897)	1,059,009

#### *Non-cash transactions*

##### **Three-months period ended October 31, 2021**

The Corporation issued 3,000,000 warrants in connection with the debt financing in August 2021.

##### **Three-months period ended October 31, 2020**

There was no non-cash transactions during the three-month period ended October 31, 2020.

### 15. Commitment

The Corporation entered into an agreement with a third party for the development of the technology. This agreement expires in November 2021. The remaining commitment amounts to \$180,733.

# **KDA GROUP INC.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the three months period ended October 31, 2021  
(Unaudited)

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## **16. Contingencies**

On June 29, 2016, in the purchase agreement of Pharmapar inc. ("PPR"), the Corporation agreed and committed to indemnify the seller for tax litigation up to \$350,000. PPR has been audited by the provincial tax authorities and adjustments are being discussed with the seller of PPR. The outcome of any further action on this matter is indeterminable at this time.

No adjustments have been reflected in the condensed consolidated interim financial statements.

On September 10, 2021, the Corporation received a letter of formal notice claiming contractual indemnity from a former officer. Management is in discussion to settle this matter. The Corporation recorded a provision of \$350,000 in the condensed interim financial statements.

## **17. Comparative figures**

Certain prior period figures have been classified to make their presentation identical to that adopted in 2021. These reclassifications had no effect on the reported results of operations.