Condensed Consolidated Interim Financial Statements of

HAPBEE TECHNOLOGIES, INC. (FORMERLY ELEVATION TECHNOLOGIES, INC.)

For the nine months period ended September 30, 2020 and 2019

(Expressed in U.S. dollars)

HAPBEE TECHNOLOGIES, INC.

Condensed Consolidated Interim Financial Statements
Nine Months Ended September 30, 2020

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of Hapbee Technologies, Inc. for the nine months ended September 30, 2020 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

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

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the condensed consolidated interim financial statements by an entity's auditor.

Hapbee Technologies, Inc.
Condensed Consolidated Interim Statements of Financial Position
As at September 30, 2020 and December 31, 2019

Expressed in U.S. dollars

	September 30, 2020 (Unaudited)	**December 31, 2019** (Audited)
	$	**$**
Assets		
Current assets		
Cash	4,328,083	879,702
Receivables	22,677	-
Prepaid expenses	-	59,663
	4,350,760	939,365
Intangible assets (note 4)	2,528,231	2,294,997
Total assets	**6,878,991**	**3,234,362**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	522,999	760,212
	522,999	760,212
Convertible debentures	3,689,630	**-**
Total liabilities	**4,212,629**	**760,212**
Equity		
Share capital	5,503,547	2,875,693
Reserves	1,719,161	-
Accumulated deficit	(4,556,346)	(401,543)
Total shareholders' equity	**2,666,362**	**2,474,150**
Total liabilities and shareholders' equity	**6,878,991**	**3,234,362**

Going concern (note 1)
Basis of presentation (note 2)
Commitments and contingencies (note 14)

Approved on behalf of the Board of Directors on November 30, 2020.

"Michael Matysik"	*"Robert Dzisiak*"
Director	Director

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

Hapbee Technologies, Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three and nine months ended September 30, 2020 and 2019

Expressed in U.S. dollars	**Three months Ended September 30, 2020** (Unaudited) $	**Three months Ended September 30, 2019** (Unaudited) $	**Nine months Ended September 30, 2020** (Unaudited) $	**From January 3, 2019 (incorporation) to September 30, 2019** (Unaudited) $
Revenues				
Sales on products	326,700	-	326,700	-
Cost of goods sold	(213,638)	-	(213,638)	-
	113,062	-	113,062	-
Expenses				
Amortization of intangible assets	81,749	-	81,749	-
Consulting	171,930	51,797	789,496	98,707
General and administrative (Note 15)	206,921	20,565	582,319	28,587
Interest accretion and expense on convertible debentures	232,789	-	232,789	-
Product development costs	181,537	-	181,537	-
Professional fees	107,785	33,992	208,574	82,200
Royalty fees	32,500	-	32,500	-
Share-based compensation (Note 9)	35,541	-	692,467	-
Share-based - Zander acquisition (Note 5)	-	-	1,466,434	-
	(1,050,752)	(106,354)	(4,267,865)	(209,494)
Net loss and comprehensive loss for the period	**(937,690)**	**(106,354)**	**(4,154,803)**	**(209,494)**
Loss per share – basic and diluted (note 10)	**($0.037)**	**($0.002)**	**($0.165)**	**($0.005)**
Weighted-average number of shares outstanding - basic and diluted	**25,188,258**	**51,732,636**	**25,188,258**	**43,996,799**

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

Hapbee Technologies, Inc.
Condensed Consolidated Interim Statements of Changes in Equity
For the nine months ended September 30, 2020 and 2019

Expressed in U.S. dollars

	Number of Subordinated Voting Shares	Subordinated Voting Shares	Number of Multiple Voting Shares	Multiple Voting Shares	Reserves	Deficit	Total (Unaudited)
		$		$	$	$	$
Balance, Date of Incorporation	**28,125,000**	**1**	**-**	**-**	**-**	**-**	**1**
Issuance of shares for non-brokered private placement (note 8)	23,310,000	1,565,038	-	-	-	-	1,565,038
Net loss and comprehensive loss for the period	-	-	-	-	-	(209,494)	(209,494)
Balance, September 30, 2019	**51,435,000**	**1,565,039**	**-**	**-**	**-**	**(209,494)**	**1,355,545**
Balance, January 1, 2020	**58,050,000**	**2,875,693**	**-**	**-**	**-**	**(401,543)**	**2,474,150**
Issuance of shares for non-brokered private placement (note 8)	2,497,500	555,000	-	-	-	-	555,000
Conversion to Multiple Voting Shares	(45,000,000)	(39)	450,000	39	-	-	-
Issuance of shares as compensation	200,000	44,256	-	-	-	-	44,256
Issuance of shares for the Transaction (note 5)	8,724,401	1,938,755	-	-	-	-	1,938,755
Issuance of shares for finder's fee (note 7)	716,357	157,527	-	-	-	-	157,527
Share issuance cost (note 7)	-	(67,684)	-	-	-	-	(67,684)
Share-based compensation	-	-	-	-	648,210	-	648,210
Equity component of convertible debentures (note 7)	-	-	-	-	926,273	-	926,273
Fair value of finder's warrants (note 7)	-	-	-	-	144,678	-	144,678
Net loss and comprehensive loss for the period	-	-			-	(4,154,803)	(4,154,803)
Balance, September 30, 2020	**25,188,258**	**5,503,508**	**450,000**	**39**	**1,719,161**	**(4,556,346)**	**2,666,362**

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

Hapbee Technologies, Inc.
Condensed Consolidated Interim Statements of Changes in Cash Flows
For the nine months ended September 30, 2020 and 2019

Expressed in U.S. dollars

	Nine months Ended September 30, 2020 (Unaudited) $	**From January 3, 2019 (incorporation) to September 30, 2019** (Unaudited) $
Operating activities		
Net loss for the period	(4,154,803)	(209,494)
Items not involving cash:		
Accrued interest	132,617	-
Amortization of Intangible Assets	81,749	-
Share-based compensation	692,467	-
Share-based - Zander acquisition (Note 5)	1,466,434	-
Changes in non-cash working capital balances:		
(Increase) decrease in receivables	(22,677)	-
(Increase) decrease in prepaid expenses	59,663	(19,493)
Increase (decrease) in accounts payable and accrued liabilities	182,402	96,671
Net cash from (used) in operating activities	**(1,562,148)**	**(132,316)**
Investing activities		
License fees	(419,155)	(444,000)
Development costs incurred	(314,983)	(619,384)
Net cash used in investing activities	**(734,138)**	**(1,063,384)**
Financing activities		
Proceeds from subordinated voting shares issuances	555,000	1,565,039
Proceeds from convertible debenture issuances	4,717,807	-
Net cash provided by financing activities	**5,272,807**	**1,565,039**
Increase in cash during the period	2,976,521	369,339
Cash acquired on amalgamation	471,860	-
Cash, beginning of the period	879,702	-
Cash, end of the period	**4,328,083**	**369,339**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Hapbee Technologies, Inc. (formerly known as Elevation Technologies, Inc.) (the "Company") is a company incorporated on January 3, 2019 under the Business Corporations Act (British Columbia). Its registered and record office and corporate office is located at 700 West Georgia Street, Suite 2500, Vancouver, BC V7Y 1B3. The Company's principal business activity is to commercialize consumer digital products that will deliver one or more ultra-low radio frequency energy signals to produce mood-altering effects. On June 15, 2020, the Company completed a forward stock split of its common shares on a 1 for 4.5 basis. The Company had 13,455,000 common shares issued and outstanding and the resulting post stock split common shares outstanding are 60,547,500. The numbers of common shares issuable pursuant to all share capital have been retrospectively adjusted in accordance with the stock split ratio. On the same day, the Company amended its articles in order to change its authorized capital from an unlimited number of common shares, without par value, to an unlimited number of Subordinated Voting Shares, and created a new class of unlimited number of Multiple Voting Shares, all without par value. On June 16, 2020, the Company completed an amalgamation with Zander Capital Ltd. ("Zander"), refer to Note 5 for details. During the period ended September 30, 2020 60,547,500 common shares previously issued were cancelled and replaced by 60,547,500 Subordinated Voting Shares. During the period ended September 30, 2020, 45,000,000 Subordinated Voting Shares owned by EMulate Therapeutics Inc. and Scott Donnell were exchanged for 450,000 Multiple Voting Shares.

The Company's operations have been financed through the sale of Subordinated Voting Shares, Multiple Voting Shares and issuance of debt. The Company has incurred a significant operating loss since inception and has an accumulated deficit of $4,556,346 as at September 30, 2020.

These condensed consolidated financial statements have been prepared on a going-concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. For the nine months period ended September 30, 2020, the Company incurred a net loss of $4,154,803. The Company has negative cash flow from operations. In addition to its working capital requirements, the Company must secure sufficient funding to further develop its technology. Such circumstances create material uncertainties that may cast significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. However, there can be no assurance that these initiatives will be successful or sufficient.

The outbreak and spread of a novel coronavirus (COVID-19), declared a pandemic by the World Health Organization, has already had significant human, political, and economic consequences around the world. The coronavirus is still evolving, and its full impact remains to be determined. However, its wide-ranging effects include financial market volatility, interest rate cuts, disrupted movement of people and goods, and diminished consumer confidence. The effects of the coronavirus may be difficult to assess or predict with meaningful precision both generally and as an industry-or issuer-specific basis. This is an uncertain issue where actual effects will depend on many factors beyond the control and knowledge of the Company.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and operating requirements and eventually to generate positive cash flows from operations. These condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses and statement of financial position classifications that would be necessary were the going concern assumption determined to be inappropriate and these adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements of the Company. These condensed consolidated interim financial statements do not contain all of the information required for full annual financial statements. Accordingly, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's December 31, 2019, annual consolidated financial statements, which were prepared in accordance with IFRS as issued by the IASB.

These unaudited condensed consolidated interim financial statements are expressed in US dollars and have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting on a going concern basis. The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements as if the policies have always been in effect.

b) Basis of Preparation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information. The financial statements, unless otherwise specified, are presented in US dollars, which is the functional currency of the Company.

c) Functional and presentation currency

These condensed consolidated financial statements are presented in US dollars, unless otherwise noted, which is the functional currency of the parent and its wholly owned subsidiary Hapbee, Inc.

d) Basis of consolidation

These condensed consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed consolidated financial statements.

e) Approval of the Financial Statements

The condensed consolidated financial statements of the Company for the period ended September 30, 2020 were approved and authorized for issue by the Board of Directors on November 30, 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated financial statements.

a) Revenue recognition

The Company's revenues are derived from both the sale of hardware as well as subscriptions fees related to the use of its products.

Sales of hardware is recognized upon the transfer of control of the promised product to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products.

Subscription fees are comprised of fees that provide customers with access to its software and application over the contract term without taking possession of the software. Revenue from subscription fees, are recognized over the term of the contract.

The Company also collects advance payments from its customers which are recorded as unearned revenue. Recognition of the unearned revenue for subscription fees is over the term of the contract. For sale of hardware, recognition of unearned revenue is based on control of products transferring to customers.

b) Research and Development Expenditures

Research expenditures are recorded in the period incurred. Product development expenditures are expensed in the period incurred unless the product candidate meets specific criteria related to technical, market and financial feasibility for deferral and amortization. The Company's policy is to amortize deferred product development expenditures over the expected future life of the product once product revenues are recorded.

4. INTANGIBLE ASSETS

The Company capitalized the acquisition costs of licenses and development costs related to the design and development of the device prototype.

a) Licenses

License Agreement for certain sensory technologies
On March 29, 2019, the Company acquired a license from EMulate Therapeutics Inc. ("EMulate"). The Company paid an up-front fee of USD $1,500,000 for this license. The Company will pay EMulate, on a quarterly basis, 20% royalties on the net income from sales, lease or rental of the authorized product containing cognate signals. The royalty rate on the first USD $10,000,000 will be 25%. In exchange, the Company will obtain from EMulate certain exclusive rights and licenses to develop, use, import, and commercialize a consumer digital products using EMulate's technology. The license has a term of 20 years from the effective date.

4. INTANGIBLE ASSETS (CONTINUED)

a) Licenses (continued)

On October 30, 2019, an amended and restated exclusive license agreement with EMulate was signed by the Company. The effective date of the original licensing agreement was changed to October 30, 2019. All other terms remained the same. On January 24, 2020, another amended and restated exclusive license agreement with EMulate was signed by the Company. As per the amended and restated exclusive license agreement, the effective date of the original licensing agreement was changed to January 24, 2020, all other terms remained the same. On June 1, 2020, another amended and restated exclusive license agreement with EMulate was signed by the Company. As per the amended and restated exclusive license agreement, the effective date of the original licensing agreement was changed to June 1, 2020. All other terms remained the same.

<u>License Agreement for certain sensory technologies</u>
On October 30, 2019, the Company acquired another license from EMulate. The Company paid an up-front fee of USD $30,000 for this license. The Company will pay EMulate, on a quarterly basis, 20% royalties on the net income from sales, lease or rental of the authorized product containing cognate signals. The royalty rate on the first USD $10,000,000 will be 25%. In exchange, the Company will obtain from EMulate certain exclusive rights and licenses to develop, use, import, and commercialize a consumer digital products using EMulate's technology. The license has a term of 20 years from the effective date.

On October 31, 2019, an amended and restated exclusive license agreement with EMulate was signed by the Company. The effective date of the original licensing agreement was amended to October 31, 2019. All other terms remained the same. On January 24, 2020, another amended and restated exclusive license agreement with EMulate was signed by the Company. As per the amended and restated exclusive license agreement, the effective date of the original licensing agreement was amended to January 24, 2020. All other terms remained the same. On June 1, 2020, another amended and restated exclusive license agreement with EMulate was signed by the Company. As per the amended and restated exclusive license agreement, the effective date of the original licensing agreement was amended to June 1, 2020. All other terms remained the same.

Sensory technologies include the human senses of happiness, sleepiness, focus, alertness, calmness and relaxation.

b) Development Costs

During the nine months period, the Company incurred development costs of $314,983 related to the developing an augmentative wearable device that emulates normal molecular interactions in the body through small, specific magnetic fields. These costs have met the criteria for capitalization under IAS 38.

During the period, amortization of intangible assets has been recorded in amortization-intangible assets.

The following table outlines the Company's intangible assets as at September 30, 2020:

4. INTANGIBLE ASSETS (CONTINUED)

b) Development Costs (continued)

	September 30, 2020	December 31, 2019
	$	$
License Agreement for certain sensory technologies	1,500,000	1,500,000
License Agreement for certain sensory technologies	30,000	30,000
Development costs capitalized	1,079,980	764,997
Amortization of intangible assets - license fees	(25,500)	-
Amortization of intangible assets - development costs	(56,249)	-
	2,528,231	2,294,997

During the period, amortization of intangible assets has been recorded in amortization-intangible assets.

5. ACQUISITION TRANSACTION

During May 2020, the Company entered into a definitive agreement with Zander to complete a transaction structured as a three-cornered amalgamation (“Amalgamation” or “Transaction”) with Zander and the Company’s wholly-owned subsidiary, 1245802 B.C. Ltd ("802"). As consideration for the Amalgamation, each outstanding common share of the Zander was exchanged for one Subordinated Voting Share of the Company. Pursuant to the amalgamation agreement, an aggregate of 8,724,401 of the Company's Subordinated Voting Shares have been issued to the shareholders of Zander. The transaction resulted in Zander becoming a wholly-owned subsidiary of the Company on June 16, 2020.

The transaction was accounted for using the acquisition method of accounting whereby the assets acquired, and liabilities assumed were recorded at their estimated fair value at the acquisition date. The acquisition was not assessed to be a business combination and is therefore treated as an asset acquisition under the scope of IFRS 2 – Share Based Payments. The Company valued the subordinated voting shares using share prices used in recent equity and debt financings which were considered to be the fair value of the shares issued. The allocation of the purchase price is as follows:

Subordinated Voting shares of the Company issued	8,724,401
Fair value of consideration received ($0.22 per share)	$1,938,755
Identifiable assets acquired	$474,273
Identifiable liabilities assumed	(1,952)
Net	472,321
Share-based compensation related to services, knowledge and expertise of the Zander team	1,466,434
Total purchase price	$1,938,755

5. ACQUISITION TRANSACTION (CONTINUED)

In exchange for 8,724,401 Subordinated Voting Shares of the Company, the Company received $472,321 in net assets and the remaining consideration was allocated to share-based payments. The share-based payments represent the services and knowledge related to the expertise that the Zander team brings to the Company. The Zander team will be able to assist the Company in understanding the Canadian marketplace and will be able to introduce strategic partners to assist with future financings and business negotiations. The Company recorded the shared based-compensation in the current period on the condensed consolidated interim statement of loss and comprehensive loss.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2020	December 31, 2019
	$	$
Trade accounts payable and accrued liabilities	395,534	23,062
Amounts payable to related parties (note 11)	127,465	737,150
	522,999	760,212

7. CONVERTIBLE DEBENTURES

On June 25, 2020, the Company closed a non-brokered private placement of secured convertible debentures (“Convertible Debentures”), in the principal amount of $4,483,594 (C$6,116,773). The Convertible Debentures will mature on June 25, 2022. The Company will file a listing application for its Subordinated Voting Shares to be listed on TSX Venture Exchange (the “Listing”). If the Listing is completed on or before October 30, 2020, there will not be any interest to be paid or accrued on the Convertible Debenture. If the Listing is completed after October 30, 2020, there will be eight percent (8%) coupon interest rate to be paid and accrued retroactively from the day of issuance of the Convertible Debentures. The total amount of the principal and the total amount of accrued and unpaid interest, if any, will be automatically converted into units (the “Convertible Debenture Units”) of the Company prior to or concurrent to the receipt of the final receipt of the Final Prospectus, at a conversion price of $0.22 (C$0.30) per Unit (the “Conversion Price”). Each Convertible Debenture Unit consists one (1) Subordinated Voting Shares (the “Convertible Debenture Share”) and one half of one (1/2) Subordinated Voting Share purchase warrant (each a “Convertible Debenture Warrant”). Each whole Convertible Debenture Warrant will entitle the holder to purchase one (1) additional Subordinated Voting Share from the Company at an exercise price of $0.37 (C$0.50) per share for a period of two (2) years from the issuance date of the Convertible Debenture Warrant.

Convertible Debentures	
Gross proceeds received in convertible debentures	$ 4,483,594
Less: issuance costs	(348,090)
Less: Equity component recognized in reserves	(804,126)
Liability component recognized in convertible debentures	3,331,378
Accretion and interest expense recognized	127,615
Balance – September 30, 2020	$ 3,458,993

7. CONVERTIBLE DEBENTURES (CONTINUED)

For accounting purposes, the Convertible Debentures are separated into their liability and equity components using the residual method. The fair value of the liability component at the time of issue was determined to be $3,331,378. This is based on an estimated market interest rate of 20% for Convertible Debentures without the conversion feature. The fair value of the equity component was determined to be $804,126. This is the difference between the face value of the Convertible Debentures and the fair value of the liability component. After initial recognition the liability component is carried on an amortized cost basis and will be accreted to its face value over the term to maturity of the Convertible Debenture at an effective interest rate of approximately 25.1%. The balance of the Convertible Debentures as at September 30, 2020 includes accrued interest of $127,615.

On July 13, 2020, the Company closed a non-brokered private placement of secured convertible debentures ("Convertible Debentures"), in the principal amount of $280,098 (C$380,000). The Convertible Debentures will mature on July 13, 2022. The Company will file a listing application for its Subordinated Voting Shares to be listed on TSX Venture Exchange (the "Listing"). If the Listing is completed on or before October 30, 2020, there will not be any interest to be paid or accrued on the Convertible Debenture. If the Listing is completed after October 30, 2020, there will be eight percent (8%) coupon interest rate to be paid and accrued retroactively from the day of issuance of the Convertible Debentures. The total amount of the principal and the total amount of accrued and unpaid interest, if any, will be automatically converted into units (the "Convertible Debenture Units") of the Company prior to or concurrent to the receipt of the final receipt of the Final Prospectus, at a conversion price of $0.22 (C$0.30) per Unit (the "Conversion Price"). Each Convertible Debenture Unit consists one (1) Subordinated Voting Shares (the "Convertible Debenture Share") and one half of one (1/2) Subordinated Voting Share purchase warrant (each a "Convertible Debenture Warrant"). Each whole Convertible Debenture Warrant will entitle the holder to purchase one (1) additional Subordinated Voting Share from the Company at an exercise price of $0.37 (C$0.50) per share for a period of two (2) years from the issuance date of the Convertible Debenture Warrant.

Convertible Debentures	
Gross proceeds received in convertible debentures	$ 280,098
Less: issuance costs	-
Less: Equity component recognized in reserves	(54,463)
Liability component recognized in convertible debentures	225,635
Accretion and interest expense recognized	5,002
Balance – September 30, 2020	$ 230,637

For accounting purposes, the Convertible Debentures are separated into their liability and equity components using the residual method. The fair value of the liability component at the time of issue was determined to be $225,635. This is based on an estimated market interest rate of 20% for Convertible Debentures without the conversion feature. The fair value of the equity component was determined to be $54,463. This is the difference between the face value of the Convertible Debentures and the fair value of the liability component. After initial recognition the liability component is carried on an amortized cost basis and will be accreted to its face value over the term to maturity of the Convertible Debenture at an effective interest rate of approximately 20.17%. The balance of the Convertible Debentures as at September 30, 2020 includes accrued interest of $5,002.

8. SHARE CAPITAL

On June 15, 2020, the Company amended its articles in order to change its authorized capital from an unlimited number of common shares, without par value, to an unlimited number of Subordinated Voting Shares, and created a new class of unlimited number of Multiple Voting Shares, all without par value.

Authorized

The Company's authorized capital consists of (i) an unlimited number of Subordinated Voting Shares, and (ii) an unlimited number of Multiple Voting Shares. The holders of Subordinated Voting Shares are entitled to one vote for each Subordinated Voting share held. The holders of Multiple Voting Shares are entitled to 100 votes for each Multiple Voting Share held.

Voting Rights

All holders of Subordinated Voting Shares and Multiple Voting Shares are entitled to receive notice of any meeting of shareholders of the Company, and to attend, vote and speak at such meetings, except those meetings at which only holders of a specific class of shares are entitled to vote separately as a class under the Business Corporations Act (British Columbia). A quorum for the transaction of business at any meeting of shareholders is two persons present at the meeting, each of whom is entitled to vote at the meeting, and who hold or represent by proxy in the aggregate not less than 5% of the outstanding shares of the Company entitled to vote at the meeting.

On all matters upon which shareholders the Company are entitled to vote:

- each Subordinated Voting Share is entitled to one vote per Subordinated Voting Share; and
- each Multiple Voting Share is entitled to 100 votes per Multiple Voting Share.

Unless a different majority is required by law or the articles of the Company, resolutions to be approved by shareholders require approval by a simple majority of shareholders.

Conversion Rights and Conditions

The issued and outstanding Multiple Voting Shares, including fractions thereof, may at any time, subject to the FPI Condition (as defined below), at the option of the holder, be converted into Subordinated Voting Shares at a ratio of 100 Subordinated Voting Shares per Multiple Voting Share. Further, the board of directors of the Company may determine in the future that it is no longer advisable to maintain the Multiple Voting Shares as a separate class of shares and may cause all of the issued and outstanding Multiple Voting Shares to be converted into Subordinated Voting Shares at a ratio of 100 Subordinated Voting Shares per Multiple Voting Share. The right of the Multiple Voting Shares to convert into Subordinated Voting Shares is subject to certain conditions in order to maintain the status of the Company as a "foreign private issuer" under United States securities laws (the "FPI Condition").

At September 30, 2020, the Company has 25,188,258 Subordinated Voting Shares issued and outstanding and 450,000 Multiple Voting Shares issued and outstanding.

8. SHARE CAPITAL (CONTINUED)

<u>Shares Issuance</u>

Fiscal Year 2019

- On January 3, 2019, the Company issued 5 common shares at a price of $0.22 upon incorporation.
- On March 13, 2019, the Company forward split its 5 issued and outstanding shares on the basis of 28,125,000 post-split shares for 1 pre-split common share.
- On March 14, 2019, the Company completed a private placement of 16,875,000 common shares at a price of $0.0000022 per share for aggregate gross proceeds of $38. The shares were issued to an officer of the Company.
- During the period from April 3, 2019 to December 31, 2019, the Company completed a private placement of an aggregate of 13,050,000 common shares at a price of $0.22 per share for aggregate gross proceeds of $2,900,000.

Nine Months Period Ended September 30, 2020

- During the nine months period from January 1, 2020 to June 4, 2020, the Company completed a private placement of an aggregate of 2,497,500 common shares at a price of $0.22 per share for aggregate gross proceeds of $555,000.
- On June 15, 2020, the Company completed a forward stock split of its shares on a 1 for 4.5 basis. Particulars of the share consolidation were approved by the shareholders at the Company's AGM on June 15, 2020. The Company had 13,455,000 common shares issued and outstanding and the resulting post share split shares outstanding are 60,547,500. All share information was updated to reflect this stock split. The exercise price and number of common shares issuable pursuant to all share capital have been adjusted in accordance with the stock split ratio.
- On June 15, 2020, the Company amended its articles in order to change its authorized capital from an unlimited number of common shares, without par value, to an unlimited number of Subordinated Voting Shares, and created a new class of unlimited number of Multiple Voting Shares, all without par value. 60,547,500 common shares previously issued were cancelled and replaced by 60,547,500 Subordinated Voting Shares.
- On June 15, 2020, the Company exchanged 45,000,000 Subordinated Voting Shares owned by EMulate Therapeutics Inc. and Scott Donnell for 450,000 Multiple Voting Shares.
- On June 16, 2020, the Company issued 8,724,401 Subordinated Voting Shares upon the completion of the amalgamation with Zander, refer to Note 5 for details.
- On June 16, 2020, the Company issued 200,000 Subordinated Voting Shares to a director of the Company at a deemed price of $0.22 per share.
- On June 25, 2020, the Company issued 716,357 Subordinated Voting Shares to a finder of the Convertible Debentures (Note 7).

9. STOCK OPTIONS

The Company has adopted a stock option plan on November 6, 2019, providing the Board of Directors with the discretion to issue an equivalent number of options of up to 7,515,000 Subordinated Voting Shares of the Company. Stock options are granted with an exercise price of not less than the closing share price the date preceding the date of grant.

During nine months period ended September 30, 2020, Company granted 3,600,000 (2019 – nil) stock options with a value of $612,669 (2019 - $Nil) or $0.17 (2019 - $Nil) per option.

The continuity of stock options for the period ended September 30, 2020 is as follows:

	Number of Options Outstanding	Weighted Average Exercise Price ($)
Balance December 31, 2019	-	-
Granted	3,600,000	0.22
Balance September 30, 2020	**3,600,000**	**0.22**

The options outstanding and exercisable at September 30, 2020 are as follows:

Number Outstanding	**Exercise Price ($)**	**Remaining Contractual Life (Years)**
3,600,000	0.22	7.31
3,600,000		7.31

The fair value of share options awarded to officers, directors and consultant was estimated on the dates of award using the Black-Scholes option pricing model with the following assumptions:

Options Period Ended September 30,	2020	2019
Dividend yield	0%	-
Risk-free interest rate	1.74%	-
Estimated volatility	150%	-
Expected life in years	8.00	-

10. WARRANTS

On June 25, 2020, the Company issued 976,523 non-transferrable finder's warrants. Each finder's warrant will entitle the holder to purchase one (1) additional Subordinated Voting Share from the Company at an exercise price of $0.22 (C$0.30) per share for a period of two (2) years from the issuance date. The broker's warrants were valued at $144,678 using the Black-Scholes Option Pricing Model with the following assumption at the issue date: risk free interest rate of 0.30%; dividend yield of 0%; expected volatility of 150% and expected life of 2 years. (note 7)

On July 31, 2020, the Company issued 223,073 (2019 – nil) warrants to a consultant (the Consultant") pursuant to the consulting agreement with the Consultant. Each Consultant's warrant will entitle the holder to purchase one (1) additional Subordinated Voting Share from the Company at an exercise price of $0.22 (C$0.30) per share for a period of two (2) years from the issuance date. The Consultant's warrants were valued at $35,541 using the Black-Scholes Option Pricing Model with the following assumption at the issue date: risk free interest rate of 0.26%; dividend yield of 0%; expected volatility of 150% and expected life of 2 years.

The continuity of warrant for the period ended September 30, 2020 is as follows:

	Number of Warrants Outstanding	Weighted Average Exercise Price ($)
Balance December 31, 2019	-	-
Granted	1,199,596	0.22
Balance September 30, 2020	**1,199,596**	**0.22**

The outstanding warrants at September 30, 2020 are as follows:

The warrants outstanding and exercisable at September 30, 2020 are as follows:

Expiry Date	Price per Share	Warrants Outstanding
June 25, 2022	$0.22	976,523
July 31, 2022	$0.22	223,073

11. LOSS PER SHARE

The weighted average number of Subordinated Voting Shares outstanding for the nine months period ended September 30, 2020 was 25,188,258. In calculating the weighted average number of shares, the Multiple Voting Shares are included assuming the shareholders executed their conversion rights. The Company has not adjusted its weighted average number of Subordinated Voting shares outstanding in the calculation of diluted loss per share, as the effect of warrants and options is anti-dilutive.

12. RELATED PARTY TRANSACTIONS

The aggregate value of transactions recorded relating to key management personnel and entities which they have control or significant influence were as follows:

	Notes	**Nine Months Period from January 1, 2020 to September 30, 2020**	**For the period from incorporation to September 30, 2019**
EMulate Therapeutics Inc. – License Fees	(a)	-	$1,530,000
EMulate Therapeutics Inc. – Development Costs	(b)	$94,871	$13,086
Shares issued to Emulate Therapeutics Inc.	(c)	$1	$1
Scott Donnell	(d)	$128,000	$24,000
Shares issued to Scott Donnell	(e)	$38	$38
Shares issued to Robert Dzisiak	(f)	$44,256	-

(a) EMulate Therapeutics Inc., an entity which has significant influence on the Company charged licence fees. See note 4.
(b) During the interim period ended September 30, 2020 EMulate Therapeutics Inc., an entity which has significant influence on the Company charged $94,871 for development costs.
(c) During the year ended December 31, 2019, 28,125,000 common shares were issued to Emulate Therapeutics Inc. for gross proceeds of $1. During June 2020, these 28,125,000 common shares were cancelled and replaced by 281,250 Multiple Voting Shares.
(d) Scott Donnell, the CEO charged consulting fees to the Company.
(e) During the year ended December 31, 2019, 16,875,000 common shares were issued to Scott Donnell for gross proceeds of $38. During June 2020, these 16,875,000 common shares were cancelled and replaced by 168,750 Multiple Voting Shares.
(f) During June 2020, 200,000 Subordinated Voting Shares were issued to Robert Dzisiak, a director of the Company as compensation.

The following table outlines the Company's related party payables:

	Nine Months Period from January 1, 2020 to September 30, 2020	**For the period from incorporation to September 30, 2019**
Scott Donnell	$16,000	$6,087
EMulate Therapeutics Inc.	$111,465	$1,064,870
	$127,465	$1,070,957

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other shareholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company'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 Company intends to raise additional funds through equity or debt financing. The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, accounts payable and convertible debentures. The fair values of the Company's cash and accounts payable approximate their carrying values, due to their short-term natures. The Company's cash is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and price risk.

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. Credit risk is assessed as low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company believes that the capital sources will be sufficient to cover the expected cash requirements by obtaining financing through the issuance of debt or shares. Liquidity risk is assessed as high.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

a) Interest rate risk

   Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed to interest rate risk.

b) Price risk

   The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company is not exposed to price risk as it has no instruments in publicly held securities.

c) Foreign currency risk

   Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk as all of its operations are in the United States of America, except of cash held in Canadian Dollars which amounted to $5,110,608 Canadian Dollars at September 30, 2020 ($64,225 – December 31, 2019) and accounts receivable which amounted to $3,272 Canadian Dollars at September 30, 2020 ($Nil – December 31, 2019).

15. COMMITMENTS AND CONTINGENCIES

a) On March 29, 2019, the Company entered into an exclusive license agreement with EMulate Therapeutics Inc. ("EMulate"), which is subsequently amended and restated on October 30, 2019 and January 24, 2020. The agreement will be in effect for 20 years. Based on the agreement, the Company will obtain from EMulate certain exclusive rights and licenses to develop, use, import, and commercialize a consumer digital products using EMulate's technology. In exchange, the Company will pay EMulate an upfront non-refundable, non-creditable payment of $1,500,000 by the earlier of April 30, 2020 or the date by which the Company has raised aggregated amounts of $5 million or more by equity financing. The Company will also pay to EMulate royalties on the quarterly new income from sales, lease or rental of the authorized product in the territory multiplied by a percentage royalty rate of 20%. During the nine months period ended September 30, 2020, the Company has paid licence fees of $697,495.

b) On October 30, 2019, the Company entered into an exclusive license agreement with EMulate, which is subsequently amended and restated on January 24, 2020. The agreement will be in effect for 20 years. Based on the agreement, the Company will obtain from EMulate certain exclusive rights and licenses to develop, use, import, and commercialize a consumer digital products using EMulate's technology. In exchange, the Company will pay EMulate an upfront non-refundable, non-creditable payment of 10,000 for each cognate designated by and provided to the Company. The Company will also pay to EMulate royalties on the quarterly new income from sales, lease or rental of the authorized product in the territory multiplied by a percentage royalty rate of 20%. During the nine months period ended September 30, 2020, the Company has paid licence fees of $Nil.

16. SUBSEQUENT EVENTS

a) On October 27, 2020, the principal amounts of Convertible Debentures have automatically converted into 21,655,882 units (the "Convertible Debenture Units") of the Company, at a conversion price of $0.22 (C$0.30) per Unit (the "Conversion Price"). Each Convertible Debenture Unit consists one (1) Subordinated Voting Shares (the "Convertible Debenture Share") and one half of one (1/2) Subordinated Voting Share purchase warrant (each a "Convertible Debenture Warrant"). Each whole Convertible Debenture Warrant will entitle the holder to purchase one (1) additional Subordinated Voting Share from the Company at an exercise price of $0.37 (C$0.50) per share for a period of two (2) years from the issuance date of the Convertible Debenture Warrant. (note 7)

b) On October 30, 2020, the Company's Subordinate Voting Shares were listed on the TSX Venture Exchange.

c) On August 12, 2020, the Company replace its Old Plan with a new 10% rolling stock option plan (the "New Plan") and adopted a 10% fixed restricted share unit plan (the "RSU Plan"), which were subsequently approved by the TSX Venture Exchange upon the Listing.

   On November 12, 2020, the Company granted 4,266,875 incentive stock options to officers, directors and consultants of the Company pursuant to the Company's New Plan. The options are all exercisable at the price of C$0.73 per share until November 12, 2028, subject to earlier termination in accordance with the New Plan. The grant of Options is subject to regulatory approval. The Company has also granted an aggregate of 5,466,875 restricted stock units (the "RSU") to officers, directors and key employees and consultants pursuant to the Company's RSU Plan. The RSUs will be subject to vesting provisions. Each vested RSU entitles the holder to receive one Subordinated Voting Share in the capital of the Company. The grant of RSUs is subject to regulatory approval.