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## PROSPECTUS

New Issue

October 26, 2020



### HAPBEE TECHNOLOGIES, INC. (formerly known as Elevation Technologies, Inc.)

**21,655,882 Units  
Issuable on Conversion of Outstanding Debentures**

This prospectus (the "**Prospectus**") qualifies the distribution of 21,655,882 units (the "**Units**") of Hapbee Technologies, Inc. (the "**Company**"), issuable for no additional consideration upon the conversion of previously-issued debentures (the "**Debentures**") of the Company. Each Unit consists of one common share (the "**Subordinate Voting Shares**") and one-half of one common share purchase warrant (the "**Warrants**"). Each full Warrant entitles the holder to purchase an additional Subordinate Voting Share (the "**Warrant Shares**") for a term expiring two years from the date of conversion of the Debentures at a price of C\$0.50 per Warrant Share.

The Debentures were issued by the Company on June 25, 2020 and July 13, 2020 to purchasers in certain provinces of Canada on a private placement basis pursuant to prospectus exemptions under applicable securities legislation (the "**Offering**"). See "Plan of Distribution".

**The Debentures are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Units upon the conversion of the Debentures.**

Subject to the terms and conditions of the Debentures, the holders are entitled to acquire, upon voluntary conversion prior to, or deemed conversion on, the Deemed Conversion Date (as defined below), such number of Units as is equal to the principal amount of such Debenture together with all accrued and unpaid interest, divided by the conversion price of C\$0.30 (the "**Conversion Price**"), subject to adjustment in certain circumstances, without payment of any additional consideration. Each Unit will consist of one Subordinate Voting Share and one-half of one Warrant. Each full Warrant entitles the holder to acquire one additional Subordinate Voting Share (the "**Warrant Shares**") for a term expiring two years from the date of conversion of the Debentures at a price of C\$0.50 per Warrant Share.

The terms of the Debentures provide that the principal balance of the Debentures together with all accrued and unpaid interest will be deemed to be converted on the date on which a receipt for the final prospectus of the Company has been issued (the "**Deemed Conversion Date**"), at which time the principal amount

Debenture shall be automatically converted into Units at the Conversion Price, subject to adjustment in certain circumstances, without payment of any additional consideration and without any further action on the part of the holder. The Debentures will mature on June 25, 2022 and July 13, 2022. If the Listing (as defined below) is completed on or before October 31, 2020, the Debentures will not bear interest. If the Listing is not completed on or before October 31, 2020, the Debentures will bear interest at a rate of 8% per annum, to be paid retroactively to the date of issuance of the Debentures.

The Company has applied to have the Subordinate Voting Shares listed on the TSX Venture Exchange (the "TSX-V"). The TSX-V has conditionally approved the listing. Listing is subject to the Company fulfilling all of the requirements of the TSX-V. There can be no assurance that the Company will meet all of the requirements of the TSX-V.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

**An investment in the Company should be considered highly speculative. An investment in the Company is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. There are certain risk factors associated with an investment in the Company's securities. In reviewing this Prospectus, an investor should carefully consider the matters described under the heading "Risk Factors".**

No person has been authorized to provide any information or to make any representation not contained in this Prospectus and, if provided or made, such information or representation should not be relied upon. The information contained in this Prospectus is accurate only as of the date of this Prospectus.

No underwriter or selling agent has been involved in the preparation of this Prospectus or performed any review or independent due diligence investigation of the contents of this Prospectus.

**There is no market through which the Company's securities may be sold and shareholders may not be able to resell securities of the Company owned by them. This may affect the pricing of the Company's securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".**

**This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.**

Certain of the Company's directors and officers, including Chris Rivera, Scott Donnell, Charles McNerney, Michael Matysik and Mark Timm are residents of jurisdictions outside of Canada. The Company's directors and officers named in this Prospectus who are residents of jurisdictions outside of Canada have appointed Forooghian & Company Corporate Services Inc., Suite 1050, 400 Burrard Street, Vancouver, British Columbia, Canada V6C 3A6 as attorney for service of process in British Columbia. However, it may be difficult for investors to effect service within Canada upon those directors and officers who are not residents of Canada even if such persons have appointed an attorney for service of process. Furthermore, it may be difficult to realize upon or enforce in Canada any judgment of a court of Canada against the certain of the Company's directors and officers.

The Company's head office is located at Suite 2250 – 1055 West Hastings Street, Vancouver, British Columbia Canada V6E 2E9. The Company's registered office is located at 25th Floor, 700 West Georgia Street, Vancouver, British Columbia Canada V7Y 1B3.

## Dual-Class Share Structure

The authorized share capital of the Company consists of an unlimited number of Subordinate Voting Shares and an unlimited number of Multiple Voting Shares with multiple voting rights. As of the date of this Prospectus, there are 25,188,258 Subordinate Voting Shares and 450,000 Multiple Voting Shares issued and outstanding. Assuming the conversion in full (in exchange for Subordinate Voting Shares) of all convertible securities of the Multiple Voting Shareholders, but otherwise assuming that other convertible, exercisable or exchangeable securities of the Company remain outstanding, holders of Multiple Voting Shares would hold approximately 64.1% of the equity of the Company, while holders of Subordinate Voting Shares would hold approximately 35.9% of the equity of the Company. Assuming the conversion in full (in exchange for Subordinate Voting Shares) of all convertible securities of the directors and executive officers of the Company as a group, but otherwise assuming that other convertible, exercisable or exchangeable securities of the Company remain outstanding, the directors and executive officers of the Company as a group would hold approximately 25.1% of the equity of the Company, and the directors, executive officers and principal shareholders of the Company as a group would hold approximately 65.2% of the equity of the Company. See “Directors and Executive Officers”.

The material rights and restrictions of the Multiple Voting Shares are summarized under the heading “Description of the Securities”. Each Multiple Voting Share is convertible, at the option of the holder into fully paid and non-assessable Subordinate Voting Shares as is determined by multiplying the number of Multiple Voting Shares by the relevant Compression Ratio. The initial “Compression Ratio” is 100 Subordinate Voting Shares for each Multiple Voting Share; provided, however, that the Compression Ratio shall be subject to adjustment in certain circumstances. Before any holder of Multiple Voting Shares is entitled to convert, the Board (or a committee thereof) will designate an officer of the Company to determine if any of the Conversion Limitations apply to the conversion of Multiple Voting Shares. The Company will use commercially reasonable efforts to maintain its status as a “foreign private issuer” (as determined in accordance with Rule 3b-4 under the *Securities Exchange Act of 1934*, as amended. Accordingly, the Company will not affect any conversion of Multiple Voting Shares, and the holders of Multiple Voting Shares will not have the right to convert any portion of the Multiple Voting Shares, to the extent that after giving effect to all permitted issuances after such conversions of Multiple Voting Shares, the aggregate number of Subordinate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by residents of the United States would exceed 45% of the aggregate number of Subordinate Voting Shares and Multiple Voting Shares issued and outstanding after giving effect to such conversions (the “**FPI Protective Restriction**”). The Board may by resolution increase the 45% threshold to an amount not to exceed 50%. In order to effect the FPI Protection Restriction, each holder of Multiple Voting Shares will be subject to the 45% Threshold based on the number of Multiple Voting Shares held by such holder as of the date of the initial issuance of the Multiple Voting Shares and thereafter at the end of each of the Company’s subsequent fiscal quarters. Notwithstanding the foregoing, the Company may require conversion of the Multiple Voting Shares at the applicable Compression Ratio in certain circumstances.

By implementing this dual-class share structure, the Company intends to maintain its status as a “foreign private issuer” and to avoid being characterized as a “domestic issuer” under applicable United States securities laws. If we lose our foreign private issuer status in the future, we may be required to register with the SEC and will have to comply with all U.S. federal securities laws that apply to domestic U.S. companies, including enhanced periodic reporting, proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. We will be required to file periodic reports and registration statements on U.S. domestic issuer forms containing financial statements prepared in accordance with U.S. generally accepted accounting principles with the SEC which are more detailed and extensive than the forms available to a foreign private issuer. As a result, our regulatory and compliance costs may be significantly higher if we cease to qualify as a foreign private issuer and are required to register with the SEC and file periodic and annual reports. In addition, loss of foreign private issuer status could also make it more

difficult for us to attract and retain qualified members of our board of directors and more expensive to procure director and officer liability insurance. See “Risk Factors” and “Description of the Securities”.

### **Restricted Securities**

The Subordinate Voting Shares are “restricted securities” within the meaning of such term under applicable Canadian securities laws.

Holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held. Holders of Multiple Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share into which such Multiple Voting Share could ultimately then be converted, which initially equals 100 votes per Multiple Voting Share.

The holders of Subordinate Voting Shares are entitled to receive notice of and to attend and vote at all meetings of the Company Shareholders.

The Company has complied with the requirements of Part 12 of NI 41-101 to be able to file a prospectus under which the Subordinate Voting Shares or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, the Subordinate Voting Shares are distributed, as the Company received the requisite majority approval of shareholders of the Company, at a special meeting of the shareholders held on July 14, 2020, in accordance with applicable law, including Section 12.3 of NI 41-101.

See “Description of the Securities”.

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## ABOUT THIS PROSPECTUS

Readers should rely only on the information contained in this Prospectus in respect of the Company. We have not authorized any other person to provide additional or different information. If anyone provides additional or different or inconsistent information, including information or statements in media articles about the Company, prospective purchasers should not rely on it. Readers should assume that the information appearing in this Prospectus is accurate only as of its date, regardless of its time of delivery. The Company's business, financial condition, results of operations and prospects may have changed since that date.

Any graphs and tables demonstrating the historical performance of the Company contained in this Prospectus are intended only to illustrate past performance and are not necessarily indicative of future performance.

## MEANING OF CERTAIN REFERENCES

Unless otherwise noted or the context otherwise shall state, the "Company", "we", "us", and "our" refers to Hapbee Technologies, Inc.

References to "management" in this Prospectus refer to the management of the Company. Any statements in this Prospectus made by or on behalf of management are made in such persons' capacities as officers of the Company, and not in their personal capacities.

Words importing the singular number include the plural, and vice versa, and words importing any gender include all genders.

Certain capitalized terms and phrases used in this Prospectus are defined in the "Glossary of Terms".

## FORWARD-LOOKING STATEMENTS

This Prospectus contains "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking information**") within the meaning of applicable securities laws. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Discussions containing forward-looking information may be found, among other places, under "Summary", "Business of the Company", "Consolidated Capitalization", "Use of Proceeds", "Description

of Share Capital”, “Dividend Policy”, “Principal Securityholders”, “Directors and Executive Officers”, “Executive Compensation” and “Risk Factors”.

This forward-looking information includes, among other things, statements relating to: the Offering Price, the completion, size, expenses and timing of Closing; the execution of agreements entered into by the Principal Shareholders in connection with the Offering; expectations regarding industry trends, overall market growth rates and our growth rates and growth strategies; addressable markets for our solutions; expectations regarding our revenue and the revenue generation potential of our products; our business plans and strategies; our competitive position in our industry; expectations regarding the ownership equity position of our President and Chief Executive Officer and the Principal Shareholders; the proposed use of proceeds of the Offering; and the market price for the Shares.

This forward-looking information and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions in respect of our ability to build our market share and enter new markets and industry verticals; our ability to retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; our ability to continue investing in infrastructure to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the changes and trends in our industry or the global economy; and the changes in laws, rules, regulations, and global standards are material factors made in preparing forward-looking information and management’s expectations.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that, while considered by the Company to be appropriate and reasonable as of the date of this Prospectus, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to:

- the potential for increased severity of the COVID-19 pandemic;
- the Company’s ability to execute its growth strategies;
- the impact of changing conditions in the markets in which the Company operates;
- increasing competition in the markets in which the Company operates;
- the implications of being a foreign private issuer and loss of foreign private issuer status;
- fluctuations in currency exchange rates and volatility in financial markets;
- changes in the attitudes, financial condition and demand of our target market;
- developments and changes in applicable laws and regulations; and
- such other factors discussed in greater detail under “Risk Factors” in this Prospectus.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to

above and described in greater detail in “Risk Factors” should be considered carefully by prospective investors.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information.

Accordingly, prospective investors should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this Prospectus represents our expectations as of the date of this Prospectus (or as of the date they are otherwise stated to be made), and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

**All of the forward-looking information contained in this Prospectus is expressly qualified by the foregoing cautionary statements. Investors should read this entire Prospectus and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment in the Company.**

## MARKET DATA AND INDUSTRY DATA

Market and industry data used throughout this Prospectus was obtained from third party sources, industry publications, and publicly available information as well as industry data prepared by management on the basis of its knowledge of the digital display industry (including management’s estimates and assumptions relating to the industry based on that knowledge). Management believes that its market and industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and the completeness of the market and industry data used throughout this Prospectus is not guaranteed and the Company does not make any representation as to the accuracy of such information. Although management believes it to be reliable, the Company has not independently verified any of the data from third party sources referred to in this Prospectus, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic and other assumptions relied upon by such sources.

## TRADEMARKS AND TRADENAMES

This Prospectus includes trademarks, such as *uIRFE*®, *HAPBEE*®, and the logo ®, which are protected under applicable intellectual property laws and are the property of the Company or EMulate, as the case may be. Solely for convenience, the Company’s and EMulate’s trademarks and tradenames referred to in this Prospectus may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we or EMulate will not assert, to the fullest extent under applicable law, our rights or its rights to these trademarks and tradenames. See “Business of the Company”. All other trademarks used in this Prospectus are the property of their respective owners.

## CURRENCY AND EXCHANGE RATE DATA

All currency amounts in this Prospectus are expressed in United States dollars, unless otherwise indicated. References to “US\$” are to United States dollars. References to “C\$” are to Canadian dollars. On October

23, 2020, the indicative rate of exchange for Canadian dollar in terms of United States dollars, as quoted by the Bank of Canada, was US\$1.00 = C\$1.31 or C\$1.00 = US\$0.76.

## GLOSSARY OF TERMS

In this Prospectus, the following terms have the meanings set forth below, unless otherwise indicated. Words importing the singular include the plural and vice versa and words importing any gender include all genders.

“**Audit Committee**” means the audit committee of the Company.

“**BCBCA**” means the *Business Corporations Act* (British Columbia).

“**biohacking**” means the practice of influencing cognitive or physiological capacity through science and technology to energize and enhance the body.

“**Board**” means the board of directors of the Company.

“**CEO**” means chief executive officer.

“**CFO**” means chief financial officer.

“**Company**” or “**Hapbee**” means Hapbee Technologies, Inc. (formerly known as Elevation Technologies, Inc.).

“**Compression Ratio**” means 100 Subordinate Voting Shares for each Multiple Voting Share.

“**Conversion Price**” means C\$0.30 per Unit.

“**COVID-19**” means coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

“**CSA**” means the Canadian Securities Administrators.

“**Debentures**” means the debentures of the Company convertible to acquire Units for no additional consideration issued pursuant to the Offering.

“**Deemed Conversion Date**” means the date on which the Final Receipt has been issued.

“**EMulate**” means EMulate Therapeutics, Inc. (formerly known as Nativis, Inc.).

“**Escrow Agent**” means the Transfer Agent, in its capacity as escrow agent for the securities held in escrow under the Escrow Agreement.

“**Escrow Agreement**” means the escrow agreement to be entered into among the Escrow Agent, the Company, and the Principals.

“**FDA**” means the United States Food and Drug Administration.

“**FDA Guidance**” means the guidance documents published by the FDA for Mobile Medical Applications, General Wellness: Policy for Low Risk Devices, and Medical Device Data Systems, Medical Image Storage Devices, and Medical Image Communications Devices.

“**FDCA**” means the *Food, Drug, and Cosmetic Act*.

“**Final Receipt**” means the receipt for the final prospectus of the Company qualifying the distribution of the Units issuable on conversion of the Debentures.

“**Finder’s Warrants**” means finder’s warrants issued in connection with the Offering, each entitling the holder to purchase a Warrant Share for a term expiring two years from the date of conversion of the Debentures at a price of C\$0.30 per Warrant Share.

“**First License Agreement**” means the exclusive license agreement entered into as of March 29, 2019 between EMulate and the Company with respect to the Happy, Sleepy and Focus signals, as amended and restated on October 26, 2020.

“**Hapbee App**” means the Company’s application that controls the Hapbee Wearable Wellness Product, as updated from time to time.

“**Hapbee Wearable Wellness Product**” means the Company’s wearable product that “plays” or delivers unique magnetic signals, as updated from time to time.

“**IoT**” or “**Internet of Things**” means a system of interrelated computing devices, mechanical and digital machines, objects, animals or people that are provided with unique identifiers and the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction.

“**License Agreements**” means the First License Agreement and the Second License Agreement.

“**Listing**” means the proposed listing of the Subordinate Voting Shares on the TSX-V for trading.

“**Listing Date**” means the date of the Listing.

“**Multiple Voting Shares**” means the class of shares designated as Multiple Voting Shares in the capital of the Company, each Multiple Voting Shares convertible into 100 Subordinate Voting Shares with the right to one vote for each Subordinate Voting Share into which Multiple Voting Shares are convertible.

“**NI 41-101**” means National Instrument 41-101 – *General Prospectus Requirements*, of the CSA.

“**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions*, of the CSA.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*, of the CSA.

“**NP 46-201**” means National Policy 46-201 – *Escrow for Initial Public Offerings*, of the CSA.

“**Offering**” means the issuance of Debentures by the Company on June 25, 2020 and July 13, 2020 in the aggregate principal amount of C\$6,496,772.51.

“**Principal**” means: (a) a person who acted as a promoter of the Company within two years before the date of this Prospectus; (b) a director or senior officer of the Company or any of its material operating subsidiaries at the time of this Prospectus; (c) a person or company that holds securities carrying more than 20% of the voting rights attached to the Company’s outstanding securities immediately before and immediately after the Listing; or (d) a person or company that: (i) holds securities carrying more than 10% of the voting rights attached to the Company’s outstanding securities immediately before and immediately after the Listing; and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Company or any of its material operating subsidiaries.

**“Principal Shareholders”** means EMulate and Scott Donnell.

**“Prospectus”** means this prospectus of the Company dated October 26, 2020, prepared in accordance with NI 41-101, in connection with the Listing (including any supplementary material hereto).

**“Restricted Share Unit”** or **“RSU”** means a restricted stock unit issued pursuant to the RSU Plan.

**“RSU Plan”** means the Company’s restricted stock unit plan dated August 12, 2020 pursuant to which RSUs may be granted from time to time.

**“Second License Agreement”** means the exclusive license agreement entered into as of October 30, 2019 between EMulate and the Company with respect to the Alert, Calm and Relax signals, as amended and restated on October 26, 2020.

**“SEDAR”** means the System for Electronic Document Analysis and Retrieval ([www.sedar.com](http://www.sedar.com)).

**“Shares”** means the Subordinate Voting Shares and the Multiple Voting Shares.

**“Share Structure Alteration”** means the alteration of the Company’s authorized share structure by: (a) eliminating the Preferred shares, none of which had been issued, (b) deleting the special rights and restrictions which were previously attached to the common shares and Preferred shares; (c) altering the identifying name of the common shares to Subordinate Voting Shares; (d) attaching to the Subordinate Voting Shares certain special rights and restrictions, (e) creating an unlimited number of Multiple Voting Shares; and (f) attaching to the Multiple Voting Shares certain special rights and restrictions.

**“signal”** means a unique *u*IRFE signal.

**“Stock Option Plan”** means the Company’s stock option plan dated August 12, 2020, providing for the granting of stock options to the Company’s directors, officers, employees, consultants, and advisors.

**“Subordinate Voting Shares”** means the class of common shares designated as Subordinate Voting Shares in the capital of the Company.

**“Subsidiary”** means 1253596 B.C. Ltd., a company formed pursuant to the Zander Transaction.

**“Total Share Base”** means the total of (i) the number of Subordinate Voting Shares outstanding at the relevant time, and (ii) the number of Multiple Voting Shares outstanding at the relevant time, multiplied by the Compression Ratio.

**“Transfer Agent”** means the Company’s transfer agent and registrar, Computershare Investor Services Inc. at its office at Vancouver, British Columbia.

**“TSX-V”** means the TSX Venture Exchange.

**“*u*IRFE”** means ultra-low radio frequency energy produced using one or more signals that are or could be licensed to the Company by EMulate pursuant to the License Agreements.

**“Units”** means units in the capital of the Company, each consisting of one Subordinate Voting Share and one-half of one Warrant.

**“Warrants”** means warrants in the capital of the Company, each entitling the holder to purchase a Warrant Share for a term expiring two years from the date of conversion of the Debentures at a price of C\$0.50 per Warrant Share.

**“Warrant Shares”** means Subordinate Voting Shares issuable upon exercise of the Finder’s Warrant and the Warrants.

**“Zander Capital”** means Zander Capital Ltd.

**“Zander Transaction”** means the acquisition by the Company of Zander Capital by way of a three-cornered amalgamation and pursuant to which the company’s wholly-owned subsidiary 1245802 B.C. Ltd. amalgamated with Zander Capital to form the Subsidiary.

## PROSPECTUS SUMMARY

*The following is a summary of some of the information contained in this Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in the Prospectus. Unless otherwise defined in the Prospectus, all capitalized terms used herein shall have the meaning ascribed thereto under the heading "Glossary".*

### **The Company**

The Company was incorporated on January 3, 2019 pursuant to the BCBCA under the name Elevation Technologies, Inc. On May 7, 2020, the Company changed its name to Hapbee Technologies, Inc. The Company's head office is located at Suite 2250 - 1055 West Hastings Street, Vancouver, British Columbia Canada V6E 2E9. The Company's registered office is located at 25th Floor, 700 West Georgia Street, Vancouver, British Columbia Canada V7Y 1B3.

### **Business of the Company**

The Company designs products to enhance the human experience through wearable magnetic field technology. The Company's product, the Hapbee Wearable Wellness Product, can accurately deliver small, specific magnetic fields or signals, which produce different sensations. The wearer can produce a variety of different sensations by "playing" precise, predictable electromagnetic signals that they can customize and control through the Hapbee App, compatible with both iOS and Android smartphones. These sensations fall under several broad categories including: Happy, Alert, Focus, Relax, Calm and Sleepy.

See "Business of the Company".

### **Directors and Executive Officers**

The directors and executive officers of the Company are as follows:

<b>Name</b>	<b>Title</b>
Chris Rivera	President and Chairman
Scott Donnell	Chief Executive Officer and Director
Herrick Lau	Chief Financial Officer
Steven Pope	Corporate Secretary
Robert Dzisiak	Director
Charles McNerney	Director
Michael Matysik	Director
Mark Timm	Director

See "Directors and Executive Officers".

## Listing

The Company has applied to have the Subordinate Voting Shares listed on the TSX-V. The TSX-V has conditionally approved the listing. Listing is subject to the Company fulfilling all of the requirements of the TSX-V. There can be no assurance that the Company will meet all of the requirements of the TSX-V.

## No Proceeds Raised

This is a non-offering prospectus. No proceeds will be raised pursuant to this Prospectus.

## Available Funds and Principal Purposes

As at September 30, 2020, being the most recent month end before the date of this Prospectus, the Company had working capital of approximately US\$3,897,383. The Company estimates that it will require the following funds to conduct its plan of operations over the next twelve months:

<b>Use of Funds Available</b>	<b>Amount</b>
Objective A - Develop an E-Commerce Platform	US\$90,000
Objective B - Develop Hapbee Apps	US\$130,000
Objective C - Further Develop Hapbee Signals	US\$75,000
Objective D - Establish and Develop Marketing and Media Partnerships	US\$40,000
Objective E - Further Develop Hapbee Wearables Hardware	US\$508,000
Listing Costs	US\$170,000
Operating Expenses for 12 months <sup>(1)(2)</sup>	US\$2,675,000
Unallocated Working Capital	US\$209,383
<b>Total</b>	<b>US\$3,897,383</b>

Notes:

(1) The estimated operating expenses for the next 12 months include: (a) ongoing basic product enhancement US\$60,000; (b) general marketing US\$370,000; (c) personnel wages, finance and accounting US\$1,194,000; (d) intellectual property legal, facilities and miscellaneous US\$346,000; (e) audit, legal, filings and transfer agent US\$141,000; and (f) public relations and investors relations US\$564,000.

(2) The estimated operating expenses for the next 12 months are based on a no-sales revenue budget.

The amount of US\$1,194,000 budgeted for personnel wages, finance and accounting consists of: (i) US\$133,333 (US\$11,111 or C\$15,000 per month) payable to Baron Global Financial Canada Ltd. pursuant to the Baron Consulting Agreement; (ii) two accounting staff with the estimated budget of US\$100,000 (US\$12,500 per month for eight months); and (iii) US\$960,000 for the estimated fees of consultants.

The amount of US\$834,000 budgeted for public relations and investor relations consists of: (i) US\$34,000 for news release dissemination; (ii) US\$80,000 for engaging an investors relations firm; (iii) US\$80,000 for creating corporate videos and multimedia; (iv) US\$70,000 for the costs of investor conferences and roadshows; (v) US\$200,000 for engaging online marketing firms and public relations firms for corporate marketing; and (vi) US\$100,000 for other public relations activities. The Company has not entered into any material agreements related to the public relations and investors relations activities.

The Company is in the process of identifying appropriate service providers for the public relations and investors relations functions. Other than the agreement with CNW Group Ltd., the Company has not entered into any agreements related to the public relations and investors relations activities.

The Company intends to spend the funds available to it as stated in this Prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary. The amounts set forth above may increase if we are required to carry out due diligence investigations in regards to any prospective investment or business opportunity, or if the costs of the Prospectus or Listing, or negotiating an applicable transaction, are greater than anticipated. See "Funds Available and Use of Available Funds".

### **The Offering**

This Prospectus qualifies the distribution of 21,655,882 units (the "Units") of the Company issuable for no additional consideration upon the conversion of previously-issued debentures (the "Debentures") of the Company. Each Unit consists of one Subordinate Voting Share and one-half of one Warrant. Each full Warrant entitles the holder to acquire one additional Subordinate Voting Share (the "Warrant Shares") for a term expiring two years from the date of conversion of the Debentures at a price of C\$0.50 per Warrant Share.

The Debentures were issued by the Company on June 25, 2020 and July 13, 2020 to purchasers in certain provinces of Canada on a private placement basis pursuant to prospectus exemptions under applicable securities legislation (the "Offering"). Gross proceeds of the Offering were C\$6,496,772.51.

The Debentures are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Units upon the conversion of the Debentures. See "Plan of Distribution".

### **Risk Factors**

An investment in the Shares is subject to a number of risk factors that should be carefully considered by prospective investors. Prospective investors should carefully consider the risk factors described under "Risk Factors" and other information included in this prospectus before purchasing the Shares.

### **Selected Financial Information**

The following table sets forth selected financial information for the Company. The selected financial information has been derived from, and is qualified by, the Company's audited financial statements for the period from incorporation on January 3, 2019 to December 31, 2019 and the Company's unaudited financial statements for the six months ended June 30, 2020, and the notes thereto. The following information should be read in conjunction with those financial statements and the accompanying notes, and management's discussion and analysis of the Company included attached as Appendix A to this Prospectus.

See "Selected Financial Information and MD&A of the Company".

	For the six months ended June 30, 2020 (unaudited)	For the period from incorporation to December 31, 2019 (audited)
Assets	US\$8,131,966	US\$3,234,362
Liabilities	US\$4,617,918	US\$760,212
Shareholders' Equity	US\$3,514,048	US\$2,474,150
Deficit	US\$(2,152,221)	US\$(401,543)

### **Restricted Securities**

The Subordinate Voting Shares are “restricted securities” within the meaning of such term under applicable Canadian securities laws. The Company has complied with the requirements of Part 12 of NI 41-101 to be able to file a prospectus under which the Subordinate Voting Shares or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, the Subordinate Voting Shares are distributed, as the Company received the requisite majority approval of shareholders of the Company, at a special meeting of the shareholders held on July 14, 2020, in accordance with applicable law, including Section 12.3 of NI 41-101. In addition, the Company received the majority approval of shareholders of the Company, at the annual and special meeting of shareholders held on June 15, 2020, for the Share Structure Alteration. The Share Structure Alteration constituted a “restricted security reorganization” within the meaning of such term under applicable Canadian securities laws. See “Description of the Securities”.

## CORPORATE STRUCTURE

### **Name, Address and Incorporation**

The Company was incorporated on January 3, 2019 pursuant to the BCBCA under the name Elevation Technologies, Inc. On May 7, 2020, the Company changed its name to Hapbee Technologies, Inc. On June 15, 2020, the Company completed the Share Structure Alteration.

The Company's head office is located at Suite 2250 – 1055 West Hastings Street, Vancouver, British Columbia Canada V6E 2E9. The Company's registered office is located at 25th Floor, 700 West Georgia Street, Vancouver, British Columbia Canada V7Y 1B3.

### **Intercorporate Relationships**

The Subsidiary is the only subsidiary of the Company. The Subsidiary was formed in connection with the Zander Transaction which was completed on June 16, 2020. Pursuant to the Zander Transaction, the Company issued an aggregate of 8,724,401 common shares in exchange for all of the issued and outstanding shares of Zander Capital. The Zander Transaction was not a significant transaction or a material restructuring transaction as those terms are defined in Canadian securities laws. Herrick Lau, the Chief Executive Officer of the Company, was a director of Zander.

## BUSINESS OF THE COMPANY

### **Description of the Business**

#### Narrative Description

We develop wearable wellness products that enhance the human experience through magnetic field technology. Our core product, the Hapbee Wearable Wellness Product, is a wearable that “plays” or delivers unique magnetic signals, which produce sensations. These sensations fall under six broad categories including: Happy, Alert, Focus, Relax, Calm and Sleepy. The Hapbee Wearable Wellness Product can be controlled through the Hapbee App with both iOS and Android smartphones. Potentially hundreds of different sensations can be produced using patented ultra-low radio frequency energy (*u*lRFE).

EMulate is a clinical-stage therapeutic device company, which has invested over fifteen years of research time and significant funds in medical technology development. They have received 32 global patents on technologies relating to the Hapbee Wearable Wellness Product. In particular, EMulate invented and patented *u*lRFE technology that utilizes precisely targeted ultra-low radio frequency energy to specifically regulate metabolic pathways on the molecular and genetic levels – without chemicals, radiation or drugs – delivered via simple-to-use, non-sterile, non-invasive, non-thermal, non-ionizing devices.

Although EMulate has not generated significant revenues prior to commercialization, it has funded its operations throughout a long history of private financings since 2002. Currently, EMulate is raising funds through a private equity financing. The offering has been filed with the United States Securities and Exchange Commission and authorizes EMulate to raise up to US\$5,000,000, of which over US\$3,500,000 has been invested as of the date of this Prospectus.

EMulate's products developed to date are designed and manufactured for the treatment of certain cancers: newly diagnosed and recurrent glioblastoma in adults and diffuse midline glioma in pediatric patients. The former product is often referred to as the EMulate “Voyager”; the latter product is often referred to as

the EMulate “Hælo®.” Other products for either clinical or non-clinical use are under development. All of these products will operate using *u*/RFE.

While EMulate remains focused on medical devices, the Company has acquired exclusive global licenses to adapt the *u*/RFE technology for a non-medical consumer product aimed at the wellness industry – namely, the Hapbee Wearable Wellness Product.

The science and technology behind the Hapbee Wearable Wellness Product are based on magnetically induced effects. We use a specialized process to create unique *u*/RFE signals that produce precise biological responses. The Company is adapting this technology for “at home”, non-medical, recreational use by consumers to alter moods and produce sensations expected to be helpful in everyday life. Certain emulated magnetic fields are played through the Hapbee Wearable Wellness Product to deliver several types of unique sensations or moods.

## Products

### *Hapbee Wearable Wellness Product*

A working prototype of the Hapbee Wearable Wellness Product was completed in September 2019.

The Hapbee Wearable Wellness Product weighs 4.5 ounces and comes with a micro USB-C charging and holding cradle that allows the headband to stand upright as it charges. It is designed to have eight hours of battery life for each charge. The lightweight, and low-profile design of the Hapbee Wearable Wellness Product allows users to wear the product comfortably on their heads, over the brim of a hat, or discreetly around their collars under their shirts.

The Hapbee Wearable Wellness Product allows wearers to choose how they feel by producing a variety of sensations by “playing” precise electromagnetic fields. The sensations fall under several broad categories such as: Happy, Alert, Relax, Calm, Sleepy, and Focus. The product connects to and is controlled by the customizable Hapbee App that is available for both iOS and Android compatible smartphones.

The Company retained Crown Bioscience International Inc. (“**CrownBio**”), a third-party contract research organization, in April and August 2019 to conduct in vivo studies (the “**Studies**”) for both safety and basic activity (behavioral response) of the electromagnetic signals. CrownBio is a global company with facilities in the United States, United Kingdom, China, and Taiwan. CrownBio used a blinded study protocol, where even lab technicians were not advised of which signals were tested on which cage of mice. Each of the Studies had 80 test subjects and lasted for one week. During the Studies, each of the cages of mice were given the unique magnetic fields at different time intervals (N=5 mice/group), and all cages were then tested with a 15-day continuous signal to gauge safety. A single score was given to each mouse in the cage based on the evaluation by the technician. Overall, time for handling each mouse and recording a score was around ten seconds with total cage evaluation taking no more than one to two minutes.

The scoring system designed for the Studies was developed solely for the purpose of this experiment to gauge a gross behavioral affect quickly in a group cage setting. The technician handled mice exposed to signals that emulate similar effects prior to study start to understand the potential range of the scale. For the studies, the technician observed and handled mice of each group in comparison with naïve mice. The technician was blinded to each signal name including the water/control recording to limit bias. The scoring system utilized in connection with the Studies consisted of seven scores, each based on a single subjective handling and observation score to attempt to determine most hypoactive (Score =1) to most hyperactive (Score=7), with normal naïve mouse activity level in the middle (Score=4). A single score was given to each mouse in the cage based on the evaluation by the technician.

No adverse effects were reported in connection with the Studies. Significantly, the relative activity levels of the mice changed based on the signal used. Among the many effects that were observed as part of the Studies, the “Alert” signal caused mice to be mildly hyperactive on a behavioral activity Score [1-7, hypoactive-hyperactive, 4 is neutral] administered by a blinded technician alongside behavioral observations (Score=5.43,  $p<.0001$ ) compared to control. The “Relax” signal caused the mice to be mildly hypoactive (Score = 2.375,  $p<.001$ ), the “Sleepy” signal caused the mice to be hypoactive and somnolescent (Score=3.125,  $p<.0005$ ), the “Focus” signal caused the mice to be hypoactive after 30 min exposure (Score=2.125,  $p<.0001$ ), the “Happy” signal caused the mice to be hypoactive (Score=2.375,  $p<.0001$ ), and the “Calm” signal caused the mice to be hypoactive (Score=2.375,  $p<.0001$ ). In addition, the blinded lab technicians reported being able to guess with full accuracy which signal was being played onto each group of mice.

All of the Company’s signals have been tested and confirmed to fall below the applicable International Commission on Non-Ionizing Radiation Protection’s safe exposure guidelines for low-frequency magnetic fields. Hapbee is expanding its research and development efforts beyond the minimum safety testing requirements to understand and improve the product platform.

There is no third party source for the disclosure regarding the measurement of the magnetic field. Bennett M. (Mike) Butters is a co-founder of EMulate and is the principal inventor of its technology. Mr. Butters performed the measurement of the magnetic field of the Prototype.

The first group of Hapbee Wearable Wellness Products (the “**Prototype**”) were designed by Product Creation Studios. The Prototypes were then circulated for beta testing to users across the United States (the “**Beta Testing**”). A total of 137 users were involved in the Beta Testing.

The initial phase of Beta Testing focused on exploring the user onboarding processes and learning how long it takes for a new user to feel confident in feeling a specific signal. The Company was also able to outfit some of these users with heart rate tracking using high-fidelity polar hardware. The Company found that an onboarding process of three sessions per signal and 30 minutes per session was appropriate to get users familiar with all of the signals, which serves as the basis for the in-app onboarding flow.

During the Beta Testing, the Company used a pre- and post- survey instrument to gauge the emotional effect of users before and after stimulation as well as self-reports of whether users felt the signal they expected based on the signal descriptions present in-app. Across 93 sessions users reported feeling their expected signal 73% of the time with response rates increasing to >90% after repeated use. Across users the Company found that the majority of users responded to all signals, but one user only responded to one signal, this is in line with out low/non-responder statistics from open-label use. To date 100% of participants in the Beta Testing have found at least one signal that they feel and enjoy. The Company also found that there were no significant effects on heart rate (fluctuations >15bpm while sitting quietly during testing). In one user the Company was able to also collect blood pressure readings during the session have found no notable fluctuations of blood pressure readings during a stimulation session.

The second phase of the Beta Testing focused on whether users could tell the difference between two signals and sham (no signal). In a series of tests the Company exposed users to two sessions and asked them to identify a blinded third session as follows:

30 minutes – Signal A

5 minute break

30 minutes – Signal B

5 minute break

30 minutes - Signal A/B/[Sham(no signal) included in some sessions] (blinded)

Guess blinded signal

In this Beta Testing with pre-exposure blinded, users were able to correctly discriminate signal from sham in 100% of cases. When limited to Signal A or Signal B (no sham included) users were able to correctly identify the signal in 100% of cases. In some sham experiments users correctly identified the signal as 'on' but misidentified the signal when choosing between similar feelings (Calm and Relax).

As part of the Beta Testing, the Company sped up the experimental design and removed the pre-exposure periods and noted a degradation in user's ability to tell signal from sham:

20 min Signal A/Sham (blinded)

User Guess

The correct response rate was 70%, which was still greater than chance but is consistent with the fact that the subtle feeling of the Hapbee signals.

A soft launch of the Hapbee Wearable Wellness Product began on February 12, 2020, with a popular crowdfunding site, indiegogo.com (the "**Crowdfunding Campaign**"). The Crowdfunding Campaign introduced the Hapbee Wearable Wellness Product to Indiegogo's nine million followers and offered early-bird pricing with several product bundling options for presale. The price per unit for the Hapbee Wearable Wellness Products sold as part of the Crowdfunding Campaign was US\$299 for select friends and family (approximately 200 units), US\$349 for the first tranche of customers (approximately 500 units), and up to US\$379 for subsequent tranches of customers. The Company also offered customers the opportunity to purchase a lifetime membership to the signals for US\$999 (72 units).

The Crowdfunding Campaign formally lasted for 40 days, with more orders coming in over the next several months. The Company raised US\$557,181 through the Crowdfunding Campaign. Net proceeds of the Crowdfunding Campaign were utilized to cover manufacturing costs of the Hapbee Wearable Wellness Product - including electronics and tooling, printing and packaging, electronic boards and batteries, and engineering work to prepare the assembly line.

The Crowdfunding Campaign provided additional marketing for the Company through newsletters and social media platforms as the campaign raised certain target amounts. The Crowdfunding Campaign's fixed goal of US\$15,000 in presales was surpassed within just seven minutes of the launch. As of the date of this Prospectus, the campaign reached over 1,380 presold units. As of the date of this Prospectus, the Company has shipped 1,335 presold units. The remaining presold units are scheduled to ship in October, 2020. Certain orders were delayed a few weeks due to errors in manufacturing related to sonic welding and Bluetooth loading of the signals. Those issues have been resolved, and more units are being manufactured daily.

The Company has entered into a supply agreement (the "**Supply Agreement**") dated December 4, 2019 with Pinnacle Technology Group ("**Pinnacle**") in Toledo, Ohio, where certain components of the Hapbee Wearable Wellness Product will be manufactured, and the product will be assembled and packed for distribution to the Company's e-commerce partners who will receive the units through their procurement channels. Pursuant to the Supply Agreement, the Company has agreed to purchase 100% of its requirements for products from Pinnacle prior to satisfying a US\$250,000 minimum purchase obligation. Following satisfaction of the minimum purchase obligation, if the Company receives a bona fide third party

offer to manufacture and supply products, Pinnacle has the right of first refusal to match and/or exceed such offer. The Supply Agreement has a term of 24 months and will thereafter be automatically renewed for successive 24-month periods unless a party gives notice of non-renewal at least six months prior to the expiration of the current period. The Supply Agreement may be terminated for cause.

Unique features of the Hapbee Wearable Wellness Product include:

- *Ergonomic design.* The design of the Hapbee Wearable Wellness Product allows users to wear the product comfortably on their heads, over the brim of a hat, or discretely around their necks, on or under clothing.
- *Low wavelength.* The Hapbee Wearable Wellness Product emits a very low energy frequency of less than 22 kHz. The product produces approximately 40mG of magnetic field strength at peak, about half the amount of the average toaster and much less than a vacuum cleaner. By comparison, all humans continually experience 500mG from the magnetic field of the earth itself.
- *Non-invasive - no substance ingestion.* The Hapbee Wearable Wellness Product can produce dozens of different sensations by “playing” precise *ul*RFE electromagnetic signals, without ingesting any substances. The product is non-ionizing, non-thermal, and non-invasive. Users return to baseline after an average of 15 to 30 minutes after turning off each signal.
- *Easily controllable.* Users can easily control signal strength and variation through the Hapbee App by turning the signals on and off, which allows individual wearers to tailor their experiences to their desires at the touch of a button. The logo light can also be switched off for movie theaters or nighttime use. A cellular phone can detect the Hapbee Wearable Wellness Product up to 30 feet, and it will continue to function for 30 minutes if users accidentally lose connection temporarily.

#### *Hapbee App*

A working prototype of the Hapbee App was completed in September 2019.

The Company engaged three full-time and one part-time mobile app developers and one full-time and one part-time API/Web development team to collaborate, together with several independent contractors, on the development of the Hapbee App, including how signals will be deployed and the strict security protocols for software, servers and products. The Hapbee App currently has over 2051 unique builds and updates and has been cleared for commercial launch.

The signals themselves, which are played on the Hapbee Wearable Wellness Products, are security protected using encryption standards such as AES 128-bit song encryption keys, 128-bit device communication encryption keys and 2048 key length using RSA and ECDSA encryption providers on the Company’s server resources. Songs are transferred from EMulate via Secure HTTPS to our secure server hosted by Microsoft Azure to distribute to users via the Hapbee App and transferred to each product using a secure device key determined by the manufacturer (over the Bluetooth LE frequency).

The Company has also developed a protective song encryption tool for enhanced software security. The Company will be able to encrypt songs using the specifications of our product, and there is no reliance on a third-party vendor to create updates, nor are there security violations inside the encryption tool that would compromise the product. The utility for song encryption uses Microsoft .NET Framework and Windows Desktop Platform to ensure the highest security. Subscriber data, which includes basic contact information, is encrypted and saved on the Company’s secure server.

In addition to platform security protection through encryption protocols, which protect the loading and playing of the signals through the Hapbee App onto the Hapbee Wearable Wellness Products, the product is also sealed through sonic welding, and if broken open or tampered with, the product and embedded signals are rendered useless.

The Hapbee App will allow the Company to collect trends on user habits including time of day plays, duration, and other demographics. The Hapbee App will also give the Company the opportunity to cobrand and release new signals with other companies for products such as VR, float pod, pillow and mattress companies.

The Hapbee App stores all available predictable electromagnetic signals on a “playlist” that can be accessed via a monthly subscription which is priced according to the features included. Currently, signals can be added, updated and removed on the fly, and the app can specify suggested play time on a per signal basis. The Hapbee App will launch with six signals that fall in the broad categories: Happy, Alert, Calm, Relax, Sleepy, Focus. At the time of this Prospectus, there are seven more signals related to performance, sleep, and memory function, amongst others that are in research and development. The Company’s research and development team is evaluating additional signals to potentially license from EMulate. Any such additional licenses would result in the Company incurring additional license costs and royalty payments. Consumer feedback will determine the priority of the development of additional signals. Features such as controlling signal intensity, scheduling signal playtimes or mixing custom signal “playlists” are also on the research and development agenda.

### Revenue Potential

The Company expects to have two primary sources of revenue: sale of Hapbee Wearable Wellness Products and subscriptions to use all of the signals in the Hapbee App. For selling the Hapbee Wearable Wellness Products, the Company plans to sell both on its website, and through third party resellers. The price on the website will be \$379 and the Company will have minimal costs once the website is live (apart from minor processing fees and shipping fees). The Company also has many potential partners lined up to help it resell or distribute the Hapbee Wearable Wellness Products. The Company has not entered into agreements with potential resale or distribution partners other than 4Grace Holdings, LLC (“4Grace”). Pursuant to an agreement dated February 5, 2020, 4Grace was granted the exclusive right to distribute the Company’s products through the indiegogo crowdfunding channel.

When the Company sells through this distributor model, there will be anywhere between a 20-45% discount in the sale of Hapbee Wearable Wellness Products to the distributor, or a price of approximately \$245 to distributors, who will ultimately resell the Hapbee Wearable Wellness Products at full retail prices.

Each customer will get a free trial period in the Hapbee App for unlimited use of each of the first six signals, and then they will begin paying a \$19/month subscription fee for unlimited use of all signals. There will be a 20% discount for paying up front for the year. If customers do not wish to continue paying for the monthly membership, they will still be allowed to use one signal a month unlimited, and the monthly free signal will rotate. The Company currently has 277 subscribers.

### Market Overview

The Global Wellness Institute (“GWI”) defines wellness as the active pursuit of activities, choices and lifestyles that lead to a state of holistic health<sup>1</sup>. According to the GWI, the global health and wellness

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<sup>1</sup> Source: <https://globalwellnessinstitute.org/what-is-wellness>.

industry is now worth US\$4.2 trillion and has grown 12.8% between 2015 and 2017 and represents 5.3% of global economic output<sup>2</sup>.

Until recently, the options for wellness included improving physical or mental performance with training, repetition, and some specialized equipment. However, technology and demographic changes are driving a new wave of digital trends. With the growing use of radio frequency identification technology and the arrival of the internet of things (“IoT”), big data, and AI-enabled technologies, several innovative options in the general wellness product market have emerged. Today the widespread practice of integrating AI and predictive analysis into fitness apps, diet planners, health trackers, and preventive systems makes them more intelligent and personalized

Activities designed to enhance physical and cognitive performance or experiences using technologies are referred to as “biohacking”. Biohackers believe that humans can “engineer” our way past our physical limitations or improve certain mental capabilities by using a range of high- and low-tech solutions for motivation and behavioral enhancement or simply for recreation. Biohackers are often interested in quantifying every aspect of themselves, and purchase wearable products which function to track their sleep patterns, monitor their heart rates, count their footsteps, or assist in reaching a meditative state, and very soon, to experience “sensations” at the click of a button.

Demand has increased for all kinds of wellness-focused wearables: smartwatches, health and fitness trackers, heart rate monitors, apps which support the emotional health of users and are used as virtual assistants. A 2018 PricewaterhouseCoopers report has found that almost half (49%) of the people in the United States own a wearable product. Health-conscious consumers expected their wearable products to help them live longer (70%), maintain a healthy weight (63%) and pay less in insurance premiums (62%)<sup>3</sup>.

According to a market research report published by Meticulous Research<sup>4</sup>, the global wearable devices market is expected to grow at a CAGR of 11.3% from 2019 to reach US\$62.82 billion by 2025. The wearables market is set to triple in size in the next five years and become worth over US\$25 billion, according to industry analyst firm, CCS Insight<sup>5</sup>. Its global forecast for wearable products - which includes smartwatches, fitness trackers, augmented and virtual reality headsets and wearable cameras - indicates that the market grew from 84 million units in 2015 to 245 million units in 2019<sup>6</sup>.

The global wearable products market is witnessing a consistent growth owing to growing adoption of wearables across multiple application areas. Furthermore, consumer preference for connected products and the increasing population of IoT and related devices is also contributing to the overall growth of the wearable products market.

### Marketing and Sales Strategy

The Company’s marketing and sales strategy is as follows:

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<sup>2</sup> Source: <https://globalwellnessinstitute.org/what-is-wellness>.

<sup>3</sup> The wearable life 2.0: connected living in a wearable world, 2016, <https://www.pwc.com/us/en/services/consulting/library/consumer-intelligence-series/wearables.html>, retrieved March 3, 2020.

<sup>4</sup> Source: <https://www.globenewswire.com/news-release/2019/10/31/1938647/0/en/Wearable-Devices-Market-worth-62-82-billion-by-2025-Exclusive-Report-by-Meticulous-Research.html>.

<sup>5</sup> Source: <https://www.ccsinsight.com/press/company-news/2332-wearables-market-to-be-worth-25-billion-by-2019-reveals-ccs-insight>.

<sup>6</sup> Source: <https://www.ccsinsight.com/press/company-news/2332-wearables-market-to-be-worth-25-billion-by-2019-reveals-ccs-insight>.

- As disclosed under “Business Objectives and Milestones” (see Objective D), the Company has budgeted US\$40,000 to establish and develop marketing and media partnerships. The Company intends to identify and engage online influencers and other distributors. Identifying and engaging influencers and establishing the Company’s social media platform are core activities of the social media strategy. The Company also intends to attend the Upgrade Labs Biohacking Convention, targeting the first quarter of 2021. The Company has not yet entered into any agreements with any influencers or distributors.
- As disclosed under “Available Funds and Principal Uses”, the Company has budgeted US\$370,000 for general marketing purposes. This amount will be mostly utilized for online marketing and advertising, including search advertisements, search engine optimization, organic search and online video advertising. The Company expects that such online advertising will be an important driving force to generate online customers.

The Company has entered into an agreement with Conscious Partners Inc. (“CP”) dated April 1, 2020 (the “**Marketing Agreement**”). CP is not a related party to the Company. Under the terms of the Marketing Agreement, CP will provide marketing services to the Company for a term of one month (the “**Term**”), to be automatically extended for a further period of one month at the end of the Term and of every extension of the Term thereafter. CP will receive the below compensation as consideration for the services under the Marketing Agreement:

- US\$12,500 per month during the initial Term and the first three extensions;
- US\$25,000 per month during the fourth extension of the Term and prior to certain paid media campaigns being conducted by CP (“**Media Campaigns**”);
- US\$30,000 per month after the start of the Media Campaigns plus: 15% of the aggregate monthly spend on Media Campaigns that is above US\$100,000 and below US\$250,000; plus 12.5% of the aggregate monthly spend on Media Campaigns that is above US\$250,000;
- 223,073 warrants (the “**Marketing Warrants**”) on completion of the initial Term and the first three extensions. Each Marketing Warrant will be exercisable into one Subordinate Voting Share for a period of two years at an exercise price of \$0.30 per Subordinate Voting Share; and
- Marketing Warrants to acquire additional Subordinate Voting Shares based on certain achieved milestones set out in the Marketing Agreement and representing up to 3% of the issued and outstanding Subordinate Voting Shares at the time of Listing.

The Company has also entered into an agreement (the “**Bulletproof Agreement**”) with Bulletproof Media, Inc. (“**Bulletproof**”) dated September 22, 2020. Pursuant to the Bulletproof Agreement, Bulletproof will host a radio episode with the Company and provide digital marketing support. The Company agreed to pay Bulletproof a fee of US\$150,000, payable in three installments of US\$50,000. The Company may terminate the Bulletproof Agreement for convenience and without cause by giving notice at least 15 days before the radio program airs (in which case Bulletproof will retain 50% of the total fee). If the Company terminates with less than 15 days’ notice, the Company will be responsible for the full fee. Bulletproof is not a related party to the Company.

### Research and Development

To date, the Company estimates that approximately US\$1,079,980 has been spent on the creation of the Hapbee Wearable Wellness Product and approximately US\$126,653 (which expenditures were not capitalized but were expensed as consulting expenses) has been spent on the creation of the Hapbee App.

Management has planned ongoing form factor and application development to increase the portfolio of sensations that are available to users.

Over the next 12 to 18 months, the Company's goal is to release a new signal every quarter. Currently there are seven additional signals in evaluation stages while other signals are being investigated with respect to optimizing their strength.

The prototype of the current form factor is a headband/necklace product. With the advent of new material such as flexible battery and circuit electronics and electronics integrated into washable fabrics, the Company is evaluating the development of form factors for activity-specific application such as a helmet or a yoga mat for relaxation or a pillow sleeve for sleep. The evaluation of these form factors is in the preliminary stages and the Company is not yet able to predict the anticipated cost or timeline for development of these form factors.

### Specialized Skill and Knowledge

The nature of the Company's business requires specialized knowledge and technical skill around biohacking, technology, web development, computer programming, information security, mobile app and platform development, signal processing, research and development strategy, consumer product design, electronics, engineering, advertising, marketing, commercial design and global management, amongst others. The required skills and knowledge to succeed in this industry are available to the Company through certain members of the Company's management, directors, officers, and consultants as follows:

- Chris E. Rivera, President and Chairman of the Board, has over the past 30 years held numerous leadership roles in both emerging and established companies, guiding them through product development to commercialization and beyond. He was a founder and CEO of Hyperion Therapeutics, which was acquired by Horizon Pharma in 2015, Senior Vice President and head of Commercial Operations at Tercica, Inc., where he led the cross-licensing transaction between Tercica and Ipsen Group; and Genzyme Corporation, where he built and ran Genzyme's US renal commercial operations and helped launch their renal division globally. Prior to Genzyme, he helped build the commercial infrastructures at Cephalon, Inc. and Centocor Biotech, Inc. Mr. Rivera has extensive early stage and turnaround experience and success in addition to a proven track record in building successful companies.
- Charles McNerney, a director of the Company, is a seasoned executive with over 24 years of multi-disciplined security, operations and core engineering experience at Microsoft and more recently at Expedia. He has designed, implemented and led the information security organization for a multinational, Fortune 50 technology company to include physical and digital protection globally. He is a respected security leader across the industry and is recognized for his ability to navigate corporate risk and manage business continuity issues through innovative leadership and vision. Mr. McNerney provides assistance to the Company in protecting the security of its products.
- Rob Dzisiak, a director of the Company, has spent most of his career starting and operating several Canadian based futures commission merchants. He established R.J. O'Brien & Associates Canada Inc., an IIROC member firm in Canada, and was the past President and CEO of CFG Canada, which he started as a branch office of LFG, LLC in 1994. Mr. Dzisiak is a past Chairman of the Winnipeg Commodity Exchange and has served as director and officer of several public listed Canadian companies. In particular, Mr. Dzisiak provides advice to the Company related to transitioning from a private to a public company and the preparations therefor.
- Mark Timm, a director of the Company, has been a serial entrepreneur and exponential thinking practitioner for nearly two decades. He has started more than a dozen companies, several of which

have multiplied and been sold, and has consequently participated in several equity events. His businesses have been built with international footprints in more than a dozen countries across diverse industries from retail to wholesale and from product manufacturing to digital marketing and real estate. In particular, Mr. Timm provides advice to the Company regarding the marketing, sale and distribution of the Company's products.

- Michael Mischke-Reeds, has over 25 years of leadership experience in life sciences companies, having worked as a startup biotech executive and a management consultant, specializing in biotechnology. He co-founded two startup companies, as well as Keelin Reeds Partners, a consulting firm offering valuation, strategy, and transaction support. Mr. Mischke-Reeds is currently Senior Vice President of Business Development for EMulate, where he leads partnering activities as well as strategy and valuation. Mr. Mischke-Reeds is a member of the Joint Steering Committee, and provides guidance to the Company on fulfilling its obligations under the License Agreements.
- Kyle Kingma has over 14 years of experience in the finance and accounting industry. He currently serves as the Vice President of Finance at EMulate, where for the past eight years he has led all finance, accounting, and reporting activities. From the Company's inception, Mr. Kingma has provided financial oversight and guidance to the Company and led the Company through the production of its audited 2019 financial statements.
- Steven Pope, corporate secretary of the Company, is also the Secretary and General Counsel to EMulate. He has over 30 years of experience advising early and late-stage companies regarding contractual, securities, governance, intellectual property, and employment matters. Mr. Pope is not counsel to the Company but uses his legal experience in performing his duties as corporate secretary and in assisting the Company and its Board in dealing with corporate, business and intellectual property matters.

The Company also receives advice regarding the technology from EMulate's scientific and operational teams.

### Competitive Conditions

While we do not believe that any vendor offers the same products as the Company, the wellness market is rapidly evolving, fragmented and gaining massive adoption.

We expect to face continued competition in the future as new products and product enhancements are introduced into the wellness market.

We face direct and indirect competition from a variety of players, including:

- firms engaged in the wearables industry, including Halo Neuroscience, Muse, NeoRhythm and Oura Ring; and
- software applications that claim to produce benefits like those of wellness products.

We believe that the principal competitive factors in our market include the features and functions of the wearable technology and application, the user friendliness of product design, product reliability as well as pricing. We believe we compete favorably across these factors. However, many of our competitors and potential competitors are larger and have greater brand name recognition, longer operating histories, access to larger customer bases, larger sales and marketing budgets and significantly greater resources. Moreover, because our market is changing rapidly, it is possible that additional new entrants, especially

those with significant resources, more efficient operating models, more rapid technology development cycles and lower marketing costs, could introduce new products and services that disrupt our market and better address the needs of our customers and potential customers.

### Intellectual Property

We protect our intellectual property rights through a combination of trademarks and trade secret laws as well as contractual provisions.

The Company uses non-disclosure agreements with business partners, prospective customers, and other relationships where disclosure of proprietary information may be necessary. We also use such agreements with our employees and consultants which assign to us all intellectual property developed in the course of their employment or engagement.

We also secure from such individuals obligations to execute such documentation as is reasonably required by the Company to evidence our ownership of such intellectual property.

We have been issued trademark registrations in the United States covering the word mark Hapbee® and the logo .

EMulate has received 32 global patents on technologies relating to the Hapbee Wearable Wellness Product, as follows:

COUNTRY	SERIAL NO.	FILING DATE	PAT. NO.	ISSUE DATE	TITLE
Australia	2003231978	March 28, 2003	2003231978	June 2, 2005	SYSTEM AND METHOD FOR CHARACTERIZING A SAMPLE BY LOW-FREQUENCY SPECTRA
Canada	2,473,142	March 28, 2003	2,473,142	April 26, 2011	SYSTEM AND METHOD FOR CHARACTERIZING A SAMPLE BY LOW-FREQUENCY SPECTRA
Canada	2,684,009	March 28, 2003	2,684,009	February 15, 2011	SYSTEM AND METHOD FOR CHARACTERIZING A SAMPLE BY LOW-FREQUENCY SPECTRA
China	03803793.9	March 28, 2003	ZL03803793.9	June 4, 2012	SYSTEM AND METHOD FOR CHARACTERIZING A SAMPLE BY LOW-FREQUENCY SPECTRA
India	1821/CHENP/2004	March 28, 2003	229893	February 24, 2009	SYSTEM AND METHOD FOR CHARACTERIZING A SAMPLE BY LOW-FREQUENCY SPECTRA
Japan	2003-580829	March 28, 2003	4425639	December 18, 2009	SYSTEM AND METHOD FOR CHARACTERIZING A SAMPLE BY LOW-FREQUENCY SPECTRA
US	10/923,545	August 20, 2004	7,081,747	July 25, 2006	SYSTEM AND METHOD FOR CHARACTERIZING A SAMPLE BY LOW-FREQUENCY SPECTRA

COUNTRY	SERIAL NO.	FILING DATE	PAT. NO.	ISSUE DATE	TITLE
Australia	2003230950	April 18, 2003	2003230950	February 22, 2007	SYSTEM AND METHOD FOR SAMPLE DETECTION BASED ON LOW-FREQUENCY SPECTRAL COMPONENTS
Canada	2,460,794	April 18, 2003	2,460,794	February 8, 2005	SYSTEM AND METHOD FOR SAMPLE DETECTION BASED ON LOW-FREQUENCY SPECTRAL COMPONENTS
US	10/805,066	March 19, 2004	6,952,652	October 4, 2005	SYSTEM AND METHOD FOR SAMPLE DETECTION BASED ON LOW-FREQUENCY SPECTRAL COMPONENTS
US	11/097,632	April 1, 2005	7,412,340	August 12, 2008	SYSTEM AND METHOD FOR SAMPLE DETECTION BASED ON LOW-FREQUENCY SPECTRAL COMPONENTS
US	10/112,927	March 29, 2002	6,724,188	April 20, 2004	APPARATUS AND METHOD FOR MEASUREMENT OF MOLECULAR ELECTROMAGNETIC SIGNALS
Australia	2004280998	October 8, 2004	2004280998	July 24, 2008	SYSTEM AND METHOD FOR CHARACTERIZING A SAMPLE BY LOW-FREQUENCY SPECTRA
Brazil	PI0415235-2	October 8, 2004	PI0415235-2	July 4, 2017	SYSTEM AND METHOD FOR CHARACTERIZING A SAMPLE BY LOW-FREQUENCY SPECTRA
Canada	2,538,988	October 8, 2004	2,538,988	February 15, 2011	SYSTEM AND METHOD FOR CHARACTERIZING A SAMPLE BY LOW-FREQUENCY SPECTRA
China	200480029490.2	October 8, 2004	ZL200480029490.2	May 5, 2010	SYSTEM AND METHOD FOR CHARACTERIZING A SAMPLE BY LOW-FREQUENCY SPECTRA
India	1592/CHENP/2006	October 8, 2004	237823	January 8, 2010	SYSTEM AND METHOD FOR CHARACTERIZING A SAMPLE BY LOW-FREQUENCY SPECTRA
Japan	2006-534425	October 8, 2004	4425922	December 18, 2009	SYSTEM AND METHOD FOR CHARACTERIZING A SAMPLE BY LOW-FREQUENCY SPECTRA
US	10/683,875	October 9, 2003	6,995,558	February 7, 2006	SYSTEM AND METHOD FOR CHARACTERIZING A SAMPLE BY LOW-FREQUENCY SPECTRA

COUNTRY	SERIAL NO.	FILING DATE	PAT. NO.	ISSUE DATE	TITLE
Australia	2011201847	July 27, 2005	2011201847	January 9, 2014	SYSTEM AND METHOD FOR PRODUCING CHEMICAL OR BIOCHEMICAL SIGNALS
Canada	2,574,616	July 27, 2005	2,574,616	April 30, 2019	SYSTEM AND METHOD FOR PRODUCING CHEMICAL OR BIOCHEMICAL SIGNALS
China	200580025199.2	July 27, 2005	ZL200580025199.2	May 16, 2012	SYSTEM AND METHOD FOR PRODUCING CHEMICAL OR BIOCHEMICAL SIGNALS
Japan	2007523775	July 27, 2005	5624708	Oct. 3, 2014	SYSTEM AND METHOD FOR PRODUCING CHEMICAL OR BIOCHEMICAL SIGNALS
Australia	2005269345	July 27, 2005	2005269345	December 9, 2010	SYSTEM AND METHOD FOR COLLECTING, STORING, PROCESSING, TRANSMITTING AND PRESENTING VERY LOW AMPLITUDE SIGNALS
Brazil	PI0512678-9	July 27, 2005	1943	April 1, 2008	SYSTEM AND METHOD FOR COLLECTING, STORING, PROCESSING, TRANSMITTING AND PRESENTING VERY LOW AMPLITUDE SIGNALS
Canada	2,573,350	July 27, 2005	2,573,350	May 13, 2014	SYSTEM AND METHOD FOR COLLECTING, STORING, PROCESSING, TRANSMITTING AND PRESENTING VERY LOW AMPLITUDE SIGNALS
India	808/CHENP/2007	July 27, 2005	252124	April 27, 2012	SYSTEM AND METHOD FOR COLLECTING, STORING, PROCESSING, TRANSMITTING AND PRESENTING VERY LOW AMPLITUDE SIGNALS
Japan	2007-523767	July 27, 2005	4726900	April 22, 2011	SYSTEM AND METHOD FOR COLLECTING, STORING, PROCESSING, TRANSMITTING AND PRESENTING VERY LOW AMPLITUDE SIGNALS
US	13/555,025 9,417,257	July 20, 2012 Aug 16, 2016	9,417,257	Aug. 16, 2016	SYSTEM AND METHOD FOR COLLECTING, STORING, PROCESSING, TRANSMITTING AND PRESENTING VERY LOW AMPLITUDE SIGNALS

COUNTRY	SERIAL NO.	FILING DATE	PAT. NO.	ISSUE DATE	TITLE
US	11/825,249	July 3, 2007	7,575,934	August 18, 2009	ORIENTED MAGNETIC PARTICLE-FLUORESCENCE DETECTABLE MOIETY COMPOSITIONS AND METHODS OF MAKING AND USING THE SAME
Australia	2013290020	July 11, 2013	2013290020	August 3, 2017	MINIATURIZED MOLECULAR INTERROGATION AND DATA SYSTEM
China	201380047342.2	March 11, 2015	ZL201380047342.2	March 23, 2018	MINIATURIZED MOLECULAR INTERROGATION AND DATA SYSTEM

We are subject to risks related to our intellectual property. For more information, see “Risk Factors – Risks Related to our Business and Industry”.

#### Cycles

Our business is not cyclical or seasonal.

#### Economic Dependence

Our business is substantially dependent on the License Agreements.

See “Business of the Company – License Agreements”.

#### Changes to Contracts

We do not expect any aspect of our business to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts.

#### Employees

As of December 31, 2019, we had no full-time employees. Several consultants are engaged in accomplishing work for the Company. The operations of the Company are managed by our directors and executive officers.

For the period from incorporation on January 3, 2019 to December 31, 2019, we incurred consulting expenses in the amount of US\$179,732. For the 6-month period ended June 30, 2020, we incurred consulting expenses in the amount of US\$617,566.

We have entered into certain agreements with its consultants, including the consulting agreement with Scott Donnell, CEO, and the Baron Consulting Agreement.

We have allocated US\$960,000 personnel costs to cover the costs for the consultants including the fees to the CEO. See “Available Funds and Principal Purposes”.

#### Lending

The Company does not engage in any lending activities.

#### Bankruptcy and Similar Procedures

There are no bankruptcies, receivership or similar proceedings against the Company, nor is the Company aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceedings by the Company during its last three financial years.

#### Reorganizations

The Company has not completed any material reorganization and no reorganization is proposed for the current financial year.

#### **License Agreements**

The following description of the License Agreements is qualified in its entirety by the License Agreements themselves, which have been filed under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Readers should review the License Agreements in their entirety for a better understanding of the License Agreements.

In this portion of the Prospectus, the following terms have the meanings set out below:

**"Authorized Product"** means any product (a) that is composed of components authorized for use by EMulate, (b) that transmits the magnetic field encoded by one or more signals in a manner approved by EMulate, and (c) the use, sale, lease, rental, importation or manufacture of which would, but for the license granted to the Company hereunder, either infringe a valid claim of certain EMulate patents or use certain EMulate know-how.

**"EMulate Technology"** means EMulate's know-how, patents and interests in certain joint patents and joint know-how.

**"Field"** means the recreational and/or non-medical use (i.e., use that is not regulated by any governmental body under applicable laws) in humans of the Authorized Product.

**"First Commercial Sale"** means, with respect to the Territory, the first commercial lease, rental, subscription or sale, under a License Agreement by the Company, its Sublicensees or Distributors of any Authorized Product to an end user for use or resale, lease, rental in the Field in the Territory.

**"Parties"** means the Company and EMulate, and **"Party"** means one of them.

**"Territory"** means worldwide; provided, that "worldwide" excludes any national/federal, provincial/regional/state, or local jurisdiction that, with respect to the signal in question, does not or ceases to permit the use of such signal as contemplated in this Agreement or otherwise, directly or indirectly, limits the full and free exercise of all of the rights with respect to such signal granted to ETI under this Agreement.

#### Grant of Licenses

Pursuant to the License Agreements, EMulate granted to the Company an exclusive, royalty-bearing license under the EMulate Technology to use, sell, offer for sale, lease, rent, import, and otherwise commercialize the Authorized Product in the Field in the Territory during the Term. In addition, EMulate granted to the

Company an exclusive, royalty-bearing license under the EMulate Technology to ship, label and package Authorized Product for use in the Field in the Territory.

EMulate Technology includes certain signals acquired through the practice of patents granted to EMulate. To date, EMulate has received 32 global patents on technologies relating to the Hapbee Wearable Wellness Product. These patents are related to signal acquisition. Under EMulate Therapeutics' license agreements with Hapbee, certain signals acquired through the practice of these patents are licensed to Hapbee.

EMulate also granted to the Company a non-exclusive, royalty-free license under certain EMulate trademarks solely to commercialize, use, sell, offer for sale, lease, rental, and import Authorized Product in the Field in the Territory during the Term.

The Company granted to EMulate a royalty-free, fully-paid, perpetual, irrevocable, nonexclusive license, with the right to grant sublicenses through multiple tiers, in, to and under certain technology to research, develop, make, have made, commercialize, use, sell, offer for sale, lease, rent, and import any product other than Authorized Product.

The Company agreed to manufacture and supply EMulate such product, other than the Authorized Product, to EMulate or third parties designated by EMulate for use outside the Field anywhere in the world, in such quantities as EMulate will order and the Company will accept pursuant to and in accordance with a separate commercial supply agreement to be entered into between the Company and EMulate at the stated transfer price for such product.

Further, EMulate agreed to make commercially reasonable efforts to develop signals that could be used for certain uses so as to enable the Company to continue the use of the Relax signal under the terms of the Second License Agreement.

### Governance

The Parties have established a committee (the "**Joint Steering Committee**") to oversee, review, and coordinate the supply and commercialization of the Authorized Product in the Field in the Territory pursuant to each License Agreement. The Joint Steering Committee will be comprised of up to three representatives of each Party. Actions to be taken by the Joint Steering Committee will be taken only following a unanimous vote with each Party's representatives collectively having one vote. If a Joint Steering Committee fails to reach unanimous consent on a particular matter within the scope of its decision-making authority within 30 days of a Party having requested a formal vote on such matter (or, if such matter is urgent, within ten days of such request), then either Party may submit such matter for resolution to senior executives of the Parties.

Members of the Joint Steering Committee currently include: for the Company, Scott Donnell, CEO, Brian Mogan, Scientific Advisor, and Pat Murray, Design Consultant; and for EMulate, Chris Rivera, President and CEO, and Michael Mischke-Reeds, Senior Vice President Business Development.

### Commercialization

The Company is solely responsible for commercializing the Authorized Product for the Field in the Territory.

Pursuant to the First License Agreement, the Company agreed to use commercially reasonable efforts to achieve the First Commercial Sale in the Territory within 13 months after the effective date of such agreement, and pursuant to the Second License Agreement, the Company agreed to use commercially reasonable efforts to achieve the First Commercial Sale in the Territory within six months after the effective

date of such agreement; provided that (a) such periods may be extended by written agreement of the Parties, (b) such periods will be extended if, in EMulate's sole reasonable determination, the Company is making substantial progress towards entering into agreements with one or more third parties for the purpose of commercializing the Authorized Product in the Field in the Territory, and (c) if the Company does not achieve the First Commercial Sale in the Territory within such periods, then EMulate will have the right to terminate the licenses granted by EMulate pursuant to the relevant License Agreement and all rights granted to the Company under such licenses and under such License Agreement with respect thereto will upon such termination immediately revert to EMulate. The foregoing obligations have been satisfied or waived prior to the date of this Prospectus.

Subject to certain exceptions, the Company agreed to conduct all commercialization activities in accordance with a commercialization plan submitted to EMulate for review and discussion.

The Company is required to present written reports to the Joint Steering Committee annually summarizing the Company's significant commercialization activities with respect to the Authorized Product in the Territory pursuant to the relevant License Agreement and including a forecast for the following year's sales, leases, rentals and subscriptions of or for the Authorized Product in the Territory. EMulate waived the requirement for such reports for the year ended December 30, 2019.

The License Agreements also contain provisions relating to marketing and promotional literature as well as labelling and patent rights marketing.

### Supply

Pursuant to the License Agreements, EMulate has agreed to produce and supply the signals for the Authorized Product exclusively to the Company or its sublicensees and distributors for use in the Field in the Territory, and the Company has agreed that it or its sublicensees and distributors will purchase exclusively from EMulate, all of the Company's and its sublicensees' and distributors' requirements of the signals used in the Authorized Product for commercialization use in the Field in the Territory.

### Financial Terms

The Company paid to EMulate a non-refundable, non-creditable payment in the amount of US\$10,000 pursuant to the First License Agreement.

Pursuant to the Second License Agreement, the Company agreed to pay to EMulate a non-refundable, non-creditable payment in an amount equal to US\$1,500,000 (the "**Upfront Amount**"). In partial satisfaction of its obligation to pay the Upfront Amount, the Company agreed to pay to EMulate, on a non-refundable, non-creditable basis, 30% of the amount of any and all funds raised to capitalize the Company. To the extent not fully paid prior thereto, the Company agreed to pay to EMulate the unpaid balance of the Upfront Amount not later than the earlier to occur of (i) April 30, 2020 or (ii) the date by which aggregated amounts of investments in the Company equal US\$5,000,000 or more. As of the date of this Prospectus, the Company has paid to EMulate the Upfront Amount.

Throughout the term of the First License Agreement, the Company agreed to pay to EMulate, on a calendar quarter basis, royalties on the quarterly net income from use sales, lease or rental of the Authorized Product in the Territory multiplied by a percentage royalty rate equal to 20%.

Throughout the term of the Second License Agreement, the Company agreed to pay to EMulate, on a calendar quarter basis, royalties on the quarterly net income from (i) sales, lease or rental of the Authorized Product in the Territory multiplied by a percentage royalty rate equal to 20%, and (ii) use of the Authorized Product in the Territory multiplied by a percentage royalty rate equal to 20%; provided, that the percentage

royalty rate on the first US\$10,000,000 of net income from use of Authorized Product will be equal to 25% of monthly subscriptions or other uses of the signals.

### Intellectual Property

The License Agreements provide that EMulate owns and will retain all rights, title, and interests in and to the EMulate Technology, and that the Company will own and retain all rights, title and interests in and to its technology. Ownership of all inventions will be based on inventorship, as determined in accordance with the rules of inventorship under U.S. patent laws.

### Representations, Warranties and Covenants

The Company made a number of standard representations, warranties, and covenants to EMulate pursuant to the License Agreements.

### Indemnification

Pursuant to the License Agreements, the Company agreed (with some exceptions) to indemnify, defend and hold harmless each of EMulate and its directors, shareholders, officers, and employees from and against any and all losses, liabilities, damages, penalties, fines, costs, and expenses from any third-party claims, actions, suits, or proceedings incurred by any such person, arising from, or occurring as a result of (a) the negligence or willful misconduct of the Company, its sublicensees, distributors or other subcontractors, and (b) any breach of any representations, warranties, or covenants by the Company under the relevant License Agreement.

EMulate agreed (with some exceptions) to indemnify, defend and hold harmless each of the Company and its sublicensees and distributors and their respective directors, officers, employees, and agents from and against any and all losses, liabilities, damages, penalties, fines, costs, and expenses from any third-party claims, actions, suits, or proceedings incurred by any such person, arising from, or occurring as a result of (a) the negligence or willful misconduct of EMulate; and (b) any breach of any representations, warranties, or covenants by EMulate under the relevant License Agreement.

### Term and Termination

Unless terminated earlier in accordance with their terms, the License Agreements will continue in full force and effect for 20 years (the “**Term**”); provided, that if any signal has been determined pursuant to a License Agreements not to be safe for its intended commercial use, the Term of such License Agreement with respect to such signal will terminate as of the date of such determination.

EMulate has the right to terminate a License Agreement upon written notice to the Company if the Company, after receiving written notice from EMulate identifying material breach by the Company of the relevant License Agreement, fails to cure such breach within 60 days from the date of such notice (or within 30 days’ notice for any payment breach).

The Company has the right to terminate a License Agreement upon written notice to EMulate if EMulate, after receiving written notice from the Company identifying a material breach by EMulate of the relevant License Agreement, fails to cure such breach within 60 days from the date of such notice.

Each Party has the right to terminate a License Agreement immediately in its entirety upon written notice to the other Party if such other Party makes a general assignment for the benefit of creditors, files an insolvency petition in bankruptcy, petitions for or acquiesces in the appointment of any receiver, trustee, or similar officer to liquidate or conserve its business or any substantial part of its assets, commences under

the laws of any jurisdiction any proceeding involving its insolvency, bankruptcy, reorganization, adjustment of debt, dissolution, liquidation or any other similar proceeding for the release of financially distressed debtors or becomes a party to any proceeding or action under the bankruptcy laws and such proceeding is not dismissed within 60 days after the commencement thereof.

### Other Signals

Pursuant to the First License Agreement, the Company may at any time indicate to EMulate that it desires to license signals not covered by such license agreement (the “**Other Signals**”) from EMulate. If EMulate agrees with the Company that such Other Signal requested by the Company may be used to produce an Authorized Product in the Field, EMulate and the Company will then, pursuant to one or more written agreements between the Parties, provide the Company the opportunity to evaluate (or to have evaluated) for safety such Other Signals. The First License Agreement includes certain terms and conditions to be included in any license agreement with respect to such Other Signals.

The First License Agreement also includes a right of first negotiation in favour of the Company with respect to the Other Signals.

### **Regulatory Overview**

The FDA may regulate medical or health-related software if such software falls within the definition of a “medical device” under the FDCA. However, the FDA exercises enforcement discretion for certain low risk software, as described in its guidance documents for Mobile Medical Applications, General Wellness: Policy for Low Risk Devices, and Medical Device Data Systems, Medical Image Storage Devices, and Medical Image Communications Devices (the “**FDA Guidance**”).

FDA regulations govern, among other things, product development, testing, manufacture, packaging, labeling, storage, clearance or approval, advertising and promotion, sales and distribution, and import and export. FDA requirements with respect to devices that are determined to pose lesser risk to the public include:

- establishment of registration and device listing with FDA;
- the Quality System Regulation, which requires manufacturers, including third-party or contract manufacturers, to follow stringent design, testing, control, documentation, and other quality assurance procedures during all aspects of manufacturing;
- labeling regulations and FDA prohibitions against the advertising and promotion of products for uncleared, unapproved off-label uses and other requirements related to advertising and promotional activities;
- medical device reporting regulations, which require that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur;
- corrections and removal reporting regulations, which require that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the FDCA that may present a risk to health; and
- post-market surveillance regulations, which apply when necessary to protect the public health or to provide additional safety and effectiveness data for the device.

Non-compliance with applicable FDA requirements can result in, among other things, public warning letters, fines, injunctions, civil penalties, recall or seizure of products, total or partial suspension of production, failure of the FDA to grant marketing approvals, withdrawal of marketing approvals, a recommendation by the FDA to disallow us from entering into government contracts and criminal prosecutions. The FDA also has the authority to request repair, replacement, or refund of the cost of any device.

The Company intends to market the Hapbee Wearable Wellness Product as a general wellness product as described in the FDA Guidance. General wellness products outlined in the FDA Guidance are those which have either: an intended use that relates to maintaining or encouraging a general state of health or a healthy activity, or an intended use that relates the role of healthy lifestyle with helping to reduce the risk or impact of certain chronic diseases or disease conditions and where it is well understood and accepted that healthy lifestyle choices may play an important role in health outcomes for the disease or condition. Accordingly, the Company believes that the Hapbee Wearable Wellness Product is not currently subject to FDA regulation.

## History

Since incorporation, the Company has taken the following steps to develop its business:

- evaluated a number of signals, including those covered by the License Agreements, for commercial viability. See “Business of the Company – License Agreements”;
- negotiated and entered into the License Agreements. See “Business of the Company – License Agreements”;
- completed working prototypes of the Hapbee Wearable Wellness Product and the Hapbee App;
- recruited directors and officers with the skills required to operate a publicly listed technology company;
- completed the Zander Transaction. See “Business of the Company – Zander Transaction”;
- raised aggregate gross proceeds of US\$8,764,040.40 (C\$11,897,242.51) in various private placement financings. The funds raised have provided sufficient capital to carry on the Company’s business to date, and to cover the costs associated with the Offering, Prospectus and Listing; and
- engaged auditors and legal counsel in connection with the Offering, Prospectus and Listing.

## Zander Transaction

The following is a summary of the rationale for, and the material events that preceded, the Zander Transaction.

One of the Company’s primary strategic objectives is to complete the Listing by October 31, 2020 (the “**Strategic Objective**”). Management and the Board regularly consider, monitor and investigate opportunities to enhance shareholder value, with reference to the Strategic Objective. Management and the Board also regularly review and consider market conditions, including such factors that affect the business, operations and affairs of the Company, its growth and sustainability.

Management and the Board reviewed and considered various transactions to determine whether pursuing them would be in the best interest of the Company and accomplish the Strategic Objective. After evaluation

of the Company's current business, financial position and future plans and prospects, the Board decided to review the Zander Transaction.

During the course of their review of the Zander Transaction, the Board considered, among other things:

- *Arm's Length Negotiations.* The terms of the Zander Transaction were negotiated at arm's length between the Board and Zander Capital and were consistent with the Board's assessment of the fair market value of Zander Capital.
- *Strategic Rationale.* An acquisition of Zander Capital fits within the Strategic Objective. Prior to completing the Zander Transaction, the Company had approximately 70 shareholders, approximately 98% of which were located in the United States. Zander Capital had a broad shareholder base, consisting of approximately 200 Canadian public shareholders each holding a board lot. The Board noted that access to Zander Capital's broad shareholder base would allow it to satisfy TSX-V listing requirements and complete the Listing in a significantly shorter timeframe than it otherwise could.
- *Stronger Financial Position.* After completion of the Zander Transaction, the Company would have greater balance sheet strength and financial flexibility, with approximately C\$639,748 in additional cash.
- *Experienced Leadership.* Herrick Lau (a former director of Zander Capital) agreed to join the management team of the Company as Chief Financial Officer, and Baron Global Financial Canada Limited ("**Baron**") agreed to provide the CFO Services following completion of the Zander Transaction. The Board was of the view that, without completing the Zander Transaction, it may not be able to attract a Chief Financial Officer of Mr. Lau's caliber and a firm with as much capital market and financial management experience as Baron. Members of Baron's management team include David Eaton, Herrick Lau, Queenie Kuang and Denise Lok, all of whom have been officers and directors of numerous public companies in Canada.
- *Enhanced Capital Markets Exposure and Access to Capital.* By completing the Zander Transaction, the Company would gain shareholders and a Chief Financial Officer with high visibility in the Canadian capital markets and significant relationships with key sector investors and analysts that should help to attract strong retail and institutional support following completion of the Listing. Indeed, following completion of the Zander Transaction, with the assistance of personnel from Zander Capital, the Company completed the Offering for gross proceeds of C\$6,496,772.51. Further, the Company's ability to raise capital is expected to be significantly enhanced once it completes the Listing.
- *Resale Restrictions.* The Board noted that 8,000,000 of the 8,724,401 shares issued pursuant to the Zander Transaction are subject to voluntary pooling restrictions whereby 100% will be released six months after the Listing Date.
- *Strong Shareholder Support.* Informal shareholder reaction to the Zander Transaction was positive.

The Board discussed the anticipated benefits of the Zander Transaction to the Company and its stakeholders and weighed these against the associated risks and negative factors, including the risks to the Company if the Zander Transaction is not completed, including the costs to the Company in pursuing the Zander Transaction, the diversion of management's attention away from conducting the Company's business in the ordinary course and the potential impact on the Company's current business relationships (including with future and prospective employees, suppliers and partners).

The Board concluded that, overall, the anticipated benefits of the Zander Transaction to the Company outweighed these risks and negative factors. Ultimately, the Board determined that the Zander Transaction was in the best interests of the Company.

The foregoing summary of the information and factors considered by the Board is not intended to be exhaustive, but includes the material information and factors considered by the Board in its consideration of the Zander Transaction. The Board did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its conclusions. The decision of the Board was made after consideration of all of the above-noted and other factors and in light of its knowledge of the business, financial condition and prospects of the Company. In addition, individual Board member may have assigned different weights to different factors.

## AVAILABLE FUNDS AND PRINCIPAL USES

### Funds Available

This is a non-offering prospectus. The Company is not raising any funds in conjunction with this Prospectus and, accordingly, there are no proceeds to be raised by the Company pursuant to this Prospectus.

As at September 30, 2020, being the most recent month end before the date of this Prospectus, the Company had working capital of approximately US\$3,897,383.

### Principal Use of Available Funds

The following table sets forth the principal purposes for which the estimated funds available to the Company will be used and the current estimated amounts to be used for each such principal purpose:

Use of Funds Available	Amount
Objective A – Develop an E-Commerce Platform	US\$90,000
Objective B – Develop Hapbee App	US\$130,000
Objective C – Further Develop Hapbee Signals	US\$75,000
Objective D – Establish and Develop Marketing and Media Partnership	US\$40,000
Objective E – Further Develop Hapbee Wearables Hardware	US\$508,000
Listing Costs	US\$170,000
Operating Expenses for 12 months <sup>(1)(2)</sup>	US\$2,675,000
Unallocated Working Capital	US\$209,383
<b>Total</b>	<b>US\$3,897,383</b>

Notes:

(1) The estimated operating expenses for the next 12 months include: (a) ongoing basic product enhancement US\$60,000; (b) general marketing US\$370,000; (c) personnel wages, finance and accounting US\$1,194,000; (d)

intellectual property legal, facilities and miscellaneous US\$346,000; (e) audit, legal, filings and transfer agent US\$141,000; and (f) public relations and investors relations US\$564,000.

(2) The estimated operating expenses for the next 12 months are based on a no-sales revenue budget.

The amount of US\$1,194,000 budgeted for personnel wages, finance and accounting consists of: (i) US\$133,333 (US\$11,111 or C\$15,000 per month) payable to Baron Global Financial Canada Ltd. pursuant to the Baron Consulting Agreement; (ii) two accounting staff with the estimated budget of US\$100,000 (US\$12,500 per month for eight months); and (iii) US\$960,000 for the estimated fees of consultants.

The consulting fees referred to in paragraph (iii) above consist of:

- US\$192,000 to Scott Donnell, the CEO of the Company. See “Directors and Executive Officers”;
- US\$120,000 to Brian Mogen for services related to technical analysis of forms/factors, signal analysis and optimization, overseeing product testing, and assisting product design. Mr. Mogen is an independent contractor to the Company and provides services pursuant to a consulting agreement with the Company;
- US\$120,000 to Pat Murray for services related to coordinating product development projects and information system infrastructure. Mr. Murray is an independent contractor to the Company and provides services pursuant to a consulting agreement with the Company;
- US\$80,000 for support services to be provided by various third-party consultants engaged from time to time on an hourly basis. The Company has not entered into a written agreement with these consultants; and
- US\$448,000 for management and technical services to be provided by two to three consultants to be engaged by the Company after Listing. The Company is in the process of searching for appropriate candidates.

The amount of US\$834,000 budgeted for public relations and investor relations consists of: (i) US\$34,000 for news release dissemination; (ii) US\$80,000 for engaging an investors relations firm; (iii) US\$80,000 for creating corporate videos and multimedia; (iv) US\$70,000 for the costs of investor conferences and roadshows; (v) US\$200,000 for engaging online marketing firms and public relations firms for corporate marketing; and (vi) US\$100,000 for other public relations activities. The Company is in the process of identifying appropriate service providers for the public relations and investors relations functions. The Company has not entered into any material agreements related to the public relations and investors relations activities.

The Company estimates that its current working capital will fund operations for at least 12 months. The estimated total capital and operating costs necessary for the Company to achieve its business objectives for the next 12 months is US\$3,518,000.

While the Company intends to spend its current working capital as stated above, there may be circumstances where, for sound business reasons, a re-allocation of funds may be necessary or advisable. The actual amount that the Company spends in connection with each of the intended uses of proceeds may vary significantly from the amounts specified above, and will depend on a number of factors, including those listed under the heading “Risk Factors”.

## Business Objectives and Milestones

The objectives that the Company expects to accomplish using its estimated working capital as at September 30, 2020, are to complete the Listing as well as the following milestones:

	Target Completion Date	Target Budget
<b>Objective A: Develop an E-Commerce Platform</b>		
<b>Milestone 1:</b> Finish E-Commerce Hapbee.com website – The Company will finish all of the public facing website pages including product pages, signal pages, science pages, and blogs, so that the Company will be able to begin the commercial launch and start advertising online.	October 2020	US\$40,000
<b>Milestone 2:</b> Web ecommerce platform approved with test ads - new web rollout – The Company will complete our sales copy, images and videos to start paying for traffic to convert on our website.	October 2020	US\$50,000
	<i>Subtotal:</i>	<i>US\$90,000</i>
<b>Objective B: Develop Hapbee App</b>		
<b>Milestone 1:</b> Final approved version 1.0 of the Hapbee App goes live - The full list of launch features will be complete to allow users to download the Hapbee App, sign up, connect a Hapbee product, and play a signal securely.	October 2020	US\$80,000
<b>Milestone 2:</b> Upgrade App features for smoother user interface (“UI”) - Update our Hapbee App to fix any basic errors and bugs reported by the first beta users of the Hapbee App.	November 2020	US\$30,000
<b>Milestone 3:</b> Hapbee App version 2.0 for future signals and partnership launches - These features are more long-term features in the Hapbee App to help with gamification, mini-players, adding new signals in the future, and allowing users to provide feedback on signals in real time.	January 2020	US\$20,000
	<i>Subtotal</i>	<i>US\$130,000</i>
<b>Objective C: Further Develop Hapbee Signals</b>		
<b>Milestone 1:</b> Four new additional signals through testing and market ready - These signals will be researched, analyzed and tested to be ready for commercialization to customers in the Hapbee App. Any new licenses relating to such additional signals would result in the Company incurring additional license costs and royalty payments.	December 2020	US\$60,000
<b>Milestone 2:</b> Begin optimization of signals – We will study our current signals and provide adjustments to such signals to further optimize and improve user experience.	February 2021	US\$15,000

	<i>Subtotal</i>	<i>US\$75,000</i>
<b>Objective D: Establish and Develop Marketing and Media Partnerships</b>		
<b>Milestone 1:</b> Influencer Outreach – We will work with our advisors to identify certain high profile celebrities and influencers who can test out and promote our brand.	October 2020	US\$10,000
<b>Milestone 2:</b> First major influencer partnership - We plan to lock in the first major influencer with over 5 million followers on social media in either sports, music or entertainment.	October 2020	US\$5,000
<b>Milestone 3:</b> Begin third party distribution - We will work with our distributors to market our products to third party distribution channels such as Amazon, Ebay, Google Express and Walmart.	November 2020	US\$10,000
<b>Milestone 4:</b> Major products roll out at Upgrade Labs Convention - This is a major biohacking convention in North America with over 1,500 potential customers for our technology, and we plan to roll out a marketing launch at this event.	March 2021	US\$15,000
	<i>Subtotal</i>	<i>US\$40,000</i>
<b>Objective E: Further Develop Hapbee Wearables Hardware</b>		
<b>Milestone 1:</b> Iterate next run of units with upgraded hardware - We will gather feedback from users to improve certain pieces of the hardware such as buttons, firmware, batteries, sizing, and brightness of the logo.	January 2021	US\$250,000
<b>Milestone 2:</b> Research new product categories for next product – We will research and survey our customers to learn other ways that we can deliver our signals to them, in addition to our headband/necklace products.	January 2021	US\$8,000
<b>Milestone 3:</b> Design and create new form factor – We will work with our main design engineers and firmware teams to ideate, design, test and build new wearables that would be appealing to a broader market of customers.	July 2021	US\$250,000
	<i>Subtotal</i>	<i>US\$508,000</i>
<b>Total (Objectives A to E)</b>		<b>US\$843,000</b>

Furthermore, subject to available capital resources, the Company may identify acquisition and/or partnership opportunities, including new technologies that may complement the Company’s existing business. Acquisition opportunities will be identified and evaluated by the management team and advisory board of the Company and may consist of asset or corporate acquisitions and/or partnerships in order to grow the Company. No such opportunities have been identified as of the date of this Prospectus and the Company currently does not expect to utilize any of its available funds for such purposes during the next 12 months.

While the Company intends to spend its current working capital as stated above, there may be circumstances where, for sound business reasons, a re-allocation of funds may be necessary or advisable.

The actual amount that the Company spends in connection with each of the intended uses of proceeds may vary significantly from the amounts specified above, and will depend on a number of factors, including those listed under the heading "Risk Factors".

The Company has not yet achieved positive operating cash flow, and there are no assurances that the Company will not experience negative cash flow from operations in the future.

### **Debenture Financing**

Certain of the aggregate principal amount of C\$6,496,772.51 of the Offering have been spent as follows: US\$45,886 cash finder's fees and US\$419,155 upfront fee amount paid to EMulate per the License Agreements.

### **Other Sources of Funding**

The Company currently does not have any immediate sources of additional funding.

## **SELECTED FINANCIAL INFORMATION AND MD&A**

### **Selected Financial Information**

The following tables set forth selected financial information for the Company. The selected financial information has been derived from, and is qualified by, the Company's audited financial statements for the period from incorporation on January 3, 2019 to December 31, 2019 and the Company's unaudited financial statements for the six months ended June 30, 2020, and the notes thereto, attached to this Prospectus as Appendix A. The following information should be read in conjunction with those financial statements and the accompanying notes, and management's discussion and analysis included elsewhere in this Prospectus.

	<b>For the six months ended June 30, 2020 (unaudited)</b>	<b>For the period from incorporation to December 31, 2019 (audited)</b>
Assets	US\$8,131,966	US\$3,234,362
Liabilities	US\$4,617,918	US\$760,212
Shareholders' Equity	US\$3,514,048	US\$2,474,150
Deficit	US\$(2,152,221)	US\$(401,543)

### **Management Discussion and Analysis**

Management's discussion and analysis of the financial condition and results of operations of the Company for the period from incorporation on January 3, 2019 to December 31, 2019 and the six months ended June 30, 2020 are attached to this Prospectus as Appendix A. These management's discussions and analysis should be read in conjunction with the financial statements and the accompanying notes thereto included in this Prospectus. Certain information included in such management's discussions and analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties.

Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See “Risk Factors”.

## **DIVIDEND POLICY**

The Company has not paid dividends since its incorporation. While there are no restrictions in the Company’s articles or pursuant to any agreement or understanding which could prevent the Company from paying dividends or distributions, the Company has limited cash flow and anticipates using all available cash resources to fund working capital and grow its business. As such, there are no plans to pay dividends in the foreseeable future. Any decisions to pay dividends in cash or otherwise in the future will be made by the Board on the basis of the Company’s earnings, financial requirements and other conditions existing at the time a determination is made.

## **DESCRIPTION OF THE SECURITIES**

No securities are being offered pursuant to this Prospectus.

### **Share Capital**

The authorized share capital of the Company includes an unlimited number of Subordinate Voting Shares and an unlimited number of Multiple Voting Shares with multiple voting rights.

As of the date of this Prospectus, there are 25,188,258 Subordinate Voting Shares and 450,000 Multiple Voting Shares issued and outstanding.

The holders of Subordinate Voting Shares are entitled to receive notice of and to attend and vote at all meetings of the Company Shareholders and each Subordinate Voting Share confers the right to one vote in person or by proxy at all meetings of the Company’s shareholders. The holders of the Subordinate Voting Shares are entitled to receive such dividends in any financial year as the Company’s board may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, holders of Subordinate Voting Shares are entitled to share rateably, together with holders of Multiple Voting Shares, in such assets of the Company as are available for distribution.

The Subordinate Voting Shares are “restricted securities” within the meaning of such term under applicable Canadian securities laws. The Company has complied with the requirements of Part 12 of NI 41-101 to be able to file a prospectus under which the Subordinate Voting Shares or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, the Subordinate Voting Shares are distributed, as the Company received the requisite majority approval of shareholders of the Company, at a special meeting of the shareholders held on July 14, 2020, in accordance with applicable law, including Section 12.3 of NI 41-101. In addition, the Company received the majority approval of shareholders of the Company, at the annual and special meeting of shareholders held on June 15, 2020, for the creation of the Multiple Voting Shares. The amendment constituted a “restricted security reorganization” within the meaning of such term under applicable Canadian securities laws.

Assuming the conversion in full (in exchange for Subordinate Voting Shares) of all convertible securities of the Multiple Voting Shareholders, but otherwise assuming that other convertible, exercisable or exchangeable securities of the Company remain outstanding, holders of Multiple Voting Shares would hold approximately 64.1% of the equity of the Company, while holders of Subordinate Voting Shares would hold approximately 35.9% of the equity of the Company.

## Rights and Restrictions of the Multiple Voting Shares

The material rights and restrictions of the Multiple Voting Shares are summarized as follows:

Holders of Multiple Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting, holders of Multiple Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share into which such Multiple Voting Share could ultimately then be converted, which initially equals 100 votes per Multiple Voting Share.

Holders of Multiple Voting Shares have the right to receive dividends, out of any cash or other assets legally available therefor, *pari passu* (on an as-converted to Subordinate Voting Share basis) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares.

In the event of the liquidation, dissolution or winding-up of the Company, holders of Multiple Voting Shares will be entitled to participate ratably along with all other holders of Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis) and Subordinate Voting Shares.

Each Multiple Voting Share is convertible, at the option of the holder into fully paid and non-assessable Subordinate Voting Shares as is determined by multiplying the number of Multiple Voting Shares by the relevant Compression Ratio. The initial "**Compression Ratio**" is 100 Subordinate Voting Shares for each Multiple Voting Share; provided, however, that the Compression Ratio shall be subject to adjustment in certain circumstances.

Before any holder of Multiple Voting Shares is entitled to convert, the Board (or a committee thereof) will designate an officer of the Company to determine if any of the following Conversion Limitations apply to the conversion of Multiple Voting Shares. The Company will use commercially reasonable efforts to maintain its status as a "foreign private issuer" (as determined in accordance with Rule 3b-4 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). Accordingly, the Company will not effect any conversion of Multiple Voting Shares, and the holders of Multiple Voting Shares will not have the right to convert any portion of the Multiple Voting Shares, to the extent that after giving effect to all permitted issuances after such conversions of Multiple Voting Shares, the aggregate number of Subordinate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by residents of the United States would exceed 45% (the "**45% Threshold**") of the aggregate number of Subordinate Voting Shares and Multiple Voting Shares issued and outstanding after giving effect to such conversions (the "**FPI Protective Restriction**"). The Board may by resolution increase the 45% Threshold to an amount not to exceed 50%.

In order to effect the FPI Protection Restriction, each holder of Multiple Voting Shares will be subject to the 45% Threshold based on the number of Multiple Voting Shares held by such holder as of the date of the initial issuance of the Multiple Voting Shares and thereafter at the end of each of the Company's subsequent fiscal quarters.

Notwithstanding the above, the Company may require each holder of Multiple Voting Shares to convert all the Multiple Voting Shares at the applicable Compression Ratio (a "**Mandatory Conversion**") if at any time all the following conditions are satisfied:

- the Subordinate Voting Shares issuable upon conversion of all the Multiple Voting Shares are registered for resale and may be sold by the holder thereof pursuant to an effective registration statement and/or prospectus covering the Subordinate Voting Shares under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**");

- the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act; and
- the Subordinate Voting Shares are listed or quoted (and are not suspended from trading) on a recognized North American stock exchange or by way of reverse takeover transaction on the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or Aequitas NEO Exchange (or any other stock exchange recognized as such by the Ontario Securities Commission).

### Take-Over Bid Protection

Under applicable Canadian law, an offer to purchase Multiple Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares. In accordance with the rules applicable to most senior issuers in Canada, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Multiple Voting Shares. EMulate and Scott Donnell, as the owners of all the outstanding Multiple Voting Shares, will enter into a customary coattail agreement with the Company and Computershare Investor Services Inc. as trustee (the “**Coattail Agreement**”). The Coattail Agreement will contain provisions customary for dual class, listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares.

The undertakings in the Coattail Agreement will not apply to prevent a sale by EMulate and Scott Donnell of Multiple Voting Shares if concurrently an offer is made to purchase Subordinate Voting Shares that:

- offers a price per Subordinate Voting Share at least as high as the highest price per share paid pursuant to the take-over bid for the Multiple Voting Shares (on an as converted to Subordinate Voting Share basis);
- provides that the percentage of outstanding Subordinate Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Multiple Voting Shares to be sold (exclusive of Multiple Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);
- has no condition attached other than the right not to take up and pay for Subordinate Voting Shares tendered if no shares are purchased pursuant to the offer for Multiple Voting Shares; and
- is in all other material respects identical to the offer for Multiple Voting Shares.

In addition, the restrictions contained in the Coattail Agreement will not prevent the transfer or sale of Multiple Voting Shares by a Multiple Voting Shareholder to a Permitted Holder (as defined in the Coattail Agreement), provided such transfer or sale is not or would not have been subject to the requirements to make a take-over bid or constitute or would constitute an exempt take-over bid (as defined under applicable securities laws). The conversion of Multiple Voting Shares into Subordinate Voting Shares, whether or not such Subordinate Voting Shares are subsequently sold, would not constitute a disposition of Multiple Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any disposition of Multiple Voting Shares (including a transfer to a pledgee as security) by a holder of Multiple Voting Shares party to the agreement will be conditional upon the transferee or pledgee becoming a party to the Coattail Agreement, to the extent such transferred Multiple

Voting Shares are not automatically converted into Subordinate Voting Shares in accordance with the Articles.

The Coattail Agreement will contain provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Subordinate Voting Shares. The obligation of the trustee to take such action will be conditional on the Company or holders of the Subordinate Voting Shares providing such funds and indemnity as the trustee may require.

The Coattail Agreement will provide that it may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of any applicable securities regulatory authority in Canada and (b) the approval of at least 66 2/3% of the votes cast by holders of Subordinate Voting Shares excluding votes attached to Subordinate Voting Shares held by EMulate and Scott Donnell and their Permitted Holders (as defined in the Coattail Agreement) on terms which would constitute a sale or disposition for purposes of the Coattail Agreement other than as permitted thereby.

No provision of the Coattail Agreement will limit the rights of any holders of Subordinate Voting Shares under applicable law.

## **Debentures**

As of the date of this Prospectus, there are outstanding Debentures in the aggregate principal amount of C\$6,496,772.51. These Debentures were issued in connection with the Offering.

Subject to the terms and conditions of the Debentures, the holders are entitled to acquire, upon voluntary conversion prior to, or deemed conversion on, the Deemed Conversion Date (as defined below), such number of Units as is equal to the principal amount of such Debenture together with all accrued and unpaid interest, divided by the conversion price of C\$0.30 (the "**Conversion Price**"), subject to adjustment in certain circumstances, without payment of any additional consideration. Each Unit will consist of one Subordinate Voting Share and one-half of one Warrant. Each full Warrant entitles the holder to acquire one additional Subordinate Voting Share (the "**Warrant Shares**") for a term expiring two years from the date of conversion of the Debentures at a price of C\$0.50 per Warrant Share.

The terms of the Debentures provide that the principal balance of the Debentures together with all accrued and unpaid interest will be deemed to be converted on the date on which a receipt for the final prospectus of the Company has been issued (the "**Deemed Conversion Date**"), at which time the principal amount Debenture shall be automatically converted into Units at the Conversion Price, subject to adjustment in certain circumstances, without payment of any additional consideration and without any further action on the part of the holder.

The Debentures will mature on June 25, 2022 and July 13, 2022. If the Listing is completed on or before October 31, 2020, the Debentures will not bear interest. If the Listing is not completed on or before October 31, 2020, the Debentures will bear interest at a rate of 8% per annum, to be paid retroactively to the date of issuance of the Debentures.

See "Plan of Distribution".

## Finder's Warrants

As at the date hereof, the Company has 924,023 Finder's Warrants outstanding as follows:

<b>Date of Issuance</b>	<b>Number of Finder's Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
June 25, 2020	924,023	C\$0.30	June 25, 2022

## Warrants

As at the date hereof, the Company has 223,073 warrants outstanding as follows:

<b>Date of Issuance</b>	<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
July 31, 2020	223,073	C\$0.30	July 31, 2022

Note:

- (1) Issued pursuant to the Marketing Agreement.

## Options

The Board has approved the Stock Option Plan (as defined below). For more information, see "Options to Purchase Securities".

As of the date of this Prospectus, there are 3,600,000 stock options outstanding under the Stock Option Plan.

## Restricted Stock Units

The Board has approved the RSU Plan (as defined below). For more information, see "Executive Compensation - RSU Plan".

As of the date of this Prospectus, there are nil RSUs outstanding under the RSU Plan.

## CONSOLIDATED CAPITALIZATION

There have not been any material changes in the share and loan capital of the Company since June 30, 2020, the date of the Company's financial statements for its most recently completed financial period included in this Prospectus. The following table sets forth the consolidated capitalization of the Company as at June 30, 2020 and as at the date of this Prospectus. The table should be read in conjunction with the unaudited interim financial statements of the Company for the six months ended June 30, 2020, including the notes thereto and the related management's discussion and analysis, attached as Appendix A to this Prospectus.

<b>Description</b>	<b>Outstanding as at June 30, 2020 (unaudited)</b>	<b>Outstanding as at the date of this Prospectus (unaudited)</b>	<b>Outstanding After Conversion of Debentures (unaudited)</b>
Subordinate Voting Shares	25,188,258	25,188,258	46,844,140
Multiple Voting Shares	450,000	450,000	450,000

Description	Outstanding as at June 30, 2020 (unaudited)	Outstanding as at the date of this Prospectus (unaudited)	Outstanding After Conversion of Debentures (unaudited)
Debentures	C\$6,496,722.51	C\$6,496,722.51	Nil
Warrants	924,023	1,147,096	11,975,037
Options	3,600,000	3,600,000	3,600,000
RSUs	Nil	Nil	Nil

### OPTIONS TO PURCHASE SECURITIES

The Company has approved, subject to regulatory approval and shareholder approval, an incentive share option plan (the “**Stock Option Plan**”), for the employees, directors, officers, consultants and employees of a person or company which provides management services to the Company or its associated, affiliated, controlled and subsidiary companies (the “**Participants**”), to grant such Participants stock options to acquire up to 10% of the Total Share Base from time to time. This is a “rolling” plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company’s issued and outstanding share capital increases. Up to an aggregate of 9,184,417 Subordinate Voting Shares, representing approximately 10% of the Total Share Base will be available for the grant of stock options under the Stock Option.

As at the date of this Prospectus, the Company has not granted any stock options pursuant to the Stock Option Plan. Options will be granted to Participants from time to time taking into account a number of factors. See “Executive Compensation”.

The Stock Option Plan provides that the directors of the Company may grant options to purchase Subordinate Voting Shares on terms that the directors may determine, within the limitations of the Stock Option Plan. The exercise price of an option issued under the Stock Option Plan is determined by the directors, but may not be less than the closing market price of the Subordinate Voting Shares on the day preceding the date of granting of the option less any available discount, in accordance with TSX-V policies. No option may be granted for a term longer than ten years. An option may expire on such earlier date or dates as may be fixed by the Board, subject to earlier termination in the event the optionee ceases to be eligible under the Stock Option Plan by reason of death, retirement or otherwise.

The Stock Option Plan provides for the following restrictions: (i) no Participant may be granted an option if that option would result in the total number of stock options granted to the Participant in the previous 12 months, exceeding 5% of the issued and outstanding Subordinate Voting Shares unless the Company has obtained disinterested shareholder approval in accordance with TSX-V policies; (ii) the aggregate number of options granted to Participants conducting Investor Relations Activities (as defined in TSX-V Policies) in any 12 month period must not exceed 2% of the issued and outstanding Subordinate Voting Shares, calculated at the time of grant; and (iii) the aggregate number of options granted to any one consultant in any 12 month period must not exceed 2% of the issued and outstanding Subordinate Voting Shares, calculated at the time of grant. In addition, options granted to consultants conducting Investor Relations Activities (as defined in TSX-V policies) will vest over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting or such longer vesting period as the Board may determine. Vesting of options is otherwise at the discretion of the Board.

In accordance with good corporate governance practices and as recommended by National Policy 51-201 – *Disclosure Standards*, the Company imposes black-out periods restricting the trading of its securities by directors, officers, employees and consultants during periods surrounding the release of annual and interim financial statements and at other times when deemed necessary by management and the Board. In order to ensure that holders of outstanding options are not prejudiced by the imposition of such blackout periods, the Stock Option Plan contains a provision to the effect that any outstanding options with an expiry date occurring during a management imposed black-out period or within five trading days thereafter will be automatically extended to a date that is ten trading days following the end of the blackout period.

The following table summarizes the allocation of the options granted by the Company up to the date of this Prospectus:

<b>Optionee</b>	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Executive Officers as a group <sup>(1)</sup>	1,350,000	US\$0.22	January 20, 2028
Directors as a group <sup>(2)</sup>	1,800,000	US\$0.22	January 20, 2028
Consultants as a group	450,000	US\$0.22	January 20, 2028

Notes:

- (1) This information applies to two executive officers of the Company that are also directors of the Company.  
(2) Directors who are also executive officers are excluded from this figure.

#### PRIOR SALES

The following table sets out all issuances of securities for the 12-month period before the date of this Prospectus:

<b>Date Issued</b>	<b>Number of Securities</b>	<b>Type of Securities</b>	<b>Issue Price</b>
October 28, 2019	25,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
November 12, 2019	50,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
November 13, 2019	65,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
November 20, 2019	50,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
November 22, 2019	10,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
November 29, 2020	135,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
December 4, 2019	50,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
December 5, 2019	5,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
December 6, 2019	50,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
December 10, 2019	50,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
December 11, 2020	50,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
December 16, 2019	50,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
December 20, 2020	10,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>

Date Issued	Number of Securities	Type of Securities	Issue Price
December 23, 2019	100,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
December 27, 2019	25,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
December 30, 2019	25,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
December 31, 2019	200,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
January 2, 2020	100,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
January 6, 2020	25,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
January 29, 2020	25,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
February 12, 2020	10,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
April 3, 2020	195,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
June 4, 2020	200,000 <sup>(1)</sup>	Common Shares <sup>(2)</sup>	US\$1.00 <sup>(1)</sup>
June 15, 2020	8,724,401 <sup>(3)</sup>	Subordinate Voting Shares	N/A
June 25, 2020	120	Convertible Debentures <sup>(4)</sup>	C\$6,116,772.51
June 25, 2020	716,357 <sup>(4)</sup>	Subordinate Voting Shares	C\$0.30
July 31, 2020	223,073 <sup>(5)</sup>	Warrants	C\$0.30
July 13, 2020	5	Convertible Debentures <sup>(6)</sup>	C\$380,000

Notes:

- (1) On June 15, 2020, the Common Shares of the Company were subdivided on a one old-share for four and half (4.5) new share basis.
- (2) On June 15, 2020, the Issuer effected the Share Structure Alteration pursuant to which the Common Shares were redesignated as "Subordinate Voting Shares".
- (3) Issued pursuant to the Zander Transaction.
- (4) Issued as finder's fees in connection with the Offering.
- (5) Issued pursuant to the Marketing Agreement.
- (6) The terms of the Debentures provide that the principal balance of the Debentures together with all accrued and unpaid interest will be deemed to be converted on the Deemed Conversion Date, at which time the principal amount Debenture shall be automatically converted into Units at the Conversion Price.

## ESCROWED SECURITIES AND RESALE RESTRICTIONS ON SECURITIES

### Escrowed Securities

Under the applicable policies and notices of the CSA, securities held by Principals are required to be held in escrow in accordance with the national escrow regime applicable to initial public distributions. Equity securities, including Shares, owned or controlled by the Principals of the Company are subject to the escrow requirements. In connection with the proposed Listing, the Company will enter into the Escrow Agreement in accordance with NP 46-201 as described herein.

Pursuant to the Escrow Agreement entered into among the Escrow Agent, the Company, and the Principals, 450,000 Multiple Voting Shares and 772,501 Subordinate Voting Shares (the "**Escrowed**

**Securities**) are held in escrow with the Escrow Agent. The Escrow Agreement provides that 10% of the Escrowed Securities will be released from escrow upon the Listing Date and that an additional 15% will be released therefrom every six month interval thereafter, over a period of 36 months.

The Company is an “emerging issuer” as defined in the applicable policies and notices of the CSA. If the Company achieves “established issuer” status during the term of the Escrow Agreement, it will “graduate” resulting in a catch-up release and an accelerated release of any securities remaining in escrow under the 18 month schedule applicable to established issuers as if the Company had originally been classified as an established issuer.

Pursuant to the terms of the Escrow Agreement, the Escrowed Securities may not be transferred or otherwise dealt with during the term of the Escrow Agreement unless the transfers or dealings within the escrow are:

- (a) transfers to continuing or, upon their appointment, incoming directors and senior officers of the Company or of a material operating subsidiary, with approval of the Board;
- (b) transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor’s spouse or children or parents;
- (c) transfers upon bankruptcy to the trustee in bankruptcy;
- (d) pledges to a financial institution as collateral for a loan, provided that upon a realization the securities remain subject to escrow; and
- (e) tenders of Escrowed Securities to a take-over bid are permitted provided that, if the tenderer is a Principal of the successor corporation upon completion of the take-over bid, securities received in exchange for tendered Escrowed Securities are substituted in escrow on the basis of the successor corporation’s escrow classification.

The following table sets forth details of the Escrowed Securities that, as of the date of this Prospectus, will be subject to the Escrow Agreement:

<b>Class</b>	<b>Number of Securities</b>	<b>Percentage of Class</b>
Multiple Voting Shares	450,000	100% <sup>(1)</sup>
Subordinate Voting Shares	772,501	1.65% <sup>(2)</sup>

Note:

- (2) Based on 450,000 Multiple Voting Shares issued and outstanding as of the date of this Prospectus.
- (3) Based on 46,844,166 Subordinate Voting Shares issued and outstanding following the conversion of the Debentures.

A detailed breakdown of the Shares to be escrowed in connection with the Listing is shown in the following table:

Name of Shareholder	Number and Type of Securities	Percentage of Class <sup>(1)</sup>
EMulate Therapeutics, Inc.	281,250 Multiple Voting Shares	62.5%
Scott Donnell	168,750 Multiple Voting Shares	37.5%
Robert Dzisiak	312,500 Subordinate Voting Shares	<1%
Mark Timm	225,000 Subordinate Voting Shares	<1%
Michael Matysik	225,000 Subordinate Voting Shares	<1%
Herrick Lau	10,001 Subordinate Voting Shares	<1%

Notes:

- (1) Based on 46,844,166 Subordinate Voting Shares issued and outstanding following the conversion of the Debentures, and 450,000 Multiple Voting Shares issued and outstanding as of the date of this Prospectus.

NP 46-201 provides that all shares of a company owned or controlled by Principals will be escrowed at the time of the Company's initial public offering, unless the shares held by the Principal or issuable to the Principal upon conversion of convertible securities held by the Principal collectively represent less than 1% of the total issued and outstanding shares of the Company after giving effect to the initial public offering.

An issuer will be classified for the purposes of escrow as either an "exempt issuer", an "established issuer" or an "emerging issuer" as those terms are defined in NP 46-201.

Uniform terms of automatic timed release escrow apply to Principals of exchange listed issuers, differing only according to the classification of the issuer. The Company anticipates that it will be classified as an "emerging issuer". As such, the Company anticipates that the following automatic timed releases will apply to the securities held by the Principals listed in the table above:

Date of Automatic Timed Release	Amount of Escrowed Securities Released
On the Listing Date	1/10 of the Escrowed Securities
6 months after the Listing Date	1/6 of the remaining Escrowed Securities
12 months after the Listing Date	1/5 of the remaining Escrowed Securities
18 months after the Listing Date	1/4 of the remaining Escrowed Securities
24 months after the Listing Date	1/3 of the remaining Escrowed Securities
30 months after the Listing Date	1/2 of the remaining Escrowed Securities
36 months after the Listing Date	the remaining Escrowed Securities

Assuming there are no changes to the escrowed securities initially deposited and no additional escrowed securities are deposited, automatic timed release escrow applicable to the Company will result in a 10% release on the Listing Date, with the remaining escrowed securities being released every six months thereafter in accordance with the table above.

## Shares Subject to Resale Restrictions

Shares of the Company that were issued to non-principals of the Company prior to completion of the Offering may be subject to escrow restrictions or hold periods imposed by TSX-V Policy 5.4 - *Escrow, Vendor Considerations and Resale Restrictions* (“**Policy 5.4**”). The purchase price of such shares and the time of their purchase relative to the date of the Final Receipt, determine which, if any, escrow restrictions or hold periods apply. These TSX-V escrow restrictions and hold periods do not apply to persons who are subject to NP 46-201 as discussed above.

5,000,000 Subordinate Voting Shares are subject to resale restrictions imposed by Policy 5.4 whereby 20% will be released on the Listing Date and 20% will be released every three months thereafter. These Subordinate Voting Shares were issued in connection with the Zander Transaction.

## Shares Subject to Voluntary Pooling Restrictions

8,000,000 Subordinate Voting Shares are subject to voluntary pooling restrictions whereby 100% will be released six months after the Listing Date. These Subordinate Voting Shares were issued in connection with the Zander Transaction.

## PRINCIPAL SECURITYHOLDERS

To the knowledge of the Company as of the date hereof, the following are the only persons who beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Company:

<b>Name</b>	<b>Number and Type of Shares</b>	<b>Percentage of Class<sup>(1)</sup></b>
EMulate Therapeutics, Inc.	281,250 Multiple Voting Shares	62.5% <sup>(2)</sup>
Scott Donnell	168,750 Multiple Voting Shares	37.5% <sup>(3)</sup>

Notes:

- (1) Based on 450,000 Multiple Voting Shares issued and outstanding as of the date of this Prospectus.
- (2) Represents 30.6% of the Total Share Base.
- (3) Represents 18.4% of the Total Share Base.

To the knowledge of the Company as of the date hereof, the only person who beneficially owns, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of EMulate is Nancy S. Nordhoff. To the knowledge of the Company, Ms. Nordhoff owns, controls or directs 3,153,433 common shares in the capital of EMulate which represents approximately 16% of EMulate’s issued and outstanding common shares.

## DIRECTORS AND EXECUTIVE OFFICERS

### Name, Occupation and Security Holdings

The following table provides the names, state or province and country of residence, position, principal occupations during the five preceding years and the number of voting securities of the Company that each of its directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as of the date of this Prospectus:

<b>Name and Province and Country of Residence</b>	<b>Position with Company<sup>(1)</sup></b>	<b>Principal Occupation for the Last Five Years</b>	<b>Number of Securities and Percentage of Class<sup>(2)(3)</sup></b>
Chris Rivera <sup>(5)</sup> Washington, United States	President and Chairman (Since January 2019)	Chairman and CEO of EMulate Therapeutics, Inc.	Nil
Scott Donnell Washington, United States	Chief Executive Officer and Director (Since June 2020)	Founder and CEO of Apex Leadership Co. (February 2011 to September 2019)	168,750 Multiple Voting Shares (37.5%)
Herrick Lau British Columbia, Canada	Chief Financial Officer (Since June 2020)	Managing Director of Baron Global Financial Canada Ltd.	10,001 Subordinate Voting Shares (<1%)
Steven Pope <sup>(5)</sup> Washington, United States	Corporate Secretary (Since January 2019)	General Counsel and Secretary of EMulate Therapeutics, Inc.	Nil
Robert Dzisiak Manitoba, Canada	Director (Since January 2019)	Managing Director of Dona Blanca Ltd. (July 2019 to Present); Managing Director of Engage Capital Ltd. (October 2016 to Present); Chairman and CEO of Tanzania Minerals Corp. (August 2011 to June 2019)	312,500 Subordinate Voting Shares (<1%)
Charles McNeerney <sup>(5)</sup> California, United States	Director (Since May 2019)	CISO, Retail Operations, Corporate Operations of Microsoft Corporation (June 1993 to November 2019)	Nil
Michael Matysik Washington, California	Director (Since January 2020)	Principal of Broadview & Co.	225,000 Subordinate Voting Shares (<1%)
Mark Timm Indiana, USA	Director (Since June 2020)	President and Chairman of IntegriMedical LLC (June 2019 to present); President and CEO of Cottage Garden, Inc. (January 2000 to May 2019)	225,000 Subordinate Voting Shares (<1%)

Notes:

- (1) Directors stand for re-election annually. The directors of the Company will serve until the end of the next annual meeting of shareholders of the Company.
- (2) The information as to shares beneficially owned, or over which control or direction is exercised, directly or indirectly, is based upon information furnished to the Company by the respective directors and senior officers as at the date hereof.
- (3) Based on 46,844,166 Subordinate Voting Shares issued and outstanding following the conversion of the Debentures, and 450,000 Multiple Voting Shares issued and outstanding.
- (4) Audit Committee members.
- (5) Also a director and/or officer of EMulate.

As at the date of this Prospectus, and following the conversion of the Debentures, the directors and executive officers of the Company as a group beneficially own, directly or indirectly, or exercise control or discretion over an aggregate of 772,501 Subordinate Voting Shares and 450,000 Multiple Voting Shares.

The term of office of the directors expires annually at the time of the Company's annual general meeting. The term of office of the executive officers expires at the discretion of the Board.

The Board has one committee, the Audit Committee, whose members are Messrs. Michael Matysik (Chairman), Robert Dzisiak and Mark Timm.

### **Management of Junior Issuers**

#### ***Chris Rivera - President and Chairman, Age: 59***

Mr. Rivera brings decades of experience in the biotech industry and has brought several companies to IPO and exit, including his company, Hyperion. Mr. Rivera also serves on several industry boards and advises many biotech ventures.

It is anticipated that Mr. Rivera's involvement with the Company will be part-time, representing approximately 50% of his time. Mr. Rivera is an independent contractor to the Company. He has not entered into a non-competition agreement but has entered into a protection of corporate interests agreement with the Company.

#### ***Scott Donnell - Chief Executive Officer and Director, Age: 34***

Mr. Donnell has ten years of experience building over 80 consumer products. His first company, Apex Leadership Co., has 115 franchises, and serves over three million customers. Scott brings expertise in technology, web development, product design, manufacturing and marketing to the Company.

It is anticipated that Mr. Donnell's involvement with the Company will be full-time, representing approximately 100% of his time. Mr. Donnell is an independent contractor to the Company. He has not entered into a non-competition agreement but has entered into a protection of corporate interests agreement with the Company.

#### ***Herrick Lau - Chief Financial Officer, Age: 54***

Mr. Lau is an experienced investment banking professional who has conducted transactions in initial public offerings, reverse takeovers, financings, mergers & acquisitions, divestitures, and various advisory services. Through his over 20 years of experience in financial management and corporate finance, Mr. Lau is experienced in developing financing strategy, liaising with external parties, devising business development plans and maintaining compliance with corporate governance. Since 2007, Mr. Lau has been

the Managing Director of Baron Global Financial Canada Ltd, a Vancouver-based financial advisory firm. He also has experience as a senior financial executive in public companies, having acted as CFO and/or director for various public companies listed on the Toronto Stock Exchange, the TSX-V and the Canadian Securities Exchange. Mr. Lau currently sits on the BC Local Advisory Committee of the TSX-V.

Mr. Lau obtained his Bachelor's and Master's degrees in Business and Economics from Simon Fraser University in Vancouver, British Columbia, Canada and is a charter holder of the Chartered Financial Analyst designation.

It is anticipated that Mr. Lau's involvement with the Company will be part-time, representing approximately 25% of his time. Mr. Lau is an independent contractor to the Company. He has not entered into a non-competition agreement but has entered into a protection of corporate interests agreement with the Company.

***Steven Pope – Corporate Secretary, Age: 67***

Mr. Pope currently serves as general counsel and secretary for EMulate. He was appointed a senior vice president, and has been a corporate officer, of EMulate since September 2010. Prior to joining EMulate, Mr. Pope was a partner at Perkins Coie LLP. During more than 22 years in private practice, he represented EMulate and other clients in the acquisition, protection, disposition and financing of intellectual property and tangible company assets. His clients included both private and public companies in all stages of development and commercialization. Mr. Pope earned his juris doctor degree from Seattle University School of Law after receiving a Master of Arts degree from the University of Oxford and a Bachelor of Arts degree from Gonzaga University.

It is anticipated that Mr. Pope's involvement with the Company will be part-time, representing approximately 25% of his time. Mr. Pope is an independent contractor to the Company. He has not entered into a non-competition agreement but has entered into a protection of corporate interests agreement with the Company.

***Robert Dzisiak – Director, Age: 58***

Robert Dzisiak is a co-founder and Managing Director of Dona Blanca, a private, Australian based medical cannabis company with operations in Colombia. He is a very experienced executive who has successfully grown small start ups and managed large organizations. He has been the CEO of several IIROC member firms and founded CFG Futures. Mr. Dzisiak managed 120 retail brokers and the FX division at Refco Canada as well as RJO'Brien & Associates. He is a former Chairman of the Winnipeg Commodity Exchange and served as a director of the Exchange and Clearing House for over 10 years. Robert has significant public market experience and has served in the roles of CEO/Chairman/Director of multiple publicly listed companies in Canada. Mr. Dzisiak is currently the Chairman of Next Green Wave, a California based cannabis producer, listed on the CSE.

It is anticipated that Mr. Dzisiak's involvement with the Company will be part-time, representing approximately 10% of his time. Mr. Dzisiak is an independent contractor to the Company. He has not entered into a non-competition agreement but has entered into a protection of corporate interests agreement with the Company.

***Charles McNerney – Director, Age: 64***

Mr. McNerney is a Board Member of the Issuer with responsibility for governance on core security and encryption of the Hapbee product. He has over 26 years in the technology field having been at Microsoft for 25 years and most recently works as Vice President and CISO for Expedia Group in Seattle Washington.

It is anticipated that Mr. McNerney’s involvement with the Company will be part-time, representing approximately 10% of his time. Mr. McNerney is an independent contractor to the Company. He has not entered into a non-competition agreement but has entered into a protection of corporate interests agreement with the Company.

***Michael Matysik - Director, Age: 61***

Mr. Matysik is a co-founder and principal of Broadview & Co., a real estate investment firm and is also a principal of Bernston Porter Corporate Advisory, a boutique investment banking firm. His 30+ year career includes executive roles in medical device, biotech, music/media and technology. Mr. Matysik has experience with IPO’s, nine years as a public company CFO and multiple strategic exits for shareholders, both public and private.

It is anticipated that Mr. Matysik’s involvement with the Company will be part-time, representing approximately 15% of his time. Mr. Matysik is an independent contractor to the Company. He has not entered into a non-competition agreement but has entered into a protection of corporate interests agreement with the Company.

***Mark Timm - Director, Age: 49***

Mr. Timm has been a serial entrepreneur and exponential thinking practitioner for over two decades. He has started more than a dozen companies, several of which have multiplied and been sold, and has consequently participated in several equity events. His businesses have been built with international footprints in more than a dozen countries and powered by global supply chain connections and across diverse industries from retail to wholesale and from product manufacturing to digital marketing and from medical to real estate.

Mr. Timm is currently the President and Chairman of IntegriMedical LLC (IM). IM is a privately held Arizona limited liability that develops, manufactures, and markets leading-edge medical devices. As a medical device OEM manufacturer, IntegriMedical™ is launching a new generation of needle free injectors which utilize high velocity mechanical power to inject liquid pharmaceuticals comfortably into the skin for administration of subcutaneous and intramuscular medications. Mark leads production and supply chain for IntegriMedical™ and is actively involved with the regulatory process for FDA and CE. In addition to IntegriMedical™, Mr. Timm is also the founder of Elevate ONE. Elevate one is a leading seller on 35 e-commerce marketplaces.

It is anticipated that Mr. Timm’s involvement with the Company will be part-time, representing approximately 10% of his time. Mr. Timm is an independent contractor to the Company. He has not entered into a non-competition agreement but has entered into a protection of corporate interests agreement with the Company.

**Other Reporting Issuer Experience**

The following table sets out the proposed directors, officers and promoters of the Company that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

<b>Name</b>	<b>Reporting Issuer and Stock Exchange</b>	<b>Position</b>	<b>Term</b>
Herrick Lau	Agrios Global Holdings Ltd. - CSE	CFO/Corporate Secretary/Director	Feb 2017 - Dec 2019

<b>Name</b>	<b>Reporting Issuer and Stock Exchange</b>	<b>Position</b>	<b>Term</b>
	Astron Connect Inc. - TSX-V	CFO/Corporate Secretary/Director	Feb 2017 – Aug 2018
	Crownia Holdings Ltd. - TSX-V	CFO/Director CEO CFO/Corporate Secretary	Nov 2013 – Sep 2015 Sep 2015 – May 2017 May 2017 – Sep 2017
	EA Education Group Inc. – CSE	Director	Feb 2019 – April 2019
	Hashchain Technology Inc. - TSX-V	CFO/Corporate Secretary/Director	Feb 2017 – Mar 2018
	Invictus MD Strategies Corp. - TSX-V	Director CFO/Corporate Secretary	Dec 2014 – May 2015 Mar 2017 – Nov 2017
	Jayden Resources Inc. - TSX-V	CFO Corporate Secretary Director	Dec 2008 – Present Oct 2014 – Present Mar 2009 – Jul 2012
	Novo Resources Corp. - TSX-V	Director CFO/Corporate Secretary/Director	Oct 2009 – Oct 2017 Oct 2009 – June 2017
	United Battery Metals Corp. - CSE	Director	Sep 2019 – Sep 2020
Robert Dzisiak	Tanzania Minerals Corp. - NEX	Director/CEO	August 2011 – June 2019
	Goldeneye Resources Corp. - TSX-V	Director	Aug 2015 – Apr 2018
	Genix Pharmaceutical Corp. - Reporting Issuer	Director	Oct 2015 – Feb 2018
	Brigadier Gold Ltd. - NEX	Director	May 2017 – Nov 2018
	Karoo Exploration Corp. - CSE	Director/CEO	Aug 2013 - Jan 2015
	BluKnight Aquafarms Inc. - Reporting Issuer	Director	Oct 2015 – Jun 2017

<b>Name</b>	<b>Reporting Issuer and Stock Exchange</b>	<b>Position</b>	<b>Term</b>
	Next Green Wave Holdings Inc. - CSE	Director	Jan 2020 - Present
	eXeBlock Technology - CSE	Director	Oct 2015 - Jun 2017
	1040440 BC Ltd. - Reporting Issuer	Director	Oct 2015 - May 2017
	Zenith Explorations Inc. - CSE	Director	Oct 2015 - Mar 2017
	Tabu Equity Investments Inc. - Reporting Issuer	Director	Aug 2015 - Sept 2016

#### **Corporate Cease Trade Orders or Bankruptcies**

To the knowledge of the Company, as at the date of this Prospectus and within the ten years before the date of this Prospectus, other than as disclosed below, no director or executive officer of the Company is or has been a director, chief executive officer or chief financial officer of any person or company (including the Company), that while that person was acting in that capacity:

- (a) was subject of a cease trade order or similar order or an order that denied the relevant person or Company access to any exemptions under securities legislation (an “order”), for a period of more than 30 consecutive days; or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Robert Dzisiak was a director of BluKnight Aquafarms Inc. (formerly 1040426 BC Ltd.) from October 2015 to June 2017; eXeBlock Technology Corporation (formerly 1040433 BC Ltd.) October 2015 to June 2017; 1040440 BC Ltd. October 2015 to May 2017 and Zenith Explorations Inc. (formerly 1040442 BC Ltd.) from October 2015 to March 2017. Each of BluKnight Aquafarms Inc., eXeBlock Technology Corporation, 1040440 BC Ltd. and Zenith Explorations Inc. became subject to a cease trade order issued by the British Columbia Securities Commission (the “BCSC”) on December 2, 2016 for failure to file their respective financial statements. The BCSC revoked the cease trade orders on May 23, 2017.

Mr. Dzisiak was a director of Genix Pharmaceutical Corp. from October 2015 to February 2018. On December 2, 2016 the BCSC issued a cease trade order against Genix for failure to file financial statements.

Mr. Dzisiak was a director and officer of Tanzania Minerals Corp. from August 2011 to June 2019. On September 1, 2016 the BCSC and the Alberta Securities Commission issued cease trade orders against Tanzania Minerals Corp. for failure to file financial statements. The BCSC revoked the cease trade orders relating to Tanzania Minerals’ securities effective January 9, 2018, concurrently the Alberta Securities Commission revoked the reciprocal order.

To the knowledge of the Company, as at the date of this Prospectus and within the ten years before the date of this Prospectus, no director or officer of the Company or security holder anticipated to hold a sufficient number of securities of the Company to affect materially its control:

- (a) is, or has been within the ten years before the date of this Prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver manager or trustee appointed to hold the assets of that individual.

### **Penalties or Sanctions**

To the knowledge of the Company, no director or officer of the Company or security holder anticipated to hold a sufficient number of securities of the Company to affect materially its control, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable investor in making an investment decision.

### **Conflicts of Interest**

Chris Rivera is the President and Chairman of the Company, and is also the President, Chief Executive Officer and Chairman of EMulate. Charles McNerney is a director of the Company, and is also a director of EMulate. Steven Pope is an officer of the Company, and is also an officer of EMulate. As such, there is a conflict of interest as between the Company and certain of its directors and officers.

It is possible that other directors or officers of EMulate may in the future become shareholders, officers or directors of the Company. Accordingly, additional conflicts of interest may arise in the future with respect to such individuals.

The Company's directors and officers are subject to fiduciary obligations to act in the best interest of the Company. Conflicts will be subject to the procedures and remedies of the BCBCA or other applicable corporate legislation.

In addition, the Board has adopted policies and procedures to identify and independently evaluate and approve related party transactions (including but not limited to transactions with EMulate). Among other things, such policies and procedures are designed to:

- Identify related parties and any transactions with such parties, evaluate the merits of such transactions, and require that the transactions be reported to the board and be subject to prior board approval.

- Require directors and senior management required to obtain board approval or the approval of independent or disinterested directors before entering into transactions in which they have an interest.
- Require related party transactions to be evaluated by disinterested directors (i.e., as opposed to evaluation by directors who may be definitionally “independent” for purposes of securities regulation but would not be considered disinterested by a reasonable person).
- Identify transactions which are subject to the minority shareholder approval and formal valuation requirements under Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transactions*.
- Ensure that transactions that fall outside the normal course of business are scrutinized to determine whether related parties have a direct or indirect interest in those transactions.
- Assess whether the same or similar benefits derived by the Company through a related party transaction be obtained at a lower cost or with less risk on an arm’s length basis.
- Consider the impact on the Company in the event the related party no longer supplied certain goods or its services.
- Consider any tax or other risks that arise from related party transactions.

## EXECUTIVE COMPENSATION

Prior to obtaining a receipt for this Prospectus from the securities regulatory authority in British Columbia the Company was not a reporting issuer in any jurisdiction. As a result, certain information required by Form 51-102F6 – Statement of Executive Compensation (“**Form 51-102F6**”) has been omitted pursuant to Section 1.3(8) of Form 51-102F6.

### Compensation Discussion and Analysis

In this section, “Named Executive Officer” means each of the following individuals:

- (a) the Company’s chief executive officer, including an individual performing functions similar to a chief executive officer (the “**CEO**”);
- (b) the Company’s chief financial officer, including an individual performing functions similar to a chief financial officer (the “**CFO**”);
- (c) the most highly compensated executive officer of the Company and its subsidiaries, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was more than C\$150,000, as determined in accordance with Form 51-102F6, for that financial year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company and was not acting in a similar capacity, at the end of that financial year.

The Company’s Named Executive Officers for the purposes of this section are Scott Donnell (CEO) and Herrick Lau (CFO).

The Company has not been a reporting issuer during any financial period to date. Future compensation to be awarded or paid to the Company's directors and/or executive officers, including Named Executive Officers, once the Company becomes a reporting issuer is expected to consist primarily of management fees, stock options and bonuses. Payments may be made from time to time to executive officers, including Named Executive Officers, or companies they control for the provision of consulting or management services. Following the Listing Date, the Company expects to pay fees for management services pursuant to the terms of the agreements summarized under "External Management Companies" and "Employment, Consulting and Management Agreements" below. The Company has granted incentive stock options to all of the Company's directors and management, including Named Executive Officers, pursuant to the Stock Option Plan. The Board will from time to time determine the stock option grants to be made pursuant to the Stock Option Plan. See "Stock Option Plan" below and "Options to Purchase Securities". In addition, it is anticipated that the Board may award bonuses, in its sole discretion, to executive officers, including Named Executive Officers, from time to time.

In assessing the compensation of its directors and executive officers, including the Named Executive Officers, the Company does not have in place any formal objectives, criteria or analysis. Compensation payable to executive officers and directors is currently reviewed and recommended by the Board, on an annual basis. The Company has not established any specific performance criteria or goals to which total compensation or any significant element of total compensation to be paid to any Named Executive Officer is dependent. Named Executive Officers' performance is reviewed in light of the Company's objectives from time to time. Though the Company does not have pre-existing performance criteria, objectives or goals, it is anticipated that, once the Company becomes a reporting issuer, the Board will review all compensation arrangements and policies in place and consider the adoption of formal compensation guidelines.

### **External Management Companies**

Pursuant to the consulting agreement dated June 12, 2020 (the "**Baron Consulting Agreement**") between the Company and Baron Global Financial Canada Ltd. ("**Baron**"), Baron provides various administrative, management and related services to the Company. Under the Baron Consulting Agreement, Baron has agreed to provide corporate advisory services to the Company, including advising of corporate governance principles and policies; advising of issues in compliance with the standards and policies of applicable stock exchanges and regulators; advising of applicable continuous disclosure requirements; preparation of financial statements and management's discussion and analysis; liaison and coordination with legal counsel, transfer agent and auditor; assisting in and advising of corporate finance related matters; and making available to the company the services of various personnel of Baron as well as the services of Herrick Lau to serve as CFO of the Company (collectively, the "**CFO Services**"). Herrick Lau is the Managing Director of Baron. The Company understands that Baron does not directly allocate a portion of the fee for CFO Services to Mr. Lau.

See "Employment, Consulting and Management Agreements" below for further details regarding the Baron Consulting Agreement.

### **Stock Option Plan**

The Stock Option Plan is expected to be used to grant stock options to directors, officers (including Named Executive Officers), employees and consultants of the Company, as additional compensation and as an opportunity to participate in the success of the Company. The granting of such options is intended to align the interests of such persons with those of the Company's shareholders.

In determining the number of options to be granted to directors or executive officers, including the Named Executive Officers, the Board will take into account, among other things:

- the number of options, if any, previously granted to each director or executive officer; and
- the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX-V and closely align the interests of the directors and executive officers with the interests of shareholders.

The independent members of the Board have the responsibility of administering the compensation policies related to the directors and executive management of the Company, including option-based awards.

The Stock Option Plan has not been approved by the shareholders of the Company. In accordance with the policies of the TSX-V, after the Listing Date, the Company must obtain shareholder approval of its Stock Option Plan on an annual basis at each annual general meeting of shareholders.

See “Options to Purchase Securities” for the material terms of the Stock Option Plan.

### **RSU Plan**

On August 12, 2020, the Board approved the adoption by the Company of a restricted stock unit plan (the “**RSU Plan**”). The RSU Plan is designed to provide certain directors, officers, employees and consultants of the Company and its related entities with the opportunity to acquire RSUs in order to enable them to participate in the long-term success of the Company. The purpose of the RSU Plan, similar to the Stock Option Plan, is to promote a greater alignment of the interests of directors, officers, employees and consultants of the Company with the interests of the shareholders. The Board (or such other committee the Board may appoint) is responsible for administering the RSU Plan. RSUs vest on terms established by the Board, or any Board committee appointed for such purpose.

Under the RSU Plan, the current fixed maximum number of Subordinate Voting Shares reserved and available for issuance from treasury is 10% of the number of issued and outstanding Shares as of August 12, 2020. The RSU Plan allows the Company to grant RSUs, under and subject to the terms and conditions of the RSU Plan, which may be converted to a fixed maximum number of 9,184,417 Subordinate Voting Shares (being 10% of the Total Share Base on the date of implementation of the RSU Plan).

The RSU Plan provides that the maximum number of Subordinate Voting Shares issuable pursuant to the RSU Plan, together with any Subordinate Voting Shares issuable pursuant to any other Security Based Compensation Arrangement outside of the RSU Plan (namely the Stock Option Plan described above), will not exceed an aggregate of 10% of the total number of issued and outstanding Shares at any time. In addition, the maximum number of Subordinate Voting Shares issued to a consultant under the RSU Plan and all other security based compensation within any one year period, will not exceed 2% of the total number of issued and outstanding Shares taken at the beginning of the year. Pursuant to TSX-V policies, RSUs to a maximum of 1% of the issued and outstanding Shares of the Company may be granted to any one eligible person under the RSU Plan; and, in aggregate, a maximum of 2% of the issued and outstanding Shares of the Company may be granted to any one eligible person in any 12 month period.

The RSU Plan is designed to provide long term incentive for the directors, officers, employees and consultants of the Company. RSUs provide the Board (or a Board committee) with an additional compensation tool to help retain and attract highly qualified directors, officers and employees and further align the interests of directors, officers, employees and consultants of the Company with the interest of the shareholders, which allows Eligible Persons, being all RSU Plan Recipients (defined below), to participate in any increases to the value of the Company. The Board may engage such consultants and advisors as it considers appropriate, including compensation or human resources consultants or advisors, to provide advice and assistance in determining the amounts to be awarded under the RSU Plan and other amounts

and values to be determined hereunder or in respect of the RSU Plan including, without limitation, those related to a particular fair market value.

All Directors, Officers, Employees and Consultants (as defined in the RSU Plan) of the Company and its related entities (“**Eligible Persons**”) are eligible to participate in the RSU Plan (as “**RSU Plan Recipients**”), though the Company reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation in the RSU Plan at any time. Eligibility to participate in the RSU Plan does not confer upon any person a right to receive an award of RSUs.

Subject to certain restrictions, the Board (or a Committee delegated by the Board), may, from time to time, award RSUs to Eligible Persons. All RSUs awarded will be credited to an account maintained for each RSU Plan Recipient on the books of the Company as of each award date. The number of RSUs to be credited to each RSU Plan Recipient’s account shall be determined at the discretion of the Board and pursuant to the terms of the RSU Plan.

Each award of RSUs vests on the date(s) (each a “**Vesting Date**”) that is the later of the Trigger Date (defined below) and the date upon which the relevant performance condition or other vesting condition set out in the award has been satisfied, subject to the requirements of the RSU Plan. Rights and obligations under the RSU Plan can be assigned by the Company to a successor in the business of the Company, any company resulting from any amalgamation, reorganization, combination, merger or arrangement of the Company, or any corporation acquiring all or substantially all of the assets or business of the Company.

Under the RSU Plan, the Company, in its discretion and as may be determined by the Board, will pay out vested RSU’s by paying or issuing (net of any applicable withholding taxes) to a RSU Plan Recipient, on or subsequent to the Trigger Date and before the Expiry Date (as defined below) an award payout of either: (a) one Share for each whole vested RSU; and (b) a cash amount equal to the fair market value of one Share (as determined in accordance with the RSU Plan) as at the Trigger Date of each whole vested RSU.

Fractional Shares are not issued pursuant to the RSU Plan, and where a RSU Plan Recipient would be entitled to receive a fractional Subordinate Voting Shares in respect of a fractional vested RSU, the Company shall pay to such RSU Plan Recipient, in lieu of such fractional Subordinate Voting Shares, cash value equal to the Vesting Date Value of such fractional Subordinate Voting Shares.

An RSU Plan Recipient’s account will be credited with additional RSUs as of each dividend payment date in respect of which cash dividends are paid on Subordinate Voting Shares. The number of additional RSUs to be credited to an RSU Plan Recipient’s account is computed by multiplying the amount of the dividend per Subordinate Voting Share by the aggregate number of RSUs that were credited to the RSU Plan Recipient’s account as of the record date for payment of the dividend, and dividing that number by the Fair Market Value (as defined in the RSU Plan). Note that the Company is not obligated to pay dividends on Subordinate Voting Shares.

Generally, if an RSU Plan Recipient’s employment or service is terminated, or if the RSU Plan Recipient resigns from employment with the Company, then any RSUs credited to him or her pursuant to the RSU Plan, which have not vested on or before the separation date for the RSU Plan Recipient, are forfeited, cancelled and terminated without payment.

In the event an RSU Plan Recipient is terminated without cause, all unvested RSUs credited to such terminated RSU Plan Recipient will immediately vest on the date of termination. If an RSU Plan Recipient’s employment or service is terminated (otherwise than without cause), or the RSU Plan Recipient enters Retirement (as defined in the RSU Plan), dies, or suffers Total Disability (as defined in the RSU Plan), all unvested RSUs will automatically be cancelled without compensation.

The number of Subordinate Voting Shares available for reserve under the RSU Plan is a fixed number, therefore when RSUs are terminated or cancelled under the Plan, the Subordinate Voting Shares reserved for the conversion of such RSUs are also terminated and cancelled and no longer available for reserve under the RSU Plan.

In the event of a Change of Control (as defined in the RSU Plan), all RSUs credited to an RSU Plan Recipient vest on the date on which the Change of Control occurs. Within 30 days after the date on which the Change of Control Occurs, the RSU Plan Recipient must receive a payment equal to the number of RSUs that vested on the date of the Change of Control, multiplied by the Fair Market Value on that date.

In the event of any dividend paid in Subordinate Voting Shares, any subdivision of the Subordinate Voting Shares, any combination or exchange of the Subordinate Voting Shares, merger, consolidation, spin-off or other distribution of Company assets to shareholders, or any other change in the capital of the Company affecting the Subordinate Voting Shares, the Board will make adjustments with respect to the number of RSUs outstanding and any proportional adjustments as the Board, in its discretion, considers appropriate to reflect the change.

The Board has the discretion to grant RSUs to Eligible Persons as the Board determines is appropriate, and can impose conditions on vesting as it sees fit in addition to the Performance Conditions (as defined in the RSU Plan) if any. RSUs vest on the date that is the later of (a) the date set by the Board at the time of the grant or if no date is set then December 1 of the third calendar year following the date of the grant (the “**Trigger Date**”), and (b) the date upon which the relevant Performance Condition or other vesting condition has been satisfied, subject to the limitations of the RSU Plan.

RSUs only vest on the Trigger Date to the extent that the Performance Conditions have been satisfied on or before the Trigger Date, and no RSU will remain outstanding for any period which exceeds the expiry date (which shall be December 31 of the third calendar year after the date of grant, or such earlier date as may be established by the Board (the “**Expiry Date**”). The Board may accelerate the Trigger Date of any RSU at its election.

Unless permitted otherwise by TSX-V policies: (a) the maximum number of Shares which may be reserved for issuance to Insiders, as a group, under the RSU Plan together with any other Share Compensation Arrangement (as defined in the RSU Plan), may not exceed 10% of the issued Shares; (b) the maximum number of RSUs that may be granted to Insiders, as a group, under the Plan together with any other Share Compensation Arrangement, within a 12-month period, cannot exceed 10% of the issued Shares calculated on the date of the grant of the RSUs; (c) the maximum number of RSUs that can be granted to any one Eligible Person under the Plan, together with any other Share Compensation Arrangement, within a 12-month period, cannot exceed 5% of the issued Shares calculated on the date of the grant of the RSUs; and (d) the maximum number of RSUs that may be granted to any one Consultant, within a 12-month period, may not result in a number of RSUs exceeding 2% of the number of issued and outstanding Shares at the Grant Date, together with any other Share Compensation Arrangement, without the prior consent of the TSX-V.

On August 12, 2020 the Board adopted the Stock Option Plan pursuant to which convertible securities can be issued as an additional mechanism to encourage equity participation in the Company by directors, officers, employees and consultants, which for the purposes of the RSU Plan is considered a Share Compensation Arrangement. Any grants under the Stock Option Plan would be considered in the limitations under the RSU Plan listed hereunder. For additional information regarding the Stock Option Plan, please see “Executive Compensation – Stock Option Plan” above.

Subject to the requirements of applicable laws, the Board may amend or terminate the RSU Plan at any time, but the consent of the RSU Plan Recipient is required for any such amendment that adversely affects

the rights of the RSU Plan Recipient, unless the amendment or termination is required by law. A termination of the RSU Plan will not accelerate the vesting of RSUs or the time in which an RSU Plan Recipient would otherwise be entitled to receive payment in respect of the RSUs.

### **Employment, Consulting and Management Agreements**

Other than as disclosed below, the Company is not party to any agreement or arrangement under which compensation was provided during any prior financial period or is payable in respect of services provided to the Company or any of its subsidiaries that were performed by a director or Named Executive Officer or performed by any other party but are services typically provided by a director or Named Executive Officer.

The Company has entered into an independent contractor agreement with Scott Donnell dated July 1, 2019 (the “**Donnell Agreement**”) which outlines the terms and conditions under which Mr. Donnell provides to various executive consulting services to the Company. The term of the Donnell Agreement is for an initial period of three months which may be extended thereafter on a month-to-month basis. Pursuant to the Donnell Agreement, Mr. Donnell will be paid \$16,000 per month. Mr. Donnell will be reimbursed by the Company for any reasonable expenses pursuant to the Donnell Agreement.

Baron provides the CFO Services to the Company under the Baron Consulting Agreement. See “External Management Companies” above. The current monthly fee payable to Baron pursuant to the Baron Consulting Agreement is C\$15,000 plus taxes. The Company has granted Baron or its nominees 300,000 Options pursuant to the Baron Consulting Agreement. The Company will pay Baron for all reasonable expenses related to its advisory services, including all fees and disbursements of Baron’s legal counsel, printing costs, filing fees. The Baron Consulting Agreement may be terminated by either party providing 30 days’ written notice to the other party, and if so terminated, the Company will pay Baron all fees and reimbursable expenses incurred up to the date of termination. The Baron Consulting Agreement will be for a 12-month term beginning June 12, 2020, subject to early termination.

### **Director Compensation**

The Company’s directors do not receive cash compensation. Some of the directors have received equity compensation in the form of stock options for the 2019 fiscal year. It is anticipated that equity compensation will be granted to the directors following completion of the Listing.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No person who is, or who has been, a director, executive officer or employee of the Company or any associate of any of the aforementioned, is or has been indebted to the Company or any of its subsidiaries or to any entity which has been provided a guarantee, support agreement, letter of credit or similar arrangement by the Company at any time before the date of the this Prospectus.

## **AUDIT COMMITTEE**

The Audit Committee’s role is to act in an objective, independent capacity as a liaison between the auditors, management and the Board and to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations. NI 52-110, NI 41-101 and Form 52-110F2 require the Company to disclose certain information relating to the Company’s Audit Committee and its relationship with the Company’s independent auditors.

Pursuant to NI 52-110, the Company is required to have an audit committee comprised of not less than three directors, a majority of whom are not officers, employees, or control persons of the Company or of an affiliate of the Company. The Audit Committee is composed of Mr. Michael Matysik (Chairman), Robert Dzisiak and Mark Timm.

### **Audit Committee Charter**

The Company has adopted an audit committee charter in the form attached hereto as Appendix B to this Prospectus.

### **Independence**

NI 52-110 provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the issuer, which could, in the view of the issuer’s board of directors, reasonably interfere with the exercise of the member’s independent judgment. Each member of the Audit Committee is independent.

### **Financial Literacy**

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

All existing and proposed members of the Audit Committee are financially literate as such term is defined in NI 52-110.

### **Audit Committee Oversight**

Since the commencement of the Company’s most recently completed financial year, the Audit Committee has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

### **Reliance on Certain Exemptions**

Since the commencement of the Company’s most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

### **Pre-Approval Policies and Procedures**

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

### **External Auditor Service Fees (By Category)**

Since incorporation, Manning Elliott LLP has received fees from the Company as follows:

Description	Period from incorporation on January 3, 2019 to December 31, 2019
Audit Fees <sup>(1)</sup>	US\$27,000
Audit Related Fees <sup>(2)</sup>	\$Nil
Tax Fees <sup>(3)</sup>	\$Nil
All Other Fees <sup>(4)</sup>	\$Nil

Notes:

- (1) "Audit Fees" means the aggregate fees billed by the Company's external auditor for the last fiscal year for audit services.
- (2) "Audit-Related Fees" means the aggregate fees billed for the last fiscal year for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under clause (1) above, including assistance with specific audit procedures on interim financial information.
- (3) "Tax Fees" means the aggregate fees billed in the last fiscal year for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning.
- (4) "All Other Fees" means the aggregate fees billed in the last fiscal year for products and services provided by the Company's external auditor, other than the services reported under clauses (1), (2) and (3) above.

### **Exemption**

Following Listing, the Company will rely on the exemption provided in section 6.1 of NI 52-110 as it will be a "venture issuer" and therefore exempt from the requirements of Part 3 (Composition of Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## **CORPORATE GOVERNANCE**

### **The Board of Directors**

The Board is responsible for the general supervision of the management of the Company's business and affairs with the objective of enhancing shareholder value. The Board discharges its responsibilities directly and through its committees, which currently comprise the Audit Committee only.

The Board facilitates exercise of independent supervision over management through its independent members recognizing that the Company is currently in its early stages.

The Board of the Company consists of six directors. The Board has concluded that four of the directors, Messrs. Dzisiak, McNerney, Matysik and Timm are "independent" for purposes of board membership, as defined in NI 58-101. By virtue of their management positions, Messrs. Rivera and Donnell are not considered "independent".

### **Orientation and Continuing Education**

The directors have previous positive experience with public companies and are therefore familiar with the role and responsibilities of being a public company director.

While the Company does not have a formal continuing education program, the directors individually are responsible for updating their skills required to meet their obligations as directors.

## **Ethical Business Conduct**

The Board has not adopted specific guidelines. To ensure that an ethical business culture is maintained and promoted, directors are encouraged to exercise their independent judgment. If a director has a material interest in any transaction or agreement that the Company proposes to enter into, such director is expected to disclose such interest to the Board in compliance with all applicable laws, rules and policies which govern conflicts of interest in connection with such transaction or agreement. Further, any director who has a material interest in any transaction or agreement will be excluded from the portion of a board of directors' meeting concerning such matters and will be further precluded from voting on such matters.

## **Nomination of Directors**

The Board is responsible for the identification and assessment of potential directors. While no formal nomination procedure is in place to identify new candidates, the Board reviews the experience and performance of nominees for the election to the Board, and in particular, any appointments to the Audit Committee. The Board also assesses whether any potential conflicts, independence or time commitment concerns regarding a candidate may present.

## **Compensation**

At present, no compensation other than the grant of stock options is paid to the Company's directors, in such capacity.

## **Other Board Committees**

The Board has no standing committees other than the Audit Committee.

## **Board Assessments**

The Board, the Audit Committee and its individual directors are assessed as to their effectiveness and contribution. All directors and/or committee members are free to make suggestions for improvement of the practice of the Board and/or the Audit Committee at any time and are encouraged to do so.

## **LISTING APPLICATION**

The Company has applied to have the Subordinate Voting Shares listed on the TSX-V. The TSX-V has conditionally approved the listing. Listing is subject to the Company fulfilling all of the requirements of the TSX-V. There can be no assurance that the Company will meet all of the requirements of the TSX-V.

## **PLAN OF DISTRIBUTION**

This Prospectus is being filed in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario to qualify the distribution of 21,655,882 Units issuable upon the conversion of the Debentures.

On June 25, 2020 and July 13, 2020, the Company completed the Offering pursuant to prospectus exemptions under applicable securities legislation, comprised of Debentures in the aggregate principal amount of C\$6,496,772.51.

In connection with the Offering, the Company issued the Debentures on a private placement basis.

The terms of the Debentures provide that the Debentures will be deemed to be converted on the Deemed Conversion Date, at which time the principal amount of the Debentures together with all accrued and unpaid interest thereon shall be automatically converted into Units at the Conversion Price, subject to adjustment in certain circumstances, without payment of any additional consideration and without any further action on the part of the holder.

No fractional Subordinate Voting Shares will be issued upon the conversion of the Debentures. The holding of Debentures does not make the holder thereof a shareholder of the Company or entitle the holder to any right or interest granted to shareholders.

The Company has applied to have the Subordinate Voting Shares listed on the TSX-V. The TSX-V has conditionally approved the listing. Listing is subject to the Company fulfilling all of the requirements of the TSX-V. There can be no assurance that the Company will meet all of the requirements of the TSX-V.

None of the Shares have been or will be registered under the U.S. Securities Act or the securities laws of any state of the U.S. and may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. Persons, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

The Debentures may not be converted by or on behalf of a U.S. Person or a person in the U.S. unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available. Accordingly, the Shares will bear appropriate legends evidencing the restrictions on the offering, sale and transfer of such securities.

## **RISK FACTORS**

*Investing in our Shares involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Prospectus, before making a decision to invest in our Shares. If any of the risks actually occur, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the market price of our Shares could decline, and you could lose part or all of your investment.*

### **Risks Related to Our Business and Our Industry**

*Our business is dependent on EMulate and the License Agreements. A breach or termination of the License Agreements would damage our brand and harm our business.*

As a result of the relationship between the Company and EMulate, our business, financial position, and operations may be adversely affected by changes in the business, financial position, and operations of EMulate. EMulate has a significant influence and control over our business and operations due to its ownership of Multiple Voting Shares. In addition to the License Agreements, we may enter into arrangements with EMulate from time to time. As a result, we are dependent on EMulate, which could have a material adverse effect on our business, financial condition and results of operations. A breach or termination of the License Agreement would have negative consequences for our brand and harm our business.

*Our results of operations could be adversely affected by the COVID-19 outbreak and other public health crises.*

Our business, operations and financial condition could be materially adversely affected by public health crises, including epidemics, pandemics and/or other health crises, such as the outbreak of COVID-19. The current COVID-19 global health pandemic is significantly impacting the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and to date has

included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices (including precious metals) and has raised the prospect of a global recession. The international response to COVID-19 has led to significant restrictions on travel, social and physical distancing measures, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer activity, globally. Public health crises, such as the COVID-19 outbreak, can result in operating, supply chain and project development delays that can materially adversely affect our operations or the operations of one or more of our third-party providers and vendors.

The risks to our business associated with COVID-19 include, without limitation, risks related to breach of material contracts, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, prolonged restrictive measures put in place in order to control the pandemic and future outbreaks or other adverse public health developments globally and other factors that will depend on future developments beyond our control, which may have a material and adverse effect on our business, financial condition and results of operations. In addition, we may experience business interruptions as a result of suspended or reduced operations, relating to the COVID-19 outbreak or such other events that are beyond our control, which could in turn have a material adverse impact on our business, operating results, financial condition and the market for its securities. As at the date of this Prospectus, the occurrence of any further business disruptions and the financial impact of the COVID-19 outbreak cannot be reasonably estimated and it is unknown how we may be affected if the COVID-19 pandemic persists for an extended period of time.

*Changes in medical device laws could adversely affect our operations.*

The FDA may regulate medical or health-related software if such software falls within the definition of a “device” under the FDCA. However, the FDA exercises enforcement discretion for certain low risk software, as described in the FDA Guidelines. Although we believe that our products are currently not subject to active FDA regulation, we continue to follow the FDA’s developments in this area. There is a risk that the FDA could disagree with our determination or that the FDA could develop new guidance documents that would subject our products to active FDA oversight. If the FDA determines that any of our current or future products are regulated as medical devices, we would become subject to various requirements under the FDCA and the FDA’s implementing regulations. Depending on the functionality and FDA classification of our analytics applications, we may be required to:

- register and list our products with the FDA;
- notify the FDA and demonstrate substantial equivalence to other products on the market before marketing our products;
- submit a de novo request to the FDA to down-classify our products prior to marketing; or
- obtain FDA approval by demonstrating safety and clinical activity before marketing our products.

The FDA can impose extensive requirements governing pre- and post-market conditions, such as service investigation and others relating to approval, labeling, and manufacturing. In addition, the FDA can impose extensive requirements governing software development controls and quality assurance processes.

These laws and regulations may change rapidly, and it is frequently unclear how they apply to our business. Any failure of our products or services to comply with these laws and regulations could result in substantial civil or criminal liability and could, among other things, adversely affect demand for our services, force us to expend significant capital, research and development, and other resources to address the failure, invalidate all or portions of some of our contracts with our customers, require us to change or terminate some portions of our business, require us to refund portions of our revenue, cause us to be

disqualified from serving customers doing business with government payors, and give our customers the right to terminate our contracts with them, any one of which could have an adverse effect on our business. Additionally, the introduction of new services may require us to comply with additional, yet undetermined, laws and regulations.

*The market in which we participate is competitive, and if we do not compete effectively, our results of operations could be harmed.*

The market for wellness products is highly competitive, rapidly evolving, and fragmented, and we expect competition to continue to increase in the future. A significant number of companies have developed, or are developing, products and services that currently, or in the future may, compete with our offerings and be superior. This competition could result in decreased revenue, increased pricing pressure, increased sales and marketing expenses, and loss of market share, any of which could adversely affect our business, results of operations, and financial condition.

Many of our competitors and potential competitors are larger and have greater brand name recognition, longer operating histories, larger marketing budgets and established customer relationships, access to larger customer bases, and significantly greater resources for the development of their products. In addition, we face potential competition from participants in adjacent markets that may enter our markets by leveraging related technologies and partnering with or acquiring other companies, or providing alternative approaches to provide similar results. We may also face competition from companies entering our market, including large technology companies that could expand their offerings or acquire one of our competitors. While these companies may not currently focus on our market, they may have significantly greater financial resources and longer operating histories than we do. As a result, our competitors and potential competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, or customer requirements.

Our ability to compete is also subject to the risk of future disruptive technologies. If new technologies emerge that are able to deliver wellness products at lower prices, with greater feature sets, more efficiently, or more conveniently, such technologies could adversely impact our ability to compete. With the introduction of new technologies and market entrants, we expect competition to intensify in the future.

*If for any reason we are not able to develop enhanced and new features, keep pace with technological developments or respond to future disruptive technologies, our business will be harmed.*

Our future success will depend on our ability to adapt and innovate. To attract new customers and increase revenue from existing customers, we will need to continually enhance and improve our products and introduce new features. The success of any enhancement or new feature depends on several factors, including timely completion, introduction and market acceptance. If we are unable to successfully develop or acquire new features or enhance our existing products to meet customer needs, our business and operating results could be adversely affected. If we are unable to respond in a timely and cost-effective manner to these rapid technological developments, our products may become less marketable and less competitive or obsolete and our operating results may be negatively impacted. Finally, our ability to grow is subject to the risk of future disruptive technologies. If new technologies emerge that are able to deliver similar products and services at lower prices, more efficiently or more conveniently, such technologies could adversely impact our ability to compete.

*Failure to effectively expand our sales and marketing capabilities or to select appropriate marketing channels could harm our ability to increase our customer base and achieve broader market acceptance of our products.*

Our ability to broaden our customer base and achieve broader market acceptance of our products will depend to a significant extent on the ability of our sales and marketing organizations to work together to

drive our sales pipeline and cultivate customer and partner relationships to drive revenue growth. We have invested in and plan to continue expanding our sales and marketing organizations. Identifying, recruiting, and training sales personnel will require significant time, expense, and attention. We also plan to dedicate significant resources to sales and marketing programs, including lead generation activities and brand awareness campaigns, such as search engine and email marketing, online banner and video advertising, and webinars. If we are unable to hire, develop, and retain talented sales or marketing personnel, if our new sales or marketing personnel are unable to achieve desired productivity levels in a reasonable period of time, or if we fail to select appropriate marketing channels and our sales and marketing programs are not effective, our ability to broaden our customer base and achieve broader market acceptance of our products could be harmed. In addition, the investments we make in our sales and marketing organization will occur in advance of experiencing benefits from such investments, making it difficult to determine in a timely manner if we are efficiently allocating our resources in these areas.

*If we cannot maintain our Company's culture as we grow, we could lose the innovation, teamwork, passion, and focus on execution that we believe contribute to our success and our business may be harmed.*

We believe that a critical component to our success has been our Company's culture. Our Company is aligned behind our culture and key values and we have invested substantial time and resources in building our team within this culture. Additionally, as we grow and develop the infrastructure of a public company, we may find it difficult to maintain these important aspects of our Company's culture. If we fail to preserve our culture, our ability to retain and recruit personnel, our ability to effectively focus on and pursue our corporate objectives, and our business could be harmed.

*Our quarterly and annual results of operations may vary significantly and may be difficult to predict. If we fail to meet the expectations of investors or securities analysts, our stock price and the value of your investment could decline.*

Our quarterly and annual billings, revenue and results of operations have fluctuated significantly in the past and may vary significantly in the future due to a variety of factors, many of which are outside of our control. Our financial results in any one quarter should not be relied upon as indicative of future performance. We may not be able to accurately predict our future billings, revenue or results of operations. Factors that may cause fluctuations in our quarterly results of operations include, but are not limited to, those listed below:

- fluctuations in the demand for our products, and the timing of sales;
- our ability to attract new customers or retain existing customers;
- changes in customer renewal rates and our ability to increase sales to our existing customers;
- the buying patterns of our customers;
- our ability to anticipate or respond to changes in the competitive landscape, including consolidation among competitors;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations, and infrastructure;
- the timing and success of new product feature and service introductions by us or our competitors;
- network outages or actual or perceived security breaches;
- changes in laws and regulations that impact our business; and

- general economic and market conditions.

If our billings, revenue or results of operations fall below the expectations of investors or securities analysts in a particular quarter, or below any guidance that we may provide, the price of our Shares could decline.

*Implications of being a foreign private issuer and loss of foreign private issuer status*

We are considered a “foreign private issuer” pursuant to Rule 405 promulgated under the United States Securities Act of 1933, as amended (the “**Securities Act**”). In our capacity as a foreign private issuer, we are exempt from certain rules under the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) that impose certain disclosure obligations and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, our officers, directors and principal shareholders are exempt from the reporting and “short-swing” profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our common shares. Currently, we are not required to file periodic reports and financial statements with the SEC as our securities are not registered under the Exchange Act. In addition, we are not required to comply with Regulation FD, which restricts the selective disclosure of material information.

We may take advantage of these exemptions until such time as we are no longer a foreign private issuer. We would cease to be a foreign private issuer if at the end of our second fiscal quarter as more than 50% of our outstanding voting securities are held by United States residents and any of the following three circumstances applies: (1) the majority of our executive officers or directors are United States citizens or residents; (2) more than 50% of our assets are located in the United States; or (3) our business is administered principally in the United States.

If we lose our foreign private issuer status in the future, we may be required to register with the SEC and will have to comply with all U.S. federal securities laws that apply to domestic U.S. companies, including enhanced periodic reporting, proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. We will be required to file periodic reports and registration statements on U.S. domestic issuer forms containing financial statements prepared in accordance with U.S. generally accepted accounting principles with the SEC which are more detailed and extensive than the forms available to a foreign private issuer. As a result, our regulatory and compliance costs may be significantly higher if we cease to qualify as a foreign private issuer and are required to register with the SEC and file periodic and annual reports.

In addition, loss of foreign private issuer status could also make it more difficult for us to attract and retain qualified members of our board of directors and more expensive to procure director and officer liability insurance.

*Regulatory requirements placed on our products and services could impose increased costs on us, delay or prevent our introduction of new products and services, and impair the function or value of our existing products and services.*

Our business may become subject to increasing regulatory requirements, and as these requirements proliferate, we may be required to change or adapt our products and services to comply. Changing regulatory requirements might render our products and services obsolete or might block us from developing new products and services. This might in turn impose additional costs upon us to comply or to further develop our products and services. It might also make introduction of new products and services more costly or more time-consuming than we currently anticipate and could even prevent introduction by us of new products or services or cause the continuation of our existing products or services to become more costly. Accordingly, such regulatory requirements could have a material adverse effect on our business, financial condition, and results of operations.

If we expand to include international activities, we will be subject to the regulatory frameworks in those international jurisdictions.

*If we fail to retain key employees or to recruit qualified technical and sales personnel, our business could be harmed.*

We believe that our success depends on the continued employment of our senior management and other key employees, particularly our senior management team including Scott Donnell. In addition, because our future success is dependent on our ability to continue to enhance and introduce new platform features, we are heavily dependent on our ability to attract and retain qualified personnel with the requisite education, background, and industry experience. As we expand our business, our continued success will also depend, in part, on our ability to attract and retain qualified sales, marketing, and operational personnel capable of supporting a larger and more diverse customer base. The loss of the services of a significant number of our technology or sales personnel could be disruptive to our development efforts or customer relationships. In addition, if any of our key employees joins a competitor or decides to otherwise compete with us, we may experience a material disruption of our operations and business strategy, which may cause us to lose customers or increase operating expenses and may divert our attention as we seek to recruit replacements for the departed employees.

*We may not receive significant revenue as a result of our current research and development efforts.*

We reinvest a large percentage of our revenue in research and development. Our investment in our current research and development efforts may not provide a sufficient, timely return. We make and will continue to make significant investments in research and development and related product opportunities. Investments in new technology and processes are inherently speculative. Commercial success depends on many factors including the degree of innovation of the products developed through our research and development efforts, sufficient support from our strategic partners, and effective distribution and marketing. Accelerated product introductions and short product life cycles require high levels of expenditures for research and development. These expenditures may materially adversely affect our operating results if they are not offset by revenue increases. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts in order to maintain our competitive position. However, significant revenue from new product and service investments may not be achieved for a number of years, if at all. Moreover, new products and services may not be profitable.

*Our growth depends in part on the success of our relationships with third party vendors and suppliers.*

We anticipate that the growth of our business will continue to depend on third-party relationships, including relationships with our suppliers, app developers, theme designers and referral sources.

Identifying, negotiating and documenting relationships with third party vendors and suppliers requires significant time and resources as does integrating third-party technology. Our agreements with providers of cloud hosting, technology, and consulting services are typically non-exclusive and do not prohibit such service providers from working with our competitors or from offering competing services. These third-party providers may choose to terminate their relationship with us or to make material changes to their businesses, products or services in a manner that is adverse to us.

*We have incurred operating losses and negative cash flows in the past and may incur operating losses and negative cash flows in the future.*

Since incorporation, we have experienced net losses and negative cash flows from operations. As of June 30, 2020, we had an accumulated deficit of approximately US\$2,152,221. We expect our operating expenses to increase in the future as we expand our operations. Furthermore, as a public company, we will incur legal, accounting and other expenses that we did not incur as a private company. If our revenue does not

grow to offset these increased expenses, we will not be profitable. We cannot assure you that we will be able to achieve or maintain profitability.

*If we fail to develop, maintain, and enhance our brand and reputation cost-effectively, our business and financial condition may be adversely affected.*

We believe that developing, maintaining, and enhancing awareness and integrity of our brand and reputation in a cost-effective manner are important to achieving widespread acceptance of our products and are important elements in maintaining existing customers and attracting new customers. We believe that the importance of our brand and reputation will increase as competition in our market further intensifies. Successful promotion of our brand will depend on the effectiveness of our marketing efforts, our ability to provide a reliable and useful platform at competitive prices, the perceived value of our products, and our ability to provide quality customer support. Brand promotion activities may not yield increased revenue, and even if they do, the increased revenue may not offset the expenses we incur in building and maintaining our brand and reputation. If we fail to promote and maintain our brand successfully or to maintain loyalty among our customers, or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may fail to retain our existing customers and partners or attract new customers and partners and our business and financial condition may be adversely affected. Any negative publicity relating to our employees, partners, or other parties associated with us or them, may also tarnish our own reputation simply by association and may reduce the value of our brand. Damage to our brand and reputation may result in reduced demand for our products and increased risk of losing market share to our competitors. Any efforts to restore the value of our brand and rebuild our reputation may be costly and may not be successful.

*Mergers or other strategic transactions involving our competitors or customers could weaken our competitive position, which could harm our results of operations.*

Some of our competitors may enter into new alliances with each other or may establish or strengthen cooperative relationships with systems integrators, third-party consulting firms or other parties, thereby limiting our ability to promote our products. Any such consolidation, acquisition, alliance or cooperative relationship could lead to pricing pressure and our loss of market share and could result in a competitor with greater financial, technical, marketing, service and other resources, all of which could have a material adverse effect on our business, results of operations and financial condition.

Consolidation within our existing and target markets as a result of mergers or other strategic transactions may also create uncertainty among customers as they realign their businesses and impact new sales and renewal rates. For example, mergers or strategic transactions by potential or existing customers may delay orders for our products and services or cause the use of our products to be discontinued, which could have a material adverse effect on our business, results of operations and financial condition.

*If we fail to adequately protect our proprietary rights, our competitive position could be impaired and we may lose valuable assets, generate reduced revenue or experience slower growth rates, and incur costly litigation to protect our rights.*

Our success is dependent, in part, upon protecting our proprietary information and technology. We rely on a combination of trademarks, copyrights, trade secrets, intellectual property assignment agreements, license agreements, confidentiality procedures, non-disclosure agreements, and employee non-disclosure and invention assignment agreements to establish and protect our proprietary rights. However, the steps we take to protect our intellectual property may be inadequate. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect and mitigate unauthorized use of our intellectual property. Despite our precautions, it may be possible for unauthorized third parties to copy our products and use information that we regard as proprietary to create solutions that compete

with ours. Policing unauthorized use of our products is difficult and the steps we take to combat such actions may prove ineffective. Some license provisions protecting against unauthorized use, copying, transfer, and disclosure of our products may be unenforceable under the laws of certain jurisdictions and foreign countries. Further, the laws of some countries do not protect proprietary rights to the same extent as the laws of Canada, and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate. If we expand to include international activities, our exposure to unauthorized copying and use of our products and proprietary information may increase. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our technology and intellectual property.

We rely in part on trade secrets, proprietary know-how, and other confidential information to maintain our competitive position. Although we enter into intellectual property assignment agreements or license agreements with our employees and contractors, confidentiality and invention assignment agreements with our employees and consultants, and confidentiality agreements with the parties with whom we have strategic relationships and business alliances, no assurance can be given that these agreements will be effective in controlling access to, and distribution of, our products and proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our products.

To protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Such litigation could be costly, time-consuming, and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our products, impair the functionality of our products, delay introductions of new platform features, result in our substituting inferior or more costly technologies into our products, or injure our reputation. In addition, we may be required to license additional technology from third parties to develop and market new product features or services, and we cannot guarantee that we will be able to license that technology on commercially reasonable terms or at all, and our inability to license this technology could harm our ability to compete.

*An assertion by a third-party that we are infringing its intellectual property could subject us to costly and time-consuming litigation which could harm our business.*

Our success depends in part upon our not infringing the intellectual property rights of others. However, our competitors, as well as a number of other entities and individuals, may own or claim to own intellectual property relating to our industry or, in some cases, our technology.

Any claims or litigation could cause us to incur significant expenses, and if successfully asserted against us, could require that we pay substantial damages or ongoing revenue share payments, indemnify our customers or distributors, obtain licenses, modify products, or refund fees, any of which would deplete our resources and adversely impact our business.

*Real or perceived errors, failures, vulnerabilities, or bugs in our products could harm our business and results of operations.*

Errors, failures, vulnerabilities, or bugs may occur in our products, especially when updates are deployed or new features are rolled out. In addition, utilization of our products in complicated, large-scale customer environments may expose errors, failures, vulnerabilities, or bugs in our products. Any such errors,

failures, vulnerabilities, or bugs may not be found until after they are deployed to our customers. Our brand and reputation are particularly sensitive to such errors, failures, vulnerabilities, or bugs. Real or perceived errors, failures, vulnerabilities, or bugs in our products could result in negative publicity, loss of competitive position, loss of customer data, loss of or delay in market acceptance of our products, or claims by customers for losses sustained by them, all of which could harm our business and results of operations.

*From time to time, we may become defendants in legal proceedings for which we are unable to assess our exposure and which could become significant liabilities in the event of an adverse judgment.*

From time to time in the ordinary course of our business, we may become involved in various legal proceedings, including commercial, product liability, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on our business, operating results or financial condition.

*We may acquire other companies or technologies which could divert our management's attention, result in additional dilution to our shareholders, and otherwise disrupt our operations and harm our results of operations.*

We may in the future seek to acquire or invest in businesses, people, or technologies that we believe could complement or expand our products or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not they are ultimately consummated.

Any integration process may result in unforeseen operating difficulties and require significant time and resources and, although we have been successful in the past, we may not be able to integrate the acquired personnel, operations, and technologies successfully or effectively manage the combined business in connection with any future acquisition. We may also not achieve the anticipated benefits from the acquired business due to a number of factors, including, among others:

- costs or liabilities associated with the acquisition;
- diversion of management's attention from other business concerns;
- inability to integrate or benefit from acquired content, technologies, or services in a profitable manner;
- harm to our existing relationships with authors and customers as a result of the acquisition;
- difficulty integrating the accounting systems, operations, and personnel of the acquired business;
- difficulty converting the customers of the acquired business onto our products and contract terms;
- the potential loss of key employees;
- use of resources that are needed in other parts of our business; and
- the use of substantial portions of our available cash or equity to consummate the acquisition.

In the future, if our acquisitions do not yield expected returns, we may be required to take charges for the write-down or impairment of amounts related to goodwill and intangible assets which could negatively impact our results of operations. We may issue additional equity securities in connection with any future

acquisitions, that would dilute our existing shareholders, use cash that we may need in the future to operate our business, incur debt on terms unfavorable to us or that we are unable to pay, incur large charges or substantial liabilities, and become subject to adverse tax consequences, substantial depreciation, or deferred compensation charges. These challenges could adversely affect our business, financial conditions, results of operations, and prospects.

*We might require additional capital to support our growth, and this capital might not be available on acceptable terms, if at all.*

We intend to continue making investments to support our growth and may require additional funds to respond to business challenges, including the need to develop new features or enhance our existing platform or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing shareholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our Shares. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our growth and to respond to business challenges could be significantly impaired.

*Our management team has limited experience managing a public company.*

Most members of our management team have limited or no experience managing a publicly-traded company, interacting with public company investors, and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company that is subject to significant regulatory oversight and reporting obligations under applicable securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could harm our business, financial condition, and results of operations.

*Our business is subject to a variety of laws, including export and import controls and anti-corruption laws and regulations, that could subject us to claims, increase the cost of operations, impair our ability to compete in markets, or otherwise harm our business due to changes in the laws, changes in the interpretations of the laws, greater enforcement of the laws, or investigations into compliance with the laws.*

Our business is subject to regulation by various federal, provincial and territorial, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing copyright laws, employment and labor laws, workplace safety, consumer protection laws, privacy and data protection laws, anti-bribery laws, import and export controls, federal securities laws, and tax laws and regulations. In certain foreign jurisdictions, these regulatory requirements may be more stringent than those in Canada. The U.S. export control laws and U.S. economic sanctions laws may include restrictions or prohibitions on the sale or supply of certain products and services to embargoed or sanctioned countries, governments, persons and entities. In addition, various countries regulate the import of certain encryption and other technology, including import and export permitting and licensing requirements, and have enacted or could enact laws that could limit our ability to distribute our products, provide our customers access to our products or could limit our customers' ability to access or use our services in those countries. Changes in our products, or future changes in export and import regulations may prevent any international customers we may have in the future from utilizing our products globally or, in some cases, prevent the export or

import of our products to certain countries, governments, or persons altogether. Any change in export or import regulations, economic sanctions, or related legislation, or change in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of our products by, or in our decreased ability to export or sell subscriptions to our products to potential international customers. Any decreased use of our products or limitation on our ability to export or sell our products would likely adversely affect our business, results of operations, and financial results.

We are also subject to consumer protection laws that may impact our sales and marketing efforts, including laws related to subscriptions, billing, and auto-renewal. These laws, as well as any changes in these laws, could make it more difficult for us to retain existing customers and attract new ones.

These laws and regulations are subject to change over time and thus we must continue to monitor and dedicate resources to ensure continued compliance. Although we take precautions to prevent our products from being provided in violation of such laws, our products could be provided inadvertently in violation of such laws, despite the precautions we take. Non-compliance with applicable regulations or requirements could subject us to investigations, sanctions, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, or injunctions. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, operating results, and financial condition could be materially adversely affected. We may also be adversely affected through penalties, reputational harm, loss of access to certain markets, or otherwise. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could harm our business, operating results and financial condition.

*It may be difficult or impossible for investors to enforce judgements against non-resident directors or officers of the Company.*

Certain of the directors and officers of the Company, including Chris Rivera, Scott Donnell, Charles McNerney, Michael Matysik and Mark Timm, are residents of countries other than Canada. As a result, it may be difficult or impossible for investors to effect service within Canada upon such persons, or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian provincial securities laws. There is some doubt as to the enforceability in the United States or other foreign courts by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws.

*If we fail to maintain an effective system of internal controls, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.*

As a public company, we will be subject to the reporting requirements of the CSA and the rules and regulations of the listing standards of the TSX-V. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming, and costly, and place significant strain on our personnel, systems, and resources. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the CSA is recorded, processed, summarized, and reported within the time periods specified in CSA rules and forms and that information required to be disclosed in reports under applicable securities laws is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which could have a negative effect on the trading price of our Shares. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the TSX.

*We have broad discretion in the use of our available funds.*

We intend to use the funds available to us as disclosed in this Prospectus. However, our management will have broad discretion over the specific use of funds and might not be able to obtain a significant return, if any, on investment of these proceeds. Shareholders will need to rely upon the judgment of our management with respect to the use of proceeds. If we do not use the funds available to us effectively, our business, financial condition, and results of operations could be harmed.

### **Risks Related to Our Shares**

*There has been no prior public trading market for our Shares, and an active trading market may not develop or be sustained following the Offering.*

We applied to list the Subordinate Voting Shares on the TSX-V. Listing is subject to the approval of the TSX-V in accordance with its original listing requirements. The TSX-V has not conditionally approved our listing application and there is no assurance that the TSX-V will approve the listing application.

There is currently no public market for the Subordinate Voting Shares and, after the Listing, there can be no guarantee that an active trading market will develop. We cannot predict at what price the Subordinate Voting Shares will trade and there can be no assurance that an active trading market will develop after the Offering or, if developed, that such a market will be sustained at the price level of the Offering. Accordingly, an investment in the Subordinate Voting Shares is suitable solely for investors able bear risk.

*The price of our Shares may be volatile and may decline regardless of our operating performance.*

The price of the Subordinate Voting Shares is likely to be volatile. The trading prices of technology companies' securities have been, and we expect them to continue to be, highly volatile. As a result of this volatility, investors may not be able to sell their Shares at or above the initial public offering price. The market price of our Shares may fluctuate significantly in response to numerous factors, many of which are beyond our control, including, among others:

- actual or anticipated fluctuations in our revenue and other results of operations, including as a result of the addition or loss of any number of customers;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- the financial projections we may provide to the public, any changes in these projections, or our failure to meet these projections;

- failure of securities analysts to initiate or maintain coverage of us, changes in ratings and financial estimates and the publication of other news by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- changes in operating performance and stock market valuations of SaaS-based software or other technology companies, or those in our industry in particular;
- the size of our public float;
- price and volume fluctuations in the trading of our Shares and in the overall stock market, including as a result of trends in the economy as a whole;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business or industry, including data privacy, data protection, and information security;
- lawsuits threatened or filed against us for claims relating to intellectual property, employment issues, or otherwise;
- changes in our board of directors or management;
- short sales, hedging, and other derivative transactions involving the Subordinate Voting Shares;
- sales of large blocks of Subordinate Voting Shares including sales by our executive officers, directors, and significant shareholders; and
- other events or factors, including changes in general economic, industry, and market conditions, and trends, as well as any natural disasters, which may affect our operations.

In addition, the stock markets have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Share prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, shareholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management, and harm our business.

*Future sales of Subordinate Voting Shares by existing shareholders could cause the price of the Subordinate Voting Shares to decline.*

Sales of a substantial number of Subordinate Voting Shares by our existing shareholders in the public market could occur at any time. If our shareholders sell, or the market perceives that our shareholders intend to sell, substantial amounts of Subordinate Voting Shares in the public market following the Listing, the market price of the Subordinate Voting Shares could decline. The magnitude of this risk will be inversely proportional to the size of the public float.

*If securities or industry analysts do not publish research or reports about our business, or if they downgrade the Subordinate Voting Shares, the price of the Subordinate Voting Shares could decline.*

The trading market for the Subordinate Voting Shares will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, the price of the Subordinate Voting Shares would likely decline. In addition, if our results of operations fail to meet the forecast of analysts, the price of the Subordinate

Voting Shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our Shares could decrease, which might cause the price and trading volume of the Subordinate Voting Shares to decline.

*Our issuance of additional Subordinate Voting Shares in connection with financings, acquisitions, investments, our equity incentive plans, or otherwise will dilute all other shareholders.*

We expect to issue additional Subordinate Voting Shares in the future that will result in dilution to all other shareholders. We expect to grant equity awards to employees, directors, and consultants under our equity incentive plans. As part of our business strategy, we may acquire or make investments in complementary companies, products, or technologies, and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional Subordinate Voting Shares may cause shareholders to experience significant dilution of their ownership interests and the per share value of the Subordinate Voting Shares to decline.

We may also raise capital through equity financings in the future. Any additional capital raised through the sale of equity may dilute existing shareholders' percentage ownership of Subordinate Voting Shares and shareholders could be asked in the future to approve the creation of new equity securities which could have rights, preferences and privileges superior to those of holders of Subordinate Voting Shares. Capital raised through debt financing would require us to make periodic interest payments and may impose restrictive covenants on the conduct of our business. Furthermore, additional financings may not be available on terms favourable to us, or at all. A failure to obtain additional funding could prevent us from making expenditures that may be required to implement our growth strategy and grow or maintain our operations.

*We generally do not intend to pay dividends following the completion of the Listing.*

We generally do not intend to pay dividends to the holders of Subordinate Voting Shares following the completion of the Listing for the foreseeable future. Our ability to pay dividends on our Shares is limited by our existing indebtedness, and may be further restricted by the terms of any future debt incurred or preferred securities issued by us or our subsidiaries or law. Payments of future dividends, if any, will be at the discretion of our board of directors after taking into account various factors, including our business, financial condition, and results of operations, current and anticipated cash needs, plans for expansion and any legal or contractual limitation on our ability to pay dividends. As a result, any capital appreciation in the price of our Shares may be your only source of gain on your investment in Subordinate Voting Shares.

*Shareholders will have limited control over our Company's operations.*

Holders of Subordinate Voting Shares will have limited control over changes in our policies and operations, which increases the uncertainty and risks of an investment in our Company. The Board will determine major policies, including policies regarding financing, growth, debt capitalization and any future dividends to shareholders. Generally, the Board may amend or revise these and other policies without a vote of the holders of Subordinate Voting Shares. Holders of Subordinate Voting Shares will only have a right to vote in the circumstances described under "Description of Share Capital". The Board's broad discretion in setting policies and the limited ability of holders of Shares to exert control over those policies increases the uncertainty and risks of an investment in our Company.

The Principal Shareholders will retain significant influence with respect to all matters submitted to the Company's shareholders for approval, including without limitation the election and removal of directors, amendments to the constating documents of the Company and the approval of certain material transactions.

## PROMOTER

Scott Donnell took the initiative in founding and organizing the business of the Company and, accordingly, may be considered a promoter of the Company within the meaning of applicable securities legislation in British Columbia. Mr. Donnell beneficially owns or controls, directly or indirectly, an aggregate of 168,750 Multiple Voting Shares.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

### Legal Proceedings

There are no legal proceedings outstanding, threatened or pending as of the date of this Prospectus by or against the Company or to which it is a party or its business or any of its assets is the subject of, nor to the knowledge of the directors and officers of the Company are any such legal proceedings contemplated which could become material to a purchaser of the Company's securities.

### Regulatory Actions

There have not been any penalties or sanctions imposed against the Company by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company, and the Company has not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth below and elsewhere in this Prospectus, the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, any person or company who owns of record, or is known by the Company to own beneficially, directly or indirectly, more than 10% of the Shares of the Company or any associate or affiliate of the foregoing persons or companies in any transaction since its incorporation or in any proposed transaction that has materially affected or is reasonably expected to materially affect the Company.

Chris Rivera is the President and Chairman of the Company, and is also the President, Chief Executive Officer and Chairman of EMulate. Charles McNerney is a director of the Company, and is also a director of EMulate. Steven Pope is an officer of the Company, and is also an officer of EMulate. However, none of these individuals received any extra or special benefit or advantage from the License Agreements not shared on an equal basis by all shareholders of the Company.

See "Description of the Business", "Escrowed Securities and Securities Subject to Contractual Restriction on Transfer", "Principal Securityholders", "Directors and Executive Officers", "Executive Compensation" and "Material Contracts".

## AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditor of the Company is Manning Elliott LLP of Vancouver, British Columbia. Manning Elliott LLP is independent of the Company within the meaning of the Code of Professional Conduct of Chartered Professional Accountants of British Columbia. Manning Elliott LLP was first appointed as auditor of the Company on June 15, 2020.

The transfer agent and registrar for the Subordinate Voting Shares is Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia.

### **MATERIAL CONTRACTS**

Except for contracts made in the ordinary course of business and those mentioned above, the following are the only material contracts entered into by the Company since incorporation which are currently in effect and considered to be material:

1. the First License Agreement, as described under the heading “Business of the Company – License Agreements”;
2. the Second License Agreement, as described under the heading “Business of the Company – License Agreements”;
3. the Supply Agreement, as described under the heading “Business of the Company – Description of the Business – Products”; and
4. the Escrow Agreement, as described under the heading “Escrowed Securities and Resale Restrictions on Securities”.

Copies of the material contracts will be available under the Company’s profile at [www.sedar.com](http://www.sedar.com) upon the issuance of the final receipt for this Prospectus.

### **EXPERTS**

No person whose profession or business gives authority to a statement made by such person and who is named in this Prospectus has received or will receive a direct or indirect interest in the Company’s property or any associate or affiliate of the Company. As at the date hereof, none of the aforementioned persons beneficially owns, directly or indirectly, securities of the Company or its associates and affiliates. In addition, none of the aforementioned persons nor any director, officer or employee of any of the aforementioned persons, is or is expected to be elected, appointed or employed as, a director, senior officer or employee of the Company or of an associate or affiliate of the Company, or as a promoter of the Company or an associate or affiliate of the Company.

The Company’s auditor, Manning Elliott LLP, is independent in accordance with the auditor’s rules of professional conduct in the Province of British Columbia.

## APPENDIX A

### INDEX TO FINANCIAL STATEMENTS AND MD&A

<b>Description</b>	<b>Page</b>
1. Audited financial statements of the Company for the period from incorporation on January 3, 2019 to December 31, 2019	A-2
2. MD&A of the Company for the period from incorporation on January 3, 2019 to December 31, 2019	A-25
3. Condensed consolidated interim financial statements of the Company for the six month period ended June 30, 2020	A-39
4. MD&A of the Company for the six month period ended June 30, 2020	A-56

*Consolidated Financial Statements of*

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

For the period from Incorporation on January 3, 2019 to December 31, 2019

(Expressed in U.S. dollars)

## Management's Report

The accompanying consolidated financial statements of Hapbee Technologies, Inc. (the "Company") have been prepared by the Company's management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and contain estimates based on management's judgment. Internal control systems are maintained by management to provide reasonable assurances that assets are safeguarded and financial information is reliable.

The Board of Directors of the Company is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements and the accompanying management discussion and analysis. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and a majority of its members are independent directors. It meets with the Company's management and auditors and reviews internal control and financial reporting matters to ensure that management is properly discharging its responsibilities before submitting the consolidated financial statements to the Board of Directors for approval.

Manning Elliott LLP, appointed as the Company's auditors by the shareholders, has examined these consolidated financial statements and their report follows.

(signed) "*Scott Donnell*"  
Chief Executive Officer

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**INDEPENDENT AUDITORS' REPORT**

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To the Shareholders and Directors of Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)

**Opinion**

We have audited the consolidated financial statements of Hapbee Technologies, Inc. (the "Company") which comprise the consolidated statements of financial position as at December 31, 2019, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the period then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

**Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of \$401,543 for the period ended December 31, 2019 and, as of that date, the Company had an accumulated deficit of \$401,543. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other Information**

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

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

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

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

*Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, Canada  
October 23, 2020

**Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2019**

*Expressed in U.S. dollars*

	December 31, 2019
	\$
<b>Assets</b>	
Current assets	
Cash	879,702
Prepaid expenses	59,663
	<u>939,365</u>
Intangible assets (note 4)	2,294,997
<b>Total assets</b>	<b><u>3,234,362</u></b>
<b>Liabilities</b>	
Current liabilities	
Accounts payable and accrued liabilities (note 5)	760,212
<b>Total liabilities</b>	<b><u>760,212</u></b>
<b>Equity</b>	
Share capital	2,875,693
Deficit	(401,543)
<b>Total shareholders' equity</b>	<b><u>2,474,150</u></b>
<b>Total liabilities and shareholders' equity</b>	<b><u>3,234,362</u></b>

Nature of operations and going concern (note 1)  
 Commitments and contingencies (note 12)  
 Subsequent events (note 14)

Approved on behalf of the Board of Directors on October 23, 2020.

"Michael Matysik"  
 Director

"Robert Dzisiak"  
 Director

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

**Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)**  
**Consolidated Statement of Loss and Comprehensive Loss**  
**For the period from incorporation on January 3, 2019 to December 31, 2019**

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*Expressed in U.S. dollars*

	<b>From January 3, 2019 (incorporation) to December 31, 2019</b>
	\$
<b>Expenses</b>	
Consulting	179,732
Professional fees	77,043
General and administrative	144,768
	<hr/>
<b>Net loss and comprehensive loss for the period</b>	<b>(401,543)</b>
	<hr/>
Loss per share – basic and diluted	<b>(\$0.01)</b>
	<hr/>
Weighted-average number of common shares outstanding - basic and diluted	<b>46,661,095</b>
	<hr/>

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

**Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)**  
**Consolidated Statement of Changes in Equity**  
**For the period from incorporation on January 3, 2019 to December 31, 2019**

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*Expressed in U.S. dollars*

	<u>Number of Common Shares**</u>	<u>Common Shares</u>	<u>Deficit</u>	<u>Total</u>
		\$	\$	\$
<b>Balance, Date of Incorporation*</b>	<b>28,125,000</b>	<b>1</b>	<b>-</b>	<b>1</b>
Shares issued pursuant to private placement (note 6)	29,925,000	2,900,038	-	2,900,038
Share issuance cost	-	(24,346)	-	(24,346)
Comprehensive loss for the period	-	-	(401,543)	(401,543)
<b>Balance, December 31, 2019</b>	<b>58,050,000</b>	<b>2,875,693</b>	<b>(401,543)</b>	<b>2,474,150</b>

\* On March 31, 2019, the 5 issued and fully paid common shares held by a related party were subdivided into 28,125,000 common shares.

\*\* On June 15, 2020, the Company completed a forward stock split of its shares on a 1 for 4.5 basis. The numbers of common shares have been retrospectively reflected throughout the financial statements.

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

**Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)**  
**Consolidated Statement of Changes in Cash Flows**  
**For the period from incorporation on January 3, 2019 to December 31, 2019**

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*Expressed in U.S. dollars*

	<b>From January 3, 2019 (incorporation) to December 31, 2019</b>
	\$
<b>Operating activities</b>	
Net loss for the period	(401,543)
Increase in prepaid expenses	(59,663)
Increase in accounts payable and accrued liabilities	36,063
<b>Net cash used in operating activities</b>	<u>(425,143)</u>
<b>Investing activities</b>	
Development costs incurred	(738,343)
License fees	(832,505)
<b>Net cash used in investing activities</b>	<u>(1,570,848)</u>
<b>Financing activities</b>	
Proceeds from share issuances	2,900,039
Share issuance cost	(24,346)
<b>Net cash provided by financing activities</b>	<u>2,875,693</u>
Change in cash during the period	879,702
Cash, beginning of the period	<u>-</u>
<b>Cash, end of the period</b>	<u><u>879,702</u></u>

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

# **Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)**

## **Notes to the Consolidated Financial Statements**

### **Period ended December 31, 2019**

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Hapbee 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 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 13 for details. On June 15, 2020, 60,547,500 common shares previously issued were cancelled and replaced by 60,547,500 Subordinated Voting Shares. On June 15, 2020, 45,000,000 Subordinated Voting Shares owned by EMulate Therapeutics Inc. and Scott Donnell were exchanged for 450,000 Multiple Voting Shares. The numbers of common shares issuable pursuant to all share capital have been retrospectively adjusted in accordance with the stock split ratio.

The Company’s operations have been financed through the sale of common shares and issuance of debt. The Company has incurred a significant operating loss since inception and has an accumulated deficit of \$401,543 as at December 31, 2019.

These 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 period ended December 31, 2019, the Company incurred a net loss of \$401,543. 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 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 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 consolidated financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

# Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)

## Notes to the Consolidated Financial Statements

### Period ended December 31, 2019

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#### 2. BASIS OF PRESENTATION (CONTINUED)

##### b) Basis of Preparation

These consolidated 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information. The consolidated financial statements, unless otherwise specified, are presented in US dollars, which is the functional currency of the Company.

##### c) Functional and presentation currency

These 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 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 consolidated financial statements.

##### e) Approval of the Financial Statements

The consolidated financial statements of the Company for the period ended December 31, 2019 were approved and authorized for issue by the Board of Directors on October 23, 2020.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### a) Critical accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical accounting judgments and estimates in applying accounting policies that have the most significant impact on the amounts recognized in the consolidated financial statements are outlined below.

###### *Share-based payments*

The Company makes certain estimates and assumptions when calculating the estimated fair values of stock options granted and warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for grants of stock options and the issuance of warrants.

# Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)

## Notes to the Consolidated Financial Statements

### Period ended December 31, 2019

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### a) Critical accounting judgments and estimates (continued)

##### *Deferred income taxes*

The Company is periodically required to estimate the tax base of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period of changes.

Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives. Levels of future taxable income are affected by, among other things, the market price for commodities, production costs, quantities of proven and probable reserves, interest rates, and foreign currency exchange rates.

##### *Going concern*

The determination of the Company's ability to continue as a going concern requires the Company to make certain judgements about whether the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

##### *Capitalization of intangible assets*

Management is required to use judgement in determining the economic useful lives of identifiable intangible assets and the capitalization of costs for internally generated intangible assets is subject to judgment including the technical feasibility, timeframe to commercialization, assessment of availability of resources to complete the project, and if economic benefits will be generated from its use. Management is required to use judgement in determining the economic useful lives of identifiable intangible assets. Judgement is also required in identifying indicators of impairment of the Company's intangible assets.

#### b) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are initially measured at fair value. Financial assets are classified into one of the following specified categories: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the statement of loss and comprehensive loss.

The Company's financial instruments are classified as follows:

<b>Financial instrument</b>	<b>Measurement</b>
Cash	FVTPL
Accounts payable	Amortized cost

# Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)

## Notes to the Consolidated Financial Statements

### Period ended December 31, 2019

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### b) Financial Instruments (continued)

###### Financial Assets

Subsequent to initial recognition, financial assets classified and measured at amortized cost using the effective interest method.

Financial assets classified as FVTPL are recognized initially at fair values less transaction costs and are subsequently carried at fair value, with changes in the fair value recorded in comprehensive income. The fair value measurements are based on level 1 inputs, being quoted prices in active markets for identical instruments.

##### c) Impairment of financial assets at amortized cost

The Company recognizes an allowance using the ECL model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all accounts receivable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

###### Financial Liabilities

Financial liabilities are classified as and are measured at amortized cost subsequent to initial measurement at fair value.

###### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

##### d) Cash

Cash is comprised of cash held in current operating bank accounts.

##### e) Research and development tax credits

Refundable investment tax credits relating to scientific research and experimental development expenditures are recorded in the accounts in the fiscal period in which the qualifying expenditures are incurred provided there is reasonable assurance that the tax credits will be realized. Refundable investment tax credits, in connection with research and development activities, are accounted for as other income. Amounts recorded for refundable investment tax credits are calculated based on the expected eligibility and tax treatment of qualifying scientific research and experimental development expenditures recorded in the Corporation's consolidated financial statements.

# Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)

## Notes to the Consolidated Financial Statements

### Period ended December 31, 2019

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### f) Share-based payments

The Company has a share-based compensation plan. Awards of options under this plan are expensed or recorded as additions to resource properties based on the estimated fair value of the options at the grant date, with a corresponding credit to contributed surplus in shareholders' equity. Fair value is estimated using the Black-Scholes pricing model. If the options are subject to a vesting period, the estimated fair value is recognized over this period on a graded vesting basis, based on the Company's estimate of the shares that will eventually vest.

Equity-settled share-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the estimated fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Cash consideration received on exercise of options is credited to share capital together with the amounts originally recorded as share-based compensation related to the exercised options.

##### g) Income taxes

###### *Current income taxes*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on taxable income for the year. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Income tax is recognized in the statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity. Current income tax relating to items recognized directly in equity is recognized in the statements of changes in equity and not in the statements of loss and comprehensive loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. The Company recognizes interest and penalties, if any, related to uncertain tax positions in income tax expense.

# Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)

## Notes to the Consolidated Financial Statements

### Period ended December 31, 2019

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### g) Income taxes (continued)

##### *Deferred income taxes*

Deferred income taxes are calculated using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, can be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside of profit or loss is recognized outside of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive loss or directly in equity.

#### h) Loss per share

Loss per share is calculated based on the weighted average number of shares outstanding during the year. The Company follows the treasury method of calculating diluted earnings per share. This method assumes that any proceeds from the exercise of stock options and other dilutive instruments would be used to purchase common shares at the average market price during the year. Diluted loss per share is equal to loss per share since the exercise of all options and warrants is anti-dilutive.

# Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)

## Notes to the Consolidated Financial Statements

### Period ended December 31, 2019

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#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### i) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. There were no material provisions recorded within the consolidated financial statements as at December 31, 2019.

##### j) Foreign currency translation

Foreign currency transactions are translated as follows: (i) monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the exchange rate prevailing at the statement of financial position date; and (ii) non-monetary assets and liabilities denominated in foreign currencies and measured in terms of historic costs are translated using exchange rates at the transaction dates.

**k) Related party transactions** Unless otherwise disclosed herein, all transactions with related parties are in the normal course of business and are measured at the exchange amount (note 9).

##### l) Intangible assets - Licenses

Upon acquisition, intangible assets with finite useful lives are recorded at fair value and are carried at cost less accumulated amortization and impairment losses. Amortization is calculated over the cost of the asset, or revalued amount, less its residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives of the Company's licenses is 20 years.

##### m) Intangible assets – Development Costs

Development expenditures can be capitalized only where a development project meets certain conditions, including technical feasibility of the intangible asset, intention to complete the project, ability to sell the intangible asset, probability that the intangible asset can produce future economic benefits, availability of resources to complete the project, and ability to reliably measure the expenditure attributable to the intangible asset. Development projects are reviewed as they arise and on an on-going basis to assess whether all conditions have been met. Amortization is calculated over the cost of the asset, or revalued amount, less its residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

#### 4. INTANGIBLE ASSETS

During the year, the Company capitalized the acquisition costs of licenses and development costs related to the design and development of the device prototype.

# Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)

## Notes to the Consolidated Financial Statements

### Period ended December 31, 2019

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#### 4. INTANGIBLE ASSETS (CONTINUED)

##### a) Licenses

###### License Agreement for Scotch, Melatonin and Nicotine Technology

On March 29, 2019, the Company acquired a license from EMulate Therapeutics Inc. ("EMulate"). The Company agreed to pay 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.

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, second amended and restated exclusive license agreement with EMulate was signed by the company. As per the second 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.

###### License Agreement for Caffeine, THC and CBD Technology

On October 30, 2019, the Company acquired a 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, a second amended and restated exclusive license agreement with EMulate was signed by the company. As per the second 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.

**Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)**  
**Notes to the Consolidated Financial Statements**  
**Period ended December 31, 2019**

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**4. INTANGIBLE ASSETS (CONTINUED)**

**a) Development Costs**

During the year, the Company incurred development costs of \$764,997 related to 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.

The following table outlines the Company's intangible assets as at December 31, 2019:

	<u>2019</u>
	\$
License Agreement – Scotch, Melatonin and Nicotine Technology	1,500,000
License Agreement – Caffeine, THC and CBD Technology	30,000
Development costs capitalized	<u>764,997</u>
	<u>2,294,997</u>

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2019</u>
	\$
Trade accounts payable and accrued liabilities	23,062
Amounts payable to related parties (note 9)	<u>737,150</u>
	<u>760,212</u>

**6. SHARE CAPITAL**

Common shares

Authorized share capital of the Company consists of an unlimited number of fully paid common shares without par value. At December 31, 2019, the Company has 58,050,000 common shares issued and outstanding. Of the total shares outstanding, 45,000,000 shares were issued to the related parties of the company. During June 2020, 45,000,000 of these shares were converted to Multiple Voting Shares. Please refer to Note 12 for details.

Private Placement Financings

- 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 5 pre-split common shares.
- 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.

# Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)

## Notes to the Consolidated Financial Statements

### Period ended December 31, 2019

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#### 6. SHARE CAPITAL(CONTINUED)

- 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 12,900,000 common shares issued and outstanding as at December 31, 2019 and the resulting post share split shares outstanding are 58,050,000. All share information was updated to reflect this stock split. The numbers 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. Each Multiple Voting Share will entitle the holder to 100 votes. On the same day, all common shares previously issued were cancelled and replaced by Subordinated Voting Shares. 45,000,000 Subordinated Voting Shares owned by EMulate Therapeutics Inc. and Scott Donnell were exchanged for 450,000 Multiple Voting Shares.

#### 7. 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 common 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. As at December 31, 2019, 7,515,000 remain available for grant under the terms of the stock option plan.

#### 8. INCOME TAXES

The provision for income taxes reported differs from the amounts computed by applying the applicable income tax rates to the net loss before tax provision due to the following:

	<u>2019</u>
	\$
Loss before income taxes	401,543
Statutory rate	<u>27%</u>
Tax recovery at statutory rate	108,417
Change in unrecognized deductible temporary differences	(108,058)
Permanent differences	<u>(359)</u>
Income tax recovery	<u>-</u>
	<u>2019</u>
	\$
Deferred income tax assets	
Losses carried forward	108,058
Share issuance costs	<u>6,573</u>
Deferred income tax liabilities	<u>114,631</u>
Unrecognized deferred income tax assets	<u>(114,631)</u>
Net deferred income tax assets	<u>-</u>

#### *Non-capital losses*

As at December 31, 2019, the Company has estimated non-capital losses for Canadian income tax purposes of \$400,213 that may be carried forward to reduce taxable income derived in future years. These losses expire in 2039.

# Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)

## Notes to the Consolidated Financial Statements

### Period ended December 31, 2019

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#### 9. 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:

		Period ended December 31
	Notes	2019
EMulate Therapeutics Inc.	(a)	\$1,530,000
Shares issued to Emulate Therapeutics Inc.	(b)	\$1
Scott Donnell	(c)	\$48,000
Shares issued to Scott Donnell	(d)	\$38

(a) EMulate Therapeutics Inc., an entity which has significant influence on the Company charged licence fees. See note 12.

(b) During the year, 28,125,000 common shares were issued to Emulate Therapeutics Inc. for gross proceeds of \$1.

(c) Scott Donnell, the CEO of the Company received consulting fees.

(d) During the year, 16,875,000 common shares were issued to Scott Donnell for gross proceeds of \$38.

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

	Period ended December 31
	2019
Scott Donnell	\$13,000
EMulate Therapeutics Inc.	\$724,150
	\$737,150

#### 10. 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.

# Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)

## Notes to the Consolidated Financial Statements

### Period ended December 31, 2019

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#### 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and accounts payable. The fair values of the Company's 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 common 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, other than its Canadian Dollar cash which consisted of \$64,225 Canadian Dollars as December 31, 2019.

**Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)**  
**Notes to the Consolidated Financial Statements**  
**Period ended December 31, 2019**

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**12. 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, January 24, 2020 and June 1, 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 year ended December 31, 2019, the Company made cash payments of \$802,505 and recorded a payable of \$697,495 for the remaining balance of the upfront license cost.
- 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 and June 1, 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 year ended December 31, 2019, the Company has paid licence fees of \$30,000 for three cognates.

**13. GENERAL AND ADMINISTRATIVE EXPENSES**

	2019
	\$
Foreign exchange recovery	(612)
Marketing and selling	102,795
Office	17,645
Travel and entertainment	24,940
	144,768

**14. SUBSEQUENT EVENTS**

- a) On January 20, 2020, the Company granted 3,600,000 options to its directors, officers, employees and consultants with an exercise price of US\$0.22 per common share expiring 8 years from the date of issuance. All options shall vest immediately.
- b) On June 1, 2020, Amended and Restated Exclusive License Agreements were signed between the company and EMulate Therapeutics Inc. (Note 4). The effective date of all license agreements was changed to June 1, 2020. All other terms remain the same.

**Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)**  
**Notes to the Consolidated Financial Statements**  
**Period ended December 31, 2019**

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**14. SUBSEQUENT EVENTS (CONTINUED)**

- c) Subsequent to year-end, the Company completed private placement financings with aggregate gross proceeds of \$555,000. The company issued 2,497,500 common shares at a price of \$0.22 per share.
- d) During March 2020, the Company entered into a Letter of Intent (the “LOI”) with Zander Capital Ltd. (“Zander”) whereby Zander will acquire all of the issued and outstanding common shares in the capital of the Company in connection with a proposed business combination. This transaction will be accounted for as an asset acquisition as Zander did not meet the definition of a business in accordance with IFRS 3. On completion of the transaction, Zander will be a wholly-owned subsidiary of the Company.
- e) During May 2020, the Company entered into a definitive agreement, which shall supersede and replace the LOI, with Zander Capital Ltd. (“Zander”) and to complete a transaction structured as a three-cornered amalgamation (“Amalgamation”) 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 common share of the Company. Pursuant to the amalgamation agreement, an aggregate of 8,721,401 the Company's common shares will be issued to the shareholders of Zander. The transaction closed on June 16, 2020 with Zander becoming a wholly-owned subsidiary of the Company.
- f) During June 2020, the Company completed a forward stock split of its common shares on a 1 for 4.5 basis. 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.
- g) During June 2020, the Company created a new class of multiple voting shares (“Multiple Voting Shares”) whereby each multiple voting share will entitle the holder to 100 votes. The Company exchanged 45,000,000 owned by related parties for 450,000 Multiple Voting Shares.
- h) 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 for services received.

**14. SUBSEQUENT EVENTS (CONTINUED)**

**Hapbee Technologies, Inc. (Formerly Elevation Technologies, Inc.)**  
**Notes to the Consolidated Financial Statements**  
**Period ended December 31, 2019**

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- i) On June 25, 2020, the Company closed the first tranche of a non-brokered private placement of secured convertible debentures with a principal amount of \$4,483,594. The convertible debentures will mature on June 25, 2020. 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. In conjunction with the issuance, the Company incurred issuance costs of \$348,090 consisting of cash and 716,357 Subordinated Voting Shares and 924,024 finder’s warrants (Finder’s Warrant). 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 of the Finder’s Warrant.
- j) On July 13, 2020, the Company closed the second tranche of a non-brokered private placement of secured convertible debentures with a principal amount of \$147,420.
- k) On July 31, 2020, the Company issued 223,073 warrants to a consultant (the Consultant”) pursuant to the consulting agreement with the Consultant.
- l) During the six months period ended June 30, 2020, the Company has paid license fees of \$278,340. On July 2, 2020, the Company paid the balance of \$419,155 (note 12).

**HAPBEE TECHNOLOGIES, INC.**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE PERIOD FROM INCORPORATION ON JANUARY 3, 2019 TO DECEMBER 31, 2019**

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**General**

The following Management’s Discussion and Analysis (“MD&A”) is intended to assist the reader to assess material changes in financial condition and results of operations of Hapbee Technologies, Inc. (“Hapbee” or the “Company”) for the period from incorporation on January 3, 2019 to December 31, 2019.

This MD&A should be read in conjunction with the audited consolidated financial statements for the period from incorporation on January 3, 2019 to December 31, 2019 and supporting notes. These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

All monetary amounts are in U.S. dollars unless otherwise specified. The effective date of this MD&A is October 26, 2020.

**Forward-Looking Statements**

All statements made in this MD&A, other than statements of historical fact, are forward-looking statements. The Company’s actual results may differ significantly from those anticipated in the forward-looking statements and readers are cautioned not to place undue reliance on these forward-looking statements. Except as required by law, the Company undertakes no obligation to release the results of any revisions to forward-looking statements that may be made to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events. Forward-looking statements include, but are not limited to, statements with respect to future price levels, success of technology development, success of marketing and product adoption, development time lines, currency fluctuations, requirements for additional capital, unanticipated expenses, trademark or patent disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation.

In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to the integration of acquisitions; future price levels; accidents, labor disputes and other risks of the technology industry; delays in obtaining approvals or financing. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

## **History of the Company**

Hapbee Technologies, Inc. (the "Company") is a company incorporated on January 3, 2019 under the Business Corporations Act (British Columbia). The head office is located at 1055 West Hastings Street, Suite 2250, Vancouver, BC V6E 2E9. 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 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.

During May 2020, the Company entered into a definitive agreement with Zander Capital Ltd. ("Zander") and to complete a transaction structured as a three-cornered amalgamation ("Amalgamation") 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 Shares of the Company. Pursuant to the amalgamation agreement, an aggregate of 8,721,401 the Company's Subordinated Voting Shares will be issued to the shareholders of Zander. The transaction closed on June 16, 2020 with Zander becoming a wholly-owned subsidiary of the Company.

## **Business of the Company**

The Company develops wearable wellness products that enhance the human experience through magnetic field technology. Our core product, the Hapbee Wearable Wellness Product, is a wearable that "plays" or delivers unique magnetic signals, which produce sensations. These sensations fall under six broad categories including: Happy, Alert, Focus, Relax, Calm and Sleepy. The Hapbee Wearable Wellness Product can be controlled through the Hapbee App with both iOS and Android smartphones. Potentially hundreds of different sensations can be produced using patented ultra-low radio frequency energy (ulRFE).

EMulate Therapeutics, Inc ("EMulate") is a clinical-stage therapeutic device company, which has invested over fifteen years of research time and significant funds in medical technology development. They have received 32 global patents on technologies relating to the Hapbee Wearable Wellness Product. In particular, EMulate invented and patented ulRFE technology that utilizes precisely targeted ultra-low radio frequency energy to specifically regulate metabolic pathways on the molecular and genetic levels – without chemicals, radiation or drugs – delivered via simple-to-use, non-sterile, non-invasive, non-thermal, non-ionizing devices.

While EMulate remains focused on medical devices, the Company has acquired exclusive global licenses to adapt the ulRFE technology for a non-medical consumer product aimed at the wellness industry – namely, the Hapbee Wearable Wellness Product.

The science and technology behind the Hapbee Wearable Wellness Product are based on magnetically induced effects. We use a specialized process to create unique ulRFE signals that produce precise biological responses. The Company is adapting this technology for "at home", non-medical, recreational

use by consumers to alter moods and produce sensations expected to be helpful in everyday life. Certain emulated magnetic fields are played through the Hapbee Wearable Wellness Product to deliver several types of unique sensations or moods.

### Overall Performance

Fiscal 2019 was the Company's first year of operations.

For the period from incorporation on January 3, 2019 to December 31, 2019 (fiscal 2019), the Company had no revenues and \$401,543 of expenses resulting in a net loss of \$401,543. The expenses consisted of consulting fees of \$179,732 related to scientific advice, design, mobile app development and management services, professional fees of \$77,043 related to the incorporation of the company and corporate matters, and general and administrative of \$144,768 related to office, advertising & marketing and travel & entertainment.

### Selected Annual Information

For the period ended December 31, 2019, the financial statements have been prepared in accordance with IFRS.

<b>Statement of Operations Data</b>	<b>Period Ended December 31, 2019</b>
Total revenue	\$Nil
Net loss from continuing operations	(\$401,543)
Net loss from continuing operations per common share outstanding – basic and diluted	(\$0.01)
Net loss	(\$401,543)
Net loss per common share outstanding - basic and diluted	(\$0.01)
Dividend per common share outstanding	\$Nil
	<b>Period Ended December 31, 2019</b>
<b>Balance Sheet Data</b>	
Total assets	\$3,234,362
Non-current financial liabilities	\$Nil
Shareholders' equity	\$2,474,150

#### *Net Loss*

The Company had no revenues and \$401,543 of expenses resulting in a net loss of \$401,543 in the fiscal period ended December 31, 2019. The expenses consisted of consulting fees of \$179,732 related to scientific advice, design, mobile app development and management services, professional fees of \$77,043 related to the incorporation of the company and corporate matters, and general and administrative of \$144,768 related to office, advertising & marketing and travel & entertainment.

#### *Total Assets*

Total assets were \$3,234,362 as at December 31, 2019. Total assets consisted of cash of \$879,702, prepaid expenses of \$59,663 and intangible assets of \$2,294,997 (Please refer to Note 4 of the Company's 2019 audited annual consolidated financial statements for more information regarding the Company's intangible asset.)

#### *Shareholders' Equity*

Total shareholder's equity was \$2,474,150 as at December 31, 2019. Total shareholders' equity consisted mainly of share capital of \$2,875,693 and deficit of \$401,543.

### **Results of operations**

Fiscal 2019 was the Company's first year of operations.

For the period from incorporation on January 3, 2019 to December 31, 2019 (fiscal 2019), the Company had no revenues and \$401,543 of expenses resulting in a net loss of \$401,543.

### Products

#### *Hapbee Wearable Wellness Product*

A working prototype of the Hapbee Wearable Wellness Product was completed in September 2019.

The Hapbee Wearable Wellness Product weighs 4.5 ounces and comes with a micro USB-C charging and holding cradle that allows the headband to stand upright as it charges. It is designed to have eight hours of battery life for each charge. The lightweight, and low-profile design of the Hapbee Wearable Wellness Product allows users to wear the product comfortably on their heads, over the brim of a hat, or discreetly around their collars under their shirts.

The Hapbee Wearable Wellness Product allows wearers to choose how they feel by producing a variety of sensations by "playing" precise electromagnetic fields. The sensations fall under several broad categories such as: Happy, Alert, Relax, Calm, Sleepy, and Focus. The product connects to and is controlled by the customizable Hapbee App that is available for both iOS and Android compatible smartphones.

The Company retained Crown Bioscience International Inc. ("CrownBio"), a third-party contract research organization, in April and August 2019 to conduct in vivo studies for both safety and basic efficacy (behavioral response) of the electromagnetic signals. CrownBio is a global company with facilities in the United States, United Kingdom, China, and Taiwan. CrownBio used a blinded study protocol, where even lab technicians were not advised of which signals were tested on which cage of mice. The studies had 80 test subjects. Each of the cages of mice were given the unique magnetic fields at different time intervals (N=5 mice/group), and all cages were then tested with a 15-day continuous signal to gauge safety. No adverse effects were reported. Significantly, the activity levels of the mice changed based on the signal used. Among the many results/effects that were observed, the "Alert" signal caused the mice to be mildly hyperactive, the "Relax" signal caused mild hypoactivity, and the "Sleepy" signal caused the mice to be somnolent. In addition, the blinded lab techs reported being able to guess with full accuracy which signal was being played onto each group of mice.

The first small group of Hapbee Wearable Wellness Products were designed by Product Creation Studios. These products were then circulated for beta testing to hundreds of users across the United States who provided their feedback. All six of the basic sensations were tested with the prototype and the response was decidedly positive by mostly all of the users, according to anecdotal responses and testimonials.

A soft launch of the Hapbee Wearable Wellness Product began on February 12, 2020, with a popular crowdfunding site, indiegogo.com. The "Hapbee – Choose How You Feel" campaign introduced the Hapbee Wearable Wellness Product to Indiegogo's nine million followers and offered early-bird pricing

with several product bundling options for presale. Indiegogo provided additional marketing for the Company through newsletters and social media platforms as the campaign raised certain target amounts. The campaign's fixed goal of US\$15,000 in presales was surpassed within just 7 minutes of the campaign launch. As of the date of this Prospectus, the campaign reached over 1,380 presold units, scheduled for shipping in July, August, September and October 2020. The Company has shipped 1,335 presold units as of the day of this Prospectus.

The Company has entered into a supply agreement with Pinnacle Technology Group in Toledo, Ohio, where certain components of the Hapbee Wearable Wellness Product will be manufactured, and the product will be assembled and packed for distribution to the Company's e-commerce partners who will receive the units through their procurement channels.

#### *Hapbee App*

A working prototype of the Hapbee App was completed in September 2019.

The Company engaged three full-time and one part-time mobile app developers and one full-time and one part-time API/Web development team to collaborate, together with several independent contractors, on the development of the Hapbee App, including how signals will be deployed and the strict security protocols for software, servers and products. The Hapbee App currently has over 2051 unique builds and updates and has been cleared for commercial launch.

The signals themselves, which are played on the Hapbee Wearable Wellness Products, are security protected using encryption standards such as AES 128-bit song encryption keys, 128-bit device communication encryption keys and 2048 key length using RSA1 and ECDSA2 encryption providers on the Company's server resources. Songs are transferred from EMulate via Secure HTTPS to our secure server hosted by Microsoft Azure to distribute to users via the Hapbee App and transferred to each product using a secure device key determined by the manufacturer (over the Bluetooth LE frequency).

The Company has also developed a protective song encryption tool for enhanced software security. The Company will be able to encrypt songs using the specifications of our product, and there is no reliance on a third-party vendor to create updates, nor are there security violations inside the encryption tool that would compromise the product. The utility for song encryption uses Microsoft .NET Framework and Windows Desktop Platform to ensure the highest security. Subscriber data, which includes basic contact information, is encrypted and saved on the Company's secure server.

In addition to platform security protection through encryption protocols, which protect the loading and playing of the signals through the Hapbee App onto the Hapbee Wearable Wellness Products, the product is also sealed through sonic welding, and if broken open or tampered with, the product and embedded signals are rendered useless.

The Hapbee App will allow the Company to collect trends on user habits including time of day plays, duration, and other demographics. The Hapbee App will also give the Company the opportunity to cobrand and release new signals with other companies for products such as VR, float pod, pillow and mattress companies.

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<sup>1</sup> Rivest-Shamir-Adleman ("RSA") is one of the first public-key cryptosystems and is widely used for secure data transmission.

<sup>2</sup> Elliptic Curve Digital Signature Algorithm ("ECDSA") offers a variant of the Digital Signature Algorithm (DSA) which uses elliptic curve cryptography.

The Hapbee App stores all available predictable electromagnetic signals on a “playlist” that can be accessed via a monthly subscription which is priced according to the features included. Currently, signals can be added, updated and removed on the fly, and the app can specify suggested play time on a per signal basis. The Hapbee App will launch with six signals that fall in the broad categories: Happy, Alert, Calm, Relax, Sleepy, Focus. At the time of this Prospectus, there are seven more signals related to performance, sleep, and memory function, amongst others that are in research and development. The Company's research and development team is evaluating additional signals to potentially license from EMulate. Consumer feedback will determine the priority of the development of additional signals. Features such as controlling signal intensity, scheduling signal playtimes or mixing custom signal “playlists” are also on the research and development agenda.

#### *Research and Development*

During the period ended December 31, 2019, the Company has spent approximately \$764,997 on the Hapbee Wearable Wellness Product and the Hapbee App. Management has planned ongoing form factor and application development to increase the portfolio of sensations that are available to users.

Over the next 12 to 18 months, the Company's goal is to release a new signal every quarter. Currently there are seven additional signals in evaluation stages while other signals are being investigated with respect to optimizing their strength.

The prototype of the current form factor is a headband/necklace product. With the advent of new material such as flexible battery and circuit electronics and electronics integrated into washable fabrics, the Company is considering developing form factors for activity-specific application such as a helmet or a yoga mat for relaxation or a pillowcase for sleep.

#### Intangible Assets

During the year, 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 agreed to pay 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.

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, second amended and restated exclusive license agreement with EMulate was signed by the Company. As per the second 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.

License Agreement for certain sensory technologies

On October 30, 2019, the Company acquired a 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, a second amended and restated exclusive license agreement with EMulate was signed by the Company. As per the second 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 year, the Company incurred development costs of \$764,997 related to 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.

The following table outlines the Company’s intangible assets as at December 31, 2019:

	<u>2019</u>
	\$
License Agreement for certain sensory technologies	1,500,000
License Agreement for certain sensory technologies	30,000
Development costs capitalized	<u>764,997</u>
	<u>2,294,997</u>

**Summary Of Quarterly Results**

The following table sets out selected unaudited quarterly financial information of the Company for the four most recent quarters of operation. This information is derived from unaudited quarterly financial statements prepared by management. The financial data for the quarters ended from January 3, 2019, to December 31, 2019, are prepared in accordance with IFRS.

HAPBEE TECHNOLOGIES, INC.  
Management's Discussion and Analysis  
For the period from incorporation on January 3, 2019 to December 31, 2019

	<b>4<sup>th</sup> Quarter 2019 December 31, 2019</b>	<b>3<sup>rd</sup> Quarter 2019 September 30, 2019</b>	<b>2<sup>nd</sup> Quarter 2019 June 30, 2019</b>	<b>1<sup>st</sup> Quarter 2019 March 30, 2019</b>
Total revenue	\$Nil	\$Nil	\$Nil	\$Nil
Net loss from continuing operations	(\$192,050)	(\$106,353)	(\$92,318)	(\$10,822)
Net loss from continuing operations per common share outstanding – basic & diluted	(\$0.004)	(\$0.002)	(\$0.002)	(\$0.000)
Net income loss	(\$192,050)	(\$106,353)	(\$92,318)	(\$10,822)
Net income loss per common share outstanding - basic	(\$0.004)	(\$0.002)	(\$0.002)	(\$0.000)

Overall, consulting fees, advertising & marketing, corporate administration, and professional fees were the major components that caused variances in net losses from quarter to quarter.

#### Fourth Quarter

During the quarter ended December 31, 2019, the Company incurred a net loss of \$192,051. The Company has incurred more expenses in advertising & marketing and consulting fees during the 4th quarter 2019. The change is mainly due to the increase in marketing activities and consulting services related to mobile app development and management services.

#### Liquidity and Capital Resources

The following table summarizes the Company's cash on hand, working capital and cash flow:

##### As at December 31, 2019

Cash	\$879,702
Working capital	\$179,153

##### Period from January 3, 2019 to December 31, 2019

Net cash used in operating activities	(\$425,143)
Net cash used in investing activities	(\$1,570,848)
Net cash provided by financing activities	\$2,875,693
Net change	\$879,702

The Company's 2019 working capital was \$179,153.

The Company's cash used in operating activities was \$425,143.

The Company's cash used in investing activities was \$1,570,848, which consisted of product development costs of \$738,343 and license fees of \$832,505.

The Company's cash provided by financing activities was \$2,875,693, which mainly from the proceeds of shares issuance.

The Company has financed its operations to date primarily through the issuance of its shares. The Company believes that it has sufficient working capital for its short-term corporate obligations but generation of additional capital will be required for future operations until sufficient revenue can be generated from the Company's sales of its wearable wellness products. As the Company cannot predict the time at which revenue will exceed expenses, the Company continues to seek capital through various means including the issuance of equity and/or debt.

In management's view, given the nature of the Company's operations, which consist of the development of the wearable wellness products, the most relevant financial information relates primarily to current liquidity, solvency and planned development expenditures. The Company's financial success will be dependent upon the extent to which it can complete development of its current product and the user absorption the product receives. Such development may take longer than expected and the amount of resulting revenue, if any, is difficult to determine. The value of the core product is largely dependent upon many factors beyond the Company's control.

#### **Off Balance Sheet Transactions**

There are currently no off balance sheet arrangements which could have a material effect on current or future results of operations, or the financial condition of the Company.

#### **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:

		<b>Period ended December 31</b>
	Notes	<b>2019</b>
EMulate Therapeutics Inc.	(a)	\$1,530,000
Shares issued to Emulate Therapeutics Inc.	(b)	\$1
Scott Donnell	(c)	\$48,000
Shares issued to Scott Donnell	(d)	\$38

- (a) EMulate Therapeutics Inc., an entity which has significant influence on the Company charged licence fees. See note 12.
- (b) During the year, 28,125,000 common shares were issued to Emulate Therapeutics Inc. for gross proceeds of \$1.
- (c) Scott Donnell, the CEO of the Company received consulting fees.
- (d) During the year, 16,875,000 common shares were issued to Scott Donnell for gross proceeds of \$38.

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

	<b>December 31</b>
	<b>2019</b>
Scott Donnell	\$13,000
EMulate Therapeutics Inc.	\$724,150
	<b>\$737,150</b>

### **Proposed Transactions**

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the financial statements for the period ended December 31, 2019.

### **Critical Accounting Judgments and Estimates**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical accounting judgments and estimates in applying accounting policies that have the most significant impact on the amounts recognized in the consolidated financial statements are outlined below.

#### *Share-based payments*

The Company makes certain estimates and assumptions when calculating the estimated fair values of stock options granted and warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for grants of stock options and the issuance of warrants.

#### *Deferred income taxes*

The Company is periodically required to estimate the tax base of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period of changes.

Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives. Levels of future taxable income are affected by, among other things, the market price for commodities, production costs, quantities of proven and probable reserves, interest rates, and foreign currency exchange rates.

#### *Going concern*

The determination of the Company's ability to continue as a going concern requires the Company to make certain judgements about whether the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

### *Capitalization of intangible assets*

Management is required to use judgement in determining the economic useful lives of identifiable intangible assets and the capitalization of costs for internally generated intangible assets is subject to judgment including the technical feasibility, timeframe to commercialization, assessment of availability of resources to complete the project, and if economic benefits will be generated from its use. Management is required to use judgement in determining the economic useful lives of identifiable intangible assets. Judgement is also required in identifying indicators of impairment of the Company's intangible assets.

### **Change in Accounting Policies including Initial Adoption**

Please refer to Note 3 of the Company's 2019 audited annual consolidated financial statements for more information regarding the Company's significant accounting policies and changes.

### **Financial Instruments and Risk Management**

The Company's financial instruments consist of cash and accounts payable. The fair values of the Company's 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 common 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, other than its Canadian Dollar cash which consisted of \$64,225 Canadian Dollars as December 31, 2019.

### **Disclosure of Outstanding Share Data**

The following information relates to share data of the Company as at the date of this MD&A:

#### **(A) 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**

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").

As at the date of this MD&A, the Company has 25,188,258 Subordinated Voting Shares issued and outstanding and 450,000 Multiple Voting Shares issued and outstanding.

### **(B) 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.

On January 20, 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.

As at the date of this MD&A, the Company has 3,600,000 stock options issued and outstanding.

### **(C) Warrants**

As at the date of this MD&A, the Company has 924,023 Finder's Warrants issued and outstanding. Please make reference to the section titled "Convertible Debentures" below.

As at the date of this MD&A, the Company has 223,073 warrants issued and outstanding. Each warrant will be exercisable into one Subordinate Voting Share for a period of two years at an exercise price of \$0.30 per Subordinate Voting Share.

### **(D) Convertible Debentures**

On June 25, 2020, the Company closed the first tranche of 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

HAPBEE TECHNOLOGIES, INC.

Management's Discussion and Analysis

For the period from incorporation on January 3, 2019 to December 31, 2019

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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.

In conjunction with the issuance, the Company incurred issuance costs of \$348,090 consisting of finder's fee of \$45,886 in cash, 716,357 finder's Subordinated Voting Shares and 924,024 finder's warrants (Finder's Warrant). 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 of the Finder's Warrant.

On July 13, 2020, the Company closed the second tranche of a non-brokered private placement of secured convertible debentures with a principal amount of \$147,420.

Additional Disclosure for Venture Issuers without Significant Revenue

The Company has incurred development costs of \$764,997 related to Hapbee Wearable Wellness Product as of December 31, 2019. The breakdown of material components is:

	<b>December 31, 2019</b>
Device Development	\$668,009
Tooling and Production	2,375
Signal Development and Safety Testing	94,613
	<b>\$764,997</b>

Device development of \$668,009 consisted mainly of consulting fees of \$618,756 and parts and shipping of \$49,253.

*Condensed Consolidated Interim Financial Statements of*

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

For the six months period ended June 30, 2020 and 2019

(Expressed in U.S. dollars)

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

*Expressed in U.S. dollars*

	<b>June 30, 2020</b> (Unaudited)	<b>December 31, 2019</b> (Audited)
	\$	\$
<b>Assets</b>		
Current assets		
Cash	5,519,585	879,702
Receivables	2,401	-
Prepaid expenses	-	59,663
	<u>5,521,986</u>	<u>939,365</u>
Intangible assets (note 4)	2,609,980	2,294,997
<b>Total assets</b>	<b><u>8,131,966</u></b>	<b><u>3,234,362</u></b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	993,299	760,212
Unearned revenues	286,700	-
	<u>1,279,999</u>	<u>760,212</u>
Convertible debentures	3,337,919	-
<b>Total liabilities</b>	<b><u>4,617,918</u></b>	<b><u>760,212</u></b>
<b>Equity</b>		
Share capital	5,503,547	2,875,693
Reserves	1,629,157	-
Accumulated deficit	(3,618,656)	(401,543)
<b>Total shareholders' equity</b>	<b><u>3,514,048</u></b>	<b><u>2,474,150</u></b>
<b>Total liabilities and shareholders' equity</b>	<b><u>8,131,966</u></b>	<b><u>3,234,362</u></b>

Going concern (note 1)

Basis of presentation (note 2)

Commitments and contingencies (note 14)

Approved on behalf of the Board of Directors on October 23, 2020.

“Michael Matysik”  
Director

“Robert Dzisiak ”  
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 six months ended June 30, 2020 and 2019**

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*Expressed in U.S. dollars*

	<b>Three months Ended June 30, 2020</b>	<b>Three months Ended June 30, 2019</b>	<b>Six months Ended June 30, 2020</b>	<b>From January 3, 2019 (incorporation) to June 30, 2019</b>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	\$	\$	\$	\$
<b>Expenses</b>				
Consulting	423,030	46,910	617,566	46,910
General and administrative (Note 15)	289,268	8,022	375,398	8,022
Professional fees	16,913	37,386	100,789	48,208
Share-based compensation (Note 9)	44,257	-	656,926	-
Share-based - Zander acquisition (Note 5)	1,466,434	-	1,466,434	-
<b>Net loss and comprehensive loss for the period</b>	<b>2,239,902</b>	<b>92,318</b>	<b>3,217,113</b>	<b>103,140</b>
Loss per share – basic and diluted (note 10)	<b>(\$0.042)</b>	<b>(\$0.002)</b>	<b>(\$0.057)</b>	<b>(\$0.003)</b>
Weighted-average number of shares outstanding - basic and diluted	<b>53,501,447</b>	<b>48,186,593</b>	<b>56,102,468</b>	<b>40,020,838</b>

*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 six months ended June 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 (Unaudited)	Total (Unaudited)
		\$		\$	\$	\$	\$
<b>Balance, Date of Incorporation</b>	<b>28,125,000</b>	<b>1</b>	-	-	-	-	<b>1</b>
Issuance of shares for non-brokered private placement (note 8)	23,310,000	1,430,038	-	-	-	-	1,430,038
Net loss and comprehensive loss for the period	-	-	-	-	-	(103,140)	(103,140)
<b>Balance, June 30, 2019</b>	<b>51,435,000</b>	<b>1,430,039</b>	-	-	-	<b>(103,140)</b>	<b>1,326,899</b>
<b>Balance, January 1, 2020</b>	<b>58,050,000</b>	<b>2,875,693</b>	-	-	-	<b>(401,543)</b>	<b>2,474,150</b>
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	-	-	-	-	612,669	-	612,669
Equity component of convertible debentures (note 7)	-	-	-	-	871,810	-	871,810
Fair value of finder's warrants (note 7)	-	-	-	-	144,678	-	144,678
Net loss and comprehensive loss for the period	-	-	-	-	-	(3,217,113)	(3,217,113)
<b>Balance, June 30, 2020</b>	<b>25,188,258</b>	<b>5,503,508</b>	<b>450,000</b>	<b>39</b>	<b>1,629,157</b>	<b>(3,618,656)</b>	<b>3,514,048</b>

*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 six months ended June 30, 2020 and 2019**

*Expressed in U.S. dollars*

	<b>Six months Ended June 30, 2020 (Unaudited) \$</b>	<b>From January 3, 2019 (incorporation) to June 30, 2019 (Unaudited) \$</b>
<b>Operating activities</b>		
Net loss for the period	(3,217,113)	(103,140)
Items not involving cash:		
Accrued interest	6,540	-
Share-based compensation	656,926	-
Share-based - Zander acquisition (Note 5)	1,466,434	
Changes in non-cash working capital balances:		
(Increase) decrease in receivables	(2,401)	-
(Increase) decrease in prepaid expenses	59,663	(82,152)
Increase (decrease) in accounts payable and accrued liabilities	427,848	(171,579)
Increase in unearned revenues	286,700	-
<b>Net cash from (used) in operating activities</b>	<b>(315,403)</b>	<b>(356,871)</b>
<b>Investing activities</b>		
Development costs incurred	(230,944)	(43,273)
License fees	(278,340)	-
<b>Net cash used in investing activities</b>	<b>(509,284)</b>	<b>(43,273)</b>
<b>Financing activities</b>		
Proceeds from subordinated voting shares issuances	555,000	1,430,039
Proceeds from convertible debenture issuances	4,437,710	-
<b>Net cash provided by financing activities</b>	<b>4,992,710</b>	<b>1,430,039</b>
Increase in cash during the period	4,168,023	1,029,895
Cash acquired on amalgamation	471,860	-
Cash, beginning of the period	879,702	-
<b>Cash, end of the period</b>	<b>5,519,585</b>	<b>1,029,895</b>

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

**Hapbee Technologies, Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six months ended June 30, 2020 and 2019**

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**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 June 30, 2020 60,547,500 common shares previously issued were cancelled and replaced by 60,547,500 Subordinated Voting Shares. During the period ended June 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 \$3,618,656 as at June 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 six months period ended June 30, 2020, the Company incurred a net loss of \$3,217,113. 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.

**Hapbee Technologies, Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six months ended June 30, 2020 and 2019**

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**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 June 30, 2020 were approved and authorized for issue by the Board of Directors on October 23, 2020.

**Hapbee Technologies, Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six months ended June 30, 2020 and 2019**

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**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.

**4. INTANGIBLE ASSETS**

During the period, 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.

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.

**Hapbee Technologies, Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six months ended June 30, 2020 and 2019**

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**4. INTANGIBLE ASSETS (CONTINUED)**

**a) Licenses (continued)**

License Agreement for certain sensory technologies

On October 30, 2019, the Company acquired a 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 six 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.

The following table outlines the Company’s intangible assets as at June 30, 2020:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	\$	\$
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
	<u>2,609,980</u>	<u>2,294,997</u>

**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

**Hapbee Technologies, Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six months ended June 30, 2020 and 2019**

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**5. ACQUISITION TRANSACTION (CONTINUED)**

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
<hr/>	
Identifiable assets acquired	\$474,273
Identifiable liabilities assumed	(1,952)
<hr/>	
Net	472,321
Share-based compensation related to services, knowledge and expertise of the Zander team	1,466,434
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Total purchase price	\$1,938,755
<hr/>	

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 of the Zander team brings to the Company. The Zander team will be able to assist the Company in understanding the Canadian market place 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**

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	\$	\$
Trade accounts payable and accrued liabilities	474,145	23,062
Amounts payable to related parties (note 11)	519,154	737,150
	<hr/>	
	993,299	760,212
	<hr/>	

## Hapbee Technologies, Inc.

### Notes to the Condensed Consolidated Interim Financial Statements For the six months ended June 30, 2020 and 2019

#### 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)
	<hr/>
Liability component recognized in convertible debentures	3,331,378
	<hr/>
Accretion and interest expense recognized	6,540
	<hr/>
Balance – June 30, 2020	\$ 3,337,918

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 June 30, 2020 includes accrued interest of \$6,540.

#### 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.

**Hapbee Technologies, Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six months ended June 30, 2020 and 2019**

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**9. SHARE CAPITAL (CONTINUED)**

**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**

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

Shares Issuance

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.

**Hapbee Technologies, Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six months ended June 30, 2020 and 2019**

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**8. SHARE CAPITAL (CONTINUED)**

Six Months Period Ended June 30, 2020

- During the six 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 six months period ended June 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.

**Hapbee Technologies, Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six months ended June 30, 2020 and 2019**

**9. STOCK OPTIONS (CONTINUED)**

The continuity of stock options for the year ended June 30, 2020 is as follows:

	Number of Options Outstanding	Weighted Average Exercise Price (\$)
Balance December 31, 2019	-	-
Granted	3,600,000	0.22
Balance June 30, 2020	<b>3,600,000</b>	<b>0.22</b>

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

Number Outstanding	Exercise Price (\$)	Remaining Contractual Life (Years)
3,600,000	0.22	7.56
3,600,000		7.56

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

**10. LOSS PER SHARE**

The weighted average number of Subordinated Voting Shares outstanding for the six months period ended June 30, 2020 was 56,102,468. 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

**Hapbee Technologies, Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six months ended June 30, 2020 and 2019**

**11. 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:

	Note	Six Months Period from January 1, 2020 to June 30, 2020	For the period from incorporation to June 30, 2019
EMulate Therapeutics Inc. – License Fees	(a)	-	\$1,530,000
EMulate Therapeutics Inc. – Development Costs	(b)	\$57,024	\$4,216
Shares issued to Emulate Therapeutics Inc.	(c)	\$1	\$1
Scott Donnell	(d)	\$80,000	-
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 14.
- (b) During the interim period ended June 30, 2020 EMulate Therapeutics Inc., an entity which has significant influence on the Company charged \$57,024 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:

	Six Months Period from January 1, 2020 to June 30, 2020	For the period from incorporation to June 30, 2019
Scott Donnell	\$21,000	-
EMulate Therapeutics Inc.	\$498,154	\$1,534,216
	\$519,154	\$1,534,216

**12. 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.

**Hapbee Technologies, Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six months ended June 30, 2020 and 2019**

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**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments consist of cash, 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 \$6,689,444 Canadian Dollars at June 30, 2020 (\$64,225 – December 31, 2019) and accounts receivable which amounted to \$3,272 Canadian Dollars at June 30, 2020 (\$Nil – December 31, 2019).

**Hapbee Technologies, Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the six months ended June 30, 2020 and 2019**

**14. 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 six months period ended June 30, 2020, the Company has paid licence fees of \$278,340.
- 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 six months period ended June 30, 2020, the Company has paid licence fees of \$Nil.

**15. GENERAL AND ADMINISTRATIVE EXPENSES**

Period Ended June 30,	2020	2019
	\$	\$
Accretion	11,486	-
Foreign exchange recovery	(67,461)	-
Marketing and selling	343,639	-
Office	78,733	8,022
Travel and entertainment	9,001	-
	375,398	8,022

**16. SUBSEQUENT EVENTS**

On July 13, 2020, the Company closed the second tranche of a non-brokered private placement of secured convertible debentures with a principal amount of \$147,420.

On July 31, 2020, the Company issued 223,073 warrants to a consultant (the Consultant”) pursuant to the consulting agreement with the Consultant.

On July 2, 2020, the Company paid the license fees balance of \$419,155 (note 14).

**HAPBEE TECHNOLOGIES, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2020**

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**General**

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Hapbee Technologies, Inc. ("Hapbee" or the "Company") for the six months ended June 30, 2020.

This interim MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2020 and 2019, the audited consolidated financial statements for the period from incorporation on January 3, 2019 to December 31, 2019, and the annual MD&A for the year ended December 31, 2019. These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

All monetary amounts are in U.S. dollars unless otherwise specified. The effective date of this MD&A is October 26, 2020.

**Forward-Looking Statements**

All statements made in this MD&A, other than statements of historical fact, are forward-looking statements. The Company's actual results may differ significantly from those anticipated in the forward-looking statements and readers are cautioned not to place undue reliance on these forward-looking statements. Except as required by law, the Company undertakes no obligation to release the results of any revisions to forward-looking statements that may be made to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events. Forward-looking statements include, but are not limited to, statements with respect to future price levels, success of technology development, success of marketing and product adoption, development time lines, currency fluctuations, requirements for additional capital, unanticipated expenses, trademark or patent disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to the integration of acquisitions; future price levels; accidents, labor disputes and other risks of the technology industry; delays in obtaining approvals or financing. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

## **History of the Company**

Hapbee Technologies, Inc. (the "Company") is a company incorporated on January 3, 2019 under the Business Corporations Act (British Columbia). The head office is located at 1055 West Hastings Street, Suite 2250, Vancouver, BC V6E 2E9. 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 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.

During May 2020, the Company entered into a definitive agreement with Zander Capital Ltd. ("Zander") and to complete a transaction structured as a three-cornered amalgamation ("Amalgamation") 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 Shares of the Company. Pursuant to the amalgamation agreement, an aggregate of 8,724,401 the Company's Subordinated Voting Shares will be issued to the shareholders of Zander. The transaction closed on June 16, 2020 with Zander becoming a wholly-owned subsidiary of the Company.

## **Business of the Company**

The Company develops wearable wellness products that enhance the human experience through magnetic field technology. Our core product, the Hapbee Wearable Wellness Product, is a wearable that "plays" or delivers unique magnetic signals, which produce sensations. These sensations fall under six broad categories including: Happy, Alert, Focus, Relax, Calm and Sleepy. The Hapbee Wearable Wellness Product can be controlled through the Hapbee App with both iOS and Android smartphones. Potentially hundreds of different sensations can be produced using patented ultra-low radio frequency energy (ulRFE).

EMulate Therapeutics, Inc ("EMulate") is a clinical-stage therapeutic device company, which has invested over fifteen years of research time and significant funds in medical technology development. They have received 32 global patents on technologies relating to the Hapbee Wearable Wellness Product. In particular, EMulate invented and patented ulRFE technology that utilizes precisely targeted ultra-low radio frequency energy to specifically regulate metabolic pathways on the molecular and genetic levels – without chemicals, radiation or drugs – delivered via simple-to-use, non-sterile, non-invasive, non-thermal, non-ionizing devices.

While EMulate remains focused on medical devices, the Company has acquired exclusive global licenses to adapt the ulRFE technology for a non-medical consumer product aimed at the wellness industry – namely, the Hapbee Wearable Wellness Product.

The science and technology behind the Hapbee Wearable Wellness Product are based on magnetically induced effects. We use a specialized process to create unique ulRFE signals that produce precise biological responses. The Company is adapting this technology for "at home", non-medical, recreational

use by consumers to alter moods and produce sensations expected to be helpful in everyday life. Certain emulated magnetic fields are played through the Hapbee Wearable Wellness Product to deliver several types of unique sensations or moods.

### Overall Performance

The following discussion of the Company's financial performance is based on the unaudited interim condensed consolidated financial statements for the six months ending June 30, 2020 and the audited consolidated financial statements for the year ended December 31, 2019.

The statement of financial position as at June 30, 2020 indicated a cash balance of \$5,519,585 (December 31, 2019 - \$879,702), receivables of \$2,401 (December 31, 2019 - \$Nil) and intangible assets of \$2,609,980 (December 31, 2019 - \$2,294,997). The increase in total assets is mainly due to the received proceeds of \$555,000 from subordinated voting shares issuances and \$4,437,710 from convertible debentures issuances and increased product development costs.

Liabilities at June 30, 2020 totaled \$4,617,918 (December 31, 2019 - \$760,212). The increase in total liabilities is mainly due to the issuances of convertible debentures in the amount of \$3,337,919 (December 31, 2019 - \$Nil). Shareholders' equity is comprised of share capital of \$5,503,547 (December 31, 2019 - \$2,875,693), reserves of \$1,629,157 (December 31, 2019 - \$Nil) and a deficit of \$3,618,656 (December 31, 2019 - \$401,543). The increase in share capital is primarily due to the issuance of shares for non-brokered private placement and the acquisition of Zander Capital Ltd.

During the six months period ended June 30, 2020, the Company reported a net loss of \$3,217,113 (\$0.057 basic and diluted loss per share) compared to a net loss of \$103,140 (\$0.003 basic and diluted loss per share) for the six months period ended June 30, 2019. Net loss for the period mainly included consulting fees of \$617,566 (June 30, 2019 - \$46,910), general and administrative of \$375,398 (June 30, 2019 - \$8,022), professional fees of \$100,789 (June 30, 2019 - \$48,208), and share-based compensation of \$656,926 (June 30, 2019 - \$Nil), and share-based - Zander acquisition of 1,466,434 (June 30, 2019 - \$Nil). The increase in net loss is due to the increased operating expenses incurred by the Company during the period and increase in share-based compensation related to the Zander transaction described below.

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"). Please refer to the section titled "Acquisition Transaction" for details.

The Company received \$1,938,755 in net assets and share-based compensation from this Amalgamation:

Identifiable assets acquired	\$474,273
Identifiable liabilities assumed	(1,952)
Net assets	472,321
Share-based compensation related to services, knowledge and expertise of the Zander team	1,466,434
Total consideration paid and net assets and services received	1,938,755

Identifiable assets include cash of \$471,860 and receivable of \$2,413. Identifiable liabilities include accounts payable of \$1,952. This Amalgamation increased the cash position of the Company. The share-based payments represent the services and knowledge related to the expertise of the Zander team brings to the Company. The Zander team will be able to assist the Company in understanding the Canadian market place 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.

## Results of operations

### Current Quarter

During the three months quarter ended June 30, 2020, the major expenses of the Company were the consulting fees of \$423,030 (June 30, 2019 - \$46,910), general and administrative of \$289,268 (June 30, 2019 - \$8,022), professional fees of \$16,913 (June 30, 2019 - \$37,386), share-based compensation of 44,257 (June 30, 2019 - \$Nil), and share-based - Zander acquisition of \$1,466,434 (June 30, 2019 - \$Nil). The increase in net loss is due to the increased operating expenses incurred by the Company during the period and the increase in share-based compensation as explained above.

### *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. In exchange for 8,724,401 Subordinated Voting Shares of the Company, the Company received \$472,321 in net assets and \$1,466,434 in share-based compensation. For accounting purposes the allocation was as follows:

Subordinated Voting shares of the Company issued	8,724,401
Fair value of consideration received	\$1,937,755
<hr/>	
Identifiable assets acquired	\$474,273
Identifiable liabilities assumed	(1,952)
<hr/>	
Net	472,321
Share-based compensation related to services, knowledge and expertise of the Zander team	1,466,434
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Total purchase price	\$1,938,755
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### Year-to-Date

During the six months period ended June 30, 2020, the Company reported a net loss of \$3,217,113 (\$0.057 basic and diluted loss per share) compared to a net loss of \$103,140 (\$0.003 basic and diluted loss per share) for the six months period ended June 30, 2019. Net loss for the period mainly included consulting fees of \$617,566 (June 30, 2019 - \$46,910), general and administrative of \$375,398 (June 30, 2019 - \$8,022), professional fees of \$100,789 (June 30, 2019 - \$48,208), share-based compensation of \$656,926 (June 30, 2019 - \$Nil), and share-based - Zander acquisition of \$1,466,434 (June 30, 2019 -

\$Nil). The increase in net loss is due to the increased operating expenses and share-based compensation incurred by the Company during the period.

Consulting expenses for the six months ended June 30, 2020 were \$617,566 as compared to \$46,910 for the same period in 2019.. The increase of \$570,656 was due to a significant increase in services being provided to the company for marketing activities and mobile application management. These services were primarily related to the Company's Hapbee Wearable Wellness Product which during the period had progressed through the development phase and was nearing the production stage by June 30, 2020. Of the total consulting expenses for the six months ended June 30, 2020, \$83,597 was related to mobile application management. The mobile application was launched on June 1, 2020. The remaining consulting fees were primarily due to marketing activities for the Hapbee Wearable Wellness Product. As of the date of this Prospectus, the campaign reached over 1,380 presold units, scheduled for shipping in July, August, September and October 2020. Refer to the "Products" section of this MD&A for additional details.

## Products

### *Hapbee Wearable Wellness Product*

A working prototype of the Hapbee Wearable Wellness Product was completed in September 2019.

The Hapbee Wearable Wellness Product weighs 4.5 ounces and comes with a micro USB-C charging and holding cradle that allows the headband to stand upright as it charges. It is designed to have eight hours of battery life for each charge. The lightweight, and low-profile design of the Hapbee Wearable Wellness Product allows users to wear the product comfortably on their heads, over the brim of a hat, or discreetly around their collars under their shirts.

The Hapbee Wearable Wellness Product allows wearers to choose how they feel by producing a variety of sensations by "playing" precise electromagnetic fields. The sensations fall under several broad categories such as: Happy, Alert, Relax, Calm, Sleepy, and Focus. The product connects to and is controlled by the customizable Hapbee App that is available for both iOS and Android compatible smartphones.

The Company retained Crown Bioscience International Inc. ("CrownBio"), a third-party contract research organization, in April and August 2019 to conduct in vivo studies for both safety and basic efficacy (behavioral response) of the electromagnetic signals. CrownBio is a global company with facilities in the United States, United Kingdom, China, and Taiwan. CrownBio used a blinded study protocol, where even lab technicians were not advised of which signals were tested on which cage of mice. The studies had 80 test subjects. Each of the cages of mice were given the unique magnetic fields at different time intervals (N=5 mice/group), and all cages were then tested with a 15-day continuous signal to gauge safety. No adverse effects were reported. Significantly, the activity levels of the mice changed based on the signal used. Among the many results/effects that were observed, the "Alert" signal caused the mice to be mildly hyperactive, the "Relax" signal caused mild hypoactivity, and the "Sleepy" signal caused the mice to be somnolescent. In addition, the blinded lab techs reported being able to guess with full accuracy which signal was being played onto each group of mice.

The first small group of Hapbee Wearable Wellness Products were designed by Product Creation Studios. These products were then circulated for beta testing to hundreds of users across the United States who provided their feedback. All six of the basic sensations were tested with the prototype and the response was decidedly positive by mostly all of the users, according to anecdotal responses and testimonials.

A soft launch of the Hapbee Wearable Wellness Product began on February 12, 2020, with a popular crowdfunding site, indiegogo.com. The “Hapbee – Choose How You Feel” campaign introduced the Hapbee Wearable Wellness Product to Indiegogo’s nine million followers and offered early-bird pricing with several product bundling options for presale. Indiegogo provided additional marketing for the Company through newsletters and social media platforms as the campaign raised certain target amounts. The campaign’s fixed goal of US\$15,000 in presales was surpassed within just 7 minutes of the campaign launch. As of the date of this Prospectus, the campaign reached over 1,380 presold units, scheduled for shipping in July, August, September and October 2020. The Company has shipped 1,335 presold units as of the date of this Prospectus.

The Company has entered into a supply agreement with Pinnacle Technology Group in Toledo, Ohio, where certain components of the Hapbee Wearable Wellness Product will be manufactured, and the product will be assembled and packed for distribution to the Company’s e-commerce partners who will receive the units through their procurement channels.

#### *Hapbee App*

A working prototype of the Hapbee App was completed in September 2019.

The Company engaged three full-time and one part-time mobile app developers and one full-time and one part-time API/Web development team to collaborate, together with several independent contractors, on the development of the Hapbee App, including how signals will be deployed and the strict security protocols for software, servers and products. The Hapbee App currently has over 2051 unique builds and updates and has been cleared for commercial launch.

The signals themselves, which are played on the Hapbee Wearable Wellness Products, are security protected using encryption standards such as AES 128-bit song encryption keys, 128-bit device communication encryption keys and 2048 key length using RSA1 and ECDSA2 encryption providers on the Company’s server resources. Songs are transferred from EMulate via Secure HTTPS to our secure server hosted by Microsoft Azure to distribute to users via the Hapbee App and transferred to each product using a secure device key determined by the manufacturer (over the Bluetooth LE frequency).

The Company has also developed a protective song encryption tool for enhanced software security. The Company will be able to encrypt songs using the specifications of our product, and there is no reliance on a third-party vendor to create updates, nor are there security violations inside the encryption tool that would compromise the product. The utility for song encryption uses Microsoft .NET Framework and Windows Desktop Platform to ensure the highest security. Subscriber data, which includes basic contact information, is encrypted and saved on the Company’s secure server.

In addition to platform security protection through encryption protocols, which protect the loading and playing of the signals through the Hapbee App onto the Hapbee Wearable Wellness Products, the product is also sealed through sonic welding, and if broken open or tampered with, the product and embedded signals are rendered useless.

The Hapbee App will allow the Company to collect trends on user habits including time of day plays, duration, and other demographics. The Hapbee App will also give the Company the opportunity to

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<sup>1</sup> Rivest–Shamir–Adleman (“RSA”) is one of the first public-key cryptosystems and is widely used for secure data transmission.

<sup>2</sup> Elliptic Curve Digital Signature Algorithm (“ECDSA”) offers a variant of the Digital Signature Algorithm (DSA) which uses elliptic curve cryptography.

cobrand and release new signals with other companies for products such as VR, float pod, pillow and mattress companies.

The Hapbee App stores all available predictable electromagnetic signals on a “playlist” that can be accessed via a monthly subscription which is priced according to the features included. Currently, signals can be added, updated and removed on the fly, and the app can specify suggested play time on a per signal basis. The Hapbee App will launch with six signals that fall in the broad categories: Happy, Alert, Calm, Relax, Sleepy, Focus. At the time of this Prospectus, there are seven more signals related to performance, sleep, and memory function, amongst others that are in research and development. The Company's research and development team is evaluating additional signals to potentially license from EMulate. Consumer feedback will determine the priority of the development of additional signals. Features such as controlling signal intensity, scheduling signal playtimes or mixing custom signal “playlists” are also on the research and development agenda.

### *Research and Development*

To date, the Company estimates that approximately \$1,079,980 have been spent on the creation of the Hapbee Wearable Wellness Product and the Hapbee App. Management has planned ongoing form factor and application development to increase the portfolio of sensations that are available to users.

Over the next 12 to 18 months, the Company's goal is to release a new signal every quarter. Currently there are seven additional signals in evaluation stages while other signals are being investigated with respect to optimizing their strength.

The prototype of the current form factor is a headband/necklace product. With the advent of new material such as flexible battery and circuit electronics and electronics integrated into washable fabrics, the Company is considering developing form factors for activity-specific application such as a helmet or a yoga mat for relaxation or a pillowcase for sleep.

### Intangible Assets

During the year, 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 agreed to pay 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.

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, second amended and restated exclusive license agreement with EMulate was signed by the Company. As per the second 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.

License Agreement for certain sensory technologies

On October 30, 2019, the Company acquired a 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, a second amended and restated exclusive license agreement with EMulate was signed by the Company. As per the second 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 six 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.

The following table outlines the Company’s intangible assets as at June 30, 2020:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
	\$	\$
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
	<u>2,609,980</u>	<u>2,294,997</u>

Deferred Revenue

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

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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.

As of June 30, 2020, the Company has recorded unearned revenue of \$286,700 representing 1,300 units. As of the date of this Prospectus, the Company shipped all these units and earned \$286,700 that was unearned revenue as of June 30, 2020.

### Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company for the four most recent quarters of operation. This information is derived from unaudited quarterly financial statements prepared by management. The financial data for the quarters ended from January 3, 2019, to June 30, 2020, are prepared in accordance with IFRS.

	2 <sup>nd</sup> Quarter 2020 June 30, 2020	1 <sup>st</sup> Quarter 2020 March 30, 2020	4 <sup>th</sup> Quarter 2019 December 31, 2019	3 <sup>rd</sup> Quarter 2019 September 30, 2019	2 <sup>nd</sup> Quarter 2019 June 30, 2019	1 <sup>st</sup> Quarter 2019 March 30, 2019
Total revenue	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Net loss from continuing operations	(\$2,239,902)	(\$977,211)	(\$192,050)	(\$106,353)	(\$92,318)	(\$10,822)
Net loss from continuing operations per common share outstanding – basic & diluted	(\$0.042)	(\$0.017)	(\$0.004)	(\$0.002)	(\$0.002)	(\$0.000)
Net income loss	(\$2,239,902)	(\$977,211)	(\$192,050)	(\$106,353)	(\$92,318)	(\$10,822)
Net income loss per common share outstanding - basic	(\$0.042)	(\$0.017)	(\$0.004)	(\$0.002)	(\$0.002)	(\$0.000)

Overall, consulting fees, general and administrative (including advertising & marketing), professional fees and share-based compensation were the major components that caused variances in net losses from quarter to quarter. During the three months quarter ended June 30, 2020, the major expenses of the Company were the consulting fees of \$423,030, general and administrative of \$289,268, professional fees of \$16,913, share-based compensation of \$44,257, and share-based Zander acquisition of \$1,466,434.

### Liquidity and Capital Resources

The Company had working capital of \$4,241,987 (December 31, 2019 – \$179,153) as at June 30, 2020. Cash as at June 30, 2020 was \$5,519,585, as compared with \$879,702 at December 31, 2019.

During the six months ended June 30, 2020, the Company received proceeds of \$555,000 from subordinated voting shares issuances and \$4,437,710 from convertible debentures issuances (December 31, 2019 - \$Nil).

During the six months ended June 30, 2020, the Company experienced cash outflows of \$315,403 (2019 – \$356,871) from operating activities. Cash outflows from investing activities were \$509,284 versus \$43,273 for 2019. Financing activities realized inflows of \$4,992,710 (2019 – \$1,430,039) and included proceeds of \$555,000 from subordinated voting shares issuances and \$4,437,710 from convertible debentures issuances.

The Company has financed its operations to date primarily through the issuance of its shares and convertible debentures. The Company believes that it has sufficient working capital for its short-term corporate obligations but generation of additional capital will be required for future operations until sufficient revenue can be generated from the Company's sales of its wearable wellness products. As the Company cannot predict the time at which revenue will exceed expenses, the Company continues to seek capital through various means including the issuance of equity and/or debt.

In management's view, given the nature of the Company's operations, which consist of the development of the wearable wellness products, the most relevant financial information relates primarily to current liquidity, solvency and planned development expenditures. The Company's financial success will be dependent upon the extent to which it can complete development of its current product and the user absorption the product receives. Such development may take longer than expected and the amount of resulting revenue, if any, is difficult to determine. The value of the core product is largely dependent upon many factors beyond the Company's control.

### Off Balance Sheet Transactions

There are currently no off balance sheet arrangements which could have a material effect on current or future results of operations, or the financial condition of the Company.

### 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	Six Months Period from January 1, 2020 to June 30, 2020	For the period from incorporation to June 30, 2019
EMulate Therapeutics Inc. – License Fees	(a)	-	\$1,530,000
EMulate Therapeutics Inc. – Development Costs	(b)	\$57,024	\$4,216
Shares issued to Emulate Therapeutics Inc.	(c)	\$1	\$1
Scott Donnell	(d)	\$80,000	-
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.
- (b) During the interim period ended June 30, 2020 EMulate Therapeutics Inc., an entity which has significant influence on the Company charged \$57,024 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:

	June 30, 2020	December 31, 2019
Scott Donnell	\$21,000	-
EMulate Therapeutics Inc.	\$498,154	\$1,534,216
	\$519,154	\$1,534,216

### **Proposed Transactions**

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the condensed consolidated interim financial statements for the six months ended June 30, 2020.

### **Critical Accounting Judgments and Estimates**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical accounting judgments and estimates in applying accounting policies that have the most significant impact on the amounts recognized in the consolidated financial statements are outlined below.

#### *Share-based payments*

The Company makes certain estimates and assumptions when calculating the estimated fair values of stock options granted and warrants issued. The significant assumptions used include estimates of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the expense recorded for grants of stock options and the issuance of warrants.

#### *Deferred income taxes*

The Company is periodically required to estimate the tax base of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period of changes.

Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives. Levels of future taxable income are affected by, among other things, the market price for commodities, production costs, quantities of proven and probable reserves, interest rates, and foreign currency exchange rates.

#### *Going concern*

The determination of the Company's ability to continue as a going concern requires the Company to make certain judgements about whether the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

### *Capitalization of intangible assets*

Management is required to use judgement in determining the economic useful lives of identifiable intangible assets and the capitalization of costs for internally generated intangible assets is subject to judgment including the technical feasibility, timeframe to commercialization, assessment of availability of resources to complete the project, and if economic benefits will be generated from its use. Management is required to use judgement in determining the economic useful lives of identifiable intangible assets. Judgement is also required in identifying indicators of impairment of the Company's intangible assets.

### **Change in Accounting Policies including Initial Adoption**

Please refer to Note 3 of the Company's 2019 audited annual consolidated financial statements and the Company's condensed consolidated interim financial statements for the six months ended June 30, 2020 for more information regarding the Company's significant accounting policies and changes.

### **Financial Instruments and Risk Management**

The Company's financial instruments consist of cash, 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 \$6,689,444 Canadian Dollars at June 30, 2020 (\$64,225 – December 31, 2019) and accounts receivable which amounted to \$3,272 Canadian Dollars at June 30, 2020 (\$Nil – December 31, 2019).

### **Disclosure of Outstanding Share Data**

The following information relates to share data of the Company as at the date of this MD&A:

#### **(A) 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**

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").

As at the date of this MD&A, the Company has 25,188,258 Subordinated Voting Shares issued and outstanding and 450,000 Multiple Voting Shares issued and outstanding.

### **(B) 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.

On January 20, 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.

As at the date of this MD&A, the Company has 3,600,000 stock options issued and outstanding.

### **(C) Warrants**

As at the date of this MD&A, the Company has 924,023 Finder's Warrants issued and outstanding. Please make reference to the section titled "Convertible Debentures" below.

As at the date of this MD&A, the Company has 223,073 warrants issued and outstanding. Each warrant will be exercisable into one Subordinate Voting Share for a period of two years at an exercise price of \$0.30 per Subordinate Voting Share.

### **(D) Convertible Debentures**

On June 25, 2020, the Company closed the first tranche of 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)

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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.

In conjunction with the issuance, the Company incurred issuance costs of \$348,090 consisting of finder’s fee of \$45,886 in cash, 716,357 finder’s Subordinated Voting Shares and 924,024 finder’s warrants (Finder’s Warrant). 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 of the Finder’s Warrant.

On July 13, 2020, the Company closed the second tranche of a non-brokered private placement of secured convertible debentures with a principal amount of \$147,420.

Additional Disclosure for Venture Issuers without Significant Revenue

The Company has incurred development costs of \$1,079,980 related to Hapbee Wearable Wellness Product as of June 30, 2020 (December 31, 2019 - \$764,997). The breakdown of material components is:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Device Development	\$840,293	\$668,009
Tooling and Production	88,050	2,375
Signal Development and Safety Testing	151,637	94,613
	<b>\$1,079,980</b>	<b>\$764,997</b>

Device development of \$840,293 (December 31, 2019 - \$668,009) consisted mainly of consulting fees of \$779,505 (December 31, 2019 - \$618,756) and parts and shipping of \$60,788 (December 31, 2019 - \$49,253).

**APPENDIX B**  
**AUDIT COMMITTEE CHARTER**



## **HAPBEE TECHNOLOGIES, INC.**

### **AUDIT COMMITTEE CHARTER**

#### **PURPOSE**

Hapbee Technologies, Inc. (the “**Company**”) shall appoint an audit committee (the “**Committee**”) to assist the board of directors (the “**Board**”) of the Company in fulfilling its responsibilities of oversight and supervision of the accounting and financial reporting practices and procedures on behalf of the Company and its direct and indirect subsidiaries, the adequacy of internal accounting controls and procedures, and the quality and integrity of the financial statements of the Company. In addition, the Committee is responsible for overseeing the audits of the financial statements of the Company, for directing the auditors’ examination of specific areas, for the selection of the independent external auditors of the Company and for the approval of all non-audit services for which the auditors of the Company may be engaged.

#### **I. STRUCTURE AND OPERATIONS**

The Committee shall be composed of at least three members, each of whom shall be a director of the Company, and at least a majority of which shall not be executive officers, employees, or control persons of the Company or any of the Company’s associates or affiliates. In addition, the Committee shall endeavor to include a majority of members who meet the standard of “independence” as defined in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”).

Each member of the Committee shall satisfy, or work towards satisfying, the “financial literacy” requirement of NI 52-110, by having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that can reasonably be expected to be raised by the financial statements of the Company.

The members of the Committee shall be annually appointed by the Board and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority of the Board.

#### **II. CHAIR OF THE COMMITTEE**

Unless the Board elects a Chair of the Committee, the members of the Committee shall designate a Chair by the majority vote of the full Committee membership.

The Chair of the Committee shall:

- (a) Call and conduct the meetings of the Committee;
- (b) Be entitled to vote to resolve any ties;
- (c) Prepare and forward to members of the Committee the agenda for each meeting of the Committee, and include, in the agenda, any items proposed for inclusion in the agenda by any member of the Committee;
- (d) Review with the Chief Financial Officer (“**CFO**”) and the auditors for the Company any matters referred to the Chair by the CFO or the auditors of the Company;

- (e) Appoint a secretary, who need not be a member of the Committee, to take minutes of the meetings of the Committee; and
- (f) Act in a manner such that the Committee meetings are conducted in an efficient, effective and focused manner.

### **III. MEETINGS**

The Committee shall meet at least quarterly or more frequently as circumstances dictate. As part of its goal to foster open communication, the Committee shall periodically meet with management and the external auditors in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. The Committee may meet privately with outside counsel of its choosing and the CFO of the Company, as necessary. In addition, the Committee shall meet with the external auditors and management quarterly to review the Company's financial statements in a manner consistent with that outlined in this Charter.

The Committee may invite to its meetings any partners of the Company, management and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

A majority of the Committee members, but not less than two, shall constitute a quorum. A majority of members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or videoconference and may take action by unanimous written consent with respect to matters that may be acted upon without a formal meeting.

The Committee shall maintain minutes or other records of meetings and activities of the Committee.

Notice of the time and place of every meeting shall be given in writing or electronic communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting provided however, that a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

### **IV. RESPONSIBILITIES, DUTIES AND AUTHORITY**

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal and other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of this Committee.

The Committee in discharging its oversight role is empowered to investigate any matter of interest or concern that the Committee deems appropriate. In this regard, the Committee shall have the authority to retain outside counsel, accounting or other advisors for this purpose, including authority to approve the fees payable to such advisors and other terms of retention. In addition, the Committee shall have the authority to communicate directly with both external and internal auditors of the Company.

The Committee shall be given full access to the Board, management, employees and others, directly and indirectly responsible for financial reporting, and external auditors, as necessary, to carry out these responsibilities. While acting within the scope of this stated purpose, the Committee shall have all the authority of the Board.

The Committee shall be responsible for assessing the range of financial and other risks to the business and affairs of the Company that the Board shall focus on, and make recommendations to the Board about how appropriate responsibilities for continuing to identify, monitor and manage these risks are to be delegated. The Committee shall review and discuss with management and the internal and external auditors all major financial risk exposures and the steps management has taken to monitor/control those exposures. In addition, the Committee shall encourage continuous improvement of, and foster adherence to, the Company's financial policies, procedures and practices at all

levels in the organization; and provide an avenue of communication among the external auditors, management and the Board.

Absent actual knowledge to the contrary (which shall promptly reported to the Board), each member of the Committee shall be entitled to rely on: (i) the integrity of those persons or organizations within and outside the Company from which it receives information; (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations; and (iii) representations made by management and the external auditors, as to any information technology, internal audit and other non-audit services provided by the external auditors to the Company and its subsidiaries.

## **V. SPECIFIC RESPONSIBILITIES AND ACTIVITIES**

### **A. Document Reports/Reviews**

1. *Annual Financial Statements.* The Committee shall review with management and the external auditors, both together and separately, prior to public dissemination:

- (a) the annual audited consolidated financial statements;
- (b) the external auditors' review of the annual consolidated financial statements and their report;
- (c) any significant changes that were required in the external audit plan;
- (d) any significant issues raised with management during the course of the audit, including any restrictions on the scope of activities or access to information; and
- (e) those matters related to the conduct of the audit that are required to be discussed under generally accepted auditing standards applicable to the Company.

Following completion of the matters contemplated above and in Section 15, the Committee shall make a recommendation to the Board with respect to the approval of the annual financial statements with such changes contemplated and further recommended, as the Committee considers necessary.

2. *Interim Financial Statements.* The Committee shall review with management and may review with the external auditors, both together and separately, prior to public dissemination, the interim unaudited consolidated financial statements of the Company, including to the extent the Committee considers appropriate, a discussion with the external auditors of those matters required to be discussed under generally accepted auditing standards applicable to the Company.

3. *Management's Discussion and Analysis.* The Committee shall review with management and the external auditors, both together and separately prior to public dissemination, the annual Management's Discussion and Analysis of Financial Condition and Results of Operations ("**MD&A**") and the Committee shall review with management and may review with the external auditors, interim MD&A.

4. *Approval of Annual MD&A, Interim Financial Statements and Interim MD&A.* The Committee shall make a recommendation to the Board with respect to the approval of the annual MD&A with such changes contemplated and further recommended by the Committee as the Committee considers necessary. In addition, the Committee shall approve the interim financial statements and interim MD&A of the Company, if the Board has delegated such function to the Committee. If the Committee has not been delegated this function, the Committee shall make a recommendation to the Board with respect to the approval of the interim financial statements and interim MD&A with such changes contemplated and further recommended as the Committee considers necessary.

5. *Press Releases.* With respect to press releases by the Company:
  - (a) The Committee shall review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information.
  - (b) The Committee shall review with management, prior to public dissemination, the annual and interim earnings press releases (paying particular attention to the use of any "pro forma" or "adjusted non-IFRS" information) as well as any financial information and earnings guidance provided to analysts and rating agencies.
  - (c) The Committee shall be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than public disclosure referred to in Section V.A.4 of this Charter, and periodically assess the adequacy of those procedures.
6. *Reports and Regulatory Returns.* The Committee shall review and discuss with management, and the external auditors to the extent the Committee deems appropriate, such reports and regulatory returns of the Company as may be specified by law.
7. *Other Financial Information.* The Committee shall review the financial information included in any prospectus, annual information form or information circular with management and, at the discretion of the Committee, the external auditors, both together and separately, prior to public dissemination, and shall make a recommendation to the Board with respect to the approval of such prospectus, annual information form or information circular with such changes contemplated and further recommended as the Committee considers necessary.

**B. Financial Reporting Processes**

8. *Establishment and Assessment of Procedures.* The Committee shall satisfy itself that adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from the financial statements of the Company and assess the adequacy of these procedures annually.
9. *Application of Accounting Principles.* The Committee shall assure itself that the external auditors are satisfied that the accounting estimates and judgements made by management, and their selection of accounting principles reflect an appropriate application of such accounting principles.
10. *Practices and Policies.* The Committee shall review with management and the external auditors, together and separately, the principal accounting practices and policies of the Company.

**C. External Auditors**

11. *Oversight and Responsibility.* In respect of the external auditors of the Company:
  - (a) The Committee, in its capacity as a committee of the Board, shall be directly responsible for, or if required by Canadian law shall make recommendations to the Board with respect to, the appointment, compensation, retention and oversight of the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditors regarding financial reporting.
  - (b) The Committee is directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditors regarding financial reporting.

12. *Reporting.* The external auditors shall report directly to the Committee and are ultimately accountable to the Committee.
13. *Annual Audit Plan.* The Committee shall review with the external auditors and management, together and separately, the overall scope of the annual audit plan and the resources the external auditors will devote to the audit. The Committee shall annually review and approve the fees to be paid to the external auditors with respect to the annual audit.
14. *Non-Audit Services.*
  - (a) “Non-audit services” means all services performed by the external auditors other than audit services. The Committee shall pre-approve all non-audit services to be provided to the Company or its subsidiaries by the Company’s external auditor and permit all non-audit services, other than non-audit services where:
    - (i) the aggregate amount of all such non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the Company’s external auditor during the fiscal year in which the services are provided;
    - (ii) the Company or its subsidiary, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
    - (iii) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals had been delegated by the Committee.
  - (b) The Committee may delegate to one or more members of the Committee the authority to grant such pre-approvals for non-audited services. The decisions of such member(s) regarding approval of “non-audit” services shall be reported by such member(s) to the full Committee at its first scheduled meeting following such pre-approval.
  - (c) The Committee shall adopt specific policies and procedures for the engagement of the non-audit services if:
    - (i) the pre-approval policies and procedures are detailed as to the particular services;
    - (ii) the Committee is informed of each non-audit service; and
    - (iii) the procedures do not include delegation of the Committee’s responsibilities to management.
15. *Independence Review.* The Committee shall review and assess the qualifications, performance and independence of the external auditors, including the requirements relating to such independence of the law governing the Company. At least annually, the Committee shall receive from the external auditors, a formal written statement delineating all relationships between the Company the external auditors, actively engage in a dialogue with the external auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor, and, if necessary, recommend that the Board takes appropriate action to satisfy themselves of the external auditors’ independence and accountability to the Committee. In evaluating the performance of the external auditors, the Audit Committee shall evaluate the performance of the external auditors’ lead partner, and shall ensure the rotation of lead partners as required by law.

**D. Internal Controls.**

Management shall be required to provide the Committee, at least annually, a report on internal controls, including reasonable assurance that such controls are adequate to facilitate reliable and timely financial information. The Committee shall also review and follow-up on any areas of internal control weakness identified by the external auditors with the auditors and management.

**E. Reports to Board**

16. *Reports.* In addition to such specific reports contemplated elsewhere in this Charter, the Committee shall report regularly to the Board regarding such matters, including:

- (a) with respect to any issues that arise with respect to the quality or integrity of the financial statements of the Company, compliance with legal or regulatory requirements by the Company, or the performance and independence of the external auditors of the Company;
- (b) following meetings of the Committee; and
- (c) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities.

17. *Recommendations.* In addition to such specific recommendations contemplated elsewhere in this Charter, the Committee shall provide such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such report.

**F. Whistle Blowing**

18. *Procedures.* The Committee shall establish procedures for:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

19. *Notice to Employees.*

- (a) To comply with the above, the Committee shall ensure each of the Company and its subsidiaries advises all employees, by way of a written code of business conduct and ethics (the "**Code**"), or if such Code has not yet been adopted by the respective board, by way of a written or electronic notice, that any employee who reasonably believes that questionable accounting, internal accounting controls, or auditing matters have been employed by the Company or their external auditors is strongly encouraged to report such concerns by way of communication directly to the Chair. Matters referred may be done so anonymously and in confidence.
- (b) None of the Company or its subsidiaries shall take or allow any reprisal against any employee for, in good faith, reporting questionable accounting, internal accounting, or auditing matters. Any such reprisal shall itself be considered a very serious breach of this policy.
- (c) All reported violations shall be investigated by the Committee following rules of procedure and process as shall be recommended by outside counsel.

**G. General**

20. *Access to Advisers and Funding.* The Committee shall have the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties. The Company shall provide appropriate funding, as determined by the Committee, for payment of (a) compensation to any external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (b) compensation to any advisers employed by the Committee; and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
21. *Hiring of Partners and Employees of External Auditors.* The Committee shall annually review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
22. *Forward Agenda.* The Committee may annually develop a calendar of activities or forward agenda to be undertaken by the Committee for each ensuing year and to submit the calendar/agenda in the appropriate format to the Board of Directors following each annual general meeting of shareholders.
23. *Annual Performance Evaluation.* The Committee shall perform a review and evaluation, annually, of the performance of the Committee and its members, including a review of the compliance of the Committee with this Charter. In addition, the Committee shall evaluate, annually, the adequacy of this Charter and recommend any proposed changes to the Board.
24. *Related Party Transactions.* The Committee shall annually review transactions involving directors and officers, including a review of travel expenses and entertainment expenses, related party transactions and any conflicts of interests.
25. *General.* The Committee shall perform such other duties and exercise such powers as may, from time to time, be assigned or vested in the Committee by the Board, and such other functions as may be required of an audit committee by law, regulations or applicable stock exchange rules.

**This Charter was approved by the Board on June 25, 2020.**

**CERTIFICATE OF HAPBEE TECHNOLOGIES, INC.**

Dated: October 26, 2020

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

*"Scott Donnell"*

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Scott Donnell  
Chief Executive Officer

*"Herrick Lau"*

\_\_\_\_\_  
Herrick Lau  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

*"Robert Dzisiak"*

\_\_\_\_\_  
Robert Dzisiak  
Director

*"Mark Timm"*

\_\_\_\_\_  
Mark Timm  
Director

## CERTIFICATE OF THE PROMOTER

Dated: October 26, 2020

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

*"Scott Donnell"*

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Scott Donnell