KDA GROUP INC.

Condensed Consolidated Interim Financial Statements
(Unaudited)

For the Six-months ended January 31st, 2023

Condensed Consolidated Interim Financial Statements

KDA GROUP INC.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited)

	January 31, 2023	July 31, 2022
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**1,157,969**	2,737,141
Trade receivables	**5,371,892**	5,044,522
Work in progress	**88,000**	-
Prepaid expenses	**180,940**	96,911
Income taxes receivables	**161,262**	-
Loans receivable from shareholders, without interest	**3,280**	3,080
	6,963,343	5,845,219
Non-current assets		
Property and equipment	**86,337**	99,304
Intangible assets	**11,085,362**	10,162,836
Goodwill	**6,310,861**	6,310,861
Deferred tax assets	**2,409,271**	2,409,271
Right of use assets	**1,649,855**	1,802,867
	21,741,685	20,785,139
TOTAL ASSETS	**28,705,029**	28,666,793

KDA GROUP INC.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited)

	January 31, 2023	July 31, 2022
	$	$
LIABILITIES		
Current liabilities		
Trade and other payables	**3,283,277**	4,222,669
Due to third-party	**128,453**	128,453
Deferred revenues	**2,181,967**	1,697,350
Income taxes payable	**-**	8,584
Preferred shares	**8,243,848**	7,873,881
Current maturity of long-term debt (note 3)	**8,755,205**	8,219,594
Current maturity of lease liabilities	**290,408**	290,408
	22,883,158	22,440,939
Non-current liabilities		
Long-term debt (note 3)	**4,246,548**	4,590,563
Lease liabilities	**1,420,496**	1,563,915
Deferred tax liabilities	**274,260**	274,260
	5,941,304	6,428,738
TOTAL LIABILITIES	**28,824,462**	28,869,677
DEFICIENCY		
Share capital (note 4)	**30,087,453**	29,904,954
Contributed surplus	**4,744,032**	2,866,272
Deficiency attributable to shareholders	**(34,950,947)**	(32,974,139)
Equity attributable to non-controlling interest	**29**	29
TOTAL DEFICIENCY	**(119,433)**	(202,884)
TOTAL LIABILITIES AND DEFICIENCY	**28,705,029**	28,666,793

Contingencies (note 11)

Approved on behalf of the Board:

(Signed)	*(Signed)*
Michael W. Kinley, Director	Luc Olivier, CFO

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

KDA GROUP INC.

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

	Three-months ended January 31, 2023	Three-months ended January 31, 2022	**Six-months ended January 31, 2023**	Six-months ended January 31, 2022
	$	$	**$**	$
Revenues (note 6)	**8,366,709**	6,676,085	**15,119,450**	12,221,042
Cost of revenues	**6,230,187**	4,666,440	**11,141,131**	8,865,946
Gross Margin	**2,136,522**	2,009,645	**3,978,319**	3,355,096
Selling and administrative expenses (note 7)	**1,344,824**	1,498,453	**2,517,426**	3,345,410
Income (Loss) before depreciation and amortization	**791,698**	511,192	**1,460,893**	9,686
Amortization and depreciation	**155,946**	87,022	**311,416**	188,121
Gain on disposal of assets	**-**	(6,438)	**-**	(6,438)
Operating income (loss) before following	**635,752**	420,608	**1,149,477**	(171,997)
Net finance expenses (income)				
Financial costs	**192,896**	197,376	**344,792**	452,502
Accrued interest	**166,838**	196,753	**330,076**	490,532
Accreted interest	**189,243**	911,597	**374,170**	2,026,817
Amortization of financing costs	**19,412**	37,274	**44,377**	45,236
Income (Loss) income before income tax (recovery) expense	**67,363**	(922,392)	**56,062**	(3,187,084)
Income taxes expenses	**101,020**	-	**129,020**	-
Deferred income tax recovery	**-**	(11,000)	**-**	(286,000)
Net income (loss) and comprehensive income (loss)	**(33,657)**	(911,392)	**(72,958)**	(2,901,084)
Net income (loss) and comprehensive income (loss) attributable to:				
Equity holders of KDA Group Inc.	**(33,657)**	(911,392)	**(72,958)**	(2,901,084)
Non-controlling interest	**-**	-	**-**	-
	(33,657)	(911,392)	**(72,958)**	(2,901,084)
Income (Loss) per share to equity holders of KDA Group Inc. from continued operations				
Basic and diluted	**(0,00)**	(0,01)	**(0,00)**	(0.02)

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

KDA GROUP INC.

Condensed Consolidated Interim Statements of Changes in Deficiency
For the Six-months period ended January 31, 2023, and 2022
(Unaudited)

					Total Deficiency attributable to shareholders					
	Number of shares	Class "A" Common shares	Contributed surplus	Warrants reserve	Premium on convertible shares and debentures	Deficiency	Total	Other comprehensive loss	Non controlling Interest	Total equity (deficiency)
	#	$	$	$	$	$	$	$	$	$
Balance on July 31, 2022	**148,140,947**	**29,904,954**	**2,866,272**	**1,903,851**	**(2,274,216)**	**(32,603,774)**	**(32,974,139)**	-	**29**	**(202,884)**
Issuance of shares	1,825,000	182,500	(182,500)	-	-	-	-	-	-	**-**
Warrants expired	-	-	1,903,851	(1,903,851)	-	-	(1,903,851)	-	-	**-**
Stock-based compensation	-	-	156,409	-	-	-	-	-	-	**156,409**
Net income (loss)	-	-	-	-	-	(72,958)	(72,958)	-	-	**(72,958)**
Balance on January 31, 2023	**149,965,947**	**30,087,453**	**4,744,032**	**-**	**(2,274,216)**	**(32,676,731)**	**(94,950,947)**	**-**	**29**	**(119,433)**
Balance on July 31, 2021	**147,540,947**	**29,799,954**	**1,652,133**	**2,776,489**	**(2,274,216)**	**(28,041,446)**	**(27,539,173)**	-	**29**	**3,912,943**
Issuance of shares	500,000	80,000	-	113,751	-	-	113,751	-	-	**193,751**
Options exercised	100,000	25,000	-	-	-	-	-	-	-	**25,000**
Stock-based compensation	-	-	140,982	-	-	-	-	-	-	**140,982**
Net loss	-	-	-	-	-	(2,901,084)	(2,901,084)	-	-	**(2,901,084)**
Balance on January 31, 2022	**148,140,947**	**29,904,954**	**1,793,115**	**2,890,240**	**(2,274,216)**	**(30,942,530)**	**(30,326,506)**	**-**	**29**	**1,371,592**

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

KDA GROUP INC.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)

	January 31, 2023	January 31, 2022
	$	$
Cash flows from operating activities:		
Net profit (loss) for the period	**(72,958)**	(2,901,084)
Adjustments for:		
Deferred income tax expenses (recovery)	**-**	(286,000)
Accrued interest	**670,076**	490,532
Accreted interest	**34,170**	2,026,817
Financing fees – Warrants	**-**	113,751
Amortization of financing fees	**44,377**	71,467
Amortization and depreciation	**311,416**	188,121
Gain of disposal of assets	**-**	(6,438)
Share-based compensation	**156,409**	220,982
Write-down of advances receivables	**14,975**	-
	1,158,465	(118,288)
Changes in non-cash elements of working capital	**(1,139,200)**	(811,236)
	19,265	(899,524)
Cash flows from investing activities:		
Investments	**(200,000)**	-
Additions to property and equipment	**(6,061)**	(17,709)
Disposal of property and equipment	**-**	30,000
Additions to intangibles assets	**(1,061,900)**	(1,088,007)
	(1,267,961)	(1,075,716)
Cash flows from financing activities:		
Proceeds from long-term debt, net of issuance costs	**-**	5,816,353
Repayment of long-term debt	**(187,059)**	(1,780,266)
Repayment of lease liabilities	**(143,419)**	(16,272)
Exercise of warrants and stock options	**-**	25,000
Decrease in the bank indebtedness	**-**	(980,000)
	(330,478)	2,964,254
Net increase (decrease) in cash and cash equivalents	**(1,579,172)**	989,014
Cash and cash equivalent, beginning of the period	**2,737,141**	1,717,150
Cash and cash equivalent, end of the period	**1,157,969**	2,706,164

1. Reporting entity and going concern

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

The Condensed Consolidated Interim financial statements of the Corporation for the Six-months ended January 31, 2023, include the Corporation and its subsidiaries. The Corporation provides a range of solutions and services to pharmacies and pharmaceutical companies in Canada as well as technological platform for the health industry.

These Condensed Consolidated Interim financial statements have been prepared based on accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they become due. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

For the Six-months ended January 31, 2023, the Corporation reported a net income and comprehensive income of $92,369 (net loss and comprehensive loss of $2,901,084 in 2022), a negative working capital of $15,634,486 ($14,559,285 as of July 31, 2022) and an accumulated deficit attributable to shareholders of $32,881,772 at that date ($32,974,139 as of July 31, 2022).

The Corporation’s recent operating results lend significant doubt as to the ability of the Corporation to meet its obligations as they come due, more specifically toward the promissory notes and preferred shares totaling $15,105,595 held by a shareholder and maturing on December 31, 2022, and accordingly the appropriateness of the use of the accounting principles applicable to a going concern.

Management is implementing several initiatives to improve its financial structure, drive increased revenues and improve operating profitability. The ability of KDA to ultimately achieve its business plan in the longer term is dependent on some factors outside KDA management’s control. These undertakings, while significant, may not be sufficient in and of themselves to enable the Corporation to fund all aspects of its operations and, accordingly, management may need to pursue other financing alternatives to fund the Corporation’s operations, so it can continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and financial position classifications that would be necessary if the Corporation were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Basis of preparation

a) Statement of compliance:

These Condensed Consolidated Interim financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board ("IASB") and with IAS 34 Interim Financial Reporting. These Condensed Consolidated Interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the most recent audited annual consolidated financial statements and the notes thereto for the year ended July 31, 2022.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on March 22, 2023.

b) Basis of measurement:

These Condensed Consolidated Interim financial statements have been prepared on the historical cost basis except for the following material item in the Condensed Consolidated Interim statements of financial position:

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

The Condensed Consolidated Interim financial statements have been prepared on a going concern basis, meaning the Corporation would be able to realize its assets and discharge its liabilities in the normal course of action.

c) Functional and presentation currency

The Condensed Consolidated Interim financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

d) Use of estimates and judgements

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

The significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those described in the July 31, 2022, audited annual financial statements.

3. Long-term debt

	On January 31, 2023	On July 31, 2022
Promissory notes (1) with a shareholder, secured by a second ranking hypothec on all present and future property of the Corporation, bearing interest at 9%, (maturing December 31, 2022	**6,861,747**	6,550,599
Loan from a private lending institution, bearing interest at 9.95%, secured by a first ranking hypothec on all present and future property of the Corporation, maturing on August 1, 2023	**4,772,893**	5,124,403
Convertible debentures (2), bearing interest at 10%, unsecured maturing on June 23, 2023	**721,076**	689,339
Balance of purchase price, non-interest bearing, repayable by annual instalments of $320,000, matured in August 2021	**311,287**	311,287
Balance of purchase price, non-interest bearing, repayable by monthly instalments of $10,000, matured in June 2024 (3)	**200,000**	-
Loan without interest, secured by the federal government, no instalments if reimbursement occur before December 31, 2023, the Corporation will receive a subvention of $60,000 (4)	**120,000**	117,567
Other loans, bearing interest at 7.74%, repayable by monthly instalments of $472 and maturing in December 2025	**14,750**	16 962
Subtotal	**13,001,753**	12,810,157
Less: Current maturity of long-term debt	**8,755,205**	8,219,594
Total long-term debt portion	**4,246,548**	4,590,563

3. Long-term debt (continued)

(1) On July 31, 2021, the Corporation entered into an agreement with the holders of the promissory notes and preferred shares. In accordance with this agreement, the bearing interest is 9% starting July 31, 2021 (previously 18% annually). A crediting factor is applicable on repayment. These notes are no longer convertible into Class A Shares of the Corporation.

A crediting factor is applicable on repayment which constitutes an embedded derivative requiring bifurcation. The fair value of the prepayment option bifurcated from the Promissory note was a derivative asset with a nominal value of $0 as of January 31 and July 31, 2022, and is presented net of the current portion of the long-term debt.

The change in the carrying value of the Promissory Notes was as follows:

	$
Balance on July 31, 2022	**6,550,599**
Accreted interest	311,147
Balance on January 31, 2023	**6,861,747**

(2) The debentures are convertible into Class A shares of the corporation anytime by the holder at a conversion price equal to $0.15 per share.

(3) If the loan is not repaid in full by December 31, 2023, the entire loan can be converted in a term loan, bearing interest at the rate of 5%, payable monthly, without payment of capital before maturity, and maturing on December 31, 2025.

(4) On December 16, 2022, KDA Group Inc. has acquired Covapharm Inc. for a consideration of $200,000 payable by monthly instalments of $10,000 over a period of twenty (20) months and 1,825,000 Class A shares in the capital stock of the Corporation.

(5) As of January 31, 2023, the Corporation complies with both of its financial covenant under the Loan from a private lending institution.

Principal payments

	On January 31, 2023	On July 31, 2022
Less than 1 year	**8,871,655**	8,415,470
Between 1 and 5 years	**4,246,548**	4,590,561
Total amounts payable	**13,118,203**	13,006,031
Less: Financing fees	**(116,540)**	(195,874)
Total	**13,001,753**	12,810,157

4. Preferred shares

On June 30, 2021, the Corporation entered into an agreement with the holders of the series A Preferred Shares. Under this agreement, series A were cancelled, and series B-1 and B-2 were created. The interest payable was added to the principal of the Preferred Shares and a portion was added to the Promissory Notes (note 12). They bear a 9% interest on an annual basis and the maturity date is December 31, 2022.

	Series B [(1)]
Balance on July 31, 2022	7,873,881
Accrued interest	369,967
Balance on January 31, 2023	**8,243,848**

[(1)] The Corporation has authorized and unlimited number of Series B preferred shares. However, no issuance of new or existing Preferred Shares can be made without the consent of two thirds of the then outstanding Series B Preferred Shares.

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

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

Notwithstanding the crediting factor, the minimum payment by the Corporation to repay the Promissory Notes and repurchase the Preferred Shares is $8 million. The carrying value of the Promissory Notes and repurchase of the Preferred Shares includes assumptions regarding the estimated timing of payments. As a result of changes in the assumptions regarding the timing of the payments, losses of $2,457,975 were recorded in the year ended July 31, 2022. No losses were recorded for the three-month period ended January 31, 2023, as no changes in assumptions were made since July 31, 2022.

4. Preferred shares (continued)

The nominal value of the Preferred Shares amount is $7,506,633 as of January 31, 2023 and July 31, 2022. There is no conversion option. The crediting factor is applicable on repayment which constitutes an embedded derivative requiring bifurcation (refer to Note 15). The fair value of the prepayment option bifurcated from the Serie B Preferred Shares was a derivative asset with a nominal value of $3,089,797 as of January 31, 2023, and July 31, 2022 and is presented net of the current portion of the Preferred Shares. The value has been recorded using the best estimate of the payment applying the crediting factor. The amounts were discounted at 9%, the interest rate of the Promissory Notes and Preferred shares. Previously, in accordance with IAS 32, Financial Instruments: Presentation ("IAS 32"), the Corporation had determined that the conversion option together with the redemption option feature (collectively the "Conversion Options") constituted an embedded derivative financial instrument.

5. Share capital and other components of equity

SHARE CAPITAL

Following the acquisition of Covapharm Inc. by KDA Group Inc., 1,825,000 Class A shares at a price of $0,10 per share for a total proceed of $182,500 were issued on January 16, 2023.

The remaining 5,000,000 Class A shares held in escrow following the acquisition of the ZRx Prescriber by KDA Group Inc. on May 11, 2021, have been released during the three-month period ended January 31, 2023.

WARRANTS

No warrants were issued or exercised during the three-month period ended January 31, 2023. 11,000,000 warrants expired during the three-month period ended January 31, 2023. There are no warrants outstanding as of January 31, 2023.

5. Share capital and other components of equity (continued)

STOCK OPTION PLAN

No options were exercised or issued during the three-month period ended January 31, 2023. A total of 550,000 expired during the same period.

The following is a continuity of the stock options outstanding as of January 31, 2023:

		Options outstanding	Options exercisable
Exercise price	**Number of options**	**Weighted average remaining contractual life (in years)**	**Number of options**
0.15	5,025,000	4,3	1,674,983
0.18	5,250,000	3,0	3,500,018
0.25	850,000	1,0	880,000
0.25	2,300,000	1,3	2,300,000
0.19	**13,425,000**	**3.1**	**8.355.001**

Of the options outstanding as of January 31, 2023, a total of five millions are held by key management personnel and directors.

6. Revenues

	Three-months ended January 31, 2023	Three-months ended January 31, 2022	Six-months ended January 31, 2023	Six-months ended January 31, 2022
Pharmacy services	**4,143,356**	2,974,350	**8,312,352**	6,181,480
Pharmaceutical solutions	**4,223,353**	3,701,735	**6,713,979**	6,039,562
Pharmaceutical technology	**-**	-	**92,927**	-
Others	**-**	-	**192**	-
Total	**8,366,709**	6,676,085	**15,119,450**	12,221,042

7. Selling and administrative expenses

	Three-months ended January 31, 2023	Three-months ended January 31, 2022	Six-months ended January 31, 2023	Six-months ended January 31, 2022
Salaries and fringe benefits	**375,010**	425,217	**735,452**	1,172,067
Professional fees	**429,992**	662,665	**840,821**	1,313,207
Advertising and promotion	**201,474**	46,167	**300,762**	99,386
Travel, meals and entertainment	**59,344**	20,513	**82,693**	36,517
Rental expenses	**15,769**	12,894	**31,538**	19,351
Taxes and insurance	**43,448**	29,606	**73,629**	53,200
IT expenses	**56,142**	52,719	**129,208**	103,026
Telecommunications	**22,102**	24,284	**42,310**	39,817
Supplies and office expenses	**47,915**	110,929	**94,940**	273,795
Regulatory and filing fees	**8,154**	6,301	**9,244**	9,266
Others	**3,526**	3,316	**5,445**	4,796
Sub-total	**1,262,876**	1,394,611	**2,346,042**	3,124,428
Share-based compensation	**78,205**	103,842	**156,409**	220,982
Write-down of advances receivables	**3,743**	-	**14,975**	-
Total	**1,344,824**	1,498,453	**2,517,426**	3,345,410

8. Segmented information

In line with the Corporation's strategic plan, the Corporation provides information on three reporting segments: Pharmacy Services, Pharmaceutical Solutions and Technology. The profitability measures employed by the chief operating decision maker, who is responsible for allocating resources and for assessing segment performance.

INFORMATION PERTAINING TO EACH SEGMENT FOR THE THREE-MONTHS ENDED JANUARY 31, 2023, and 2022:
(Stated in thousands of dollars)

	Pharmacy Services		Pharmaceutical Solutions		Pharmaceutical Technology		Corporate and others		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Revenues	**4,143**	2,887	**4,223**	3,012	**-**	-	**-**	48	**8,366**	5,947
Operating Income (loss)	**165**	(51)	**497**	690	**(125)**	(58)	**133**	(120)	**636**	461
Assets acquisitions										
Property and equipment	**-**	(39)	**1**	8	**-**	-	**-**	77	**1**	(31)
Intangibles	**-**	-	**-**	-	**582**	616	**7**	-	**589**	616

INFORMATION PERTAINING TO EACH SEGMENT FOR THE SIX-MONTHS ENDED JANUARY 31, 2023, and 2022:
(Stated in thousands of dollars)

	Pharmacy Services		Pharmaceutical Solutions		Pharmaceutical Technology		Corporate and others		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Revenues	**8,312**	6,181	**6,714**	6,040	**93**	-	**-**	-	**15,119**	12,221
Operating Income (loss)	**374**	(45)	**653**	622	**(106)**	(104)	**229**	(663)	**1,149**	(190)
Assets acquisitions										
Property and equipment	**2**	(39	**4**	18	**-**	-	**-**	-	**6**	(21)
Intangibles	**16**	-	**-**	-	**1,023**	1,088	**23**	-	**1,046**	1,088

9. Related party transactions

Transactions with key management personnel

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

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

THE KEY MANAGEMENT AND DIRECTORS RECEIVED THE FOLLOWING REMUNERATION:

	Three-months ended January 31, 2023	Three-months ended January 31, 2022	Six-months ended January 31, 2023	Six-months ended January 31, 2022
Professional fees	**151,502**	128,502	**313,004**	271,362
Compensation	**61,284**	120,577	**122,324**	249,519
Share-based compensation	**78,205**	249,079	**156,409**	520,882

THE CORPORATION HAS THE FOLLOWING AMOUNTS OWING TO KEY MANAGEMENT PERSONNEL AS:

	On January 31, 2023	On July 31, 2022
Trade and other payables	**11,498**	3,971
Dividend payable (1)	**75,000**	75,000

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

10. Changes in non-cash working capital and non-cash transactions

	Six-months ended January 31, 2023	Six-months ended January 31, 2022
Trade receivables	**(342,345)**	(1,068,448)
Work in process	**(88,000)**	-
Prepaid expenses	**(84,030)**	(4,447)
Loan receivable	**(200)**	-
Trade and other payables	**(939,396)**	(737,222)
Due to a third party	**-**	(300,000)
Deferred revenues	**484,617**	1,952,022
Income taxes payable	**(169,846)**	(653,141)
Total	**(1,139,200)**	(811,236)

11. Contingencies

On June 29, 2016, in the purchase agreement of Pharmapar inc. (“PPR”), the Corporation agreed and committed to indemnify the seller for tax litigation up to $350,000. PPR was audited by the provincial tax authorities and adjustments are being discussed with the seller of PPR. Also, a claim totaling $382,879 regarding a service agreement has been issued to PPR by the seller. The outcome of any further action on these matters is currently indeterminable. No adjustments have been reflected in the Condensed Consolidated Interim financial statements.

On September 10, 2021, the Corporation received a letter of formal notice claiming contractual indemnity from a former officer. As of January 31, 2023, the formal notice is totaling $760,000. Management is in discussion to settle this matter, but it believes the maximum liability would amount to approximately $350,000, which was recorded in the year ended July 31, 2022.

On September 21, 2022, the Corporation received an Originating application claiming contractual indemnity from a former officer, totaling $723,191, and a request for the issuance of 1,000,000 Class A shares. On October 24, 2022, the Corporation send an Originating application to the former officer requesting an amount of approximately $474,200.

On September 21, 2022, the Corporation received an Originating application claiming unpaid balance totaling $705,677, relating to a share purchase agreement. A balance of $311,287 is recorded as of January 31, 2023.