

Parvis Invest Inc.
Consolidated Financial Statements
For the years ending October 31, 2022 and 2021

Independent Auditor's Report



To the Shareholders of Parvis Invest Inc.:

Opinion

We have audited the consolidated financial statements of Parvis Invest Inc. (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2022 and October 31, 2021, and the consolidated statements of loss and other comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2022 and October 31, 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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, 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditor's 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 auditor's 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.

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

MNP LLP

Toronto, Ontario
February 28, 2023

Chartered Professional Accountants
Licensed Public Accountants

Parvis Invest Inc.
Consolidated Statements of Financial Position

(In Canadian Dollars)

As at October 31, 2022 and 2021

	2022	2021
	\$	\$
ASSETS		
Current Assets		
Cash	1,200,655	449,448
Prepaid expenses	5,000	24,726
	1,205,655	474,174
Property and equipment	2,940	-
TOTAL ASSETS	1,208,595	474,174
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 10)	232,062	38,817
Derivative liability (Note 7)	-	213,369
	232,062	252,186
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	2,095,549	10
Convertible note (Note 7)	-	312,626
Warrants (Note 5)	363,623	-
Deficit	(1,482,639)	(90,648)
	976,533	221,988
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,208,595	474,174

Commitments (Note 11)

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

Approved by the Board of Directors for release on February 28, 2023

Director

Parvis Invest Inc.**Consolidated Statements of Loss and Other Comprehensive Loss**

(In Canadian Dollars)

For the years ended October 31, 2022 and 2021

	2022	2021
	\$	\$
Other Income		
Interest income	17,225	560
	17,225	560
EXPENSES		
General and administrative expenses (Note 6)	1,005,982	31,624
Loss on derivative (Note 7)	22,793	7,776
Technology and consulting (Note 6)	380,441	33,589
	1,409,216	72,989
LOSS BEFORE INCOME TAX	(1,391,991)	(72,429)
Income tax expense (Note 8)	-	-
TOTAL LOSS AND OTHER COMPREHENSIVE LOSS	(1,391,991)	(72,429)
Basic and diluted loss per share	(0.17)	(7,243)
Weighted average number of common shares (basic & diluted)	7,974,882	10

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

Parvis Invest Inc.

Consolidated Statements of Changes in Shareholders' Equity

(In Canadian Dollars)

For the years ended October 31, 2022 and 2021

	Shares Outstanding	Share capital	Convertible Note	Warrant Reserve	Deficit	Total
	#	\$	\$	\$	\$	\$
Balance, October 31, 2020	-	-	-	-	-	-
Issuance of share capital	100,000	10	-	-	-	10
Convertible note (Note 7)	-	-	294,407	-	-	294,407
Financing distribution on convertible notes (Note 7)	-	-	18,219	-	(18,219)	-
Loss and other comprehensive loss	-	-	-	-	(72,429)	(72,429)
Balance, October 31, 2021	100,000	10	312,626	-	(90,648)	221,988

	Shares Outstanding	Share capital	Convertible Note	Warrant Reserve	Deficit	Total
		\$	\$	\$	\$	\$
Balance, November 1, 2021	100,000	10	312,626	-	(90,648)	221,988
Share redemption	(100,000)	(10)	-	-	-	-
Increase of legal capital and share subscription (Note 5 iii)	10,000,000	1,000	-	-	-	1,000
Repurchase of Shares (Note 5 iii)	(427,580)	-	-	-	-	-
Issuance of private Placement Shares (Note 5 iii)	5,620,000	2,832,793	-	-	-	2,832,793
Allocated to warrants (Note 5 iii)	-	(363,623)	-	363,623	-	-
Share issue costs (Note 5 iii)	-	(423,304)	-	-	-	(423,304)
Shares issued to settle the convertible debenture (Note 5 iii)	427,580	48,683	(48,683)	-	-	-
Convertible Note (Note 7)	-	-	187,000	-	-	187,000
Financing distribution on convertible note (Note 7)	-	-	22,688	-	-	22,688
Repurchase of the convertible note-derivative derecognized)	-	-	236,162	-	-	236,162
Repayment of convertible note (Note 7)	-	-	(709,793)	-	-	(709,793)
Loss and other comprehensive loss	-	-	-	-	(1,391,991)	(1,391,991)
Balance, October 31, 2022	15,620,000	2,095,549	-	363,623	(1,482,639)	976,533

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

Parvis Invest Inc.

Consolidated Statements of Cash Flows

(In Canadian Dollars)

For the years ended October 31, 2022

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Loss and other comprehensive loss	(1,391,991)	(72,429)
<i>Add non-cash items:</i>		
Share-based payment expense		
Loss on derivative liability (Note 7)	22,973	7,776
<i>Changes in working capital:</i>		
Prepaid expenses	19,726	(24,726)
Accounts payable and accrued liabilities	193,245	38,817
CASH USED IN OPERATING ACTIVITIES	(1,156,047)	(50,562)
INVESTING ACTIVITIES		
Purchase of property and equipment	(2,940)	
CASH USED IN INVESTING ACTIVITIES	(2,940)	-
FINANCING ACTIVITIES		
Net value of issued common shares (Note 5)	2,410,194	10
Redemption of convertible note	(687,000)	-
Issue of convertible note (Note 7)	187,000	500,000
CASH FROM FINANCING ACTIVITIES	1,910,194	500,010
INCREASE IN CASH DURING THE YEAR	751,207	449,448
CASH AT BEGINNING OF YEAR	449,448	-
CASH AT END OF YEAR	1,200,655	449,448
Supplemental Cash Flow Information		
Effect of Interest Settled Through Shares on Convertible Note	48,683	-

Parvis Invest Inc.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2022 and 2021

1. Nature of operations

Parvis Invest Inc. (the “Company”) was incorporated under the laws of Canada on January 18, 2019. The Company’s head office is located at 595 Howe Street, 10th Floor, Vancouver, British Columbia, V6C 2T5. The Company is a registered Exempt Market Dealer (“EMD”) with the British Columbia Securities Commission (BCSC), to provide EMD services to issuers in all Canadian Provinces. The license took effect on August 24, 2022 under the national registration database (NRD) number: (NRD 74000)

In March 2020, there was a global outbreak of novel coronavirus (“COVID-19”), which has had an impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Company’s operations were not largely affected by COVID-19. At this time, it is unknown the full extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause slowdowns in the Company’s real estate development projects which may negatively impact the Company’s business and financial condition.

2. Basis of presentation and statement of compliance

(i) Basis of Presentation

These consolidated financial statements include the accounts of the Company and its 100% owned subsidiary Parvis GP Inc. (incorporated January 17, 2022), and have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and interpretations of the IFRS Interpretations Committee (“IFRIC”). The policies set out below have been consistently applied to all periods presented, unless otherwise noted. All intercompany balances, transactions, income and expenses, and losses have been eliminated on consolidation.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on February 22, 2023.

(ii) Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which have been measured at fair value. The functional currency of the Company and its subsidiary is the Canadian dollar.

(iii) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries on a consolidated basis after elimination of intercompany transactions and balances. Subsidiaries are entities the Company controls when it is exposed, or has rights, to variable returns from its involvement and can affect those returns through its power to direct the relevant activities of the entity.

3. Significant accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements are going concern, and fair value of derivative liabilities and warrants. Actual results could differ from these and other estimates. Accounting policies that require management's estimates and judgments are discussed below:

Going concern

These consolidated financial statements are prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

Fair value of derivative liabilities and warrants

Where the fair values of derivative liabilities and warrants recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, estimation is required to establish fair values. The judgments and estimates include considerations of liquidity and model inputs such as credit risk (both own and counterparty) funding value adjustments, correlation and volatility.

Judgement for classification of warrants

For the issuance of units including warrants and shares, the Company uses estimates and judgements to evaluate whether the warrants attached to the units are liability or equity under IAS 32.

4. Summary of significant accounting policies

Adoption of narrow-scope amendments to International Accounting Standard ("IAS") 1, Presentation of Consolidated financial statements

The Company adopted the amended IAS 1, which emphasizes materiality by clarifying that specific and single disclosures that are not material do not have to be presented even if they are a minimum requirement of a standard.

4. Summary of significant accounting policies (continued)

Financial assets and liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL").

The Company initially recognizes accounts payable and accrued liabilities on the date at which they are originated. All other financial assets and liabilities (including assets and liabilities designated at FVTPL) are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company's financial assets include cash. The Company's financial liabilities include accounts payable and accrued liabilities, and derivative liability. Classification for these financial instruments are as follows:

Financial asset/liability	Classification
Cash	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)
Derivative Liability	FVTPL

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Income taxes

Income tax comprises of current and deferred tax. Income tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4. Summary of significant accounting policies (continued)

Income taxes (continued)

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the end of reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Share Capital and Warrants

The Company's common shares are classified as equity.

The Company may issue units to investors consisting of common shares and warrants. Each issued warrant entitles the holder to acquire a common share of the Company at a fixed Canadian dollar price, over a specified term, and is not transferable from the original investor to a new investor. The Company's investor warrants are equity instruments and not financial liabilities or financial derivatives. Accordingly, gross investor proceeds received from the issuance of units are accounted for as increases in share capital.

Transaction costs directly attributable to the issuance of private placement units, such as legal, finders' and regulatory fees, are recognized as a decrease in share capital net of related income tax effects, if any. Broker warrants issued in a private placement are also included in transaction costs at their estimated fair value on the issue date, as determined using the Black-Scholes option-pricing model. An offsetting credit is recorded in contributed surplus. When investor or broker warrants are exercised, the proceeds received are added to share capital.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held with banks. The Company does not invest in any asset-backed deposits. The Company has no material banking arrangements for overdrafts or borrowings. As at October 31, 2022 and 2021, the Company does not hold any cash equivalents.

Standards, interpretations and amendments to standards and interpretations issued but not yet effective:

In February 2021, the International Accounting Standards Board issued narrow-scope amendments to IAS 1, Presentation of Consolidated financial statements, IFRS Practice Statement 2, Making Materiality Judgements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The amendments are effective for annual periods beginning on or after January 1, 2023, although earlier application is permitted. The amendments will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. We are currently assessing the impacts of the amended standards, but do not expect that our financial disclosure will be materially affected by the application of the amendments.

4. Summary of significant accounting policies (continued)

Standards, interpretations and amendments to standards and interpretations issued but not yet effective (continued):

In May 2021, the International Accounting Standards Board issued targeted amendments to IAS 12, Income Taxes. The amendments are effective for annual periods beginning on or after January 1, 2023, although earlier application is permitted. With a view to reducing diversity in reporting, the amendments will clarify that companies are required to recognize deferred taxes on transactions where both assets and liabilities are recognized, such as with leases and asset retirement (decommissioning) obligations. Based upon our current facts and circumstances, we do not expect our financial performance or disclosure to be materially affected by the application of the amended standard.

5. Share capital

(i) Authorized share capital

The Company is authorized to issue an unlimited number of common shares with no par value.

(ii) Issued share capital

As at October 31, 2022, the Company's issued and outstanding share capital consisted of 15,620,000 (2021 - 100,000 common shares with a value of \$2,832,793 (2021 - \$10).

(iii) Issuances of share capital

- a) On March 25, 2022, the Company authorized a 10:1 increase in capital for the Company. The Company issued 9,900,000 common shares at a price of \$0.0001 per share to the existing shareholders of the Company pursuant to subscription agreements.
- b) On April 22, 2022, the Company repurchased 427,580 shares for \$42.76.
- c) On April 22, 2022, the Company repurchased the convertible debt for \$687,000 plus \$48,683 in accrued interest. The accrued interest was settled in shares and the company issued 427,580 shares for \$48,683.
- d) From May 6, 2022 to May 20, 2022 the Company issued 5,234,000 units in a private placement for \$0.50 per unit. Each unit consisted of 1 share and a $\frac{1}{2}$ warrant with an exercise price of \$0.75 per share with a fair value of \$290,716. In addition, 308,800 broker warrants were issued with an exercise price of \$0.50 per unit with a fair value of \$72,907. The expiry date of all the warrants is 2 years from the listing date. Share issue costs amounted to \$423,304. 386,000 of the units were issued to a director for services. The company recognized the cost of the services at \$0.50 for a total of \$193,000 and are included in share issue costs.
- e) During the year ended October 31, 2021, 100,000 shares were issued to founders of the company for \$0.001 a share.

Parvis Invest Inc.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2022 and 2021

5. Share capital (continued)

(iii) Issuances of share capital (continued)

The continuity of the Company's warrants are as follows:

	# of Warrants	Weighted Average Exercise Price (\$)
Warrants at October 31, 2020 and 2021	-	-
Issued as part of private placement units	2,810,000	0.75
Broker warrants	308,800	0.50
October 31, 2022	3,118,800	0.75

(iv) Warrants

The following table summarizes information about warrants outstanding at October 31, 2022. There were no warrants outstanding as of October 31, 2021.

Warrants Outstanding			
Exercise Price (\$)	Outstanding (#)	Weighted Average Exercise Price (\$)	Weighted Average Life (Years)
0.75	2,810,000	0.75	2.00
0.50	308,800	0.50	2.00
	3,118,800	0.73	2.00

The expiry date of the warrants is 2 years from the actual listing date. The fair value of each warrant granted was estimated using a Black Scholes option pricing model on the date of grant using the following assumptions:

	2022	2021
Risk Free Rate	3.71%	-
Volatility	75%	-
Dividend rate	-	-
Share Price	0.37	-
Weighted average expected life	2.50	-

iv) Options

Effective September 9, 2022 the Company adopted a Stock Option Plan ("Plan") for employees, executive offices, directors or consultants of the Company. The Plan allows the Company to reserve up to 10% of the outstanding shares of the company to be granted in options. On October 31, 2022, the Company granted 1,562,000 options with the exercise price of \$0.50, expiry date of 5 years from the grant date. The total value of the options is \$495,273 and vest over 4 years. The inputs used to calculate option pricing are: Volatility- 75%, risk free rate, 3.7%, dividend yield- nil. As at October 31, 2022 nil options are exercisable.

Parvis Invest Inc.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2022 and 2021

6. Related party transactions

The Company considers its related parties to consist of members of its Board of Directors and officers, including their close family members and companies controlled or significantly influenced by such individuals, and reporting shareholders and their affiliates which may exert significant influence over the Company's activities.

Total compensation and other benefits to directors and employees classified as key management, being individuals having authority and responsibility for planning, directing, and controlling the activities of the Company, are included as related party transactions.

i) Year ended October 31, 2022

Key Management personnel were paid \$ 694,344 in cash compensation for the year ending October 31, 2022. As of October 31, 2022, \$20,238 is payable (2021- \$nil).

Included in the General and Administrative expenses is a director's fee of \$250,000 (2021- \$nil)

Included in share-issue costs is \$193,000 (2021- \$nil) of units issued to a director as compensation for fund-raising services.

ii) Year ended October 31, 2021

Technology and consulting fee expense includes \$22,507 for Chief Financial Officer (CFO) services under an agreement with InnoVenture Financial Inc. (InnoVenture), which is owned by an officer and director in the Company. The agreement with InnoVenture is for a term of five years at a cost of \$8,000 per month increasing to \$15,000 per month upon completion of the private placement seed financing round, with further increase to \$20,833 per month upon completion of subsequent financing round. As of October 31, 2021, accounts payable and accrued liabilities includes \$22,507 payable to this related party.

7. Convertible note

During the year ended October 31, 2022, the company issued \$187,000 (2021- \$500,000 of convertible notes).

The major terms of the convertible note and its classification, and conversion features was as follows:

Convertible note terms

- **Interest:** Fixed interest rate of 10% per annum based on a 365-day year. Unless the prepayment option is exercised by the Company, the interest is to be converted into common shares at the time of conversion. If the prepayment option is exercised, the interest is paid in cash.
- **Maturity:** 24-month anniversary of the closing.
- **Prepayment:** the Company may prepay the principal amount of the convertible note at any time without penalty.
- **Conversion:** The convertible note, including all accrued interest, automatically converts to common shares at the earlier of:
 - Maturity Date of June 21, 2023
 - Qualified Financing event
 - Change of Control event
- **Conversion Price:** The convertible note will be converted into common shares at a conversion price implied by the achievement of the following milestone:
 - Initial Seed Funding: \$3,000,000
 - Tech Platform: \$5,000,000
 - Regulatory Approval: \$10,000,000
- **Conversion Price in the event of a Qualified Financing or Change of Control:** The convertible note and all accrued interest will automatically convert into common shares at a conversion price equal to 20% of the per share price paid by the purchasers of such common shares in the Qualified Financing or Change of Control.
- **Most Favoured Nations:** If the Company issues any convertible notes, convertible equity certificates or similar instruments that have rights, preferences or privileges that are more favourable than the terms of the convertible notes, the Company shall provide equivalent rights to each investor with respect to the convertible notes.

Parvis Invest Inc.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2022 and 2021

7. Convertible note (continued)

Classification of the convertible note and conversion feature

The principal and any accrued interest automatically convert to common shares at the date of maturity with cash payment only required if the Company exercises its prepayment option resulting in the convertible note never being repayable. The Company has assessed that under the convertible note term there is no contractual obligation to deliver cash or other financial assets, and accordingly the convertible note and accrued interest thereon are classified as equity, except for the conversion feature which meets the definition of a derivative liability which is bifurcated for accounting purposes as discussed below.

Conversion feature

The contract will be settled in a variable number of the entity's own equity instruments. The number of shares to be issued is variable due to the Most Favoured Nations clause, Conversion Price in the event of a Qualified Financing event, and the pre-set valuations that will result in a variable price per share depending on the shares outstanding at the time and which milestones are achieved. Accordingly, this conversion feature is required to be recorded separately for accounting purposes as an embedded derivative liability and carried at fair value.

	Host Feature (\$)	Derivative Liability (\$)
Issued during the year	500,000	-
Allocated to derivative	(205,593)	205,593
Accrued Interest charged to host feature	18,219	-
Loss on derivative	-	7,776.00
October 31, 2022	312,626	213,369
Issued during the year	187,000	-
Allocated to derivative	(70,624)	70,624
Accrued Interest charged to host feature	22,688	-
Loss on derivative	-	22,793
Interest settled in shares (Note 5 iii)	(48,683)	-
Derecognition of derivative on repayment	306,786	(306,786)
Repayment of Convertible Debenture	(709,793)	-
October 31, 2022	-	-

Parvis Invest Inc.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2022 and 2021

7. Convertible note (continued)

The equity value on initial recognition and at year end was determined using a valuation simulation model under the following assumptions:

	2022	2021
Risk Free Rate	3.71%	1.09%
Discount rate	19.4%	19.1%
Weighted average expected life	1.5	2

8. Income taxes

The income tax provision is computed using the statutory tax rate of 27%. The provision for income taxes reflects an effective income tax rate that differs from the corporate income tax rate for the following reasons:

	2022	2021
Current tax expense	\$	\$
Loss before income taxes	(1,391,991)	(72,429)
Expected income tax recovery at statutory rates	(375,840)	(19,555)
Share-issue costs booked to equity	(62,182)	
Non-deductible expenses	6,946	2,100
Deferred tax asset not recognized	431,076	17,455
Total income tax (recovery) expense	-	-

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been

recognized in respect of the following loss carryforwards because it is not probable that future taxable profits will be available against which the Company can utilize the benefits:

	2022	2021
	\$	\$
Tax benefit of non-capital loss carryforwards	1,323,687	64,643
Share issue costs	260,399	-

Parvis Invest Inc.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2022 and 2021

8. Income taxes (continued)

As at October 31, 2022 the Company has accumulated non-capital losses for income tax purposes which can be carried forward and applied against future taxable income. These non-capital losses expire as follows:

	\$
2041	64,563
2042	1,336,178

9. Capital management

The Company requires capital to fund existing and future operations and to meet regulatory capital requirements. The Company's policy is to maintain sufficient and appropriate levels of capital.

The Company's source of capital includes share capital and, if necessary, subordinated loans. The capital management framework followed by the Company is designed to maintain the level of capital that will:

- a) Meet the Company's regulatory capital requirements
- b) Fund current and future operations
- c) Ensure that the Company is able to meet its financial obligations as they come due
- d) Support the creation of shareholder value

The Company is subject to the regulatory capital requirements of NI 31-103 for portfolio managers, which require that it maintain minimum working capital of at least \$50,000 plus \$15,000 towards the Company's Financial Institution Bond ("FIB") insurance deductible and other margin requirements, if any. As at October 31, 2022 and October 31, 2021, the Company was in compliance with this requirement.

10. Risk management

The Company manages risk through establishing policies that provide management oversight related to the risks of operations, including ensuring that risks are identified and assessed, and that appropriate and effective policies are in place. Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, market risk is segregated into three categories: other market risk, interest rate risk and currency risk. Other risks associated with financial instruments include credit risk and liquidity risk.

10. Risk management (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of these financial instruments.

The Company minimized credit risk associated with its cash balance substantially by dealing with a major financial institution that has been accorded a strong investment grade rating by a primary rating agency. Other than cash, there are no other significant concentrations of credit risk within the Company.

Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Any interest rate risk is immaterial, as the Company currently only holds cash.

Liquidity risk

Liquidity risk is the risk that the Company may not have sufficient liquid assets to meet its commitments associated with these liabilities. The Company retains sufficient cash to maintain liquidity. Management oversees the Company's liquidity risk management program to ensure that the Company has access to enough readily available funds to cover its financial obligations as they come due and to sustain and grow its assets and operations both under normal and stress conditions. The Company holds its cash with a Canadian Chartered Bank.

The Company has \$1,200,655 cash (2021-\$449,448) to settle \$232,062 (2021-\$38,817) of accounts payable and accrued liabilities due within one year.

Currency risk

Currency risk is the risk that the value of financial assets denominated in currencies, other than the functional currency of the Company, will fluctuate due to changes in foreign currency exchange rates.

All financial instruments are denominated in Canadian dollars, the functional currency of the Company. Therefore, the Company is not significantly exposed to currency risk as at October 31, 2022, and 2021.

Parvis Invest Inc.

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For the years ended October 31, 2022 and 2021

11. Commitments

Engagement Agreement- Gravitas Securities Inc.

On August 18, 2022, the Company entered into an engagement agreement with Gravitas Securities Inc. ("the Agent") to sell on a 'commercially reasonable efforts' basis up to \$7,462,687 subscription receipts of the Company for aggregate gross proceeds of up to approximately \$5,000,000 (the "Concurrent Financing"). In addition, prior to the Concurrent Financing, the Agent also has agreed to sell on a 'commercially reasonable efforts' basis up to 4,000,000 units of the Company for \$0.50 per unit (the "Seed Extension Financing"). The Agent's fees under the Engagement Agreement are as follows: a cash commission equal to 8% of the aggregate cash proceeds raised in both the Seed Extension Financing and the Concurrent Financing; such number of broker warrants as is equal to 8% of the units and/or subscription receipts sold the Seed Extension Financing and the Concurrent Financing; performance fees based on the aggregate funds raised; a corporate finance fee equal to 10% of the aggregate cash raised in the Seed Extension Financing; a corporate finance fee equal to 5% of the aggregate cash proceeds of the Concurrent Financing (and a contingent corporate finance fee of \$235,075 subscription receipts if at least \$1,000,000 is raised in the Concurrent Financing); and a networking fee of \$37,000. The Agent's expenses are also to be reimbursed by the Company.

Letter of Intent- Gravitas II Capital Corp.

On August 18, 2022 the Company entered into a binding letter of intent (the "Letter of Intent") with Gravitas II Capital Corp. ("Gravitas II") (as amended) which contemplates a transaction that would result in a reverse takeover of Gravitas II by the Company. The proposed transaction is expected to be structured as a three-cornered amalgamation pursuant to the provisions of the CBCA, whereby Gravitas II will incorporate a wholly-owned subsidiary under the CBCA, which will amalgamate with the Company (the "Amalgamation") to form a newly amalgamated company ("Amalco"). In connection with the Amalgamation, holders of common shares in the capital of the Company ("Parvis Shares") will receive post-consolidation common shares in the capital of Gravitas II (the "Resulting Issuer") for each Parvis Share held immediately before the Amalgamation, and the holders of warrants to purchase Parvis Shares will receive warrants to acquire post-consolidation common shares in the capital of the Resulting Issuer for each warrant held immediately before the Amalgamation.

Subsequent to October 31, 2022, the Company entered into a definitive agreement with Gravitas II in respect of the proposed reverse takeover transaction, which superseded the Letter of Intent. The transaction is subject to the approval of the Company's shareholders.

Parvis Invest Inc.

Notes to the Consolidated Financial Statements

For the years ended October 31, 2022 and 2021

12. Subsequent events

On November 1, 2022 the Company entered into an amalgamation agreement with Gravitas II Capital Corp. ("Gravitas II") and 14492528 Canada Inc. to combine their business by a 'three cornered amalgamation' whereby the Company will be acquired by Gravitas II Capital Corp. and list on the TSX Venture Exchange.

On February 24, 2023, the Company repurchased 861,518 common shares at a price of \$0.0001 a share.

The Company has committed to issue 2,500,000 shares to a director as compensation for advisory services provided to the Company. The shares will be issued prior to the public listing.

On February 28, 2023 the Company amended the terms of the stock options issued and changed their expiry date to October 31 2032.