TAIGA

Taiga Motors Corporation

Interim Condensed Consolidated Financial Statements
(*Expressed in Canadian Dollars, unless otherwise noted*)

For the three and six-month periods ended
June 30, 2021 and June 30, 2020
(Unaudited)

Taiga Motors Corporation
Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

As at	Note	June 30, 2021 $	December 31, 2020 $
ASSETS			
Current assets			
Cash and cash equivalents		125,534,301	7,811,340
Receivables		2,164,497	431,175
Inventory		3,365,334	782,802
Prepaid expenses and deposits	7	7,235,651	236,155
Total current assets		**138,299,783**	**9,261,472**
Non-current assets			
Prepaid expenses and deposits	7	37,391	7,849
Property and equipment	8	1,108,540	422,721
Intangibles	9	2,710,072	62,204
Right-of-use assets	10	11,866,568	2,650,303
TOTAL ASSETS		**154,022,354**	**12,404,549**
LIABILITIES			
Current Liabilities			
Bank indebtedness		-	24
Trade payables and accrued liabilities		3,347,458	648,828
Customer deposits		1,543,280	1,129,544
Current portion of lease liabilities	11	680,839	254,551
Current portion of loans and borrowings	12	69,973	66,758
Preferred share liability	13	-	117,605,285
Warrant liability	14	-	5,629,276
Due to shareholders		-	23,335
Total current liabilities		**5,641,550**	**125,357,601**
Non-current Liabilities			
Lease liabilities	11	11,003,376	2,400,101
Loans and borrowings	12	335,419	360,372
TOTAL LIABILITES		**16,980,345**	**128,118,074**
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	15	320,386,626	77,246
Contributed surplus	14,16	16,671,718	554,477
Deficit		(200,016,335)	(116,345,248)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		**137,042,009**	**(115,713,525)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		**154,022,354**	**12,404,549**

Nature of operations (Note 2)
Commitments and contingencies (Note 19)

Approved on behalf of the Board by:

(signed) | (signed)

Tim Tokarsky, Chairman of the Board | Martin Picard, Audit Committee Chair

Taiga Motors Corporation
Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars - Unaudited)

		Three-months		Six-months	
For the periods ended	**Notes**	**June 30, 2021 $**	**June 30, 2020 $**	**June 30, 2021 $**	**June 30, 2020 $**
Expenses					
Research and development (Net of tax credits)		1,448,268	(264,236)	2,668,058	(50,062)
General and administration	17	2,324,616	114,277	2,933,700	133,692
Sales and marketing		754,013	36,035	1,304,545	85,247
Loss (Income) before other expenses		**4,526,897**	**(113,924)**	**6,906,303**	**168,877**
Other expenses (income)					
Government grants		-	(23,136)	(9,900)	(60,269)
Net financial expenses	21	70,818	522,861	24,524,414	2,661,503
Reverse acquisition of CGGZ	22, 23	50,359,021	-	52,250,270	-
Net loss and comprehensive loss for the period		**(54,956,736)**	**(385,801)**	**(83,671,087)**	**(2,770,111)**
Basic and diluted loss per common share	24	(2.99)	(0.04)	(6.14)	(0.32)
Weighted average number of common shares outstanding	24	18,388,348	8,719,829	13,622,232	8,719,829

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

Taiga Motors Corporation
Interim Condensed Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars - Unaudited)

For the six-month periods ended					
					June 30, 2020
	Note	**Share capital ($)**	**Contributed Surplus ($)**	**Deficit ($)**	**Total ($)**
Balance as at December 31, 2019		**56,695**	**204,181**	**(6,355,317)**	**(6,094,441)**
Share-based payments	16	-	23,058	-	23,058
Loss for the period		-	-	(2,770,111)	(2,770,111)
Balance as at June 30, 2020		**56,695**	**227,239**	**(9,125,428)**	**(8,841,494)**
					June 30, 2021
Balance as at December 31, 2020		**77,246**	**554,477**	**(116,345,248)**	**(115,713,525)**
Share-based payments	16		1,316,799	-	1,316,799
Exercise of stock options	16	214,032	(107,964)	-	106,068
Conversion of preferred shares liability	13	140,765,017		-	140,765,017
Conversion of warrants	14	-	6,879,208	-	6,879,208
Private Placement	22,23	99,999,999	-	-	99,999,999
Share issue costs	22,23	(5,832,820)	-	-	(5,832,820)
Effect of reverse acquisition	22,23	79,844,526	12,740,127	-	92,584,653
Warrants exercise	14	5,318,626	(4,710,929)	-	607,697
Loss for the period	24	-	-	(83,671,087)	(83,671,087)
Balance as at June 30, 2021		**320,386,626**	**16,671,718**	**(200,016,335)**	**137,042,009**

In relation to the reverse takeover transaction, as described in note 1, on April 21, 2021, the common shares of Taiga Motors Inc. were exchanged on a 1:41.8556 basis (the "Share Exchange") and they were consolidated on a 5:1 basis (the "Share Consolidation"). The Share Exchange and the Share Consolidation are reflected retrospectively in these consolidated financial statements.

Taiga Motors Corporation
Interim Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

		Six-months	
For the periods ended	**Notes**	**June 30, 2021 $**	**June 30, 2020 $**
Cash (used in) provided by:			
OPERATING ACTIVITIES			
Net loss for the period		(83,671,087)	(2,770,111)
Non-cash items:			
Depreciation and amortization	7,8,9	396,524	53,660
Government grants		-	(14,634)
Finance costs	21	24,659,007	2,624,431
Finance income	21	(119,813)	(384)
Share-based payments	16	1,127,733	23,058
Gain on debt extinguishment		(818)	-
Foreign currency gain		(13,965)	-
Gain on remeasurement of lease liability	10,11	(34,094)	-
Consideration transferred in excess of net assets received	22,23	49,806,971	-
Changes in non-cash working capital items			
Receivables		(1,209,241)	(450,929)
Inventory		(2,582,532)	10,032
Prepaid expenses		(7,544,848)	-
Accounts payable and accrued liabilities		2,697,760	22,216
Customer deposits		415,934	416,969
Net cash used in operating activities		**(16,072,469)**	**(85,692)**
INVESTING ACTIVITIES			
Acquisition of property and equipment	8	(764,192)	(5,910)
Expenditures on intangible assets	7	(2,945,094)	-
Interest received		119,813	386
Net cash used in investing activities		**(3,589,473)**	**(5,524)**
FINANCING ACTIVITIES			
Interest paid		(225,386)	(35,451)
Repayment of lease liabilities	11	14,326	-
Repayment of loans and borrowings	12	(62,640)	(14,871)
Proceeds from loans, net of transaction costs		-	40,000
(Decrease)/Increase of bank indebtedness		(24)	85,574
Proceeds from exercise of stock options	15,16	106,068	-
Proceeds from issuance of common shares from private placement, net	15,22,23	94,167,179	-
Effect of reverse acquisition	15,22,23	42,777,683	-
Proceeds from Warrants exercise	15,22,23	607,697	-
Net cash provided by financing activities		**137,384,903**	**75,252**
Net increase (decrease) in cash in the period		117,722,961	(15,964)
Cash – beginning of the period		7,811,340	272,306
Cash – end of the period		**125,534,301**	**256,342**

Supplemental cash flow information (Note 20)

1. Reporting entity

Taiga Motors Corporation (the "Company" or "Taiga"), formerly Canaccord Genuity Growth II Corp. ("CGGZ") up to the completion of the Amalgamation, as defined below, was incorporated under the laws of the province of British Columbia on March 13, 2019. Taiga's head office is 2695 Dollard Avenue, LaSalle, Québec, H8N 2J8. Its registered office is located at 550 Burrard Street, Suite 2900, Vancouver, British Columbia, V6C 0A3. These interim condensed consolidated financial statements comprise the Company and its wholly-owned subsidiaries Taiga Motors Inc. and CGGZ Finance Corp. (together referred as the "Group").

Private placement, Amalgamation and reverse takeover

On February 17, 2021, Taiga Motors Inc. entered into a merger agreement with Canaccord Genuity Growth II Corp. and 9434-3399 Quebec Inc. ("Merger Sub"), pursuant to which Taiga Motors Inc. and Merger Sub agreed to amalgamate (the "Amalgamation") under the laws of the province of Quebec to form a new entity "Amalco" to complete an arm's length qualifying transaction (the "Qualifying Transaction") in accordance with the policies of the Toronto Stock Exchange "TSX". The Amalgamation was structured as a three-cornered amalgamation and, as a result, the amalgamated corporation was to become a wholly-owned subsidiary of CGGZ at the time of the completion of the Amalgamation.

Immediately prior to the completion of the Qualifying Transaction, on April 21, 2021, CGGZ consolidated its common shares on the basis of one post-consolidation CGGZ common share for every 5 CGGZ common shares existing before such consolidation.

On April 21, 2021, the Amalgamation was completed and CGGZ changed its name to Taiga Motors Corporation. On April 23, 2021, the common shares of Taiga Motors Corporation began trading on the TSX under the symbol "TAIG" and the common shares of the former CGGZ were delisted from the TSX and the NEO Exchange Inc.

In connection with the Amalgamation, the following transactions occurred:

- On April 21, 2021, CGGZ Finance Corp. completed a private placement (the "Private Placement") of 33,333,333 (pre consolidation) common shares at a price of $3.00 per share for aggregate gross proceeds of $99,999,999. Each common share was exchangeable for one common share of CGGZ upon completion of the Amalgamation;
- The preferred shares of Taiga Motors Inc. were converted to common shares of Taiga Motors Inc. on a one to one basis prior to the Share Exchange;
- The stock option plan of Taiga Motors Inc. was amended to provide for that all outstanding Taiga Motors Inc. stock options be cancelled and exchanged for stock options of Taiga Motors Corporation with the same terms;
- The holders of Taiga Motors Inc.'s warrants received 41.8556 warrants of Taiga Motors Corporation in exchange for each outstanding warrant of Taiga Motors Inc. Following the Share Exchange, there were 2,388,205 warrants outstanding, and;
- The holders of Taiga Motors Inc.'s common shares received 41.8556 common shares of Taiga Motors Corporation in exchange for each outstanding common share of Taiga Motors Inc. Following the Share Exchange, there were 30,803,284 issued and outstanding common shares of Taiga Motors Corporation, of which the common shareholders of the former Taiga Motors Inc. controlled a majority.

For accounting purposes, it has been determined that CGGZ was the accounting acquiree and Taiga Motors Inc. was the accounting acquirer as the shareholders of the former Taiga Motors Inc. now control Taiga Motors Corporation, based upon the guidance in IFRS 10, Consolidated Financial Statements, and IFRS 3, Business Combinations, to identify the accounting acquirer (refer to Note 22). Since Taiga Motors Inc. is considered the accounting acquirer, these consolidated financial statements are prepared as a continuation of the financial statements of Taiga Motors Inc. As a result, 2020 comparative information included herein is solely that of Taiga Motors Inc. For simplicity, transactions undertaken by Taiga Motors Inc. are referred to as being undertaken by the Company in these interim condensed consolidated financial statements.

2. Nature of operations

The Group is focused on research and development, design, production, marketing and distribution of all-electric powersport vehicles.

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates the realization of assets and discharge of liabilities at their carrying values in the ordinary course of operations for the foreseeable future. In 2020, the Company changed its year-end to December 31 from May 31. The Company reconstructed the financial quarter for the three and six-month periods ended June 30, 2020 as this was not its normal quarter before the change of year-end.

During the three-month and six-month period ended June 30, 2021, the Company generated a net loss of $54,956,736 and $83,671,087, respectively (June 30, 2020 - $385,801 and $2,770,111, respectively) and negative cash flows from operating activities of $11,804,981 and $16,072,469, respectively (June 30, 2020 – positive cash flow $25,371 and June 30, 2020 – negative cash flow $85,692). As at June 30, 2021, the Company has an accumulated deficit of $200,016,335 (December 31, 2020 - $116,345,248) and a working capital surplus of $132,658,233 (December 31, 2020 – deficit of $116,096,129).

Company's continuing operations as intended are dependent upon its ability to attain profitable operations and generate funds therefrom and raise equity capital or obtain the necessary financing sufficient to meet current and future obligations. Although the Company has been successful at raising funds in the past through the issuance of securities and obtaining loans, it is uncertain whether it will be successful in doing so in the future.

3. Basis of presentation, statement of compliance

These interim condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). IFRS included IFRSs, International Accounting Standards ("IAS"), and interpretations issued by the IFRS Interpretations Committee ("IFRIC").

These interim condensed consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2020 which have been prepared in accordance with IFRS.

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, equity-classified share-based payment arrangements are measured at fair value at grant date pursuant to IFRS 2, *Share-based Payment*, and lease liabilities are initially measured at the present value of lease payments not paid at the commencement date in accordance with IFRS 16, *Leases*. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements.

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 13, 2021.

The COVID-19 pandemic continues to cause significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. While the Company has experienced the impact of the COVID-19 outbreak on its operations, it had continued to operate during the current pandemic. The Company will continue to monitor developments of the pandemic and continuously assess its potential further impact on its operations to prevent any disruptions. The Company has put in place multiple contingency plans to ensure its supply chain and general operations can be maintained with minimal disruption throughout the crisis. In the event of prolonged continuation of the pandemic, it is not clear what the potential impact may be on the Company's business, financial position and financial performance.

4. Significant accounting policies

Significant accounting policies applied to these interim condensed consolidated financial statements are the same as those applied to the Company's audited financial statements for the seven-month period ended December 31, 2020 except for the intangible assets described below.

a) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Development costs	Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.
Other intangible assets	Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in net loss as incurred. Amortization is recognized in the Statement of Loss and Comprehensive Loss on a straight-line basis over the estimated useful lives of the finite life of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

Asset	Period
Development cost	5 years
Patents	20 years

5. Significant accounting judgments, estimates and assumptions

The preparation of the Company's interim condensed consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods. These assumptions and estimates are regularly reviewed. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied to the Company's audited financial statements for the seven-month period ended December 31, 2020.

Economic conditions and uncertainties
The COVID-19 pandemic has had an impact on the Company's overall business and operations and has resulted in challenges with managing supply chains to further the pre-production activities.

(Expressed in Canadian Dollars - Unaudited)

6. Segment reporting

The Company operates in one operating segment. For the purpose of segment reporting, the Company's Chief Executive Officer ("CEO") is the Chief Operating Decision Maker. The determination of the Company's operating segment is based on its organization structure and how the information is reported to CEO on a regular basis. All the Company's assets are located in Canada.

7. Prepaid expenses and deposits

	June 30, 2021 $	December 31,2020 $
Security and other deposits	530,349	7,849
Prepaid insurance	3,505,275	-
Prepaid inventory and supplies	2,814,167	-
Other prepaid expenses	423,251	236,155
Total prepaid expenses and deposits	**7,273,042**	**244,004**
Current portion of prepaid expenses and deposits	**7,235,651**	**236,155**
Non-current portion of prepaid expenses and deposits	**37,391**	**7,849**

8. Property and equipment

	Construction in progress $	Office Furniture and Equipment $	Vehicles $	Computer Equipment $	Leasehold Improvements $	Total $
Cost:						
As at December 31, 2020	-	370,095	83,363	67,414	16,284	537,156
Additions	100,666	236,368	95,013	151,991	180,154	764,192
As at June 30, 2021	**100,666**	**606,463**	**178,376**	**219,405**	**196,438**	**1,301,348**
Accumulated Depreciation:						
As at December 31, 2020	-	65,445	30,851	17,917	222	114,435
Depreciation	-	45,465	10,553	20,560	1,795	78,373
As at June 30, 2021	**-**	**110,910**	**41,404**	**38,477**	**2,017**	**192,808**
Carrying amounts:						
As at December 31, 2020	-	304,650	52,512	49,497	16,062	422,721
As at June 30, 2021	**100,666**	**495,553**	**136,972**	**180,928**	**194,421**	**1,108,540**

9. Intangible assets

During the six-month period ended June 30, 2021, the Company secured funding to commence a mass production of its vehicles. Management believes the funding was the remaining criterion for capitalization of development costs to produce a vehicle prototype. The development costs capitalized during the period, among others, include costs of parts, employee compensation, professional services, offset by the Scientific Research and Experimental Development (SR&ED) credits of $524,082. Share-based payments of $189,066 to employees and consultants of the Company were also capitalized as development costs. The Company will begin to amortize development costs when the prototypes are available for use, which is expected to be in the second half of 2021 for both product lines.

(Expressed in Canadian Dollars - Unaudited)

	Prototypes Development Cost $	Patents $	Total $
Cost:			
As at December 31, 2020	-	63,287	63,287
Additions	2,442,129	208,528	2,650,657
As at June 30, 2021	**2,442,129**	**271,815**	**2,713,944**
Accumulated Amortization:			
As at December 31, 2020	-	1,083	1,083
Amortization		2,789	2,789
As at June 30, 2021	**-**	**3,872**	**3,872**
			-
Carrying amounts:			
As at December 31, 2020	-	62,204	62,204
As at June 30, 2021	**2,442,129**	**267,943**	**2,710,072**

10. Right-of-use assets

	Building $	Equipment $	Total $
As at December 31, 2020	2,558,627	91,676	2,650,303
Additions	9,543,802	44,519	9,588,321
Remeasurement	-	(16,114)	(16,114)
Depreciation	(286,113)	(69,828)	(355,941)
As at June 30, 2021	**11,816,316**	**50,252**	**11,866,568**

11. Lease liabilities

The Company's leases are comprised of buildings for its office and warehouse manufacturing space, and equipment for industrial manufacturing purposes. The leases of office space run for a period ranging from four to ten years, and the leases for equipment run for a period ranging from three months to one year. The equipment leases include an option to purchase the assets at the end of the contract term. On April 30, 2021, the Company entered into a new lease agreement for a new facility in Montreal, Quebec until October 31, 2026, and with a possible extension of 5 years. The new facility will serve as head office as well as a plant for producing the first units and thereafter as the innovation plant to develop and enhanced electrical recreative vehicles. The new 133,000 square feet facility is expected to replace the 51,000 square feet current head office.

(Expressed in Canadian Dollars - Unaudited)

The following table summarizes the continuity of the Company's lease liabilities for each reporting period:

	June 30, 2021 $	December 31, 2020 $
Balance, beginning of period	2,654,652	79,694
Additions	9,072,512	2,674,453
Remeasurement	(50,209)	-
Payment of lease obligations	(211,060)	(143,859)
Interest expense on lease liabilities	225,386	45,497
Foreign exchange	(7,066)	(1,133)
Balance, end of period	**11,684,215**	**2,654,652**

The following table summarizes the contractual undiscounted cash flows from lease obligations:

Maturity analysis - contractual undiscounted cash flows:	June 30, 2021 $	December 31, 2020 $
Less than one year	1,580,085	433,706
One to five years	3,323,151	1,470,067
More than five years	12,033,460	1,884,336
Total undiscounted lease liabilities	**16,936,696**	**3,788,109**
Lease Liabilities:		
Current	680,839	254,551
Non-current	11,003,376	2,400,101
Lease Liabilities	**11,684,215**	**2,654,652**

(1) As at June 30, 2021, a lease liability of $4,480,513 (December 31, 2020 - $1,018,284) relating to the exercise of a renewal option for which the Company is reasonably certain to exercise has been recognized in lease obligations, representing $8,258,679 (December 31, 2020 - $1,852,433) of undiscounted cash flows. The weighted average incremental borrowing rate applied to lease liabilities recognized in the statement of financial position is 8%.

Amounts recognized in statement of loss and comprehensive loss:

	Three-months		Six-months	
For the periods ended	June 30, 2021 $	June 30, 2020 $	June 30, 2021 $	June 30, 2020 $
Interest on lease liabilities recorded in finance costs	171,654	5,589	225,386	8,414

12. Loans and borrowings

During the six-month period ended June 30, 2021, the Company entered into a revolving credit facility of $10 million ("Credit Facility") with a maturity date of August 31, 2021. The Credit Facility is secured by all the Company's movable and immovable assets. The facility bears a variable interest rate of prime rate plus 5%, the interest is payable monthly in arrears. Any borrowings will be used for working capital and other general corporate purposes, the Company did draw the funds on this Credit Facility in the six-month period ended June 30, 2021. This Credit Facility was repaid in full as at June 30, 2021.

(Expressed in Canadian Dollars - Unaudited)

	June 30, 2021 $	December 31, 2020 $
Unsecured loan repayable in the year following the fiscal year when the Company reaches $500,000 in sales with an annual interest rate of 4%, repaid during the quarter (ii)	$ -	$ 14,081
Unsecured term loan repayable in monthly instalments of $1,510 beginning in April 2018 and ending in June 2021 with interest payable monthly at a fixed rate of 7.35%, repaid during the quarter	-	9,342
Unsecured term loan repayable in monthly instalments of $126 beginning in April 2018 and ending in March 2023 with interest payable monthly at an annual fixed rate of 3.00%	3,681	3,727
Secured term loan repayable in monthly instalments of $517 beginning in April 2017 and ending in March 2024 with interest payable monthly at an annual fixed rate of 0.99%	17,883	20,892
Secured provincial government term loan repayable in monthly instalments $6,667 beginning in May 2021 and ending in April 2026 with compounding interest payable monthly beginning in May 2018 and ending in April 2026 at a variable rate of prime plus 0.25% (i)	341,941	338,864
Unsecured federal government term loan principal due on December 31, 2025 with monthly interest payments beginning in January 2023 and ending in December 2025 at a fixed rate of 5%. The portion of the loan may be forgiven with early repayment by January 2023 (i)	41,887	40,224
Total Loans and borrowings	**$ 405,392**	**$ 427,130**
Less: Current portion of loans and borrowings	**$ 69,973**	**$ 66,758**
	$ 335,419	**$ 360,372**

(i) The benefits received by the Company from these loans, where interest rates are lower than market rates, were accounted for under IAS 20, Accounting for Government Grants and Disclosure of Government Assistance and recorded as other income in the Statement of Loss and Comprehensive Loss. Market interest rates of 8-9% were determined by looking at comparable loans with similar terms, adjusted for credit risk rating of the Company.

(ii) The market rate of 9% was determined by looking at comparable loans with similar terms and used to amortize the loan as its nominal rate is below-the-market rate.

Repayments due on loans and borrowings, including interest, for the next five years and thereafter are as follows:

Year:	**$**
Less than 1 year	98,457
1-5 years	411,270
More than 5 years	-
Total	**509,727**

(Expressed in Canadian Dollars - Unaudited)

13. Preferred share liability

The following table summarizes balances of preferred shares at each reporting date with changes in redemption amount recorded as finance costs in the Statement of Loss and Comprehensive Loss:

	Number of shares	($)
Balance as at December 31, 2020	9,956,584	$140,765,017
Conversion to common shares	(9,956,584)	(140,765,017)
Balance as at June 30, 2021	**-**	**-**

14. Warrants

The balances of warrant liability at June 30, 2021 and December 31, 2020 are as follows:

	($)
Balance as at December 31, 2020	5,629,276
Change in fair value	1,249,932
Exchange of warrants into equity-classified instruments (note 1)	(6,879,208)
Balance as at June 30, 2021	**-**

The balances of warrants in the contributed surplus as at June 30, 2021 and December 31, 2020 are as follows:

	Number of warrants	($)
Balance as at December 31, 2020	62,783	75,300
Exchange of warrants on common shares, reclassed to contributed surplus (Note 1)	531,038	6,879,208
Effect of reverse acquisition (Note 22)	1,794,384	12,740,127
Warrants exercise (i)	(391,189)	(4,710,929)
Balance as at June 30, 2021	**1,997,016**	**14,983,706**

Warrants outstanding as at June 30, 2021 and December 31, 2020 were as follows:

		Number of outstanding warrants	
Expiry date	**Exercise Price ($)**	**June 30, 2021**	**December 31, 2020**
June 7, 2021	Variable	-	348,021
September 30, 2022	1.93	181,705	183,108
December 21, 2022	0.12	20,927	62,781
April 21, 2026	17.25	1,794,384	-
		1,997,016	**593,910**

Weighted average remaining contractual life of outstanding warrants as at June 30, 2021 is 4.45 years (December 31, 2020 is 0.82 years).

(i) 391,189 warrants were exercised at prices varying between $0.12 and $1.93 for an aggregate total value of $607,697, which resulted in the Company issuing 391,189 common shares. As a result of the warrants exercises, an amount of $4,710,929 was reclassified from contributed surplus to the share capital.

(Expressed in Canadian Dollars - Unaudited)

15. Share capital

Common shares

Authorized: unlimited number of voting common shares without par value

	Number of shares	Amount ($)
Balance as at December 31, 2020	**8,744,599**	**77,246**
Common shares issued on exercise of stock options (Note 16)	112,466	214,032
Conversion of preferred shares (Note 13)	9,956,584	140,765,017
Private placement (Note 1)	6,666,667	99,999,999
Share issue costs, net of tax of $nil	-	(5,832,820)
Effect of reverse acquisition (Note 22)	5,322,968	79,844,526
Warrants exercise	391,189	5,318,626
Balance as at June 30, 2021	**31,194,473**	**320,386,626**

16. Share-based payments

Historically, Taiga Motors Inc. made equity-based awards by issuing options under the Company's employee stock option plan effective as of October 16, 2015, as amended from time to time (the "Legacy Option Plan"). In connection with the Merger, the Legacy Option Plan was amended to, among other things, comply with the requirements of the TSX, render the outstanding options exercisable for common shares of Taiga Motors Corporation and to prohibit further awards under the Legacy Option Plan.

On April 21, 2021, the Company established an omnibus incentive plan (the "Omnibus Incentive Plan") for awards to eligible directors, officers, employees and consultants. The Company has the right to make such grant for a period of 3 years from the establishment of the Omnibus Incentive Plan and then needs to get the approval of the Board and the Shareholders every 3 years. The Plan is intended to help the Company secure and retain the services and provide incentives for increased efforts for the success of the Company. The Board of Directors grants awards from time to time based on its assessment of the appropriateness of doing so in light of the long-term strategic objectives of the Company, its current stage of development, the need to retain or attract particular key personnel, the number of awards already outstanding and overall market conditions.

The number of common shares reserved for issuance under the Legacy Option Plan will not exceed 1,305,790. Unless otherwise decided by the Board, the term of the option cannot exceed 10 years and will vest gradually over a period of 4 years.

The number of common shares reserved for issuance under the Omnibus Incentive Plan will not exceed 10% of the total issued and outstanding shares on a non-diluted basis (3,119,447 as at June 30, 2021). Repurchase, exercise or return of previously issued awards to the Omnibus Incentive Plan increase the number of shares available for issue.

The Company recorded share-based compensation in the interim condensed consolidated statements of loss and compressive loss comprised of the following:

	Three-months		Six-months	
For the periods ended	**June 30, 2021** **$**	**June 30, 2020** **$**	**June 30, 2021** **$**	**June 30, 2020** **$**
Stock options	550,713	14,387	1,127,733	23,058

(Expressed in Canadian Dollars - Unaudited)

Movements in the number of stock options outstanding and their related weighted average exercise prices are as follows:

	June 30, 2021			June 30, 2020		
	Number of options	**Weighted average exercise price**	**Weighted average remaining life (years)**	Number of options	Weighted average exercise price	Weighted average remaining life (years)
Beginning of period	**1,363,844**	**$ 1.07**	**7.22**	699,165	$ 0.43	6.08
Granted	**54,412**	**1.93**	**10.00**	8,371	1.15	6.00
Exercised	**(112,466)**	**-**	**5.03**	-	-	-
Forfeited	**-**	**-**		-	-	4.58
End of period	**1,305,790**	**$ 1.20**	**7.52**	707,536	$ 0.44	6.08

The weighted average exercise price of options outstanding and exercisable at June 30, 2021 is $0.40 (seven-months period ended December 31, 2020 - $0.38).

The weighted average share price at the date of exercise for share options exercised during the six-month period ended June 30, 2021 is $12.29 (seven-months period ended December 31, 2020 - $10.91)

The Company fair valued the options using the Black-Scholes option pricing model using the following input assumptions for the six-month periods ended:

	June 30, 2021	**June 30, 2020**
Grant date share price	$11.29 - $11.64	$1.41
Exercise Price	$1.93	$1.15
Risk Free rate	0.42% - 0.68%	1.33%
Expected life (years)	7.00	5.00
Expected volatility	60%	60%
Expected dividends	0%	0%

The risk-free interest rate is based on the yield of a risk-free Canadian government security with a maturity equal to the expected life of the options from the date of the grant. The assumption of expected volatility is based on the average historical volatility of comparable companies for the period immediately preceding the option grant. The Company does not anticipate paying any cash dividends in the foreseeable future and, therefore, uses an expected dividend yield of zero in the option-pricing model.

Total fair value of stock options granted during the three-month and six-month periods ended June 30, 2021 was $537,322 (June 30, 2020 - $6,643).

The following tables provide additional information about the Company's Stock options at June 30, 2021:

Exercise Price ($)	**Number of options outstanding**	**Weighted average remaining life**
0.01	62,641	1.93
0.03	15,905	2.57
0.29	2,620	3.22
0.47	273,493	3.28
1.02	69,062	4.39
1.15	372,515	5.19
1.93	509,554	9.44
Outstanding, end of period	**1,305,790**	**6.21**
Exercisable, end of period	**272,388**	**3.56**

(Expressed in Canadian Dollars - Unaudited)

17. Related party transactions and balances

Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company defines key management personnel as being the directors and key officers.

The compensation awarded to key management personnel is as follows:

	Three-months		**Six-months**	
For the periods ended	**June 30, 2021 $**	**June 30, 2020 $**	**June 30, 2021 $**	**June 30, 2020 $**
Salaries, wages and benefits	223,167	14,602	428,853	43,170
Share-based payments	418,719	-	863,154	-
	641,886	**14,602**	**1,292,007**	**43,170**

18. Financial instruments

Fair values

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The carrying values of cash, receivables, bank indebtedness, trade payables and accrued liabilities, customer deposits, due to shareholders approximate their fair values due to the immediate or short-term nature of these instruments. The fair values of loans and borrowings and preferred share liability approximate their carrying values. There has been no significant change in credit and market interest rates since the date of their issuance.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Change in assumptions could significantly affect the estimates.

(Expressed in Canadian Dollars - Unaudited)

The following table summarizes the classification of the Company's financial instruments under IFRS 9:

Financial assets	
Cash	Amortized cost
Receivables	Amortized cost
Financial liabilities	
Bank indebtedness	Amortized cost
Trade payables and accrued liabilities	Amortized cost
Customer deposits	Amortized cost
Loans and borrowings	Amortized cost
Preferred share liability	Amortized cost
Warrant liability	FVTPL

Warrant liability

The fair value of warrant liability at issuance and each reporting period is estimated using Level 3 inputs of the fair value hierarchy. Fair value of warrants was determined using a probability weighted expected return model. At each valuation date three possible convertible note outcome scenarios were considered: (i) conversion at the maturity date, (ii) conversion on occurrence of a qualified financing and (iii) conversion in the event of a change of control. The timing and probability for each scenario was based on management's best estimate using information that was known or knowable as of the respective valuation date. The expected payoff under each scenario was then calculated using a Black-Scholes option model, adjusted for the probability of occurrence, and discounted to the valuation date using a risk-adjusted discount rate.

The Company used the following range of assumptions in the Black-Scholes option pricing model for the scenarios:

	June 30, 2021	**December 31, 2020**
Share price	$-	$11.81
Exercise Price	-	$0.84 - $1.93
Risk free rate	-	0.38% - 0.54%
Expected life (years)	-	0.40 - 2.00
Expected volatility	-	60%

Capital and Risk Management

The Company's objective and polices for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company defines the components of its capital structure as being long-term debt and bank loans, net of cash, plus equity. The Company manages its capital structure and makes changes based on economic conditions, risks that impact the operations and future significant capital investment opportunities. In order to maintain or adjust its capital structure, the Company may issue new equity instruments or raise additional debt financing.

The Company is exposed to a variety of financial risks by virtue of its activities: market risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors has overall responsibility for the determination of the Company's capital and risk management objectives and policies while retaining ultimate responsibility for them. The Company's overall capital and risk management program has not changed throughout the period. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies and evaluates financial risks in close cooperation with management.

(Expressed in Canadian Dollars - Unaudited)

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. Most of the Company's interest-bearing debt instruments have fixed interest rates and are not subject to interest rate cash flow risk. The Company has the secured government term loan bearing interest at a variable rate as disclosed in Note 12.

The interest-bearing financial instruments, as reported in the financial statements, have the following interest rate profile:

	June 30, 2021 $	December 31, 2020 $
Fixed rate instruments	63,451	111,601
Variable rate instruments	341,941	338,864
	405,392	**450,465**

A change of 100 basis points in interest rates would have increased or decreased equity by $1,856 as at June 30, 2021 ($2,201 - as at June 30, 2020).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on external financing or key management to provide sufficient liquidity to meet budgeted operating requirements. The following table sets forth details of the payment profile of financial liabilities based on their undiscounted cash flows:

	Total carrying amount $	Contractual cash flows $	Less than 1 year $	1 to 5 years $	More than 5 years $
Trade payable and accrued liabilities	3,347,458	3,347,458	3,347,458	-	-
Customer deposits	1,543,280	1,543,280	1,543,280	-	-
Loans and borrowings	405,392	509,727	98,456	411,270	-
Lease obligations	11,684,215	16,936,696	1,580,085	3,323,151	12,033,460
Total	**16,980,345**	**22,337,161**	**6,569,279**	**3,734,421**	**3,399,405**

The contractual obligations for loans and borrowings are disclosed in the note 12.

Taking into consideration the Company's current cash position, volatile equity markets, global uncertainty in the capital markets and increasing cost pressures, the Company is continuing to review its needs to seek financing opportunities in accordance to its capital risk management strategy.

Foreign currency risk

Foreign currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company maintains financial instruments and enters into transactions denominated in foreign currencies, principally in USD, which exposes the Company to fluctuating balances and cash flows due to various in foreign exchange rates. The current exposure to foreign currency risk remains very limited.

(Expressed in Canadian Dollars - Unaudited)

19. Commitments and contingencies

The Company may be subject to a variety of claims and suits that arise from time to time in the ordinary course of business. Although management currently believes that resolving claims against the Company, individually or in aggregate, will not have a material adverse impact on the Company's financial position, results of operations, or cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

20. Supplemental cash flow information

The following are non-cash investing and financing activities that occurred during the respective periods:

	Six-months ended	
	June 30, 2021	June 30, 2020
For the periods ended	$	$
Addition to right-of-use assets	9,588,321	-
Recognition of lease liabilities	9,072,512	-
Remeasurement of lease liabilities	50,209	-
Additions to property and equipment	764,192	5,910
Additions to intangible assets	2,945,094	-

21. Net financial expenses

	Three-months		Six-months	
	June 30 2021	June 30 2020	June 30 2021	June 30 2020
For the periods ended	$	$	$	$
Finance income	(115,086)	(179)	(119,813)	(384)
Loss on remeasurement of fair value of convertible notes	-	528,700	-	2,602,300
Loss on remeasurement of fair value of warrant liability	-	(51,800)	1,249,932	-
Accretion of preferred share liability	-	-	23,159,732	-
Finance costs on loans and borrowing	11,050	6,278	19,256	13,717
Finance costs on lease liabilities	171,654	5,589	225,386	8,414
Foreign exchange (gain)/loss	(1,642)	37,948	(14,103)	37,456
Gain on debt extinguishment	-	-	(818)	-
Loss on sale of fixed assets	141	-	141	-
Other finance costs	4,701	(3,675)	4,701	
Net finance cost	**70,818**	**522,861**	**24,524,414**	**2,661,503**

22. Reverse acquisition of CGGZ by Taiga Motors Inc.

Through the Amalgamation, as described in Note 1, CGGZ acquired legal control of Taiga Motors Inc. by way of an amalgamation between Taiga Motors Inc. and Subco, a wholly-owned subsidiary of CGGZ. However, as the shareholders of Taiga Motors Inc. gained voting control of CGGZ pursuant to the issuance of CGGZ common shares to the shareholders of Taiga Motors Inc., representing a significant majority interest, Taiga Motors Inc. has been determined to be the accounting acquirer and, consequently, the transaction has been accounted for as a reverse acquisition of CGGZ by Taiga Motors Inc. As CGGZ does not meet the definition of a business, the transaction is accounted for as a reverse acquisition of net assets, pursuant to IFRS 2, Share-based payment.

(Expressed in Canadian Dollars - Unaudited)

The acquisition-date fair value of the consideration transferred by the accounting acquirer, Taiga Motors Inc., for its interest in the accounting acquiree, CGGZ, of $92,584,653 or 5,322,968 common shares and 1,794,384 warrants is determined based on the fair value of the equity interest Taiga Motors Inc. would have had to give to the owners of CGGZ, before the reverse acquisition, to provide the same percentage equity interest in the combined entity that results from the reverse acquisition, and is recorded as an increase in common shares in the consolidated statement of financial position.

The fair value of the consideration transferred by the accounting acquirer was determined by using the share value outlined in the merger agreement of $3.00 (pre-consolidation) multiplied by the number of shares of 26,614,842 (pre-consolidation) for a consideration of $79,844,526. The 8,971,921 warrants (pre-consolidation) were valued at a $1.42 value per warrant using Black-Scholes valuation model with the assumptions listed in the table below for a consideration of $12,740,127. The considerations for the shares and the warrants represent the total consideration transferred by the accounting acquirer.

Share price	$ 3.00
Exercise price	$ 3.45
Risk free rate	0.94%
Expected life (years)	5.00
Expected volatility	60%

As the fair value of CGGZ's identifiable net assets at the reverse acquisition date was $42,777,683, the excess of consideration transferred over the net assets acquired of $49,806,971 is reflected as a reverse acquisition of CGGZ expense (note 23) in the consolidated statements of income (loss) and comprehensive income (loss). The identifiable assets are composed of cash.

23. Reverse acquisition of CGGZ expenses

The following table provides a breakdown of expenses incurred in connection with the reverse acquisition of Taiga Motors Inc. by CGGZ:

	Three-months		Six-months	
For the periods ended	**June 30, 2021 $**	**June 30, 2020 $**	**June 30, 2021 $**	**June 30, 2020 $**
Consideration received in excess of net assets	49,806,971	-	49,806,971	-
Professional fees	322,100	-	2,213,349	-
Exchange and listing fees	229,950	-	229,950	-
Total	**50,359,021**	**-**	**52,250,270**	**-**

24. Loss per share

	Three-months		Six-months	
For the periods ended	June 30,2021 $	June 30, 2020 $	June 30, 202 $	June 30, 2020 $
Net loss	54,956,736	385,799	83,671,087	2,770,111
Basic and diluted weighted average number of common shares outstanding	18,388,348	8,719,829	13,622,232	8,719,829
Loss per share – basic and diluted	**2.99**	**0.04**	**6.14**	**0.32**

For any of the periods, the diluted loss per share calculation did not take into consideration the potential dilutive effect of the stock options, warrants, and preferred shares as all the instruments were anti-dilutive.