

**BRAND X LIFESTYLE CORP.**  
(formerly Block X Capital Corp.)

**Consolidated Financial Statements**  
**For the three months ended March 31, 2020**  
(unaudited)

**Expressed in Canadian Dollars**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. They include appropriate accounting principles, judgment and estimates in accordance with IFRS for unaudited condensed consolidated interim financial statements

The Company's independent auditors have not performed a review of these unaudited condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of unaudited condensed interim financial statements by an entity's auditors.



**BRAND X LIFESTYLE CORP. (formerly Block X Capital Corp.)**  
**Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**  
**Expressed in Canadian dollars (unaudited)**

	Note	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
		\$	\$
Finance fees and bank charges		214	22
Consulting fees	8	119,890	23,929
Filing and transfer agent fees		14,387	6,262
Office, rent and administration		18,310	48,914
Professional fees		46,698	2,169
Share-based payments	7,8	-	5,142
		<b>(199,499)</b>	<b>(86,438)</b>
Change in fair value of investments	5, 6	68,571	(19,285)
Finance income	4, 5	19,459	10,108
		<b>88,030</b>	<b>(9,177)</b>
<b>Net income (loss) and comprehensive income (loss)</b>		<b>(111,469)</b>	<b>(95,615)</b>
<b>Net income (loss) per share</b>			
Basic and diluted		<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average number of common shares outstanding</b>			
Basic and diluted		<b>28,364,526</b>	24,112,878

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

**BRAND X LIFESTYLE CORP. (formerly Block X Capital Corp.)**  
**Consolidated Statements of Changes in Equity**  
**Expressed in Canadian dollars (unaudited)**

	Common Shares	Share Capital	Warrant Reserve	Option Reserve	Deficit	Total
	#	\$	\$	\$	\$	\$
Balance at December 31, 2018	24,112,878	30,449,956	347,173	1,416,754	(28,893,294)	3,320,589
Share-based payments (Note 7)	-	-	-	5,142	-	5,142
Net loss for the period	-	-	-	-	(95,615)	(95,615)
<b>Balance at March 31, 2019</b>	<b>24,112,878</b>	<b>30,449,956</b>	<b>347,173</b>	<b>1,421,896</b>	<b>(28,988,909)</b>	<b>3,230,116</b>
Balance at December 31, 2019	24,112,878	30,449,956	119,754	1,038,131	(27,099,746)	4,508,095
Shares issued for cash, net of share issue costs (Note 7)	5,000,000	500,000	-	-	-	500,000
Shares issued for investment asset (Note 5)	6,900,000	483,000	-	-	-	483,000
Net income for the period	-	-	-	-	(111,469)	(111,469)
<b>Balance at March 31, 2020</b>	<b>36,012,878</b>	<b>31,432,956</b>	<b>119,754</b>	<b>1,038,131</b>	<b>(27,211,215)</b>	<b>5,379,627</b>

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

**BRAND X LIFESTYLE CORP. (formerly Block X Capital Corp.)**  
**Consolidated Statements of Cash Flows**  
**Expressed in Canadian dollars (unaudited)**

	<b>Three Months Ended March 31, 2020</b>	<b>Three Months Ended March 31, 2019</b>
<b>Cash flows used in operating activities</b>		
Net income (loss) for the year	\$ (111,469)	\$ (95,615)
Adjustments for:		
Share-based payments	-	5,142
Accretion	(12,466)	-
Accrued interest	(6,397)	-
Change in fair value of investments	(68,571)	19,285
Changes in non-cash working capital items:		
Other receivables	(426)	(6,561)
Prepaid expenses	-	-
Accounts payable and accrued liabilities	47,750	10,020
<b>Net cash used in operating activities</b>	<b>(151,578)</b>	<b>(67,729)</b>
<b>Cash flows used in investing activities</b>		
Investment in convertible debenture receivable	-	(500,000)
Purchase of investments	-	(350,000)
Investment in note receivable	(170,898)	-
<b>Net cash used in investing activities</b>	<b>(170,898)</b>	<b>(850,000)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares, net of costs	500,000	-
Proceeds from subscriptions received	-	-
<b>Net cash generated by financing activities</b>	<b>500,000</b>	<b>-</b>
<b>Change in cash and cash equivalents</b>	<b>177,524</b>	<b>(917,729)</b>
<b>Cash and cash equivalents, beginning</b>	<b>186,296</b>	<b>2,753,143</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 363,820</b>	<b>\$ 1,835,414</b>
Cash and cash equivalents are comprised of:		
Cash	\$ 188,570	\$ 135,414
Guaranteed Investment Certificate	175,250	1,700,000
	<b>\$ 363,820</b>	<b>\$ 1,835,414</b>

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

**BRAND X LIFESTYLE CORP. (formerly Block X Capital Corp.)**

**Notes to Condensed Consolidated Financial Statements**

Expressed in Canadian dollars (unaudited)

**1. Nature of operations and going concern**

Brand X Lifestyle Corp. (formerly Block X Capital Corp.) (the “Company”) is incorporated under the *Canada Business Corporations Act* and is in the business of acquiring and investing in early-stage to mid-level emerging growth companies. The Company’s shares trade on the Canadian Securities Exchange (“CSE”) under the symbol “BXXX”. The Company’s registered and records office is located at 10<sup>th</sup> floor, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

These unaudited condensed consolidated financial statements (“financial statements”) are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the three months ended March 31, 2020, the Company realized net loss of \$111,469 (2019 – net loss of \$95,615) and as of that date the Company’s deficit was \$27,211,215 (December 31, 2019 – \$27,099,746). As at March 31, 2020 the Company’s working capital was \$716,926, which is expected to be sufficient to finance operating costs over the next twelve months. Additional financing may be required to acquire new investments. In addition, the Company has no sources of revenue. Future funding for investments may not be available or may be available but on terms that may not be suitable for the Company. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts in its consolidated statement of financial position.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

**2. Basis of Presentation and significant accounting policies**

a) Statement of compliance

These financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the Financial Reporting Interpretations Committee (“IFRIC”). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed, and therefore these financial statements should be read in conjunction with the Company’s December 31, 2019 audited annual consolidated financial statements and the notes to such financial statements.

The financial statements of the Company for the three months ended March 31, 2020 were authorized for issue by the Board of Directors (“Board”) on June 30, 2020.

b) Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments which are classified as fair values at the end of each reporting period, as explained in the accounting policies below. All amounts on the financial statements are presented in Canadian dollars which is the functional currency of the Company.

These unaudited condensed interim financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the period ended December 31, 2019.

**BRAND X LIFESTYLE CORP. (formerly Block X Capital Corp.)****Notes to Condensed Consolidated Financial Statements**

Expressed in Canadian dollars (unaudited)

**3. Accounting standards issued but not yet adopted**

The Company has not applied the following amendment that has been issued but is not yet effective:

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. The Company has not elected to apply this amendment early.

**4. Note receivable**

On June 19, 2019, the Company issued a \$250,000 loan to MineHub Technologies Inc. ("MineHub"), an arm's length third party. The note receivable bears interest at 10% and matures on June 18, 2020. In addition, bonus securities of 200,000 common shares of MineHub were issued to the Company. The common shares received were recognized at their fair value of \$50,000. The note receivable was initially recorded at fair value of \$200,000 and will be accreted to face value over the term of the loan. At June 30, 2020, the loan has not been repaid and the Company is in discussion with Minehub to extend the note receivable.

During the three months ended March 31, 2020, the company recognized \$18,767 in finance income, which includes interest of \$6,301 and accretion of \$12,466 on the note receivable. During the year ended December 31, 2019, the Company recognized \$40,068 in finance income, which includes interest of \$13,356 and accretion of \$26,712 on the note receivable. At March 31, 2020, the carrying value of the note receivable was \$239,178 (December 31, 2019: \$226,712), consisting of the initial fair value plus accretion.

On March 24, 2020, the Company issued a \$170,898 loan to CBIO Brand Development Inc. The note receivable bears interest at 7% and matures March 24, 2021.

**5. Investments**

Investments consist of common shares purchased and are classified as FVTPL.

	Fair value at December 31, 2019	Additions	Fair value adjustment	Fair value at March 31, 2020
	\$	\$	\$	\$
iComply Investor Services Inc.	258,332	-	-	258,332
Eli Technologies Corp.	195,000	-	-	195,000
Abaxx Technology Inc.	343,750	-	-	343,750
Quisitive Technology Solutions Inc.	107,143	-	68,571	175,714
FansUnite Entertainment Inc.	280,000	-	-	280,000
AgriFORCE Growing Systems Ltd. (i)	2,060,000	506,904	-	2,566,904
MineHub Technologies Inc.	300,000	-	-	300,000
CBIO Brand Development Inc. (ii)	-	483,000	-	483,000
<b>Total</b>	<b>3,544,225</b>	<b>989,904</b>	<b>68,571</b>	<b>4,602,700</b>

i) In February 2020, the Company received notification from AgriFORCE, that the automatic conversion requirements under the terms of the subscription agreement executed March 22, 2019 had been met. The convertible debenture converted with a fair value of \$506,904 (\$500,000 convertible debenture and \$6,904 interest) at \$1.00 per unit, resulting in the Company holding 506,904 units, where each unit is comprised of one common share and one common share purchase warrant exercisable at \$2.00 per share (Note 6).



**BRAND X LIFESTYLE CORP. (formerly Block X Capital Corp.)**

**Notes to Condensed Consolidated Financial Statements**

Expressed in Canadian dollars (unaudited)

- ii) On March 30, 2020 (the "Closing Date") the Company acquired 100% of the issued and outstanding common shares in the capital of CBIO. In consideration for the CBIO shares, the Company issued an aggregate of 6,900,000 shares to the CBIO shareholders who have transferred their CBIO shares to the Company.

The aggregate of 6,900,000 shares will be held in escrow by the Company and released to the CBIO shareholders as follows:

- 1,725,000 shares on the date that is five business days from the end of any three month period following the Closing Date and before March 1, 2021 (the "Clawback Date") in which CBIO generates \$500,000 or more in gross revenue in such three month period;
- 1,725,000 shares on the date that is five business days from the end of any three month period following the Closing Date and before the Clawback Date in which CBIO generates \$1,000,000 or more in gross revenue in such three month period;
- 1,725,000 shares on the date that is five business days from the end of any three month period following the Closing Date and before the Clawback Date in which CBIO generates \$2,000,000 or more in gross revenue in such three month period; and
- 1,725,000 shares on the date that is five business days from the end of any three month period following the Closing Date and before the Clawback Date in which CBIO generates \$4,000,000 or more in gross revenue in such three month period.

Any shares remaining in escrow on the Clawback Date will be cancelled and returned to treasury.

**6. Convertible debenture receivable**

On March 22, 2019, the Company invested in a \$500,000 convertible debenture in AgriFORCE. The convertible debenture had an annual interest rate of 12% and matures in five years from the date of issuance. The debenture is convertible based on certain automatic conversion features or at the Company's option until maturity at \$1.00 per unit. Each unit includes one common share and one share purchase warrant, exercisable at \$2.00 for five years from the issue date.

The Company determined the fair value at initial recognition was \$500,000 and \$506,904 at December 31, 2019, resulting in a change in fair value of \$6,904 recognized in profit and loss during the year ended December 31, 2019.

In February, 2020, the Company received notice from AgriFORCE that the convertible debenture had been converted to 506,904 units of AgriFORCE (500,000 units from the convertible debenture and 6,904 units from the interest). Each unit is comprised of one common share and one common share purchase warrant exercisable at \$2.00 per share (Note 5).

**7. Share capital**

Authorized: unlimited number of common shares without par value

Issued and outstanding March 31, 2020: 36,012,878 (December 31, 2019: 24,112,878) common shares

On March 30, 2020, the Company consolidated its issued and outstanding share capital on the basis of one post consolidated common share for every two pre consolidated common shares. No fractional shares were issued, as all fractional share were rounded to the nearest whole number. All share and per share amounts in these financial statements are presented on a post-consolidation basis.

**a) Share issuances**

*Share issuances during the three months ended March 31, 2020*

On January 15, 2020, the Company completed a non-brokered private placement whereby it issued 5,000,000 units at a price of \$0.10 per unit for proceeds of \$500,000. Each unit consists of one common share in the

**BRAND X LIFESTYLE CORP. (formerly Block X Capital Corp.)****Notes to Condensed Consolidated Financial Statements**

Expressed in Canadian dollars (unaudited)

capital of the Company and one common share purchase warrant entitling the holder to purchase one additional common share of the company, at an exercise price of \$0.35 per share, for a period of two years from the date of issuance. The warrants are subject to an acceleration right that allows the Company to give notice of an earlier expiry date if the company's share price on the CSE (or such other stock exchange the Company's shares may be trading on) is equal to or greater than \$0.60 for a period of 10 consecutive trading days.

**b) Share purchase warrants**

The balance of warrants outstanding and exercisable for the period ended March 31, 2020 is as follows:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2018	596,500	0.54
Expired	(395,000)	0.40
Balance, December 31, 2019	201,500	0.80
Issued	2,500,000	0.35
Expired	(201,500)	0.80
<b>Balance, March 31, 2020</b>	<b>2,500,000</b>	<b>0.35</b>
Weighted average remaining contractual life		1.79 years

During the year ended December 31, 2019, 395,000 warrants expired for which the fair value of \$227,419 was transferred to deficit.

Expiry Date	Warrants outstanding			Warrants exercisable		
	Exercise Price	Warrants	Weighted Average Exercise Price	Weighted average remaining contractual life (years)	Warrants	Weighted Average Exercise Price
January 15, 2022	\$ 0.35	2,500,000	\$ 0.35	1.79	2,500,000	\$ 0.35

**c) Stock options**

On January 11, 2018, the Company granted 1,320,000 stock options to directors and consultants of the Company at an exercise price of \$0.86 per common share for a period of five years ending January 11, 2023. The stock options vested 25% every three months after the grant date. The fair value of the options granted was determined to be \$1,128,923 using the following assumptions: Risk-free rate of 1.59%; Expected life of 5 years, Expected volatility of 247% and dividend yield of nil. During the quarter ended March 31, 2020, the Company recognized share-based payments of \$Nil (2019 - \$5,142).

The balance of stock options outstanding and exercisable for the period ended March 31, 2020 is as follows:

**BRAND X LIFESTYLE CORP. (formerly Block X Capital Corp.)****Notes to Condensed Consolidated Financial Statements**

Expressed in Canadian dollars (unaudited)

	Number of options	Weighted average exercise price \$
Balance, December 31, 2018	2,082,500	0.660
Cancelled	(450,000)	0.860
Balance, December 31, 2019	1,632,500	0.62
Balance, March 31, 2020	1,632,500	0.62
Weighted average remaining contractual life		2.27 years

Expiry Date	Options outstanding			Options exercisable	
	Exercise Price \$	Options	Remaining contractual life (years)	Options	Exercise Price \$
December 8, 2021	0.165	762,500	1.69	762,500	0.33
January 11, 2023	0.430	870,000	2.78	870,000	0.86
				1,632,500	

For options cancelled during the year ended December 31, 2019, the fair value of \$384,860 (2018 - \$48,588) was transferred to deficit.

**d) Reserves**

Warrant reserve records fair value of the warrants issued as part of the units in private placement and issued for finders until such time that the warrants are exercised or expired, at which time the corresponding amount will be transferred to share capital. The reserve also records fair value of the warrant issued for services other than finders until such time that the warrants are exercised or expired, at which time the corresponding amount will be transferred to share capital or charged to deficit, respectively.

Option reserve records fair value of the stock options issued for services until such time that the options are exercised or expired, at which time the corresponding amount will be transferred to share capital or charged to deficit, respectively.

**8. Related party transactions**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers.

*Key management personnel compensation*

During the three months ended March 31, 2020, the Company incurred consulting fees of \$Nil (2019 - \$23,929) to the interim CEO and CFO of the Company.

During the three months ended March 31, 2020, compensation to key management personnel included share-based payments of \$nil (2019 - \$5,142).

**BRAND X LIFESTYLE CORP. (formerly Block X Capital Corp.)****Notes to Condensed Consolidated Financial Statements**

Expressed in Canadian dollars (unaudited)

**9. Financial instruments and risk management**

The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board approves and monitors the risk management processes:

*Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk is assessed low.

*Liquidity risk*

Liquidity risk is the risk that the Company cannot meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to settle liabilities and obligations when they become due. As at March 31, 2020 the Company had cash and cash equivalents of \$363,820 to settle current liabilities of \$77,280. Liquidity risk was assessed as high.

*Market risk*

Market risk consists of currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

*Foreign currency risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company has no foreign exchange rate risk.

*Interest rate and commodity price risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company is not significantly exposed to interest rate or commodity price risk.

**Fair value hierarchy**

Financial instruments measured at fair value are grouped into three levels, based on the degree to which the fair value is observable:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2- significant observable inputs other than quoted prices included within Level 1; and
- Level 3 – significant unobservable inputs.

There were no transfers between levels of the fair value hierarchy during the three months ended March 31, 2020 and the year ended December 31, 2019.

The following is a summary of the Company's financial instruments at fair value as at March 31, 2020:

	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	363,820	-	-
Note receivable	-	410,076	-
Investments	175,714	4,426,986	-
Convertible debenture receivable	-	-	-
	539,534	4,837,062	-

**BRAND X LIFESTYLE CORP. (formerly Block X Capital Corp.)**

**Notes to Condensed Consolidated Financial Statements**

Expressed in Canadian dollars (unaudited)

The carrying amounts in the consolidated statements of financial position for other receivables, reclamation deposits and accounts payable, approximate their fair values due to their short-term maturity of these instruments.

**10. Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure to finance its corporate administration and working capital for projects.

In order to maintain or adjust its capital structure the Company may issue new equity if it is available on favorable terms or finance through debt.

The Company is dependent on capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the markets, by the status of the Company's projects in relation to these markets and by its ability to compete for investor support of its projects. The Company is not subject to externally imposed capital requirements and there were no changes in the Company's management of capital during the three months ended March 31, 2020 or the year ended December 31, 2019. The Company's capital structure consists of cash and shareholders' equity, which is comprised of share capital net of accumulated deficit. In order for the Company to carry out operations and pay for administrative costs, the Company will spend its working capital and intends to raise additional amounts externally as needed.

**11. Subsequent events**

The following events occurred subsequent to March 31, 2020:

- i) On May 4, 2020, the Company granted a total of 1,685,000 stock options to the directors and officers of the company and certain consultants pursuant to the Company's stock option plan. The options are exercisable for a period of five years at a price of \$0.14 per share. 25% of the options will vest every three months after the grant date.
- ii) On May 20, 2020, the Company issued 2.5 million units in a non-brokered private placement at a price of \$0.10 per unit for gross proceeds of \$250,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company, at an exercise price of \$0.35 per share, for a period of one year from the date of issuance. The warrants are subject to an acceleration right that allows the Company to give notice of an earlier expiry date if the Company's share price on the CSE (or such other stock exchange the Company's shares may be trading on) is equal to or greater than \$0.60 for a period of 10 consecutive trading days. There were no finders' fees payable on this private placement.
- iii) On June 23, 2020, the Company's board of directors adopted an amended and restated investment policy which governs its investment activities and investment strategy. The investment policy provides the Company with additional flexibility to invest in any early-stage to mid-level emerging growth companies. Brand X will initially maintain a focus on the emerging technology sector; however, in light of volatile market and economic conditions resulting from the COVID-19 pandemic, the investment policy will allow the Company to look at a greater range of opportunities amidst the volatility and going forward. A copy of the investment policy will be posted on the company's SEDAR profile.