



CLOUD NINE WEB3 TECHNOLOGIES

RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

News Release - Vancouver, British Columbia, January 7, 2022 - Cloud Nine Web3 Technologies Inc. (CSE: CNI) (OTC: CLGUF) (FRANKFURT: 1J10) ("Cloud Nine" or the "Company"), a leading decentralized network and data storage technology company, announced today that its audited consolidated financial statements for the year ended September 30, 2021 (the "2021 Annual Financial Statements") included amended and restated comparative figures for the years ended September 30, 2020 and 2019 (the "2020 and 2019 Annual Financial Statements") in connection with a change in accounting policy and correction of certain material classification errors (the "Restated Financial Statements"). The full effects of the restatement are outlined in Note 3 to the 2021 Annual Financial Statements filed on Sedar on January 28, 2021.

The Restated Financial Statements reflect the following change in accounting policy and corrections of errors:

- (a) Effective October 1, 2020, the Company elected to change its accounting policy for share-based compensation in accordance with IFRS 2, *Share-based Payment*, where it has elected to recognize a transfer within equity for expired vested equity instruments. Previously, the value of all expired vested options and warrants remained in reserves. Management determined that the reclassification of expired equity instruments within equity would provide a more relevant information as it better reflects the fair value of awards that are expected to vest. As a result, the opening 2019 shareholders' equity was restated to reclassify expired options and warrants of \$395,596 from reserves to deficit.
- (b) In the 2015 annual consolidated financial statements, the fair value of \$1,342,249 for 27,209,210 common shares issued as consideration in a reverse takeover transaction (the "RTO") was erroneously accounted for in reserves at the date of transaction. The Company restated the opening 2019 shareholders' equity to properly reflect the exchange of common shares in the RTO in share capital.
- (c) In the 2020 annual consolidated financial statements, the Company did not account for the modification of the 2017 Debentures under IAS 32, *Financial Instruments: Presentation*, related to the reduction of the conversion price of the 2017 Debentures from \$0.70 per share to \$0.10 per share (Note 9(a)). The Company restated the 2020 annual consolidated financial statements to reflect the modification and recognized a loss on modification of convertible debentures of \$224,000.

The Restated Financial Statements replace and supersede the previously filed 2020 and 2019 Annual Financial Statements. The 2020 and 2019 Annual Financial Statements should be disregarded and no longer be relied upon.

ON BEHALF OF THE BOARD,
Cloud Nine Education Group Ltd.

Nilda Rivera
CFO
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About Cloud Nine Web3 Technologies Inc.

Cloud Nine is a diversified technology company focused on leveraging its proprietary Web 3.0 technology products to enable the decentralized movement among consumers and business alike. Web 3.0 enables a sustainable world where decentralized users and machines are able to interact with data, value and other counterparties via a substrate of peer-to-peer networks without the need for third parties creating many benefits such as giving each user full control and ownership of all personal and corporate data.

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