

**CANNAONE TECHNOLOGIES INC.**

**Condensed Interim Financial Statements**

**Nine Month Period Ended July 31, 2020 (Expressed in  
Canadian dollars)**

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

The accompanying unaudited interim financial statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's external auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor

**CANNAONE TECHNOLOGIES INC.**  
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**For the Period ended July 31, 2020 (Unaudited -**  
**Prepared by Management) (Expressed in Canadian**  
**Dollars)**

**Financial Statements**

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**CANNAONE TECHNOLOGIES INC.**

**Condensed Interim Statements of Financial Position**

**As at July 31, 2020 and October 31, 2019**

**(Unaudited - Prepared by Management)**

**(Expressed in Canadian Dollars)**

	July 31 2020	October 31 2019
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash	17,307	209,248
GST recoverable	7,595	37,817
Prepaid expenses	-	9,600
	<u>24,902</u>	<u>256,665</u>
Non-current assets		
Equipment	591	2,629
Intangible assets	<u>316,261</u>	<u>398,273</u>
	<u>316,852</u>	<u>400,902</u>
<b>Total assets</b>	<b><u>341,754</u></b>	<b><u>657,567</u></b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
Current liabilities		
Accounts payable and accrued expenses	213,815	117,884
Convertible debenture	-	216,845
Derivative liability	-	84,686
Due to related parties - current portion	<u>805,131</u>	<u>-</u>
	<u>1,018,946</u>	<u>419,415</u>
Long-term liabilities		

Due to related parties	-	452,718
Loan from shareholder	35,302	29,965
Total liabilities	1,054,248	902,098
<b>SHAREHOLDERS' DEFICIT</b>		
Share capital	2,283,355	2,014,772
Stock-based compensation reserve	233,934	189,418
Debt discount reserve	136,314	136,314
Deficit	(3,366,097)	(2,585,035)
Total Shareholders' deficit	(712,494)	(244,531)
<b>Total Liabilities and Shareholders' Deficit</b>	<b>341,754</b>	<b>657,567</b>

*Going Concern - Note 1*

*Commitments - Note 17*

*Subsequent Events - Note 18*

(signed) "Solomon Riby-Williams", Director

(signed) "Erynn Tomlinson", Director

**See accompanying notes to condensed interim financial statements**

**CANNAONE TECHNOLOGIES INC.****Condensed Interim Statements of Loss and Comprehensive Loss****For the three and nine months ended July 31, 2020 and 2019****(Unaudited - Prepared by Management)****(Expressed in Canadian Dollars)**

	<u>Three Months ended July 31,</u>		<u>Nine Months ended July 31,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$	\$	\$	\$
Revenue	-	3,000	-	96,646
Expenses:				
Management fees	132,000	124,500	396,000	274,500
Marketing	5,770	229,860	84,749	531,906
General and administrative	13,567	61,282	83,418	141,343
Professional fees	970	6,000	73,275	63,699
Stock-based compensation	6,872	-	44,516	-
Rent	-	16,514	33,752	47,513
Depreciation	13,365	4,497	41,862	13,706
Impairment charge	42,187	-	42,187	-
	<u>214,731</u>	<u>442,653</u>	<u>799,759</u>	<u>1,072,667</u>
Loss from operations	(214,731)	(439,653)	(799,759)	(976,021)
Other income and expense				

Change in fair value of derivative liability	-	-	(55,043)	-
Interest expense	-	-	6,583	-
Accretion expense	1,890	(8,263)	29,763	(19,549)
<b>Net (Loss) for the period</b>	<u>(216,621)</u>	<u>(447,916)</u>	<u>(781,062)</u>	<u>(995,570)</u>
Loss per share	<u>(0.010)</u>	<u>(0.022)</u>	<u>(0.036)</u>	<u>(0.050)</u>
Weighted average number of shares outstanding	22,056,005	20,008,596	21,648,029	20,008,596

**See accompanying notes to condensed interim financial statements.**

**CANNAONE TECHNOLOGIES INC.****Condensed Interim Statements of Shareholders' Equity (Deficit)****For the nine months ended July 31, 2020 and 2019****(Unaudited - Prepared by Management)****(Expressed in Canadian Dollars)**

	Common Stock		Stock based	Debt		
	Number	Amount	Compensation	Discount	Deficit	Total
	of Shares		Reserve	Reserve		
		\$	\$	\$	\$	\$
Balance as at October 31, 2018	18,162,168	840,828	63,086	89,200	(704,869)	288,245
Net loss and comprehensive loss					(131,104)	(131,104)
Issuance of shares for cash	1,250,000	500,000				500,000
Share issuance costs		(73,611)				(73,611)
Balance as at January 31, 2019	19,412,168	1,267,217	63,086	89,200	(835,973)	583,530
Net loss and comprehensive loss					(416,550)	(416,550)
Issuance of shares for cash	596,428	352,014				352,014
Balance as at April 30, 2019	20,008,596	1,619,231	63,086	89,200	(1,252,523)	518,994
Net loss and comprehensive loss					(447,916)	(447,916)
Issuance of shares for cash	613,166	316,706				316,706
Share issuance costs		(20,003)				(20,003)

<b>Balance as at July 31, 2019</b>	<u>20,621,762</u>	<u>1,915,934</u>	<u>63,086</u>	<u>89,200</u>	<u>(1,700,439)</u>	<u>367,781</u>
Balance as at October 31, 2019	20,675,939	2,014,772	189,418	136,314	(2,585,035)	(244,531)
Net loss and comprehensive loss					(251,894)	(251,894)
Issuance of shares on conversion of debenture	<u>1,380,066</u>	<u>268,583</u>				<u>268,583</u>
Balance as at January 31, 2020	22,056,005	2,283,355	189,418	136,314	(2,836,929)	(227,842)
Net loss and comprehensive loss					(312,547)	(312,547)
Stock-based compensation			<u>37,644</u>			<u>37,644</u>
Balance as at April 30, 2020	22,056,005	2,283,355	227,062	136,314	(3,149,476)	(502,745)
Net loss and comprehensive loss					(216,621)	(216,621)
Stock-based compensation			<u>6,872</u>			<u>6,872</u>
<b>Balance as at July 31, 2019</b>	<u>22,056,005</u>	<u>2,283,355</u>	<u>233,934</u>	<u>136,314</u>	<u>(3,366,097)</u>	<u>(712,494)</u>

**See accompanying notes to condensed interim financial statements.**



**CANNAONE TECHNOLOGIES INC.**

**Condensed Interim Statements of Cash Flows**

**For the nine months ended July 31, 2020 and 2019**

**(Unaudited - Prepared by Management)**

**(Expressed in Canadian Dollars)**

	2020	2019
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss and comprehensive loss	(781,062)	(995,570)
Non-cash expenses:		
Depreciation	41,862	13,706
Impairment charge	42,187	-
Accretion expense	29,763	19,549
Accrued interest	6,583	-
Stock-based compensation	44,516	-
Gain on change in fair value of derivative liability	(55,043)	-
Changes in non-cash working capital:		
Accounts receivable	-	(46,018)
GST recoverable	30,222	(14,536)
Prepaid expenses Due to related parties	9,600	25,000
Accounts payable and accrued expenses	343,500	-
	95,931	(71,057)
Net cash used in operating activities	<u>(191,941)</u>	<u>(1,068,926)</u>

**INVESTING ACTIVITIES**

Purchase of equipment	-	(1,076)
Net cash used in investing activities	-	(1,076)

**FINANCING ACTIVITIES**

Proceeds from issuance of common shares, net of issuance costs	-	1,075,107
Proceeds from issuance of debenture	-	252,301
Debt discount accretion	-	(19,549)
Advances from related parties	-	254,166
Repayment of advances from shareholders	-	(23,118)
Net cash provided by financing activities	-	1,538,907

(DECREASE) INCREASE IN CASH (191,941) 468,905

Cash - beginning 209,248 46,043

CASH - ENDING 17,307 514,948

**See accompanying notes to condensed interim financial statements.**

**CANNAONE TECHNOLOGIES INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the nine months ended July 31, 2020**  
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**1. NATURE OF OPERATIONS AND GOING CONCERN**

CannaOne Technologies Inc. (“the Company”) was incorporated under the laws of the Province of British Columbia on October 19, 2016. The Company has developed technology that leverages big data to deliver predictive analytics and actionable insight to the emerging cannabis industry. The Company is listed on the Canadian Securities Exchange (“the Exchange”) trading under the symbol CNNA. The Company head office is 5 – 156 East 8<sup>th</sup> Avenue, Vancouver, B.C., V5T 1R7.

The Company’s first consumer product, BloomKit, is a software suite that delivers a complete online toolkit for a variety of applications for companies in the cannabis sector. In June 2019, the Company, along with its customer, launched BWell (thebwellmarket.com), in the United States, which uses BloomKit to facilitate the sale of a large selection of premium CBD products from numerous suppliers to consumers.

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business in the foreseeable future. These financial statements do not include any adjustments to the carrying value and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company’s operations to date have been financed by issuing common shares. The Company’s ability to continue as a going concern is dependent upon its ability to commence profitable operations, generate funds therefrom and raise additional financing in order to meet current and future obligations. The Company has not yet achieved profitable operations, has incurred significant operating losses and negative cash flows from operations, and has been reliant on equity financing. As at July 31, 2020, the Company has accumulated losses of \$3,366,097 since inception. There is no assurance that the Company will be successful in generating and maintaining profitable operations, or able to secure future debt or equity financing for its working capital and development activities. If the Company is unable to obtain sufficient funding in this fashion, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of the going concern assumption will be in significant doubt. These factors indicate the existence of material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. These financial statements do not reflect any adjustments to the amounts and classifications of assets and liabilities, which would be necessary should the Company be unable to continue as a going concern.

**2. BASIS OF PREPARATION**

The Company applies International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRS's issued and outstanding as of September 25, 2020, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended October 31, 2019. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending October 31, 2020 could result in restatement of these unaudited condensed interim financial statements.

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**3. SIGNIFICANT ACCOUNTING POLICIES**

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The functional currency and presentation currency of the Company is the Canadian dollar. Revenues and expenses in currencies other than the Canadian dollar are translated at the rate of exchange at the time of the transaction.

Transaction gains and losses that arise from exchange-rate fluctuations on transactions denominated in a currency other than the functional currency are recognized in the Statement of Loss and Comprehensive Loss.

Cash and cash equivalents

Cash and cash equivalents include bank demand deposit accounts and highly liquid short-term investments with maturities of three months or less when purchased. Cash consists of checking accounts held at financial institutions in Canada and funds held in trust which, at times, balances may exceed insured limits. The Company has not experienced any losses related to these balances, and management believes the credit risk to be minimal.

Equipment

Equipment is comprised of computer equipment that is recorded at cost and depreciated using the straight-line method over its estimated useful lives of 3 years.

Repairs and maintenance costs are charged to expense as incurred. Expenditures that substantially increase the useful lives of existing assets are capitalized.

Intangible assets

Intangible assets include software development costs, acquired intellectual property and license agreements which will be amortized on a straight-line basis over the estimated useful lives of eight years after commencing commercial operations and technological feasibility has been established. The Company periodically evaluates whether changes have occurred that would require revision of the remaining estimated useful lives. The Company performs periodic reviews of its capitalized intangible assets to determine if the assets have continuing value to the Company. Based on these valuations, impairment charges of \$42,187 were recognized during the nine months ended July 31, 2020 and 2019.

The Company capitalizes software development costs if they are identifiable, are expected to generate future economic benefits, and technological feasibility has been established, otherwise software development costs are expensed as incurred. The Company has determined that after technological feasibility for software products is reached, the Company continues to address all high-risk development issues through coding and testing prior to release of the products to customers.

Impairment of other long-lived assets

The Company evaluates the recoverability of its equipment and intangible assets annually. An impairment loss is recognized when the net book value of such assets exceeds the estimated future undiscounted cash flows attributed to the assets or the business to which the assets relate. Impairment losses, if any, are measured as the amount by which the carrying value exceeds the fair value of the assets. Intangible assets with indefinite useful lives and intangible assets not yet ready are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

During the nine months ended July 31, 2020 and 2019 the Company recorded \$42,187 of impairment losses

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related to the Company's long-lived assets.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

#### Income taxes

Income taxes represent the sum of current and deferred tax expense. Income tax is recognized in net earnings except to the extent it relates to items recognized directly in shareholders' equity, in which case the income tax expense is recognized in shareholders' equity. Current income taxes are measured at the amount, if any, expected to be recoverable from or payable to taxation authorities based on the income tax rates enacted or expected to be enacted at the end of the reporting period.

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recorded to reflect differences between the accounting and tax base of assets and liabilities, and income tax loss carry forwards. Deferred income taxes are measured using tax rates that are expected to apply to the period when the deferred tax assets are realized or deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The effect of any changes in tax rates is recognized in net income in the period in which the change occurs or in shareholders' equity, depending on the nature of the items affected by the adjustment.

Deferred income tax assets and liabilities are not recognized for temporary differences relating to the initial recognition of goodwill; the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit or loss or taxable profit or loss; and certain differences associated with subsidiaries, branches and associates, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized for deductible temporary differences to the extent it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow the asset to be recovered.

The Company offsets deferred tax assets and deferred tax liabilities relating to the same taxable entity. The Company may also offset deferred tax assets and deferred tax liabilities relating to different taxable entities, where the amounts relate to income taxes levied by the same taxation authority and the entities intend to realize the assets and settle the liabilities simultaneously.

#### Share capital

Proceeds from the exercise of stock options, special warrants and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital and special warrants issued for non-monetary consideration are valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares, special warrants and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced, and any residual value is allocated to the warrants reserve. Consideration received for the exercise of options or warrants is recorded in share capital and the related residual value is transferred to share capital. For those warrants that expire, the recorded value is transferred to expired warrants reserve in equity.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *Valuation of equity units issued in private placements*

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing price on the issuance date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded to reserves.

#### *Equity-settled Share-based Payments*

The Company operates equity-settled share-based payment plans for its eligible directors, employees and consultants. None of the Company's current plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments, except warrants, are ultimately recognized as an expense in the profit or loss with a corresponding credit to stock-based compensation reserve, within shareholders' equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance costs of the equity instruments with a corresponding credit to stock options and or warrants respectively, within shareholders' equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs, as well as the related compensation cost previously recorded as contributed surplus, are credited to share capital.

#### *Convertible Debentures*

Convertible debentures are financial instruments which are accounted for separately dependent on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgement given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion of the option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at fair value and subsequently measured at amortized cost. The residual amount is recognized as a financial liability and subsequently measured at amortized cost. The determination of the fair value is also an area of significant judgement given that it is subject to various inputs, assumptions, and estimates including contractual future cash flows, discount rates, credit spreads and volatility. Transaction costs are apportioned to the debt liability and equity components in proportion to the allocation of proceeds.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### Revenue

The Company adopted all of the requirements of IFRS 15 Revenue from Contracts with Customers (“IFRS 15”) as of November 1, 2018. IFRS 15 utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The change did not impact the cumulated revenue recognized or the related assets and liabilities on the transition date.

The following is the Company’s new accounting policy for revenue from contracts with customers under IFRS 15:

The Company’s primary source of revenue is from the deployment of BloomKit in various jurisdictions to support customers’ online e-commerce marketplace cannabis product sales. Revenue is recognized in line with the following model:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- the Company can identify each party's rights regarding the goods or services to be transferred (i.e. the performance obligations);
- the Company can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract); and
- it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

The Company recognizes revenue when it satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset.

A customer obtains control of an asset at a point in time when:

- the Company has a present right to payment for the asset;
- a customer has legal title to the asset;
- the Company has transferred physical possession of the asset;
- a customer has the significant risks and rewards related to the ownership of the asset; and
- a customer has accepted the asset.

Revenue is measured at the amount of the transaction price that is allocated to that performance obligation. The transaction price (which excludes estimates of constrained variable consideration) that is allocated to each performance obligation is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer.

The Company capitalizes any incremental costs incurred to obtain a future revenue contract. Capitalized contract costs are amortized over the period of the revenue contract. At each reporting date, the capitalized contract costs are reviewed for impairment that includes management’s analysis of the probability of a future revenue contract.

The Company did not restate prior periods as the adoption of IFRS 15 resulted in no impact to either the opening accumulated deficit or to the opening balance of accumulated comprehensive income on November 1, 2018.



### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### Net loss per share

Basic net loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share takes into consideration common shares outstanding (computed under basic loss per share) and potentially dilutive securities. Common shares issuable are considered outstanding as of the original approval date for purposes of earnings per share comparisons.

#### Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the fiscal year. The Company makes estimates for, among other items, useful lives for depreciation and amortization, determination of future cash flows associated with impairment testing for long-lived assets, determination of the fair value of stock options and warrants, valuation allowance for deferred tax assets, allowances for doubtful accounts, and potential income tax assessments and other contingencies. The Company bases its estimates on historical experience, current conditions, and other assumptions that it believes to be reasonable under the circumstances. Actual results could differ from those estimates and assumptions.

#### Comprehensive income (loss)

Comprehensive income (loss) includes all changes in equity of the Company, except those resulting from investments by owners and distributions to owners. Comprehensive income (loss) is the total of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) comprises revenues, expenses, gains and losses that, in accordance with IFRS, require recognition, but are excluded from net income (loss). The Company does not have any items giving rise to other comprehensive income, nor is there any accumulated balance of other comprehensive income. All gains and losses, including those arising from measurement of all financial instruments have been recognized in net income for the period. Net loss for the period is equivalent to comprehensive loss for the period.

#### Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments on November 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking “expected loss” impairment model.

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

#### ***Classification***

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive loss (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

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**Notes to the Condensed Interim Financial Statements**  
**For the nine months ended July 31, 2020**  
**(Unaudited - Prepared by Management)**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Financial instruments (continued)*

The Company completed a detailed assessment of its financial assets and liabilities as at November 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

<u>Financial assets/liabilities</u>	<u>Original classification IAS 39</u>	<u>New classification IFRS 9</u>
Cash	Fair value through profit or loss	FVTPL
Accounts payable	Other financial liabilities	Amortized cost
Due to related parties	Other financial liabilities	Amortized cost
Loan from shareholder	Other financial liabilities	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive loss on November 1, 2018.

**Measurement**

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

*Financial assets through other comprehensive income ("FVTOCI")*

Financial assets that meet the following conditions are measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not currently hold any financial instruments designated as FVTOCI.

*Equity instruments designated as FVTOCI*

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to retained earnings. The Company does not currently hold any equity instruments designated as FVTOCI.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *Financial instruments (continued)*

##### *Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

##### ***Derecognition***

###### *Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

###### *Financial liabilities*

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, 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 the statements of loss and comprehensive loss.

###### *Fair value hierarchy*

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for assets or liabilities that are not based on observable market data.

The carrying values of the cash, accounts receivable, due to related parties and accounts payable approximate their fair value.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *New and revised accounting standards issued but not yet effective*

IFRS 16 – Leases. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company has determined that the adoption of this standard will result in the recognition of a right of use asset and lease liability of approximately \$54,500 on the date of transition, however, this has not been recorded as the lease has been terminated.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### **4. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATIONS UNCERTAINTY**

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

#### *Fair Value of Financial Instruments*

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

#### *Share-Based Payment Transactions*

The Company measures the cost of share-based payment transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate of the share option. The assumptions and models used for estimating fair value for share-based payment transactions are determined at the time of the granting of such share-based compensation.

#### *Income Taxes*

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determinations are made.

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**5. PREPAID EXPENSES**

Prepaid expenses consist of the following:

	July 31, 2020	October 31, 2019
	\$	\$
Rental office deposit – Current	-	9,600
	-	<b>9,600</b>

**6. EQUIPMENT**

Equipment consist of the following:

	Computer Equipment
	\$
<b>Cost</b>	
Balance as at October 31, 2017	53,962
Additions	-
Balance as at October 31, 2018	53,962
Additions	1,077
Balance as at October 31, 2019	55,039
Additions	-
<b>Balance as at July 31, 2020</b>	<b>55,039</b>
<b>Accumulated Depreciation</b>	
Balance as at October 31, 2017	(16,219)
Charge for the year	(17,988)
Balance as at October 31, 2018	(34,207)
Charge for the year	(18,203)
Balance as at October 31, 2019	(52,410)
Charge for the Period	(2,038)
<b>Balance as at July 31, 2020</b>	<b>(54,448)</b>
<b>Net Book Value</b>	
Balance as at October 31, 2019	2,629
<b>Balance as at July 31, 2020</b>	<b>591</b>

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**7. INTANGIBLE ASSETS**

Intangible assets consist of the following:

	<b>Intellectual property</b>	<b>License agreement</b>	<b>Development costs</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Cost</b>				
Balance as at October 31, 2017	274,800	50,000	50,025	374,825
Additions	-	-	50,000	50,000
Balance as at October 31, 2018 and 2019	274,800	50,000	100,025	424,825
Additions	-	-	-	-
<b>Balance July 31, 2020</b>	<b>274,800</b>	<b>50,000</b>	<b>100,025</b>	<b>424,825</b>
<b>Accumulated Amortization</b>				
Balance as at October 31, 2017 and October 31, 2018	-	-	-	-
Charge for the year	(17,175)	(3,125)	(6,252)	(26,552)
Balance as at October 31, 2019	(17,175)	(3,125)	(6,252)	(26,552)
Charge for the Period	(25,762)	(4,688)	(9,375)	(39,825)
Impairment charge	-	(42,187)	-	(42,187)
<b>Balance as at July 31, 2020</b>	<b>(42,937)</b>	<b>(50,000)</b>	<b>(15,627)</b>	<b>(108,564)</b>
<b>Net Book Value</b>				
Balance as at October 31, 2019	257,625	46,875	93,773	398,273
<b>Balance as at July 31, 2020</b>	<b>231,863</b>	<b>-</b>	<b>84,398</b>	<b>316,261</b>

**Intellectual Property**

The Company acquired a proprietary HIPPA data solution that targets relational and medical aspects of cannabis users to the ultimate informational benefit of its business users for the issuance of 5,416,667 common shares with a fair value of \$325,000. The acquisition included \$50,200 of computer equipment.

**License Agreement**

The Company has acquired the exclusive right to use the VMoney payment platform for the cannabis industry in Canada in return for the issuance of 250,000 shares of common shares, with a fair value of \$50,000 in addition to agreement to pay to VMoney 2.5% of gross revenue. The agreement is for a term of three years commencing upon commercial operations and renewable with automatic one-year renewals thereafter.

The Company has the non-exclusive right to use the VMoney platform in all other areas of the world and the right of first refusal to acquire the rights exclusively at such time when VMoney decides that it will enter into exclusive licensing for these areas.

The Company will no longer utilize the VMoney platform and has recorded an impairment charge of \$42,187 during the nine month period ended July 31, 2020.

**Development Costs**

The Company engaged Inspired Networks Inc., a company owned by the Chief Technology Officer, to develop a new commercial platform, BloomKit. As at July 31, 2020, \$100,025 (October 31, 2019: \$100,025) had been paid and recognized as development costs for the commercial platform.

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## **8. SHARE CAPITAL**

### **Authorized Share Capital**

The Company is authorized to issue an unlimited number of shares of common stock without par value. As at July 31, 2020 there were 22,056,005 common shares outstanding, (October 31, 2019: 20,675,939).

*Shares issued during the year ended October 31, 2019:*

- On November 20, 2018, the Company issued 1,250,000 common shares for cash proceeds of \$500,000. Related to this share issuance, the Company granted 100,000 agent's options, which are exercisable at \$0.40 per share for a period of two years. The fair value of the agent's options of \$45,991 was recognized as share issuance costs.
- On February 6, 2019, the Company issued 100,000 common shares on the exercise of 100,000 stock options for cash proceeds of \$40,000. The fair value of \$45,991 was reclassified from stock-based compensation reserve to share capital on conversion.
- On February 6, 2019, the Company issued 50,000 common shares on the exercise of 50,000 stock options for cash proceeds of \$62,015. The fair value of \$32,043 was reclassified from stock-based compensation reserve to share capital on conversion.
- On April 30, 2019, the Company issued 892,928 units for cash proceeds of \$500,040. Each unit consists of one common share and one warrant. Half of the warrants are exercisable at \$0.70 per share for a period of 12 months and the other half are exercisable at \$1.12 per share for a period of 12 months. The Company issued 35,720 finders' warrants, half of which are exercisable at \$0.70 per share for a period of 12 months and half of which are exercisable at \$1.12 per share for a period of 12 months. The fair value of finders' warrants of \$16,571 was recognized as share issuance costs.
- On July 27, 2019, the Company issued 166,666 common shares on the exercise of 166,666 stock options for cash proceeds of \$66,666. The fair value of \$42,057 was reclassified from stock-based compensation reserve to share capital on conversion.
- On August 28, 2019, the Company issued 24,177 common shares with a fair value of \$20,309 to settle accounts payable of \$18,375, resulting in a loss on debt settlement of \$1,934.
- On October 9, 2019, the Company issued 30,000 common shares on the exercise of 30,000 warrants for cash proceeds of \$21,000.
- The Company paid cash costs of \$93,615 related to the issuance of the common shares during the year ended October 31, 2019.

*Shares issued during the period ended July 31, 2020:*

- On January 20, 2020, the Company issued 1,380,066 common shares on conversion of the principal and accrued interest of the convertible debt (Note 9).

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**Escrowed Shares**

Of the 22,056,005 common shares issued and outstanding as at July 31, 2020, 2,385,000 (October 31, 2019: 3,975,000) common shares held by directors, officers, and management are held in escrow. These remaining escrowed shares are to be released as follow:

<b>Date</b>		<b>Quantity</b>
24 months after the listing date	11/20/2020	795,000
30 months after the listing date	5/20/2021	795,000
36 months after the listing date	11/20/2021	795,000
		<b>2,385,000</b>

**Warrants**

	Warrants	
	Number	Weighted average exercise price \$
<b>Outstanding, October 31, 2018</b>	-	-
Issued	928,648	0.91
Exercised	(30,000)	0.70
Outstanding, October 31, 2019	898,648	0.92
Expired	898,648	0.92
<b>Outstanding July 31, 2020</b>	-	-

During the nine months ended July 31, 2020 there were no warrants issued or exercised and 898,648 warrants expired.

**Stock Options**

On November 1, 2017, the Company set up an Incentive Stock Option Plan for employees, directors, and consultants of the Company. This is a rolling stock option plan under which the total number of options granted under the plan and all other options granted will not exceed 10% of the issued capital of the Company. Options granted will have a term as set in the option grant but in no case greater than five years.

During the year ended October 31, 2019, the Company granted 150,000 stock options to a consultant, which are exercisable at \$0.71 for a period of one year. These options vest as 25% every three months from the date of grant. The fair value of these options was estimated to be \$51,629 using the Black-Scholes Option Pricing Model with the following assumptions: share price \$0.71, exercised price \$0.71, expected dividend yield of 0%, expected volatility of 129% which is based on comparable companies, risk-free interest rate of 1.67%; and expected life of



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one years. During the nine months ended July 31, 2020, \$44,516 was recognized as stock-based compensation expense for the vesting of these options.

During the year ended October 31, 2019, the Company granted 250,000 stock options to a director, half of which are exercisable at \$1.13 for a period of three years and half of which are exercisable at \$1.25 for a period of three years. These options vest immediately on the date of grant. The fair value of these options was estimated to be \$168,449 using the Black-Scholes Option Pricing Model with the following assumptions: share price \$1.13, exercised prices \$1.13 and \$1.25, expected dividend yield of 0%, expected volatility of 97% which is based on comparable companies, risk-free interest rate of 1.61%; and expected life of 3 years.

Total stock-based compensation expense for the nine months ended July 31, 2020 was \$44,516 (October 31, 2019: \$204,890).

No options were issued, exercised or expired during the nine months ended July 31, 2020.

	Number	Stock options Weighted average exercise price \$
<b>Outstanding, October 31, 2017</b>	-	-
Granted	250,000	0.40
<b>Outstanding, October 31, 2018</b>	250,000	0.40
Granted	550,000	0.92
Exercised	(316,666)	0.53
Expired	(83,334)	0.40
<b>Outstanding, October 31, 2019 and July 31, 2020</b>	<b>400,000</b>	<b>1.01</b>

As at July 31, 2020, exercisable incentive stock options were outstanding as follow:

Exercisable options	Exercise price \$	Expiry date
150,000	0.71	October 16, 2020
125,000	1.13	May 1, 2022
125,000	1.25	May 2, 2022

The weighted average life of options outstanding at July 31, 2020 is 1.17 years.

**Stock-Based Compensation Reserve**

The stock-based compensation reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit. During the quarter ended July 31, 2020, \$Nil was transferred to deficit for expired options.

**9. CONVERTIBLE DEBENTURE**

On June 7, 2019, the Company issued \$250,000 in an aggregate principal amount of convertible debenture. The principal balance is repayable in 12 months after issuance plus 12% interest. At any time during the term, the

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principal can be converted at a price equal to a 20% discount to the prevailing market price on the date of conversion, and the accrued interest can be converted at a price equal to the prevailing market price on the date of conversion. Because the conversion price is a function of the market price on the date of conversion, a variable number of shares will be issued on conversion, resulting in a derivative liability. On initial recognition, first the derivative liability of \$69,267 was recognized, with the residual value of \$180,733 allocated to the debt component.

On January 16, 2020, the convertible debenture was amended to make the conversion price the same as the closing market price on the day of conversion. This resulted in a gain on the fair value of the derivative liability of \$55,043. On January 20, 2020 1,380,066 shares of common stock were issued in full settlement of the outstanding principal and accrued interest of the debenture.

**10. RELATED PARTY TRANSACTIONS**

Included in the Loss from Operations and Comprehensive Loss for the nine months ended July 31, 2020 and 2019, are the following amounts, which arose due to transactions with related parties:

	<b>2020</b>	<b>2019</b>
	\$	\$
Management fees from directors and key management	396,000	174,500

As at July 31, 2020, and October 31, 2019:

	<b>July 31, 2020</b>	<b>October 31, 2019</b>
	\$	\$
Due to directors for management fees	198,652	114,652
Due to key management personnel for management fees	638,500	379,000
Principal	<b>837,152</b>	<b>493,652</b>
Debt discount reserve	(86,114)	(86,114)
Accretion interest expense	54,093	45,180
<b>Total</b>	<b>805,131</b>	<b>452,718</b>

On August 30, 2018, the Company and the directors and key management personnel entered into an agreement where the repayment of amounts due to these related parties were deferred until April 30, 2020. The deferral applies to accrued monthly compensation up to August 30, 2018 as well as accrued compensation going forward to April 30, 2020. The agreement further provides that re-payment of accrued salaries may be made, at the Company's discretion, in cash, by the issuance of common shares of the Company, or by any combination of cash or shares. Amounts due to directors and key management personnel are unsecured without interest. Due to related party was discounted at a market rate of 17% to determine the fair value of the loan at the agreement date. Deferral of the repayment of amounts due to the above-noted related parties has been extended to October 31, 2020.

The Company also has a loan from a related party with a carrying value of \$35,302 as at July 31, 2020 (Note 12).

During the nine months ended July 31, 2020, the Company was charged \$17,100 (year ended October 31, 2019: \$104,157) for development services by Inspired Networks Inc. a company owned by a key management member. Included in accounts payable and accrued expenses, as at July 31, 2020 \$7,312 (October 31, 2019: \$16,461) owing to Inspired Networks Inc.

**11. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consist of the following:

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	<b>July 31, 2020</b>	<b>October 31, 2019</b>
	\$	\$
Accounts payables	175,036	97,884
Accrued expenses	38,779	20,000
	<b>213,885</b>	<b>117,884</b>

**12. LOAN FROM SHAREHOLDER**

On June 1, 2018, the Company entered into an agreement with a shareholder for a loan of \$100,000. The loan is unsecured, non-interest bearing until July 31, 2021 after which time interest of 0.5% per month is to be accrued and paid, together with the outstanding principal, at the loan maturity date of July 31, 2023. The loan was discounted at a market rate of 17% to determine the fair value of the loan at the recognition date. The loan discount of \$50,200 was recorded in the debt discount reserve. The carrying value of the loan is measured at amortized cost and the balance as at 31, 202July0 is \$35,302 (October 31, 2019: \$29,965) after repayment of \$30,000 during the year ended October 31, 2019. The accretion expense recognized during the nine months ended July 31, 2020 was \$5,337.

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**13. REVENUES**

Revenues consist of initial set-up fees covering the layout and user interface development to integrate the customer into Bloomkit and monthly subscription revenues. During the year ended October 31, 2019, 94% of revenues were earned from one customer. In April 2019, the Company amended its agreement with this customer, whereby the Company will be entitled to retain a 24.99% share of the gross profits from this customer. For the nine months ended July 31, 2020, no amount has been recognized for the share of gross profits as there is no certainty over the amount that will be received.

**14. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its technologies and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its shareholders' equity.

The Company's primary source of capital is through the issuance of equity. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital. There were no changes in the Company's approach to capital management during the year.

**15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

The Company classifies its financial instruments into categories as follows: cash and accounts receivable as financial assets at amortized cost; accounts payable, due to related parties, convertible debenture, and due to shareholder as financial liabilities at amortized cost.

The following is an analysis of the Company's financial assets and liabilities at fair value as at July 31, 2020.

	<b>July 31, 2020</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash	\$ 17,307	\$	\$
	<b>17,307</b>	-	-

*Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with institutions of high credit worthiness. As at July 31, 2020 the Company's exposure is the carrying value of the financial instruments.

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

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The Company maintained cash at July 31, 2020 in the amount of \$17,307, in order to meet short-term business requirements. As at July 31, 2020, the Company had current liabilities for the amount \$1,018,946. Liquidity risk is assessed as high.

*Market risk*

The significant market risks to which the Company is exposed are interest rate risk and currency risk.

*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. As at July 31, 2020, since the interest rates on the loan from shareholder is fixed, the Company has no exposure for this regard.

*Currency risk*

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

As at July 31, 2020, the Company is exposed to currency risk for its US dollar equivalent of financial assets and liabilities denominated in currencies other than Canadian dollars. As at July 31, 2020 the Company has exposure to \$Nil for its cash in US dollars. A 10% depreciation or appreciation of the US dollar relative to the Canadian dollar would result in approximately \$Nil change in the Company's net loss and comprehensive loss.

**16. COMMITMENTS**

On August 27, 2019, the Company entered into a non-binding Letter of Intent ("LOI") with Real Health Sciences Inc. ("Real Health"), whereby the Company will acquire 100% of the issued and outstanding shares of Real Health for consideration of common shares of the Company with a value of \$2,000,000. The deemed share price at the date of issuance will be determined based on a 20% discount to the prevailing market price at the closing date. As of the date of these financial statements, no definitive agreement has been reached and the closing is still pending, as the Company is continuing with due diligence assessment and contract negotiation, which remains subject to the results of our comprehensive financial, corporate, and legal assessment of Real Health Sciences.

## **17. SUBSEQUENT EVENTS**

Since April 30, 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.