

**Wikileaf Technologies Inc.
(formerly Kona Capital Ltd.)
Unaudited Interim Condensed
Consolidated Financial Statements
September 30, 2019**

Unaudited Interim Condensed Consolidated
Financial Statements

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Wikileaf Technologies Inc. (formerly Kona Capital Ltd.)

Consolidated Statements of Financial Position

As at
(In Canadian dollars)
(Unaudited)

	<u>2019-09-30</u>	<u>2018-12-31</u>
	\$	\$
ASSETS		
Current		
Cash	5,738,132	225,037
Prepaid expenses	45,611	9,251
Capital assets - net of amortization	<u>56,011</u>	
	<u><u>5,839,754</u></u>	<u><u>234,288</u></u>
LIABILITIES		
Current		
Trade and other payables (Note 6)	1,303,023	805,533
Advances from parent company, without interest	1,948,914	509,260
Notes payable to related parties (Note 8.2)	483,561	498,131
	<u>3,735,498</u>	<u>1,812,924</u>
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 7)	14,770,076	5,707,626
Contributed surplus	1,152,501	367,860
Accumulated other comprehensive income	(10,265)	(64,401)
Deficit	<u>(13,808,056)</u>	<u>(7,589,721)</u>
	<u><u>2,104,256</u></u>	<u><u>(1,578,636)</u></u>
	<u><u>5,839,754</u></u>	<u><u>234,288</u></u>

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

On behalf of the Board,

/s/ Daniel Nelson
Director

/s/ Manoj Hippola
Director

Wikileaf Technologies Inc. (formerly Kona Capital Ltd.)

Consolidated Statements of Comprehensive Loss

Periods ended September 30,

(In Canadian dollars)

(Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
	\$	\$	\$	\$
Revenue				
Interest revenue			390	
Expenses				
Salaries and benefits	558,551	245,689	1,207,117	811,866
Marketing and entertainment	41,587	113,067	71,306	424,767
Professional fees	493,641	350,199	1,410,108	668,682
Management fee (Note 8.1)	79,238	65,347	239,236	193,157
Rent	40,982	7,687	82,706	59,960
Office supplies	43,846	11,160	70,777	37,801
Licensing fees	2,649		15,506	
Dues and subscriptions	12,042	6,007	22,974	20,074
Insurance	17,657		23,285	636
Bank charges	937	1,672	2,788	3,160
Travel	13,371	15,307	13,371	33,013
Depreciation of equipment	7,048		12,855	
Share-based compensation	279,881	47,924	568,641	142,007
Interest on notes payable to related parties (Note 8.2)	7,836	19,454	23,659	47,301
Listing fees	11,300		11,300	
Gain on disposition of subsidiary			(10,820)	
Transaction costs (Note 5)			2,453,916	
	<u>1,610,566</u>	<u>883,513</u>	<u>6,218,725</u>	<u>2,442,424</u>
Net loss	(1,610,566)	(883,513)	(6,218,335)	(2,442,424)
Change in cumulative translation adjustments	<u>(36,678)</u>	<u>31,284</u>	<u>54,136</u>	<u>(26,941)</u>
Net comprehensive loss	<u>(1,647,244)</u>	<u>(852,229)</u>	<u>(6,164,199)</u>	<u>(2,469,365)</u>
Net loss per share				
Basic and diluted	(0.02)	(0.01)	(0.07)	(0.03)
Weighted average number of shares outstanding – basic and diluted	95,303,141	90,684,853	92,357,115	89,880,576

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

Wikileaf Technologies Inc. (formerly Kona Capital Ltd.)
Consolidated Statements of Changes in Shareholders' Equity

For the nine months ended September 30, 2019 and 2018

(In Canadian dollars)

(Unaudited)

	Common shares		Share capital		Preferred shares		Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity (deficiency)	
	Number	Amount	Subscription receipts	Amount	Number	Amount					
		\$	Number	\$		\$					
Balance as at December 31, 2018	4,438,334	1,248,106	537,333			4,459,520	5,707,626	367,860	(64,401)	(7,589,721)	(1,578,636)
Subscription receipts converted to common shares	537,333		(537,333)								
Transactions as part of the reverse takeover											
Capital reorganization split at 1:1.00489	24,295										
Issuance of common shares	94,999,522	6,959,501				(4,459,520)	2,499,981				2,499,981
Deemed issuance of stock options								216,000			216,000
Subscription receipts converted to common shares upon listing	13,696,000	6,711,850					6,711,850				6,711,850
Transaction costs related to listing		(149,381)					(149,381)				(149,381)
Share-based compensation								568,641			568,641
Net loss										(6,218,335)	(6,218,335)
Exchange differences on translating foreign operations									54,136		54,136
Balance as at September 30, 2019	113,695,484	14,770,076	-	-	-	-	14,770,076	1,152,501	(10,265)	(13,808,056)	2,104,256
Balance as at December 31, 2017		1,248,106					3,806,706	177,652	33,849	(4,392,627)	(374,420)
Net loss and comprehensive loss for the period										(2,442,424)	(2,442,424)
Share issuances - Wikileaf	4,438,334										
Share issuances - One Web						1,944,145	1,944,145				1,944,145
Subscription receipts issued			537,333								
Share-based compensation								142,007			142,007
Exchange differences on translating foreign operations									(26,941)		(26,941)
Balance as at September 30, 2018	4,438,334	1,248,106	537,333	-		4,502,745	5,750,851	319,659	6,908	(6,835,051)	(757,633)

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

Wikileaf Technologies Inc. (formerly Kona Capital Ltd.)

Consolidated Statements of Cash Flows

Periods ended September 30,

(In Canadian dollars)

(Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss	(1,610,566)	(883,513)	(6,218,335)	(2,442,424)
Non-cash items				
Gain on disposition of subsidiary			(10,820)	
Depreciation of equipment	7,048		12,855	
Share-based compensation	279,881	47,924	568,641	142,007
Transaction costs			2,453,916	
Net change in working capital items	78,705	82,535	441,885	237,571
Net cash used in operating activities	(1,244,932)	(753,054)	(2,751,858)	(2,062,846)
INVESTING ACTIVITIES				
Purchase of equipment	(48,014)		(68,802)	
Cash acquired from reverse takeover			6,661	
Cash held in trust	5,709,950		5,709,950	
Cash from term deposit			300,000	
Net cash from investing activities	5,661,936		5,947,809	
FINANCING ACTIVITIES				
Advances from parent company	1,139,782	(723,586)	2,605,861	(505,652)
Proceeds from issuance of shares		1,543,162		1,955,346
Share issuance costs	(285,531)		(285,531)	
Net cash from financing activities	854,251	819,576	2,320,330	1,449,694
Net increase (decrease) in cash	5,271,255	66,522	5,516,281	(613,152)
Cash, beginning of period	465,792	363,565	225,037	1,019,717
Exchange difference on cash	1,085	(6,791)	(3,186)	16,731
Cash, end of period	5,738,132	423,296	5,738,132	423,296

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

Wikileaf Technologies Inc. (formerly Kona Capital Ltd.)

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019

(In Canadian dollars)

(Unaudited)

1. GOVERNING STATUTES, NATURE OF OPERATIONS AND CHANGE IN CORPORATE NAME

Wikileaf Technologies Inc. (formerly Kona Capital Ltd.) (the "Company" or "Kona") was incorporated under the British Columbia Business Corporations Act on April 3, 2018, and was based in Vancouver British Columbia. Prior to May 14, 2019, the Company was a blind pool company.

On May 14, 2019, the Company completed a business acquisition by acquiring 100% of the issued and outstanding shares of One Web Services, Inc. ("One Web"). The interim condensed consolidated financial statements as at September 30, 2019 consolidate the accounts of One Web and those of the Company from May 14, 2019. The balances and transactions presented for periods prior to May 14, 2019 are those of One Web.

With the completion of the acquisition, the Company together with One Web (together referred to as the "Group"), operate wikileaf.com, an on-line price comparison website, to help consumers find location-based pricing information about individual cannabis strains and products.

The Group's intended principal business is the sale of enhanced listing subscription services to cannabis dispensaries, product manufacturers and brands.

Upon completion of the acquisition, the Board of Directors approved the change of name of the Company to Wikileaf Technologies Inc.

The Group's parent company is Nesta Holding Co. Ltd.

2. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

These unaudited interim condensed consolidated financial statements for the three months and nine months ended September 30, 2019, were prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* using accounting policies adopted in the Group's most recent annual financial statements for the year ended December 31, 2018. They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2018. Unless otherwise noted below, the Group has consistently applied the same accounting policies throughout all periods presented, as if these policies were always in effect.

These interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 27, 2019.

These interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Wikileaf Technologies Inc. (formerly Kona Capital Ltd.)

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019

(In Canadian dollars)

(Unaudited)

3. NEW OR REVISED ACCOUNTING STANDARDS

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorization of these interim consolidated financial statements, several new, but not yet effective, standards, amendments to existing standards and interpretations have been published by the International Accounting Standards Board (hereafter "the IASB"). None of these standards, amendments or interpretations have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

3.1 New standards adopted as of January 1, 2019

IFRS 16, Leases ("IFRS16"), which replaced IAS 17, Leases along with three interpretations (IFRIC 4, Determining whether an Arrangement contains a Lease; SIC 15, *Operating Leases - Incentives*; and SIC 27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*), introduced a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees, as well as new disclosure requirements. IFRS 16 became effective for annual reporting periods beginning on or after January 1, 2019. Upon adoption, the Group applied the practical expedient of excluding leases for which the lease term ends within 12 months of the date of initial application. The adoption of the new standard had no material impact as the lease contracts are all of 12 months or less.

4. ESTIMATES

When preparing the interim consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expense. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended December 31, 2018. The only exceptions are the estimate of income tax liabilities which is determined in the interim consolidated financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Wikileaf Technologies Inc. (formerly Kona Capital Ltd.)

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019

(In Canadian dollars)

(Unaudited)

5. REVERSE TAKEOVER

On May 14, 2019, the Company and One Web completed (the "Closing") of a business combination transaction (the "Transaction") pursuant to an agreement and plan of merger (the "Merger Agreement"), dated April 8, 2019, by and among the Company, One Web and a wholly-owned subsidiary of the Company, OWS Merger Sub, Inc. ("Merger Sub"), whereby: (i) Merger Sub merged (the "Merger") with and into One Web, whereupon One Web survived as the wholly-owned subsidiary of the Company; and (ii) the Company changed its name to "Wikileaf Technologies Inc."

Pursuant to the Transaction, holders of common shares and preferred shares (on an as-converted basis) of One Web ("One Web Shares") received 9.8078 fully paid and non-assessable common shares (rounded down to the nearest whole share) in the authorized share structure of the Company (the "Common Shares" or the "Company Share") in exchange for each One Web Share held by such One Web Shareholder. Consequently, the Company owns 100% of One Web and the One Web Shareholders became shareholders of the Company. In addition, holders of One Web options received new options to purchase Company Shares, in lieu of shares otherwise issuable prior to the effective time of the Merger, adjusted in accordance with the terms of the various agreements, plans, and certificates representing the foregoing options.

In accordance with IFRS 3, Business Combinations, the substance of the Transaction is a reverse acquisition of a non-operating company as the shareholders of One Web hold the majority of the shares of the Company. The Transaction does not constitute a business combination as the Company does not meet the definition of a business under that standard. As a result, the Transaction is accounted for in accordance with IFRS 2 Share-based Payment, with One Web being identified as the acquirer and the equity consideration being measured at fair value. Accordingly, the resulting balances and transactions for periods prior to May 14, 2019, are those of One Web.

Prior to the closing of the Transaction, the following transactions occurred:

- a) On March 28, 2019, pursuant to a private placement, 13,276,000 subscription receipts were issued for a cash consideration of \$5,499,950 and subscriptions receivable of \$1,138,050. The subscription receipts were recorded net of \$128,350 of issuance costs.

On May 13, 2019, the Company closed a second tranche of the private placement resulting in the issuance of an additional 420,000 subscription receipts in exchange for gross proceeds of \$210,000 in cash. Issuance costs for the second tranche amount to \$7,800.

The subscription receipts were exchanged for no additional consideration, into common shares of the Company upon listing on the Canadian Stock Exchange ("CSE") which occurred on September 25, 2019. Total share issuance costs including those related to the issuance of subscription receipts and listing the common shares on the CSE amounted to \$285,531.

Wikileaf Technologies Inc. (formerly Kona Capital Ltd.)

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019

(In Canadian dollars)

(Unaudited)

5. REVERSE TAKEOVER (Continued)

- b) Prior to closing the Transaction, the Company completed a share split on a 1:1.00489 basis resulting in 4,999,962 common shares outstanding prior to the Transaction.
- c) On May 14, 2019, the Company and One Web closed the Transaction resulting in the issuance of 94,999,522 common shares to the shareholders of One Web to acquire all of the issued and outstanding shares of One Web taking into account an exchange ratio of 9.8078 shares of the Company for each share of One Web. The Transaction is equivalent to the issuance of shares by One Web for the net assets of the Company.

The fair value of the consideration for the net assets acquired by One Web is as follows:

	\$
4,999,962 common shares issued and outstanding of the Company	2,499,981
Fair value of options issued to officers and directors of the Company	216,000
	<u>2,715,981</u>

The fair value of the Company's common shares issued and outstanding as well as the options outstanding was determined based on the private placement completed by the Company at \$0.50 per common share.

The estimated fair value of the net assets acquired and the cost of the Transaction is:

	\$
Cash	6,661
Cash held in trust	5,709,950
Term deposit	300,000
Interest receivable	3,051
Subscription receivable	1,138,050
Trade payables	(183,797)
Subscription receipts	(6,711,850)
Transaction costs expensed	2,453,916
	<u>2,715,981</u>

Wikileaf Technologies Inc. (formerly Kona Capital Ltd.)

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019

(In Canadian dollars)

(Unaudited)

5. REVERSE TAKEOVER (Continued)

Following the closing of the Transaction, the issued and outstanding options to officers and directors of the Company will continue to be in effect with their original terms and conditions and are deemed to be issued as part of the Transaction. The fair value has been estimated at \$216,000 using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.25%
Expected dividend yield	Nil
Expected volatility	100%
Expected life	51 months

The underlying volatility for the options was determined by reference to historical data of comparable entities.

6. TRADE AND OTHER PAYABLES

	<u>2019-09-30</u>	<u>2018-12-31</u>
	\$	\$
Trade accounts payable	287,733	29,493
Management fee payable to the parent company (Note 8.1)	874,038	654,816
Interest on notes payable to related parties (Note 8.2)	141,252	121,224
	<u>1,303,023</u>	<u>805,533</u>

7. SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of common shares, voting, participating and without par value

	<u>2019-09-30</u>	<u>2018-12-31</u>
	\$	\$
Issued and fully paid		
113,695,484 common shares (4,438,334 as at December 31, 2018)	14,770,076	5,707,626
Nil subscription receipts (537,333 as at December 31, 2018)		
	<u>14,770,076</u>	<u>5,707,626</u>

The consolidated statements of changes in equity presents the dollar amounts of One Web's equity as of December 31, 2018, with the issued and outstanding shares of the Company.

Wikileaf Technologies Inc. (formerly Kona Capital Ltd.)

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019

(In Canadian dollars)

(Unaudited)

7. SHARE CAPITAL (Continued)

Prospectus to qualify common shares

On May 28, 2019, the Company filed a preliminary prospectus to qualify the distribution of 13,696,000 common shares of the Company to the holders of the subscription receipts. Such distribution is without payment of additional consideration. An application had also been filed to have the common shares of the Company listed for trading on the CSE. On September 16, 2019, the Company filed a final non-offering prospectus for purposes of becoming a reporting issuer pursuant to applicable securities regulations and on September 25, 2019, the Company was effectively listed on the CSE.

Stock options

The following table summarizes information related to stock options:

	<u>Number of options</u>
One Web options issued and outstanding after giving effect to exchange ratio of 9.8078	12,905,270
Kona options issued and outstanding after giving effect to stock split of 1.00489	500,000
Kona options deemed cancelled	(500,000)
Deemed issuance of new options	500,000
Issuance of stock options during the three-month period ended June 30, 2019	4,037,250
Issuance of stock options during the three-month period ended September 30, 2019	<u>357,637</u>
Stock options as at September 30, 2019	<u><u>17,800,157</u></u>

On August 6, 2019, the Board of Directors approved the issuance of 357,637 stock options to employees and consultants at an exercise price of \$0.50 per share and maturing 10 years from the date of issuance.

The fair value has been estimated at \$109,594 using the Black-Scholes option pricing model with the following assumptions:

Number of stock options granted	357,637
Exercise price (\$)	0.50
Expected option life	5 years
Weighted average expected share price volatility (a)	69%
Weighted average risk-free interest rate	1.60%
Expected dividend yield	Nil
Fair value of stock options granted per option (\$)	0.31

(a) The underlying volatility for the options was determined by reference to historical data of comparable entities.

Wikileaf Technologies Inc. (formerly Kona Capital Ltd.)

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019

(In Canadian dollars)

(Unaudited)

7. *SHARE CAPITAL (Continued)*

On May 17, 2019 and June 17, 2019, the Board of Directors approved the issuance of 4,037,250 stock options to employees and consultants at an exercise price of \$0.50 per share and maturing 10 years from the date of issuance.

The fair value has been estimated at \$1,179,626 using the Black-Scholes option pricing model with the following assumptions:

Number of stock options granted	4,037,250
Exercise price (\$)	0.50
Expected option life	5 years
Expected share price volatility (a)	70%
Risk-free interest rate	1.69%
Expected dividend yield	Nil
Fair value of stock options granted per option (\$)	0.29

(a) The underlying volatility for the options was determined by reference to historical data of comparable entities.

8. *RELATED PARTY TRANSACTIONS*

8.1 *Transactions with the parent company*

The Group entered into a related party transaction with its parent company. The arrangement requires the Company to pay a fee of US\$60,000 (US\$50,000 in 2018) per quarter for management services rendered. As at September 30, 2019, there is an amount of US\$660,000 (US\$480,000 as at December 31, 2018) of management fees accrued and US\$60,000 and US\$180,000 respectively for the three month and nine month periods ended September 30, 2019 (US\$ 50,000 and US\$150,000 respectively in the three month and nine-month periods ended September 30, 2018) included in expenses.

8.2 *Notes payable to related parties*

Unsecured promissory notes and advances were issued to the parent company and a company exercising significant influence over the Group. These notes were assumed by the parent company, Nesta Holding Co. Ltd., resulting in the entire amount, excluding outstanding interest, to be owed to the parent company.

As at September 30, 2019, the outstanding balance of notes payable to the parent company is \$483,561. The notes bear interest at prime rate plus 1% (6.0%).

Wikileaf Technologies Inc. (formerly Kona Capital Ltd.)

Notes to Interim Condensed Consolidated Financial Statements

September 30, 2019

(In Canadian dollars)

(Unaudited)

8. RELATED PARTY TRANSACTIONS (Continued)

8.2 Notes payable to related parties (Continued)

As at September 30, 2019, there is \$141,252 of interest payable accrued of which \$80,290 (\$58,423 as at December 31, 2018) is payable to the parent company and \$60,962 (\$62,801 as at December 31, 2018) is payable to the company exercising significant influence.

An amount of \$7,836 and \$23,659 respectively for the three-month and nine-month periods ended September 30, 2019, (\$19,454 and \$47,301 respectively in the three-month and nine-month periods ended September 30, 2018) was included in expenses.

The notes payable to the parent company and related interest, as well as the advances from the parent company for operations, are all due upon demand. The management fees are due as the services are rendered and at the latest upon a change of control of the Company. As the Company relies on the parent company for its continued support for ongoing operations, the parent company has provided an acknowledgement that it will not seek repayment of any of these amounts until the Company has revenue of \$2,500,000, or on the occurrence of a significant financing of the Company over \$5,000,000 or by conversion of these amounts into common shares at the then applicable trading price of the shares on the CSE.

Following the conversion of the subscription receipts into common shares, the Company reduced the advances from parent company with the subscription receivable in the amount of \$1,138,050.

9. FINANCIAL RISKS

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets is cash, which is classified at amortized cost.

The Group's financial liabilities are trade and other payables, advances from parent company and notes payable to related parties. Financial liabilities are measured subsequently at amortized cost using the effective interest method.

The main types of risks are interest rate risk, credit risk and liquidity risk and such risks are considered not significant.

The Group does not actively engage in the trading of financial assets for speculative purposes.

Wikileaf Technologies Inc. (formerly Kona Capital Ltd.)
Notes to Interim Condensed Consolidated
Financial Statements

September 30, 2019

(In Canadian dollars)

(Unaudited)

10. POST-REPORTING DATE EVENTS

Subsequent to September 30, 2019, the Company cancelled 2,943,755 options to acquire common shares.