

**Wikileaf Technologies Inc.**  
**Unaudited Interim Condensed**  
**Consolidated Financial Statements**  
**March 31, 2020**

Unaudited Interim Condensed Consolidated  
Financial Statements

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# Wikileaf Technologies Inc.

## Consolidated Statements of Financial Position

As at  
(In Canadian dollars)  
(Unaudited)

	March 31, 2020 \$	December 31, 2019 \$
<b>ASSETS</b>		
Current		
Cash	2,321,588	3,562,858
Prepaid expenses	65,904	120,711
	<u>2,387,492</u>	<u>3,683,569</u>
Long-term		
Capital assets - net of depreciation	20,116	38,391
	<u>2,407,608</u>	<u>3,721,960</u>
<b>LIABILITIES</b>		
Current		
Trade and other payables (Note 6)	1,162,156	1,160,062
Advances from parent company, without interest	1,693,767	1,580,997
Notes payable to related parties (Note 8.2)	518,031	474,250
	<u>3,373,954</u>	<u>3,215,309</u>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
Share capital (Note 7)	14,770,456	14,770,456
Contributed surplus	2,020,461	1,947,920
Accumulated other comprehensive income (loss)	(206,643)	30,108
Deficit	<u>(17,550,620)</u>	<u>(16,241,833)</u>
	<u>(966,346)</u>	<u>506,651</u>
	<u>2,407,608</u>	<u>3,721,960</u>

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

On behalf of the Board,

/s/ Connor Cruise  
Director

/s/ Manoj Hippola  
Director

# Wikileaf Technologies Inc.

## Consolidated Statements of Comprehensive Loss

For the three months ended March 31,

(In Canadian dollars)

(Unaudited)

	<u>2020</u>	<u>2019</u>
	\$	\$
<b>Revenue</b>	<b>13,824</b>	
<b>Expenses</b>		
Salaries and benefits	727,692	237,671
Professional fees	341,668	545,925
Management fee (Note 8.1)	48,387	79,782
Marketing and entertainment	14,065	13,464
Rental expense	26,364	11,209
Office supplies	13,177	13,302
Insurance	32,354	3,318
Dues and subscriptions	12,986	4,698
Licensing fees	2,242	6,781
Bank charges	1,085	782
Other	5,629	505
Share-based compensation	72,541	98,564
Depreciation of equipment	11,481	2,354
Interest on notes payable to related parties	6,585	7,890
Listing fees	3,899	
Loss on disposition of capital assets	2,456	
	<u>1,322,611</u>	<u>1,026,245</u>
<b>Net loss</b>	<b>(1,308,787)</b>	<b>(1,026,245)</b>
Items that will be reclassified subsequently to profit or loss		
Change in cumulative translation adjustments	<u>(236,751)</u>	<u>28,213</u>
<b>Net comprehensive loss</b>	<b><u>(1,545,538)</u></b>	<b><u>(998,032)</u></b>
<b>Net loss per share</b>		
Basic and diluted	<b>(0.01)</b>	<b>(0.01)</b>
Weighted average number of shares outstanding – basic and diluted	<b>113,715,484</b>	<b>78,535,959</b>

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

## Wikileaf Technologies Inc.

### Consolidated Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2020 and 2019

(In Canadian dollars)

(Unaudited)

	Common shares		Share capital		Preferred shares		Total amount	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity (deficiency)
	Number	Amount	Number	Amount	Number	Amount					
		\$		\$		\$					
Balance as at December 31, 2019	113,715,484	14,770,456					14,770,456	1,947,920	30,108	(16,241,833)	506,651
Share-based compensation								72,541			72,541
Net loss										(1,308,787)	(1,308,787)
Exchange differences on translating foreign operations									(236,751)		(236,751)
<b>Balance as at March 31, 2020</b>	<b>113,715,484</b>	<b>14,770,456</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>14,770,456</b>	<b>2,020,461</b>	<b>(206,643)</b>	<b>(17,550,620)</b>	<b>(966,346)</b>
Balance as at December 31, 2018	4,438,334	1,248,106	537,333				5,707,626	367,860	(64,401)	(7,589,721)	(1,578,636)
Share-based compensation								98,564			98,564
Net loss										(1,026,245)	(1,026,245)
Exchange differences on translating foreign operations									28,213		28,213
Balance as at March 31, 2019	4,438,334	1,248,106	537,333	—	—	—	5,707,626	466,424	(36,188)	(8,615,966)	(2,478,104)

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

# Wikileaf Technologies Inc.

## Consolidated Statements of Cash Flows

For the three months ended March 31,

(In Canadian dollars)

(Unaudited)

	<u>2020</u>	<u>2019</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss	(1,308,787)	(1,026,245)
Non-cash items		
Depreciation of equipment	11,481	2,354
Share-based compensation	72,541	98,564
Loss on disposition of equipment	2,456	
Net change in working capital items	<u>(36,257)</u>	311,732
Net cash used in operating activities	<u>(1,258,566)</u>	(613,595)
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment		(9,983)
Proceeds from disposal of equipment	4,579	
Net cash from (used in) investing activities	<u>4,579</u>	(9,983)
<b>FINANCING ACTIVITIES</b>		
Advances from parent company		631,801
Net cash from financing activities		<u>631,801</u>
<b>Net increase (decrease) in cash</b>	<b>(1,253,987)</b>	8,223
Cash, beginning of period	<b>3,562,858</b>	220,435
Exchange difference on cash	<u>12,717</u>	1,878
Cash, end of period	<u><u>2,321,588</u></u>	<u><u>230,536</u></u>

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

# Wikileaf Technologies Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2020  
(In Canadian dollars)  
(Unaudited)

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

Wikileaf Technologies Inc. (hereafter "the Company") was incorporated under the British Columbia Business Corporations Act on April 3, 2018. The Company's head office is in Federal Way, Washington.

On May 14, 2019, the Company completed a business acquisition by acquiring 100% of the issued and outstanding shares of One Web Services, Inc. (hereafter "One Web"). The interim condensed consolidated financial statements as at March 31, 2020 consolidate the accounts of the Company and One Web. 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 online price comparison website, to help consumers find location-based pricing information about individual cannabis strains and products, which is the Group's only operating segment.

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

The Company is listed on the Canadian Securities Exchange (hereafter "CSE") under the ticker "WIKI".

### **2. GOING CONCERN ASSUMPTION**

The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), in particular on the assumption that the Group will continue as a going concern, meaning it will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

Since inception, the Group has incurred operating losses. As at March 31, 2020, the Group has a deficit of \$17,550,620. The Group has not yet completed its efforts to establish a stabilized source of revenue sufficient to cover operating expenses and relies on support from its shareholders to cover such expenses. Management anticipates that the Group will be dependent, for the foreseeable future, on the continued support from the shareholders to fund operating expenses. The Group intends to position itself so that it may be able to raise funds through the capital markets. However, there is no assurance that the Group will be successful in this or any of its endeavours or become financially viable and continue as a going concern. Consequently, these material uncertainties raise significant doubt regarding the Group's ability to continue as a going concern.

# Wikileaf Technologies Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2020  
(In Canadian dollars)  
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### **2. GOING CONCERN ASSUMPTION (Continued)**

The carrying amounts of assets, liabilities, revenues and expenses presented in the consolidated financial statements and the consolidated statements of consolidated financial position classification have not been adjusted as would be required if the going concern assumption were not appropriate.

### **3. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS**

These unaudited interim condensed consolidated financial statements for the three months ended March 31, 2020, 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, 2019. 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, 2019. 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 July 14, 2020.

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

### **4. 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.

# Wikileaf Technologies Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2020  
(In Canadian dollars)  
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### 5. 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, 2019. 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.

### 6. TRADE AND OTHER PAYABLES

	March 31, 2020	December 31, 2019
	\$	\$
Trade accounts payable	32,238	65,874
Management fee payable to the parent company (Note 8.1)	934,468	857,732
Interest on notes payable to related parties (Note 8.2)	166,686	146,240
Vacation accrual	28,764	90,216
	<u>1,162,156</u>	<u>1,160,062</u>

### 7. SHARE CAPITAL

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

	March 31, 2020	December 31, 2019
	\$	\$
<b>Issued and fully paid</b>		
113,715,484 common shares	14,770,456	14,770,456

The consolidated statements of changes in equity presents the dollar amounts of One Web's equity as of March 31, 2019, with the issued and outstanding shares of the Company.



# Wikileaf Technologies Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2020  
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### 7. SHARE CAPITAL (Continued)

#### Stock options

The following table summarizes information related to stock options:

	<u>Number of options</u>
Stock options on January 1, 2020	13,960,356
Issuance of stock options	2,500,000
Forfeited stock options	<u>(960,309)</u>
Stock options on March 31, 2020	<u><u>15,500,047</u></u>

On January 13, 2020, the Company granted to its CEO 1,000,000 stock options, at an exercise price of \$0.12 per share and maturing in 10 years from the date of issuance. The stock options vest 25% at their one year anniversary date and the remaining 75% on December 31, 2021 based upon financial measures of the Company. The fair value of options granted in the period ended March 31, 2020 has been estimated at \$74,951 using the Black-Scholes option pricing model with the assumptions in the table below. However, management does not expect any of the vesting conditions to be met and thus no expense has been recorded.

On January 16, 2020, the Company granted 1,500,000 stock options, at an exercise price of \$0.12 per share and maturing in 10 years from the date of issuance. The stock options vest one-third at the date of the grant, one-third at the one-year anniversary date of the grant and the remaining one-third over the 24 months thereafter. These options were granted in replacement of the 2,943,755 stock options cancelled, in 2019. The fair value of the newly granted stock options is lower than the incremental fair value of the unvested stock options which were cancelled in 2019 and, as a result, no additional expense will be accounted for.

The fair value of options granted during the three months ended March 31, 2020 has been estimated at \$158,184 (none granted in three months ended March 31, 2019) using the Black-Scholes option pricing model with the following assumptions:

	<u>2020</u>	
Number of stock options granted	1,500,000	1,000,000
Weighted average exercise price (\$)	0.12	0.12
Expected option life	5 years	5 years
Weighted average expected share price volatility (a)	75.10%	76.70%
Weighted average risk-free interest rate	1.55%	1.61%
Expected dividend yield	Nil	Nil
Fair value of stock options granted (\$)	83,233	74,951
Fair value of stock options granted per option (\$)	0.06	0.07

# Wikileaf Technologies Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2020

(In Canadian dollars)

(Unaudited)

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### 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\$60,000 in 2019) per quarter for management services rendered. For the management fees of February 2020, the Company negotiated a reduced fee of US\$12,000 for one month. Then, as of March 1, 2020, the previous arrangement was terminated and a new arrangement was entered into, requiring the Company to pay a fee of \$5,000 per month for management services rendered. As at March 31, 2020, there is an amount of US\$640,000 and \$5,000 (US\$660,000 as at December 31, 2019) of management fees accrued. The amount included in expenses for the three month period ended March 31, 2020 is of \$43,387 (US\$32,000) and \$5,000.

#### 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.

As at March 31, 2020, the outstanding balance of notes payable to the parent company is \$518,031 (US\$365,145) (\$474,250 (US\$365,145) as at December 31, 2019). The notes bear interest at prime rate plus 1% (4.25%; 5.75% as at December 31, 2019).

As at March 31, 2020, there is \$166,686 (US\$117,492) of interest payable accrued from the notes (\$146,240 (US\$112,596) as at December 31, 2019) of which \$101,378 (\$US71,457) is payable to the parent company and \$65,310 (US\$46,035) is payable to the company exercising significant influence (\$86,450 (US\$66,561) and \$59,790 (US\$46,035) as at December 31, 2019, respectively). An amount of \$6,585 (US\$4,896) for the three-month period ended March 31, 2020 (\$7,890 (US\$5,934) in the three-month period ended March 31, 2019) 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 Group. The parent company has provided an acknowledgement that it will not seek repayment of any of these amounts until the Group has revenue of \$2,500,000 or on the occurrence of a significant financing of 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, at the discretion of the Parent Company.

# Wikileaf Technologies Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2020  
(In Canadian dollars)  
(Unaudited)

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### 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, liquidity risk and foreign exchange risk.

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

#### **Interest rate risk**

The Group has notes payable from its Parent Company subject to variable interest rates.

#### **Credit risk**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is subject to credit risk due to its cash. The credit risk is considered negligible since the counterparties are reputable financial institutions with high quality external ratings.

#### **Liquidity risk**

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by forecasting cash inflows and outflows due in day-to-day business.

The Group's objective is to maintain cash to meet its liquidity requirements on a monthly basis.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources.

#### **Foreign exchange risk**

The majority of the Group's cash are in Canadian dollars, however some expenses are settled in U.S. dollars. Currency risk results from the Group's expenses denominated in U.S. dollars.

# Wikileaf Technologies Inc.

## Notes to Interim Condensed Consolidated Financial Statements

March 31, 2020

(In Canadian dollars)

(Unaudited)

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### **10. IMPACTS RESULTING FROM THE COVID-19 PANDEMIC**

In March 2020, the decree of a COVID-19 state of pandemic and the numerous measures put in place by the federal, provincial and municipal governments to protect the public had impacts on the Group's operations. However due to the online nature of the Group's operations, the business was still able to operate. This crisis may cause significant changes to the assets or liabilities in the coming year or have a significant impact on future operations.

### **11. POST-REPORTING DATE EVENTS**

Subsequent to period-end the following events occurred:

- On May 11, 2020, the Company issued 710,000 stock options to acquire common shares at an exercise price of \$0.12 per option;
- On June 8, 2020, the CEO and two directors departed from the Company. As a result of their departure 1,300,244 unvested stock options were cancelled;
- 596,685 unvested stock options of employees and consultants and 474,042 vested stock options of a former director were cancelled;
- 1,750,000 restricted stock units were issued to officers and directors of the Company.