

## **BUSINESS ACQUISITION REPORT**

### **Item 1 Identity of Company**

#### **1.1 Name and Address of Company**

**Mota Ventures Corp.**  
Suite 800 – 1199 W Hastings Street  
Vancouver BC, Canada V6E 3T5.

#### **1.2 Executive Officer**

**Szascha Lim**  
CFO, Mota Ventures Corp.  
+1 604-609-6108  
[slim@fiorecorporation.com](mailto:slim@fiorecorporation.com)

### **Item 2 Details of Acquisition**

#### **2.1 Nature of Business Acquired**

Mota Ventures Corp. (the “Company” or “Mota”) completed the acquisition (the “Transaction”) of the online distributor Nature’s Exclusive (formerly First Class CBD) (“Nature’s Exclusive”), pursuant to the terms of a business combination agreement (the “Definitive Agreement”) entered into with Unified Funding, LLC (“Unified”). The Nature’s Exclusive brand was operated as a separate business segment of Unified. Unified is an arms’-length party which operated Nature’s Exclusive through its wholly-owned subsidiary, Natural Brands USA, LLC (formerly First Class USA, LLC).

Based in Wyoming, through its ecommerce platform, Nature’s Exclusive offers a CBD hemp-oil formula and offers products, which include CBD oil drops, CBD gummies, CBD pain relief cream and CBD skin serum. The hemp oil used in the product is derived from hemp grown and cultivated in the United States. Nature’s Exclusive is a direct to consumer online retail business in the United States.

#### **2.2 Acquisition Date**

January 17, 2020

## **2.3 Consideration**

Consideration for the Transaction consists of US\$1,500,000 which Unified received upon completion of the Transaction, US\$1,500,000 which is due within six months of the acquisition date, and the balance will be satisfied through the issuance of 47,125,000 common shares of Mota.

Unified will also be entitled to a one-time bonus payment (the “Bonus Payment”) based on the revenue and profitability of Nature’s Exclusive in the 2020 calendar year. The Bonus payment will be: (i) US\$5,000,000, in the event gross revenue exceeds US\$40,000,000 with a profit margin of at least ten percent; (ii) US\$10,000,000, in the event gross revenue exceeds US\$45,000,000 with a profit margin of at least ten percent; or (iii) US\$15,000,000, in the event gross revenue exceeds US\$50,000,000 with a profit margin of at least ten percent. The Bonus Payment will be payable in common shares of Mota based on an exchange rate of US\$1.00 to C\$1.30 and the greater of: (i) C\$0.80; and (ii) the volume-weighted average closing price of the common shares of Mota on the Canadian Securities Exchange in the ten trading days prior to the last trading day of 2020.

In connection with completion of the Transaction, Mota issued 5,200,000 common shares certain arms’-length third-parties who assisted in introducing the parties to the Transaction and facilitating its completion. Mota also issued a further 520,000 common shares to a third-party for successfully administering the Transaction.

Further information about the Transaction can be found in the Company's news release dated January 17, 2020, a copy of which has been filed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **2.4 Effect on Financial Position**

Upon the closing of the Transaction, Nature’s Exclusive became a primary business of Mota. Mota currently has no plans or proposals for material changes in the business affairs or the affairs of Nature’s Exclusive which may have a significant effect on the financial performance and financial position of the company.

## **2.5 Prior Valuations**

To the knowledge of the Company, there has not been any valuation opinion within the last twelve months by the Company or Nature’s Exclusive that was required by securities legislation or a Canadian exchange or market to support the consideration paid by the Company in connection with the Transaction.

**2.6 Parties to Transaction**

The Transaction was not with an informed person, associate or affiliate of the Company as defined in Section 1.1 of National Instrument 51-102 Continuous Disclosure Obligations.

**2.7 Date of Report**

May 15, 2020

**Item 3 Financial Statements and Other Information**

The following financial statements are attached to this report:

- the audited carve-out combined financial statements of Nature's Exclusive, together with the notes thereto and the auditor's report thereon, as at and for the years ended December 31, 2019 and December 31, 2018 (unaudited), attached hereto as Schedule "A".

Nature's Exclusive has not obtained the consent of the auditors to include the audit report thereon in this report.

**Schedule "A"**

The audited carve-out combined financial statements of Nature's Exclusive as at and for the years ended December 31, 2019 and December 31, 2018 (unaudited)

Carve-out combined financial statements of

**Nature's Exclusive  
(formerly First Class CBD)**

Year ended December 31, 2019 and period from organization on  
August 1, 2018 to December 31, 2018  
(Expressed in United States Dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Unified Funding, LLC

### *Opinion*

We have audited the accompanying carve-out combined financial statements of Nature's Exclusive (formerly First Class CBD) (the "Company"), which comprise the carve-out combined statements of financial position as at December 31, 2019 and the carve-out combined statements of income (loss) and comprehensive income (loss), members' equity (deficiency) and cash flows for the year ended December 31, 2019, including a summary of significant accounting policies.

In our opinion, these carve-out combined financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended December 31, 2019 in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Carve-out Combined Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the carve-out combined financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

### *Other Matters*

The financial statements of Nature's Exclusive (formerly First Class CBD) for the period from organization on August 1, 2018 to December 31, 2018 were not audited.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes the Business Acquisition Report.

Our opinion on the carve-out combined financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the carve-out combined financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the carve-out combined financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained the Business Acquisition Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Carve-out Combined Financial Statements***

Management is responsible for the preparation and fair presentation of the carve-out combined financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of carve-out combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the carve-out combined financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Carve-out Combined Financial Statements***

Our objectives are to obtain reasonable assurance about whether the carve-out combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these carve-out combined financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the carve-out combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the carve-out combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the carve-out combined financial statements, including the disclosures, and whether the carve-out combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Dylan Connelly.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

May 14, 2020



# Nature's Exclusive (formerly First Class CBD)

## Carve-Out Combined Statements of Financial Position

(Expressed in United States dollars)

	As at December 31, 2019	As at December 31, 2018 (Unaudited)
<b>Current assets</b>		
Cash	\$ 294,921	\$ 113,308
Amounts receivable (Note 4)	2,424,283	-
	<b>2,719,204</b>	<b>113,308</b>
Note receivable (Note 5)	<b>1,165,610</b>	-
<b>Total assets</b>	<b>\$ 3,884,814</b>	<b>\$ 113,308</b>
<b>Current liabilities</b>		
Amounts payable and accrued liabilities (Note 6)	\$ 446,322	\$ 173,161
Notes payable (Note 7)	626,631	-
	<b>1,072,953</b>	<b>173,161</b>
<b>Members' equity (deficiency)</b>		
Members' contribution	391,805	161,325
Retained earnings (deficit)	2,420,056	(221,178)
Total members' equity (deficiency)	<b>2,811,861</b>	<b>(59,853)</b>
<b>Total liabilities and members' equity</b>	<b>\$ 3,884,814</b>	<b>\$ 113,308</b>

Nature of operations and going concern (Note 1)

Subsequent events (Note 15)

Approved and authorized for issue on May 14, 2020:

"Kevin Keranen"

Chairman

Unified Funding, LLC

*The notes are an integral part of these carve-out combined financial statements*

## Nature's Exclusive (formerly First Class CBD)

### Carve-Out Combined Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in United States dollars)

	For the year ended December 31, 2019	From organization on August 1, 2018 to December 31, 2018 (Unaudited)
<b>Revenue</b>	\$ 21,881,333	\$ 59,792
<b>Cost of goods sold</b>	17,862,443	275,190
	4,018,890	(215,398)
<b>Expenses</b>		
Audit and accounting	101,660	-
Bank charges	59,570	710
Management fees	78,655	1,995
Independent business operator fees	205,157	-
Office and administration	17,912	1,258
Regulatory and licenses	4,432	1,817
Sales and marketing	940,806	-
	(1,408,192)	(5,780)
Finance income (Note 5 and 7)	30,536	-
<b>Income (loss) and comprehensive income (loss)</b>	<b>\$ 2,641,234</b>	<b>\$ (221,178)</b>

*The notes are an integral part of these carve-out combined financial statements*

## Nature's Exclusive (formerly First Class CBD)

### Carve-Out Combined Statements of Members' Equity (Deficiency)

(Expressed in United States dollars)

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	Members'	Retained earnings	Total members'
	contribution	(deficit)	equity (deficiency)
<b>At August 1, 2018</b>	\$ -	\$ -	\$ -
Increase in members' contribution	161,325	-	161,325
Loss for the period	-	(221,178)	(221,178)
<b>At December 31, 2018 (Unaudited)</b>	161,325	(221,178)	(59,853)
Increase in members' contribution	429,605	-	429,605
Distribution to subsidiary (Note 5)	(235,307)	-	(235,307)
Related party contribution (Note 7)	36,182	-	36,182
Income for the year	-	2,641,234	2,641,234
<b>At December 31, 2019</b>	\$ 391,805	\$ 2,420,056	\$ 2,811,861

*The notes are an integral part of these carve-out combined financial statements*

# Nature's Exclusive (formerly First Class CBD)

## Carve-Out Combined Statements of Cash Flows

(Expressed in United States dollars)

	For the year ended December 31, 2019	From organization on August 1, 2018 to December 31, 2018 (Unaudited)
<b>Operating activities</b>		
Income (Loss) for the period:	\$ 2,641,234	\$ (221,178)
Adjusted for:		
Finance income	(30,536)	-
Changes in non-cash working capital items:		
Amounts receivable	(2,424,283)	-
Amounts payable and accrued liabilities	273,161	173,161
Cash used in operating activities	459,576	(48,017)
<b>Financing activities</b>		
Proceeds from loan issuances	648,250	-
Proceeds from members' contribution	429,605	161,325
Advance of note receivable	(1,355,818)	-
Cash provided by financing activities	(277,963)	161,325
Net change in cash during the period	181,613	113,308
Cash, beginning of period	113,308	-
<b>Cash, end of period</b>	<b>\$ 294,921</b>	<b>\$ 113,308</b>

*The notes are an integral part of these unaudited condensed interim financial statements*

# Nature's Exclusive (formerly First Class CBD)

## Notes to the Carve-Out Combined Financial Statements

December 31, 2019 and 2018

(Expressed in United States dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Nature's Exclusive (formerly First Class CBD) (the "Business" or "Nature's Exclusive") is a direct to consumer online retail distributor business in the United States, owned by Unified Funding, LLC ("Unified"). Nature's Exclusive offers a range of products using CBD hemp-oil, which include CBD oil drops, CBD gummies, CBD pain relief cream and CBD skin serum. The Business's registered and records office address is 30 N. Gould Street, Suite N, Sheridan Wyoming, United States.

On January 17, 2020, the Business was acquired (the "Transaction") by Mota Ventures Corp. ("Mota"), pursuant to the terms of a business combination agreement (the "Definitive Agreement") entered into with Unified. (See Note 15)

These carve-out combined financial statements have been prepared for the purposes of the Transaction and reflect the financial position, operations and cash flows of Nature's Exclusive derived from the accounting records of Unified. The statements were prepared as if the Business had been operating independently during the periods presented (Note 2(b)).

### 2. BASIS OF PRESENTATION

#### (a) *Statement of compliance*

These carve-out combined financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The accounting policies applied in these carve-out combined financial statements are based on IFRS issued and in effect as at December 31, 2019, except for newly adopted accounting policies as noted below (Note 3).

These carve-out combined financial statements were authorized for issue by the management and Chairman of Unified on May 14, 2020.

#### (b) *Basis of measurement*

The purpose of these carve-out combined financial statements is to provide general purpose historical financial information of the Business for the inclusion in the Business Acquisition Report in connection with the Transaction. Therefore, these carve-out combined financial statements present the historical financial information of those operations making up the Business, and allocations of income and shared expenses of Unified Funding LLC that are attributable to the Business.

These carve-out combined financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value. In addition, these carve-out combined financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The following basis of preparation for the carve-out combined statements of financial position, income (loss) and comprehensive income (loss), changes in members' equity (deficiency) and cash flows of the Business have been applied:

- All assets and liabilities directly attributable to the Business have been extracted in these carve-out combined financial statements;
- All income and expenses directly attributable to the Business have been extracted in the carve-out combined financial statements; and
- Common expenses have been allocated on a pro-rata basis to the Business based on the level of activities during the applicable periods.

# Nature's Exclusive (formerly First Class CBD)

## Notes to the Carve-Out Combined Financial Statements

December 31, 2019 and 2018

(Expressed in United States dollars)

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### 2. BASIS OF PRESENTATION (Continued)

#### (b) *Basis of measurement (continued)*

Management cautions readers of these carve-out combined financial statements that the Business results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Business been a separate entity. Further, the allocation of income and expenses in these carve-out statements of income (loss) and comprehensive income (loss) does not necessarily reflect the nature and level of the Business' future income and operating expenses.

#### (c) *Significant accounting judgments and estimates*

The preparation of carve-out combined financial statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the carve-out combined financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These carve-out combined financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the carve-out combined financial statements, and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

The key areas of judgement and estimates applied in preparation of the carve-out combined financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

##### *Note receivable and notes payable below market rate*

Notes receivable and notes payable comprise of loans to and from related parties. The Business evaluates whether these loans were made on normal commercial terms. Non-interest bearing notes to and from related parties are initially measured and recorded at fair value. The fair value measurement of the notes is determined by discounting expected future cash flows by the market rate of return applicable to the Business. This measurement requires management to estimate market interest rates that would be applicable to the Business and expected timing of future cash flows. See Note 5 and 7.

##### *Amounts receivable*

Amounts receivable consists of amounts held in reserve by various merchant banks which process the Business' sales transactions. The Business determines the fair value of amounts receivable through the reconciliation of merchant accounts. In estimating amounts receivable, the Business is required to make certain assumptions and estimates such as estimating a 9% - 10% reserve balance based on trailing 6-9 month sales. Changes in assumptions used to estimate amounts receivable could result in materially different results.

# Nature's Exclusive (formerly First Class CBD)

## Notes to the Carve-Out Combined Financial Statements

December 31, 2019 and 2018

(Expressed in United States dollars)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Presentation currency and functional currency

The Business's presentation and functional currency is the United States dollar.

(b) Cash

Cash includes deposits held with banks that are available on demand.

(c) Financial instruments

Financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Business can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the consolidated statements of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statements of comprehensive loss for the period. Financial assets and liabilities classified at amortized cost are measured using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Financial Instrument	Classification
Cash	FVTPL
Receivables	Amortized Cost
Note receivable	Amortized Cost
Amounts payable and accrued liabilities	Amortized Cost
Notes payable	Amortized Cost

For receivables, the Business applies the simplified approach under IFRS 9 and has calculated expected credit losses ("ECL") based on lifetime expected credit losses taking into considerations historical credit loss experience and financial factors specific to the debtors and general economic conditions.

Note receivable to a subsidiary was not provided on normal commercial terms. Therefore, the difference between the transaction price and the fair value as if the note was provided on normal commercial terms was recognized in equity as a capital distribution (Note 5).

Notes payable to related parties were not provided on normal commercial terms. Therefore, the difference between the transaction price and the fair value as if the notes were provided on normal commercial terms was recognized in equity as a capital contribution (Note 7).

# Nature's Exclusive (formerly First Class CBD)

## Notes to the Carve-Out Combined Financial Statements

December 31, 2019 and 2018

(Expressed in United States dollars)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (d) Revenue recognition

The Business's revenue is derived from sales of branded products to consumers via our direct-to-consumer ecommerce website.

The Business recognizes revenue from customers when control of the goods or services are transferred to the customer, generally when products are shipped, at an amount that reflects the consideration to which the Business expects to be entitled in exchange for those goods.

Per Business policy, any product that doesn't meet the customer's expectations can be returned within the first 30 days of delivery in exchange for another product or for a full refund.

#### (e) Members' equity

Contributions from Unified to the Business are presented as part of equity. The Business has no share capital, options or warrants.

#### (f) Income Taxes

The Business is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Business being passed through to the members. As such, no recognition of federal or state income taxes for the Business that are organized as limited liability companies have been provided for in the carve-out combined financial statements. Any uncertain tax position taken by the members is not an uncertain position of the Business.

#### (g) Recently adopted accounting standards

##### *IFRS 16 – Leases*

New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. Under IFRS 16, as a lessee, the Business is required to recognize all leases in the statement of financial position as a "right-of-use" asset and a lease liability unless the lease term is 12 months or less or the underlying asset has a very low value. The asset is subsequently accounted for in accordance with the cost or revaluation model in IAS 16 Property, Plant and Equipment or as Investment Property under IAS 40 Investment Property. The liability is unwound over the term of the lease giving rise to an interest expense. The Business completed an assessment and concluded that there is no material impact on the carve-out combined financial statements from the adoption of this standard.

##### *IFRIC 23 – Uncertainty over Income Tax Treatments*

This standard was issued by the IASB in June 2017 and specifies the interpretation to be applied to the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The adoption of this standard did not have an impact on the carve-out combined financial statements.



# Nature's Exclusive (formerly First Class CBD)

## Notes to the Carve-Out Combined Financial Statements

December 31, 2019 and 2018

(Expressed in United States dollars)

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### 4. AMOUNTS RECEIVABLE

As at December 31, 2019, amounts receivable was comprised entirely from amounts receivable from credit card processors for sales made to customers.

Sales processed on credit are remitted to the Company within 10 days from processing less a 9% - 10% reserve which is remitted 6-9 months after the sale.

### 5. NOTE RECEIVABLE

During the year ended December 31, 2019, the Business advanced an amount of \$1,355,818 to Traffic Space, LLC (Note 10) (December 31, 2018: \$nil (unaudited)). The amount is non-interest bearing, unsecured and receivable upon demand.

On the origination of the note, the Company recognized a loan discount amount of \$235,307. The loan discount recognizes the interest rate benefit assuming an effective interest rate of approximately 10% based on market rates for comparable transactions. The discount amount is amortized over the estimated two year life of the note. The \$45,099 accretion of the interest rate benefit is recorded within finance income (expense). In addition, the Company recognized the fair value of these transactions in its financial statements during the year ended December 31, 2019 and treated the fair value of the benefit as a non-cash member distribution in its members' equity.

### 6. AMOUNTS PAYABLE

	December 31, 2019	December 31, 2018
		(Unaudited)
Amounts payable	\$ 446,322	\$ 24,766
Due to related parties (Note 10)	-	148,395
<b>Total</b>	<b>\$ 446,322</b>	<b>\$ 173,161</b>

### 7. NOTES PAYABLE

During the year ended December 31, 2019, the Business borrowed \$648,250 from related parties (Note 10) (December 31, 2018: \$nil (unaudited)). The amount is non-interest bearing, unsecured and payable upon demand.

On the origination of the notes, the Company recognized loan discount amounts of \$36,182. The loan discount recognizes the interest rate benefit assuming an effective interest rate of approximately 10% based on market rates for comparable transactions. The discount amount is amortized over the estimated one year life of the notes. The \$14,563 accretion of the interest rate benefit is recorded to profit or loss within finance income (expense). In addition, the Company recognized the fair value of these transactions in its financial statements during the year ended December 31, 2019 and treated the fair value of the benefit as a non-cash member contribution in its members' equity.

# Nature's Exclusive (formerly First Class CBD)

## Notes to the Carve-Out Combined Financial Statements

December 31, 2019 and 2018

(Expressed in United States dollars)

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### 8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### *Financial Risk Management*

Cash, amounts payable and notes payable are held at amortized cost which approximates fair value due to the short-term nature of these instruments.

#### *Financial Instrument Risk Exposure*

The Business is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### **Credit risk**

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The maximum credit exposure at December 31, 2019 is the carrying amount of cash, amounts receivable and note receivable. The Business does not have significant credit risk with respect to customers as it only sells to individual end users of clients that have a low transaction value and payment is conducted at the time of purchase. The Business does not sell to wholesale or commercial clients. The Business reduces its credit risk on cash by maintaining its operating bank account at a large international financial institution. The use of independent business operators ("IBO's") and multiple merchant accounts with the IBO's for the benefit of the Business also reduces credit risk as the Business does not have all of its merchandising with a single bank or single merchant account.

#### **Liquidity risk**

Liquidity risk is the risk that the Business will not be able to meet its financial obligations as they fall due. The Business attempts to ensure there is sufficient liquidity in order to meet short-term business requirements, taking into account its current cash position and potential funding sources. As at December 31, 2019, the Business's financial liabilities consist of amounts payable, and notes payable, all of which have maturities of less than one year. The Business manages its liquidity risk by reviewing its capital requirements on an ongoing basis. As at December 31, 2019, the Business had current liabilities of \$1,072,953 and working capital of \$1,646,251.

#### **Foreign exchange risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Business's functional currency. The Business's functional currency is the United States dollar as sales and major purchases are transacted in US dollars. The Business is not exposed to significant foreign exchange risk.

#### **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Business's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. Changes in short-term interest rates would not have a significant effect on the Business.

# Nature's Exclusive (formerly First Class CBD)

## Notes to the Carve-Out Combined Financial Statements

December 31, 2019 and 2018

(Expressed in United States dollars)

### 9. CAPITAL MANAGEMENT

The Business defines capital as members' equity (deficiency). The Business manages its capital structure and makes adjustments in order to have the funds available to support its operating activities.

The Business' objective when managing capital is to safeguard the Business' ability to continue as a going concern in order to pursue the development of its business. The Business manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Business may issue new equity instruments, new debt or acquire and/or dispose of assets. The Business's ability to continue as a going concern is uncertain and dependent on the continued financial support of Mota (Note 15), continued profitable operations and securing additional financing.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Business's approach to capital management during the periods presented. The Business is not subject to externally imposed capital requirements.

### 10. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Business. The Business has determined that its key management personnel consist of the Business's managers and officers.

Transactions with related parties for the year ended December 31, 2019 and period from organization on August 1, 2018 to December 31, 2018 were as follows:

	December 31, 2019	December 31, 2018
		(Unaudited)
Offer Space LLC <sup>(1)</sup>	\$ 1,433,711	\$ 8,267
Real Oil LLC <sup>(2)</sup>	2,925,167	75,961
Traffic Space LLC <sup>(3)</sup>	9,623,652	185,080
<b>Total</b>	<b>\$ 13,982,530</b>	<b>\$ 269,308</b>

<sup>(1)</sup>Offer Space LLC is a 100% subsidiary of Unified, which offers customer service and risk mitigation technology services to the Business recorded in sales and marketing expense and cost of goods sold in the statement of profit and loss.

<sup>(2)</sup>Real Oil LLC is a 100% subsidiary of Unified, which is the primary supplier of the Business. Costs are included in cost of goods sold in the statement of profit and loss.

<sup>(3)</sup>Traffic Space LLC is a 100% subsidiary of Unified, which provides marketing and customer acquisition services to the Business recorded in cost of goods sold in the statement of profit and loss.

Key management personnel compensation for the year ended December 31, 2019 and period from organization on August 1, 2018 to December 31, 2018 were as follows:

	December 31, 2019	December 31, 2018
		(Unaudited)
Consulting fees:		
Chief Executive Officer	\$ 40,750	\$ -
Chief Financial Officer	11,660	-
<b>Total</b>	<b>\$ 52,410</b>	<b>\$ -</b>

# Nature's Exclusive (formerly First Class CBD)

## Notes to the Carve-Out Combined Financial Statements

December 31, 2019 and 2018

(Expressed in United States dollars)

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### 10. RELATED PARTY TRANSACTIONS (Continued)

Included in note receivable as at December 31, 2019 is \$1,165,610 (2018: \$nil (unaudited)) due from Traffic Space LLC (Note 5).

Included in amounts payable as at December 31, 2019 and 2018 due to related parties are as follows. This amount is unsecured, non-interest bearing and has no fixed repayment terms.

	December 31, 2019		December 31, 2018 (Unaudited)
Offer Space LLC	\$	-	\$ 3,836
Real Oil LLC		-	59,824
Traffic Space LLC		-	84,735
<b>Total</b>	<b>\$</b>	<b>-</b>	<b>\$ 148,395</b>

Included in notes payable as at December 31, 2019 and 2018 due to members of the Business are as follows (Note 7).

	December 31, 2019		December 31, 2018 (Unaudited)
Alta Partners	\$	376,381	\$ -
Alliance Management		150,000	-
Lakeside Lending		100,250	-
<b>Total</b>	<b>\$</b>	<b>626,631</b>	<b>\$ -</b>

### 11. SEGMENT REPORTING

The Business operates in one reportable segment, being the online retail and distribution of CBD-hemp products in the United States. All of the Business' revenues were derived from sales in the United States.

### 12. INCOME TAXES

The Business is classified as a Limited Liability Company ("LLC"). As such, income and losses generated from operations were passed through to the individual members.

### 13. MEMBERS' EQUITY (DEFICIENCY)

Contributions from Unified and Unified's members to the Business are presented as part of equity. The Business has no common share capital, options or warrants issued.

### 14. CONCENTRATION RISK

The Business has concentrations with respect to supply management. As discussed in Note 10, the Company relies on related companies for product fulfillment, customer acquisition services and risk mitigation technology.

# Nature's Exclusive (formerly First Class CBD)

## Notes to the Carve-Out Combined Financial Statements

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### 15. SUBSEQUENT EVENTS

On January 17, 2020, the Business was acquired by Mota, pursuant to the terms of Definitive Agreement entered into with Unified.

#### Transaction Details

Consideration for the Transaction consists of US\$1,500,000 which Unified received upon completion of the Transaction, US\$1,500,000 which is due within six months, and the balance will be satisfied through the issuance of 47,125,000 common shares of Mota.

Unified will also be entitled to a one-time bonus payment (the "Bonus Payment") based on the revenue and profitability of the Business in the 2020 calendar year. Subsequent to April 29, 2020, the Definitive Agreement was amended for the Bonus Payment to be: (i) US\$5,000,000, in the event gross revenue exceeds US\$40,000,000 (formerly \$42,000,000) with a profit margin of at least ten percent; (ii) US\$10,000,000, in the event gross revenue exceeds US\$45,000,000 (formerly \$52,000,000) with a profit margin of at least ten percent; or (iii) US\$15,000,000, in the event gross revenue exceeds US\$50,000,000 (formerly \$62,000,000) with a profit margin of at least ten percent. The Bonus Payment will be payable in common shares of Mota (the "Bonus Shares") based on an exchange rate of US\$1.00 to C\$1.30 and the greater of: (i) C\$0.80; and (ii) the volume-weighted average closing price of the common shares of Mota on the Canadian Securities Exchange in the ten trading days prior to the last trading day of 2020.

In connection with completion of the Transaction, Mota issued 5,200,000 common shares certain arms'-length third-parties who assisted in introducing the parties to the Transaction and facilitating its completion. Mota also issued a further 520,000 common shares to a third-party for successfully administering the Transaction.

#### **COVID-19**

Subsequent to December 31, 2019, 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 business 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 outbreaks 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 Business in future periods.