

Wikileaf Technologies Inc.
Unaudited Interim Condensed
Consolidated Financial Statements
March 31, 2021

Unaudited Interim Condensed Consolidated
Financial Statements

Consolidated Statements of Financial Position	2
Consolidated Statements of Comprehensive Loss	3
Consolidated Statements of Changes in Equity	4
Consolidated Statements of Cash Flows	5
Notes to Interim Unaudited Condensed Consolidated Financial Statements	6 - 13

Wikileaf Technologies Inc.

Consolidated Statements of Financial Position

As at
(In Canadian dollars)
(Unaudited)

	March 31, 2021 \$	December 31, 2020 \$
ASSETS		
Current		
Cash	1,067,753	286,248
Accounts receivable	17,886	17,888
Prepaid expenses	15,842	23,337
	<u>1,101,481</u>	<u>327,473</u>
Long-term		
Equipment	4,810	5,966
	<u>1,106,291</u>	<u>333,439</u>
LIABILITIES		
Current		
Trade and other payables (Note 6)	250,208	224,888
EQUITY		
Share capital (Note 7)	16,216,940	14,982,206
Contributed surplus	4,930,194	4,893,306
Accumulated other comprehensive income	52,913	58,437
Deficit	<u>(20,343,964)</u>	<u>(19,825,398)</u>
	<u>856,083</u>	<u>108,551</u>
	<u>1,106,291</u>	<u>333,439</u>

Going concern (Note 2)

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

On behalf of the Board,

/s/ Connor Cruise
Director

/s/ Murray Hinz
Director

Wikileaf Technologies Inc.

Consolidated Statements of Comprehensive Loss

For the three-months ended March 31,

(In Canadian dollars)

(Unaudited)

	2021	2020
	\$	\$
Revenue	<u>26,297</u>	<u>13,824</u>
Expenses		
Salaries and benefits	332,644	727,692
Professional fees	79,759	341,668
Insurance	39,707	32,354
Share-based compensation (Note 7)	36,888	72,541
Marketing and entertainment	19,179	14,065
Office supplies	16,258	18,806
Dues and subscriptions	8,396	12,986
Management fees with related party (Note 8.1)	5,000	48,387
Interest on convertible notes	4,734	
Bank charges	2,694	1,085
Depreciation of equipment	1,156	11,481
Listing fees	848	3,899
Rental expense		26,364
Licensing fees		2,242
Interest on notes payable to related party (Note 8.2)		6,585
(Gain) loss on disposition of equipment	(2,400)	2,456
	<u>544,863</u>	<u>1,322,611</u>
Net loss	<u>(518,566)</u>	<u>(1,308,787)</u>
Items that will be reclassified subsequently to profit or loss		
Change in cumulative translation adjustments	(5,524)	(236,751)
Net comprehensive loss	<u>(524,090)</u>	<u>(1,545,538)</u>
Net loss per share		
Basic and diluted	(0.004)	(0.012)
Weighted average number of shares outstanding – basic and diluted	127,015,058	113,715,484

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

Wikileaf Technologies Inc.

Consolidated Statements of Changes in Equity

For the three-months ended March 31, 2021 and 2020

(In Canadian dollars)

(Unaudited)

	Number	Share capital Amount \$	Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Total equity (deficiency) \$
Balance as at December 31, 2020	119,765,484	14,982,206	4,893,306	58,437	(19,825,398)	108,551
Private placement units issuance (Note 7)	19,000,000	950,000				950,000
Private placement units issuance cost (Note 7)		(20,000)				(20,000)
Conversion of convertible notes (Note 7)	6,094,681	304,734				304,734
Transactions with shareholders	25,094,681	1,234,734				1,234,734
	144,860,165	16,216,940	4,893,306	58,437	(19,825,398)	1,343,285
Share-based compensation (Note 7)			36,888			36,888
Net loss					(518,566)	(518,566)
Exchange differences on translating foreign operations				(5,524)		(5,524)
Balance as at March 31, 2021	144,860,165	16,216,940	4,930,194	52,913	(20,343,964)	856,083
Balance as at December 31, 2019	113,715,484	14,770,456	1,947,920	30,108	(16,241,833)	506,651
Share-based compensation (Note 7)			72,541			72,541
Net loss					(1,308,787)	(1,308,787)
Exchange differences on translating foreign operations				(236,751)		(236,751)
Balance as at March 31, 2020	113,715,484	14,770,456	2,020,461	(206,643)	(17,550,620)	(966,346)

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)

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Net loss	(518,566)	(1,308,787)
Non-cash items		
Share-based compensation	36,888	72,541
Interest on convertible notes	4,734	
Depreciation of equipment	1,156	11,481
(Gain) loss on disposition of equipment	(2,400)	2,456
Net change in working capital items	32,881	(36,257)
Net cash used in operating activities	(445,307)	(1,258,566)
INVESTING ACTIVITIES		
Proceeds from disposal of equipment	2,400	4,579
Net cash from investing activities	2,400	4,579
FINANCING ACTIVITIES		
Issuance of private placement units	950,000	
Issuance of convertible notes	300,000	
Private placement units issuance costs	(20,000)	
Net cash from financing activities	1,230,000	
Net increase (decrease) in cash	787,093	(1,253,987)
Cash, beginning of period	286,248	3,562,858
Exchange difference on cash	(5,588)	12,717
Cash, end of period	1,067,753	2,321,588

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, 2021

(In Canadian dollars)

(Unaudited)

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.

The Company owns 100% of the issued and outstanding shares of One Web Services, Inc. and OWS Canada, Inc. (hereafter "One Web").

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.

On March 31, 2021, the parent company of the Group, Nesta Holdings Co. Ltd., sold a portion of the common shares of the Company to a third party and, as a result, it no longer has control over the Company, however it exercises significant influence.

The Company is listed on the Canadian Securities Exchange (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, 2021, the Group has an accumulated deficit of \$20,343,964 (\$19,825,398 as at December 31, 2020). 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.

The Group is actively seeking to secure additional funding through equity-based financing, debt-financing or other arrangements; 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, 2021
(In Canadian dollars)
(Unaudited)

3. GENERAL INFORMATION, STATEMENT OF COMPLIANCE WITH IFRS AND NEW ACCOUNTING POLICIES

These unaudited interim condensed consolidated financial statements for the three-months ended March 31, 2021, 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, 2020, except for compound financial instruments, units and warrants. 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, 2020. 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 May 28, 2021.

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

New accounting policies

Compound financial instruments

The component parts of compound financial instruments (convertible notes issued by the Group) are classified separately as financial liabilities and equity component in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. At the date of issue, the liability component is recognized at fair value, which is estimated using the borrowing rate available for similar non-convertible instruments.

Subsequently, the liability component is measured at amortized cost using the effective interest method until extinguished upon conversion or at maturity. The value of the conversion option classified as equity component is determined at the date of issue by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This amount is recognized in equity, net of income tax effects, and is not subsequently remeasured. When and if the conversion option is exercised, the equity component of convertible debt instruments will be transferred to share capital. If the conversion option remains unexercised at the maturity date of the convertible debt instruments, the equity component of the convertible debt instruments will be transferred to another equity account. No gain or loss is recognized upon conversion or expiration of the conversion option.

Transaction costs related to the issue of convertible debt instruments are allocated to the liability and equity component in proportion to the initial carrying amounts. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the term of the convertible debt instruments using the effective interest method.

Wikileaf Technologies Inc.

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2021
(In Canadian dollars)
(Unaudited)

3. GENERAL INFORMATION, STATEMENT OF COMPLIANCE WITH IFRS AND NEW ACCOUNTING POLICIES (Continued)

New accounting policies (Continued)

Units

Unit issue proceeds are allocated between the shares and warrants issued using the residual method. Proceeds are first applied to shares according to the quoted price at the time of issuance and any residual proceeds are allocated to the warrants.

Warrants

Warrants are classified as equity when they are derivatives over the Group's own equity that will be settled only by the Group exchanging a fixed amount of cash for a fixed number of the Group's own equity instruments.

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.

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, 2020. 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.

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2021
(In Canadian dollars)
(Unaudited)

6. TRADE AND OTHER PAYABLES

	March 31, 2021	December 31, 2020
	\$	\$
Trade accounts payable	102,645	87,140
Termination benefits payable	87,846	87,846
Government remittance	43,748	43,748
Vacation accrual	15,969	6,154
	<u>250,208</u>	<u>224,888</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, 2021	December 31, 2020
	\$	\$
Issued and fully paid		
144,860,165 (119,765,484 as at December 31, 2020) common shares	<u>16,216,940</u>	<u>14,982,206</u>

On March 4, 2021, the Group announced a private placement whereby it issued a total of 19,000,000 units at a price of \$0.05 per unit for gross proceeds of \$950,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.075 for a period of two years from the date of closing. Upon closing, the Group paid \$20,000 as finder fees.

On January 15, 2021, the Group issued convertible notes in the amount of \$300,000, bearing interest at an annual rate of 12%. The convertible notes mature after one-year and are convertible into common shares or, in the event the Group completes an equity financing prior to April 15, 2021, the holder of the notes is obligated to convert their notes and accrued interest thereon into equity instruments on the same terms of the equity financing. In the event the holder of the notes does not exercise their conversion rights, the Group shall repay the notes with interest on the maturity date. On March 4, 2021, the convertible notes and their incurred interest of \$4,734 were converted into units at the same terms as the March 4, 2021 private placement described above, resulting in the issuance of 6,094,681 common shares.

The fair value of the Company's share price at the date of issuance of the units was \$0.055, which is higher than the unit price and as a result, the entire amount of proceeds was allocated to the common shares issued.

As at March 31, 2021, all of the 25,094,681 warrants issued, remain outstanding.

Wikileaf Technologies Inc.

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2021
(In Canadian dollars)
(Unaudited)

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, 2021	12,347,900
Issuance of stock options	<u>700,000</u>
Stock options on March 31, 2021	<u><u>13,047,900</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. On June 12, 2020, the CEO departed from the Company and, as a result, the options were forfeited.

On January 16, 2020, the Company granted 1,500,000 stock options, at an exercise price of \$0.25 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 has been estimated at \$83,233 and is lower than the incremental fair value of the unvested stock options which were cancelled in 2019. As a result, no additional expense was accounted for.

On February 19, 2021, the Company granted 700,000 stock options to employees and consultants, at an exercise price of \$0.07 per share and maturing in 10 years from the date of issuance. 220,000 of the stock options vest one-tenth on the grant date and the remaining on a monthly basis for the twelve months thereafter. 280,000 of the stock options vest one-third at the one-year anniversary date of the grant and the remaining over the 36 months thereafter. 200,000 of the stock options vest one-half at the date of the grant and the remaining on a monthly basis for the twelve months thereafter. The fair value of options granted has been estimated at \$32,745 using the Black-Scholes option pricing model with the assumptions in the table below.

Wikileaf Technologies Inc.

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2021

(In Canadian dollars)

(Unaudited)

7. SHARE CAPITAL (Continued)

Stock options (Continued)

	2021		2020
Number of stock options granted	700,000	1,500,000	1,000,000
Weighted average exercise price (\$)	0.07	0.12	0.12
Expected option life	5 years	5 years	5 years
Weighted average expected share price volatility (a)	85.00%	75.10%	76.70%
Weighted average risk-free interest rate	1.21%	1.55%	1.61%
Expected dividend yield	Nil	Nil	Nil
Fair value of stock options granted (\$)	32,745	83,233	74,951
Fair value of stock options granted per option (\$)	0.05	0.06	0.07

Restricted stock units

July 2020 grant details

On July 6, 2020, the Company granted 1,750,000 RSUs to its directors, expiring in 10 years from the date of issuance. The RSUs vest as follows:

- 1,170,000 RSUs vest in 260,000 RSU tranches on June 7 each year starting in 2021 or upon change of control of the Company;
- 130,000 RSUs vest upon a financing of \$500,000 or more or upon a change of control of the Company;
- 450,000 RSUs vest one-third a year following the grant and the remaining vest over the 36 months thereafter.

As at March 31, 2021, management has assessed the probability of a change in control of the Company at 50% and the probability of receiving a \$500,000 or more financing at 100%.

The fair value of the Company's share price at the date of grant was \$0.08.

As at March 31, 2021, the fair value of the RSUs granted has been estimated at \$57,450. During the period ended March 31, 2021, the share-based compensation expense was \$8,676.

As at March 31, 2021, all of the above RSUs granted remain outstanding and 130,000 have vested, with the remaining balance being unvested.

Wikileaf Technologies Inc.

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2021
(In Canadian dollars)
(Unaudited)

7. SHARE CAPITAL (Continued)

Summary of share-based compensation expense

The following table summarizes share-based compensation expense for the three-month periods ended March 31, 2021 and 2020:

	March 31, 2021	March 31, 2020
	\$	\$
Stock options	28,212	72,541
RSUs	8,676	
	<u>36,888</u>	<u>72,541</u>

8. RELATED PARTY TRANSACTIONS

8.1 Transactions with related party exercising significant influence

The Group had an agreement with its former parent company, which required the Group to pay a fee \$5,000 per month (US\$60,000 per quarter for the month of January 2020, US\$12,000 for the month of February 2020 and \$5,000 per month starting March 2020) for management services rendered. On December 10, 2020, the Group came to an agreement with the former parent company to settle the management fees payable as at that date and following the payment of the January 2021 management fee, the agreement was terminated. As at March 31, 2021 and December 31, 2020, there are no management fees payable. The amount included in expenses for the three-month period ended March 31, 2021 is of \$5,000 (\$48,387 (US\$32,000 and \$5,000) for the three-month period ended March 31, 2020).

8.2 Notes payable to related parties

Unsecured promissory notes were issued to the former parent company, which now exercises significant influence over the Group. On December 10, 2020, the Group came to an agreement to settle the notes. As a result there were no amounts outstanding as at March 31, 2021 or December 31, 2020.

The notes bore interest at prime plus 1% and an amount of \$6,585 (US\$4,896) of interest, for the three-month period ended March 31, 2020, was included in expenses.

Wikileaf Technologies Inc.

Notes to Interim Condensed Consolidated Financial Statements

March 31, 2021

(In Canadian dollars)

(Unaudited)

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 are cash and accounts receivable, which are classified at amortized cost.

The main types of risks are credit risk, liquidity risk and foreign exchange risk.

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

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 and accounts receivable. The Group limits its exposure to credit risk for cash by placing its cash with high credit quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its obligations as they come due. This relies on the Group's ability to raise additional equity financing in excess of anticipated needs or increasing revenues.

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

Foreign exchange risk

Foreign currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk is not considered significant as most of the Group's cash is 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.

10. COVID-19 PANDEMIC

The outbreak of the COVID-19 Coronavirus ("COVID-19") pandemic 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. The duration and impact of the COVID-19 pandemic is not known at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments or the impact on the financial position and financial results of the Group in future periods.