

Wolf Acquisition Corp.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Periods ended September 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

WOLF ACQUISITION CORP.
CONDENSED INTERIM FINANCIAL STATEMENTS
For the Periods ended September 30, 2018
(Unaudited)

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Wolf Acquisition Corp.
Condensed Interim Statement of Loss and Comprehensive Loss
For the Periods Ended September 30, 2018
(in Canadian dollars) (Unaudited)

| | <u>Three months ended September 30, 2018</u> | <u>Period from inception to September 30, 2018</u> |
|--|--|--|
| Expenses | | |
| Professional fees | \$35,898 | \$44,373 |
| Filing and listing fees | 24,640 | 24,640 |
| Share-based payments (note 4) | 49,414 | 49,414 |
| Other general and administrative | 676 | 1,035 |
| Net loss and comprehensive loss for the period | (110,628) | (119,462) |
| | | |
| Weighted average number of shares, basic and diluted (note 2 and 3) | 3,000,000 | 3,000,000 |
| Loss per share | \$(0.04) | \$(0.04) |

The accompanying notes are an integral part of these financial statements.

Wolf Acquisition Corp.
Condensed Interim Statement of Changes in Shareholder's Equity
For the Period ended September 30, 2018
(in Canadian dollars) (Unaudited)

| | Number of Shares | Share Capital | Share-based payments reserve | Deficit | Shareholders' Equity |
|--|-----------------------------|--------------------------|---|--------------------|---------------------------------|
| Balance at Inception | 1 | \$ - | \$ - | \$ - | \$ - |
| Share Subscription (note 3) | 2,500,000 | 125,000 | - | - | 125,000 |
| Initial public offering (note 3) | 3,000,000 | 300,000 | - | - | 300,000 |
| Share issue costs on initial public offering | - | (60,538) | 15,918 | - | (44,620) |
| Share-based payments | - | - | 49,414 | - | 49,414 |
| Net loss for the period | - | - | - | (119,462) | (119,462) |
| Balance September 30, 2018 | 5,500,001 | \$364,462 | \$65,332 | \$(119,462) | \$310,332 |

The accompanying notes are an integral part of these financial statements.

Wolf Acquisition Corp.
Condensed Interim Statement of Cash Flows
For the Period Ended September 30, 2018
(in Canadian dollars) (Unaudited)

| | <u>Period from inception to September 30, 2018</u> |
|--|--|
| Cash Flows used in operating activities | |
| Net Loss for the period | \$(119,462) |
| Share-based payments | 49,414 |
| Net cash used in operating activities | (70,048) |
| Cash Flows from financing activities | |
| Issue of common shares | \$425,000 |
| Shares issue costs | (44,620) |
| Net cash provided by financing activities | 380,380 |
| Net change in cash | 310,332 |
| Cash, beginning of period | - |
| Cash, end of period | \$310,332 |

The accompanying notes are an integral part of these financial statements.

Wolf Acquisition Corp.
Notes to the Condensed Interim Financial Statements
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1. INCORPORATION AND NATURE OF OPERATIONS

Wolf Acquisition Corp. (the “Company”), was incorporated under the *Business Corporations Act* (Ontario) on January 25, 2018 as 2617283 Ontario Corp. and was renamed on February 23, 2018. The Company is a Capital Pool Corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”) (see note 7). The Company has not commenced operations and has no assets other than cash. The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm’s length transaction, of the majority of the disinterested shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company, in respect of the sale of its securities, or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Company, as defined under the policies of the Exchange. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval and its common shares are listed on the Exchange.

The Company’s ability to continue operations as intended is dependent upon its ability to identify, evaluate and negotiate an acquisition of a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. However, management believes that the Company has sufficient working capital to meet its projected minimum financial obligations for the next fiscal year. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence.

The head office and the registered head office of the Company is located at 20 Blue Jays Way, Suite 1406, Toronto, Ontario M5V 3W6.

On November 29, 2018, the Board of Directors approved these financial statements for the period ended September 30, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standards 34 - Interim Financial Reporting issued by the International Accounting Standards as at the reporting date.

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(in Canadian dollars) (Unaudited)

Basis of Measurement

These condensed interim financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Non-derivative Financial Instruments

Non-derivative financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Impairment of financial assets

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset.

If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. Impairment losses are recorded

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in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in operations.

Fair Value Hierarchy

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation technique use to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Financial Instruments

The following is a summary of significant categories of financial instruments outstanding at September 30, 2018

| | |
|------|-----------------------|
| Cash | Loans and receivables |
|------|-----------------------|

Carrying value and fair value of financial assets and liabilities are summarized as follows:

| <u>Classification</u> | <u>Carrying value</u> | <u>Fair value</u> |
|-----------------------|-----------------------|-------------------|
| Loans and receivables | \$ 310,322 | \$ 310,332 |

The Company initially measures all its financial instruments at fair value. Subsequent measurement and treatment of any gain or loss is recorded as follows:

- (a) Fair values through profit and loss are measured at fair value at reporting date with any gain or loss recognized immediately in operations.
- (b) Other financial liabilities are measured at amortized cost using the effective interest method.
- (c) Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at the date of incorporation, and are recognized over the term of the assets or liabilities using the effective interest method. Any gains or losses are recognized in operations.

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Share-based Payments

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based payments.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed. For those options and warrants that expire after vesting, the recorded value is transferred to deficit.

Financing Costs

Costs incurred to obtain equity financing are deducted from the value assigned to shares issued. When costs are incurred prior to the closing of a financing arrangement, these amounts are presented as a deferred asset until the financing has closed. When an expected financing arrangement does not occur, any deferred costs are recorded as an expense.

Income Taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs. Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed.

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

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Loss Per Share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period which excludes shares held in escrow. All of the escrow shares are considered contingently returnable until the Company completes a Qualifying Transaction and, accordingly, are not considered to be outstanding shares for the purposes of the loss per share calculation. At September 30, 2018, 2,500,001 common shares have been excluded from the calculation as they are subject to escrow provisions.

Diluted loss per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of “in-the-money” stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

In periods that the Company reports a net loss, any stock options or warrants outstanding are excluded from the calculation of diluted loss per share as their inclusion would be anti-dilutive.

Summary of Accounting Estimates and Assumptions

The preparation of these condensed interim financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the condensed interim financial statements and related notes to the financial statements. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company’s provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company’s income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company’s interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation

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techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and Company performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Accounting Standards issued but not yet applied

Certain new mandatory standards, interpretations and amendments to existing standards, have been issued by the IASB or the IFRS Interpretations Committee (“IFRIC”), which the Company reasonably expects to be applicable for later periods are listed below. The Company has not early adopted these revised standards and none of these standards are expected to have a material effect on the financial statements.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

3. SHARE CAPITAL

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value. Changes to the number of common shares outstanding are as follows:

| | Number of Shares | Assigned Value |
|---------------------------------------|-----------------------------|-----------------------|
| Inception | 1 | \$ - |
| Shares issued | 2,500,000 | 125,000 |
| Initial Public Offering shares issued | 3,000,000 | 300,000 |
| Share issue costs | - | (60,538) |
| Outstanding September 30, 2018 | 5,500,001 | \$ 364,462 |

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On June 11, 2018, the Company issued 2,500,000 common shares at \$0.05 per share for total proceeds of \$125,000. All common shares were issued to directors and officers of the Company and corporations with common directors or officers as the Company.

The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange.

All common shares granted to directors and officers prior to the completion of a QT, must also be deposited in escrow until the final exchange bulletin is issued by the Exchange.

All common shares of the Company acquired in the secondary market prior to the completion of a QT by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer following the completion of a QT will also be subject to escrow.

On August 20, 2018, the Company completed its initial public offering (“IPO”) of 3,000,000 common shares at \$0.10 per common share for gross proceeds of \$300,000. The Company paid a cash commission of 10% of the gross proceeds, paid a corporate finance fee of \$15,000 and issued to the IPO agent 300,000 non-transferable agent’s options (the “Agent’s Options”) to purchase an aggregate of 300,000 common shares of the Company at an exercise price of \$0.10 per share. The Agent’s Options expire on August 20, 2020. The Company recognized \$15,918 for share-based payments related to the Agent’s Options (note 4).

Escrowed shares

Pursuant to an escrow agreement dated August 2, 2018 (the “Escrow Agreement”) between the Company and certain shareholders of the Company, 2,500,001 common shares (the “Escrowed Shares”), being all of the issued and outstanding common shares prior to the completion of the initial public offering, were deposited in escrow. Pursuant to the Escrow Agreement, the Escrowed Shares shall be released pro-rata to the shareholders as to 10% upon issuance of notice of final acceptance of a Qualifying Transaction by the TSX-V and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These Escrowed Shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

4. SHARE-BASED PAYMENTS

Stock options

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX-V (the “Stock Option Plan”) which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. The options will be exercisable for a period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of

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Directors will determine the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

On August 20, 2018, the Company granted 550,000 stock options to directors and officers with an exercise price of \$0.10. The stock options will be exercisable for a period of ten years expiring on August 20, 2028. The Company recognized \$49,414 for share-based payments. The fair value of the stock options was estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of 2.25%, a dividend yield of nil, an expected annual volatility of the Company's share price of 100%, a weighted average expected life of 10 years, and a forfeiture rate of 0%. The fair value of the stock options was approximately \$0.09 per option. The expected volatility assumption is based on the estimated volatility of early stage companies trading on the TSX-V. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the stock options' expected life.

Agent's options

The fair value of the Agent's Options is estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of 2.11%, a dividend yield of nil, an expected annual volatility of the Company's share price of 100%, a weighted average expected life of 2 years, and a forfeiture rate of 0%. The fair value of Agent's Options was approximately \$0.05 per option. The expected volatility assumption is based on the estimated volatility of early stage companies trading on the TSX-V. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the stock options' expected life.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

Capital is composed of the Company's shareholders' equity and any debt that it may issue. As at September 30, 2018, the Company's shareholders' equity was \$310,332. The Company's objectives when managing capital are to maintain financial viability and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company's current capital was received from the issuance of common shares. The net proceeds raised to date will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Additional funds may be required in the longer-term to finance the Company's Qualifying Transaction.

The Company is not subject to any externally imposed capital requirements.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash, approximate fair value due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

6. RELATED PARTY TRANSACTIONS

Under IFRS, parties are considered to be related if one party has the ability to "control" (financially or by share capital) the other party or have significant influence (management) on the other party in making financial, commercial and operational decisions.

There was no remuneration paid to key management personnel during the period ended September 30, 2018.

See note 3 for 2,500,001 common shares issued to officers and directors of the Company.

7. SUBSEQUENT EVENTS

Announcement of Letter of Intent Regarding Proposed Qualifying Transaction with Abaxx Technologies Inc.

On October 5, 2018, the Company announced that it had entered into a binding letter of intent with Abaxx Technologies Inc. ("Abaxx") to effect a business combination of the two companies (the "Proposed Transaction"). The Proposed Transaction will be a reverse takeover of the Company by Abaxx and its shareholders.

The Company intends the Proposed Transaction to constitute its QT under the policies of the Exchange. The Proposed Transaction does not constitute a Non-Arm's Length Qualifying Transaction under the policies of the Exchange. Abaxx is a financial technology company developing and deploying smart contract applications and protocols for emerging trading platforms and exchanges. Abaxx also invests capital in exchange for equity and royalties in new ventures enabled by its technology.

Completion of the Proposed Transaction is subject to a number of conditions including, but not limited to, the parties entering into a definitive agreement (such agreement to include representations, warranties, conditions and covenants typical for a transaction of this type), Exchange acceptance and, if applicable pursuant to Exchange requirements, shareholder approval. Where applicable, the Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.