HUFFINGTON CAPITAL CORP.

Financial Statements

August 31, 2019

Presented in Canadian dollars

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Huffington Capital Corp.

Opinion

We have audited the financial statements of Huffington Capital Corp. (the "Company"), which comprise the statements of financial position as at August 31, 2019 and 2018, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit 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 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 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 Matthew Gosden.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

December 20, 2019

MOORE

An independent firm
associated with Moore
Global Network Limited

HUFFINGTON CAPITAL CORP.
Statements of Financial Position
(Expressed in Canadian dollars)

	Note	August 31, 2019	August 31, 2018
Assets			
Current assets			
Cash and equivalents		$ 155,782	$ 91,186
Interest receivable		591	139
Prepaid expenses		433	1,733
Total assets		$ 156,806	$ 93,058
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	3, 8	$ 13,168	$ 4,984
Shareholders' equity			
Share capital	4	399,179	282,591
Stock option reserve		35,584	35,584
Deficit		(291,125)	(230,101)
Total shareholders' equity		143,638	88,074
Total liabilities and shareholders' equity		$ 156,806	$ 93,058

Nature and continuance of operations (Note 1)

Approved on behalf of the Board:

"Steve Bajic"
Steve Bajic, Director

"Hamlet Abnousi"
Hamlet Abnousi, Director

The accompanying notes are an integral part of these financial statements

HUFFINGTON CAPITAL CORP.

Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Note	Year-ended August 31, 2019	Year-ended August 31, 2018
Administrative expenses (income):			
General and administrative	8	$ 28,610	$ 21,386
Transfer agent and filing fees		15,611	14,020
Professional fees		18,125	9,488
Interest income		(1,322)	(878)
Net and comprehensive loss		$ (61,024)	$ (44,016)
Weighted average number of outstanding shares		1,787,329	1,522,125
Basic and diluted loss per share		$ (0.03)	$ (0.03)

The accompanying notes are an integral part of these financial statements

HUFFINGTON CAPITAL CORP.
Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Share capital				
	Number of Common Shares	Amount	Share based payment reserve	Deficit	Total shareholders' equity
Balance, August 31, 2017	2,022,125	$ 266,482	$ 41,118	$ (186,085)	$ 121,515
Issuance of stock pursuant to warrant exercise	52,875	16,109	(5,534)	-	10,575
Cancellation of seed shares	(500,000)	-	-	-	-
Net and comprehensive loss	-	-	-	(44,016)	(44,016)
Balance, August 31, 2018	1,575,000	282,591	35,584	(230,101)	88,074
Shares issued for cash	500,000	125,000	-	-	125,000
Less: share issuance costs	-	(8,412)	-	-	(8,412)
Net and comprehensive loss	-	-	-	(61,024)	(61,024)
Balance, August 31, 2019	2,075,000	$ 399,179	$ 35,584	$ (291,125)	$ 143,638

The accompanying notes are an integral part of these financial statements

HUFFINGTON CAPITAL CORP.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year-ended August 31, 2019	Year-ended August 31, 2018
Cash provided by (used in):		
Operating activities		
Net loss	$ (61,024)	$ (44,016)
Changes in non-cash working capital items:		
Interest receivable	(452)	353
Prepaid expenses	1,300	-
Accounts payable and accrued liabilities	8,184	(2,339)
Cash used in operating activities	(51,992)	(46,002)
Financing activity		
Proceeds from issuance of shares, net of issuance costs	116,588	10,575
Cash from financing activities	116,588	10,575
Increase in cash and equivalents	64,596	(35,427)
Cash and equivalents, beginning	91,186	126,613
Cash and equivalents, ending	$ 155,782	$ 91,186

Cash and equivalents consists of the following:		
Cash at bank	$ 5,782	$ 11,186
Guaranteed investment certificate - redeemable	150,000	80,000
Cash and equivalents	$ 155,782	$ 91,186

The accompanying notes are an integral part of these financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Huffington Capital Corp. (the "Company") was incorporated in British Columbia under the Business Corporations Act on July 21, 2015 and its head office is located at 1177 West Hastings Street, Suite 1740, Vancouver, British Columbia, V6E 2K3.

The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange (the "Exchange") as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the Exchange. As a CPC, the Company's principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange ("Qualifying Transaction"). The Company completed its IPO on April 19, 2016. A CPC has 24 months from when the shares are listed on the Exchange to complete a Qualifying Transaction. Such a transaction will be subject to shareholder and regulatory approval. Until completion of the Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. The Company did not complete a Qualifying Transaction within the 24 month period and therefore the listing of the Company's common shares was transferred to NEX under symbol HU.H.

These financial statements have been prepared on the basis that the Company will continue as a going concern. The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The financial statements of the Company have been prepared in accordance with the 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 financial statements have been prepared on a historical cost basis, modified where applicable. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

The financial statements were approved by the board of directors on December 20, 2019.

(b) Use of estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant areas requiring the use of estimates include the fair value of stock-based compensation, and the recognition of deferred income tax assets. Actual results may differ from these estimates. Significant areas requiring the use of judgment in applying the Company's accounting policies include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(d) Financial instruments

Effective September 1, 2018, the Company has adopted IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial instruments (Continued)

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial instruments (Continued)

(iv) Derecognition (Continued)

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

(e) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(f) Loss per share

Basic loss per share is calculated by dividing net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is determined by adjusting the net loss attributable to common shares and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares.

(g) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is credited to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted, shall be based on the number of equity instruments that eventually vest.

(h) Cash and equivalents

Cash and equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(i) New standards not yet adopted

IFRS 16, Leases (“IFRS 16”) In January 2016, the IASB issued this standard which is effective for periods beginning on or after January 1, 2019, which replaces the current guidance in IAS 17, Leases (“IAS 17”), and is to be applied either retrospectively or using the modified retrospective approach. Early adoption is permitted, but only in conjunction with IFRS 15, Revenue from Contracts with Customers. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflective of future lease payments and a “right-of-use asset” for virtually all lease contracts, which will cause, with limited exceptions, most leases to be recorded on the statement of financial position. The Company does not expect the adoption of this new standard will impact its financial statements.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2019	August 31, 2018
Accounts payable	$ 7,668	$ 4,984
Accrued liabilities	5,500	-
	$ 13,168	$ 4,984

4. SHARE CAPITAL

Common shares

The Company has authorized an unlimited number of common and preferred shares without par value.

1,000,000 of the Company's common shares originally issued to its founders were on deposit with a trustee under an escrow agreement pursuant to Policy 2.4 of the Exchange. As a consequence of the Company not completing a Qualifying Transaction within 24 months of its IPO, 500,000 of those common shares were returned to treasury and cancelled for no consideration. 10% of the remaining 500,000 common shares will be released from escrow on the issuance on the final Exchange bulletin on the closing of a Qualifying Transaction and an additional 15% will be released every six months following the initial release over a period of thirty-six months.

On April 16, 2018, 52,875 warrants were exercised at $0.20 per warrant for proceeds of $10,575.

On March 29, 2019, the Company issued 500,000 common shares at $0.25 per share for proceeds of $116,588, net of share issuance costs of $8,412.

Loss per share

Outstanding stock options have been excluded from the calculation of diluted loss per share as the effect would be anti-dilutive.

Stock Options

The Company has adopted a stock option plan, pursuant to which the board of directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares exercisable for a period of up to five years from the date the common shares are listed on the Exchange. The number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised the greater of 12 months after the Completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

No options were granted, exercised or forfeited during the years ended August 31, 2019 or 2018.

4. SHARE CAPITAL (Continued)

Stock Options (Continued)

The following table summarizes information about stock options outstanding and exercisable at August 31, 2019:

Number of Shares	Exercise Price	Expiry Date	Exercisable
200,000	$0.20	April 19, 2026	200,000

5. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year-ended August 31, 2019	Year-ended August 31, 2018
Net loss before income tax	$ (61,024)	$ (44,016)
Statutory tax rate	27%	26%
Expected income tax recovery at the statutory tax rate	(16,476)	(11,444)
Change in tax rates	(3,323)	-
Deferred tax assets not recognized	19,799	11,444
Income tax recovery	$ -	$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	August 31, 2019
Non-capital losses	$ 284,010
Share issue costs	$ 20,278

The non-capital losses expire in the years 2035 – 2039.

6. FINANCIAL INSTRUMENTS AND RISKS

(a) Fair values

The fair values of cash, accounts payable approximate their carrying values due to the short-term to maturities of these financial instruments.

(b) Interest rate

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 Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

6. FINANCIAL INSTRUMENTS AND RISKS (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash on hand to meet its financial obligations.

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is on its cash held in bank accounts. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

(e) 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 respective functional currency. The Company's is not exposed to currency risk.

7. CAPITAL MANAGEMENT

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to complete a Qualifying Transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to externally imposed capital requirements.

8. RELATED PARTY TRANSACTIONS

For the year ended August 31, 2019, the Company incurred rent expense of $15,500 (2018 - $18,000) to a company controlled by officers of the Company. At August 31, 2019, included in accounts payable is $3,150 (2018 - $1,575) due to this company.