

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**

**(A Capital Pool Company)**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the nine months ended September 30, 2019**

**(Unaudited)**

**(Expressed in Canadian Dollars)**

## **NOTICE TO READER**

The accompanying unaudited condensed interim financial statements of Caprice Business Development Canada Inc. (“the Company”) have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of the Company’s unaudited condensed interim financial statements as at and for the nine months ended September 30, 2019.

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2019**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

---

|   | September 30,<br>2019 | December 31,<br>2018 |
|---|-----------------------|----------------------|
| <b>ASSETS</b>                                     |                       |                      |
| Current   |                       |                      |
| Cash  | \$ 318,696            | \$ 75,000            |
| Subscription receivable                           | -                     | 25,000               |
| Prepaid expenses                                  | \$ 2,000              | -                    |
|   | <u>\$ 320,696</u>     | <u>\$ 100,000</u>    |
| <b>LIABILITIES</b>                                |                       |                      |
| Current   |                       |                      |
| Accounts payable and accrued liabilities (Note 3) | \$ 77,237             | \$ 22,092            |
| <b>SHAREHOLDERS' EQUITY</b>                       |                       |                      |
| Share capital (Note 4)                            | 330,724               | 100,000              |
| Deficit   | (87,265)              | (22,092)             |
|   | <u>243,459</u>        | <u>77,908</u>        |
|   | <u>\$ 320,696</u>     | <u>\$ 100,000</u>    |

**Nature of operations** (Note 1)

Approved by the Board of Directors:

**(signed) "F. Derek Lew"**

**(signed) "Mark Rutledge"**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

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

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**  
**CONDENSED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

|   | <b>3 months ended<br/>September 30,<br/>2019</b> | <b>9 months ended<br/>September 30,<br/>2019</b> |
|---|--|--|
| <b>EXPENSES</b>   |  |  |
| Bank charges  | \$ 22  | \$ 22  |
| Filing fees   | 27,616   | 29,831   |
| Professional fees   | 7,588  | 35,320   |
| <b>NET LOSS AND COMPREHENSIVE LOSS</b>                          | <b>\$ (35,226)</b>                               | <b>\$ (65,173)</b>                               |
| <b>LOSS PER SHARE</b>   |  |  |
| -- Basic and diluted  | \$ (0.01)  | \$ (0.02)  |
| <b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES<br/>OUTSTANDING</b> | <b>5,260,870</b>                                 | <b>3,326,007</b>                                 |
| -- Basic and diluted  |  |  |

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

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**  
**CONDENSED INTERIM STATEMENT OF SHAREHOLDERS' EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

|   | Share capital |            |             | Total<br>shareholders'<br>equity |
|---|---------------|------------|-------------|----------------------------------|
|   | Shares        | Amount     | Deficit     |                                  |
| <b>BALANCE, NOVEMBER 29, 2018</b>         | -             | \$ -       | \$ -        | -                                |
| Common shares issued for cash<br>(Note 4) | 2,000,000     | 100,000    | -           | 100,000                          |
| Comprehensive loss for the period         | -             | -          | (22,092)    | (22,092)                         |
| <b>BALANCE, DECEMBER 31, 2018</b>         | 2,000,000     | \$ 100,000 | \$ (22,092) | \$ 77,908                        |
| Common shares issued for cash<br>(Note 4) | 2,000,000     | 275,000    | -           | 275,000                          |
| Share issue costs                         | -             | (44,276)   | -           | (44,276)                         |
| Comprehensive loss for the period         | -             | -          | (65,173)    | (65,173)                         |
| <b>BALANCE, SEPTEMBER 30, 2019</b>        | 5,500,000     | 330,724    | (87,265)    | 243,459                          |

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

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

---

|  | <b>September 30,</b><br><b>2019</b> |
|--|-------------------------------------|
| <b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>   |                                     |
| Net loss for the period                          | \$ (65,173)                         |
| Change in non-cash working capital items:        |                                     |
| Prepaid expenses                                 | (2,000)                             |
| Accounts payable and accrued liabilities         | <u>55,145</u>                       |
| <b>Net cash used in operating activities</b>     | <u>(12,028)</u>                     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |                                     |
| Shares issued for cash                           | 300,000                             |
| Share issue costs paid                           | <u>(44,276)</u>                     |
| <b>Net cash provided by financing activities</b> | <u>255,724</u>                      |
| <b>INCREASE IN CASH</b>                          | 243,696                             |
| <b>CASH, BEGINNING OF PERIOD</b>                 | <u>75,000</u>                       |
| <b>CASH, END OF PERIOD</b>                       | <u><u>\$ 318,696</u></u>            |

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.  
CONDENSED INTERIM STATEMENT OF CASH FLOWS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019  
(Expressed in Canadian Dollars)  
(Unaudited)**

---

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

**1. NATURE OF BUSINESS**

Caprice Business Development Canada Inc. (the “Company”) is a company domiciled in Canada. The Company was incorporated on November 29, 2018 under the laws of the Province of British Columbia. The address of the Company’s registered and head office is 2900 – 550 Burrard Street, Vancouver, BC, V6C 0A3.

The Company is currently a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (“TSX-V”) Corporate Finance Manual. The principal business of the Company is to identify and evaluate companies, assets or businesses with a view to completing a Qualifying Transaction in accordance with Policy 2.4. The Company is currently seeking opportunities to undertake a Qualifying Transaction.

As a Capital Pool Company, the proceeds raised by the Company from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Company and \$210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenditures of the Company. These restrictions apply until the completion of a Qualifying Transaction by the Company as defined under the policies of the TSX-V.

Upon closing of the Offering and as disclosed in the Prospectus, Caprice granted 550,000 incentive stock options to its directors and officers, all of which are exercisable within ten years from the date of grant at an exercise price of \$0.10 per Share.

On July 26, 2019, the Company entered into a letter of intent to acquire all the issued and outstanding common shares of 1182533 BC Ltd. (“Leaf”), a company incorporated under the laws of British Columbia, in consideration for common shares of the Company.

Immediately prior to the completion of the acquisition, Leaf will have 184,637,500 common shares issued and outstanding and no other shares or convertible securities outstanding.

Immediately prior to the completion of the acquisition, the Company will have 5,500,000 common shares issued and outstanding, 550,000 common share purchase options outstanding and no other shares or convertible securities outstanding.

Upon Closing of the acquisition, the Company will issue to the holders of Leaf common shares, one (1) common share of the Company for each one (1) issued and outstanding Leaf common share held by the shareholders.

**2. BASIS OF PREPARATION**

*Statement of compliance*

These condensed interim financial statements, including comparatives, are unaudited and have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

---

by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed interim financial statements of the Company for the nine months ended September 30, 2019 were reviewed, approved, and authorized for issue by the board of directors on November 27, 2019.

***Basis of presentation***

These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s financial statements for the period of incorporation (November 29, 2018) to March 31, 2019.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published and effective at the time of preparation.

**3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                     | September 30, 2019 | December 31, 2018 |
|---------------------|--------------------|-------------------|
| Accounts payable    | \$ 77,142          | \$ 16,092         |
| Accrued liabilities | 95                 | 6,000             |
|                     | <u>\$ 77,237</u>   | <u>\$ 22,092</u>  |

**4. SHARE CAPITAL**

***Authorized***

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

***Issued***

On July 15, 2019, the Company completed an initial public offering of 2,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$200,000 to purchasers in Alberta, British Columbia, and Ontario.

On May 24, 2019, the Company issued 1,500,000 common shares at a price of \$0.05 per share for gross cash proceeds of \$75,000.

During the period from incorporation (November 29, 2018) to December 31, 2018, the Company issued 2,000,000 common shares at a price of \$0.05 per share for gross cash proceeds of \$100,000.

**CAPRICE BUSINESS DEVELOPMENT CANADA INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

---

**5. FINANCIAL INSTRUMENTS**

Fair value estimates are made at the condensed interim statements of financial position date, based on relevant market information and other information about financial instruments. As at September 30, 2019, the Company's financial instruments are cash and accounts payable and accrued liabilities. The amounts reflected in the condensed interim statements of financial position are carrying amounts and approximate their fair values due to their short-term nature.