

**LDRLY (TECHNOLOGIES) INC.**  
**Condensed Interim Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three Month Period Ended March 31, 2020**

**LDRLY (TECHNOLOGIES) INC.**  
**Index to Condensed Interim Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three Month Period Ended March 31, 2020**

---

	Page
CONDENSED INTERIM FINANCIAL STATEMENTS	
Condensed Interim Statement of Income (Loss) and Comprehensive Income (Loss)	1
Condensed Interim Statement of Financial Position	2
Condensed Interim Statement of Changes in Equity	3
Condensed Interim Statement of Cash Flows	4
Notes to Condensed Interim Financial Statements	5 - 13

**LDRLY (TECHNOLOGIES) INC.**  
**Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three Month Period Ended March 31, 2020**

	<i>March 31</i> <b>2020</b> <i>(three month)</i>	<i>March 31</i> 2019 <i>(three month)</i>
<b>REVENUE</b>		
Gaming	\$ 4,252,084	\$ 709,541
Advertising	<b>1,390,492</b>	367,605
	<b>5,642,576</b>	1,077,146
<b>COST OF SALES</b>	<b>1,346,126</b>	602,226
<b>GROSS PROFIT</b>	<b>4,296,450</b>	474,920
<b>EXPENSES</b>		
Administrative expenses	<b>348,089</b>	252,602
Amortization of equipment and right-of-use asset	<b>14,676</b>	12,204
Other operating expenses (Note 8)	<b>102,280</b>	104,941
Research and development expenses, net of government assistance	<b>8,060</b>	1,856
Selling and distribution expenses (Note 8)	<b>3,628,967</b>	30,792
	<b>4,102,072</b>	402,395
<b>INCOME FROM OPERATIONS</b>	<b>194,378</b>	72,525
<b>OTHER INCOME</b>	<b>121,333</b>	(16,894)
<b>NET AND COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>\$ 315,711</b>	\$ 55,631
<b>BASIC AND DILUTED NET INCOME PER COMMON SHARE</b>	<b>\$ 0.40</b>	\$ 0.07
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>	<b>791,916</b>	791,916

**LDRLY (TECHNOLOGIES) INC.**  
**Condensed Interim Statements of Financial Position**  
**(Unaudited - Presented in Canadian dollars)**  
**As at March 31, 2020**

	<i>March 31</i> <b>2020</b>	<i>December 31</i> 2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 177,306	\$ 351,771
Trade and other receivables ( <i>Note 6</i> )	1,901,134	1,327,843
Government assistance receivable	160,489	160,489
Prepaid expenses	87,980	101,742
	<b>2,326,909</b>	1,941,845
<b>NON-CURRENT</b>		
Equipment ( <i>Note 5</i> )	43,939	44,097
Right-of-use assets ( <i>Note 9</i> )	28,606	39,334
	<b>\$ 2,399,454</b>	<b>\$ 2,025,276</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Trade and other payables ( <i>Note 7 and 8</i> )	\$ 1,875,969	\$ 1,806,582
Lease obligation ( <i>Note 9</i> )	30,764	41,684
	<b>1,906,733</b>	1,848,266
<b>EQUITY</b>		
Share capital	77,470	77,470
Retained earnings (deficit)	415,251	99,540
	<b>492,721</b>	177,010
	<b>\$ 2,399,454</b>	<b>\$ 2,025,276</b>

DESCRIPTION OF OPERATIONS (*Note 1*)

EVENTS AFTER THE REPORTING PERIOD (*Note 10*)

**These condensed interim financial statements were approved and authorized for issue by the Board of Directors on June 19, 2020 and signed on its behalf by:**

\_\_\_\_\_  
*"Jason Bailey"* Director

\_\_\_\_\_  
*"Joshua Nilson"* Director

**LDRLY (TECHNOLOGIES) INC.**  
**Condensed Interim Statements of Changes in Equity**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three Month Period Ended March 31, 2020**

	Number of shares	Share capital	Retained earnings	Total equity
<b>As at January 1, 2019</b>	791,916	\$ 77,470	\$ 32,297	\$ <b>109,767</b>
Comprehensive income for the period	-	\$ -	\$ 55,631	\$ <b>55,631</b>
<b>As at March 31, 2019</b>	791,916	\$ 77,470	\$ 87,928	\$ <b>165,398</b>
<b>As at January 1, 2020</b>	791,916	\$ 77,470	\$ 99,540	\$ <b>177,010</b>
Comprehensive income for the period	-	\$ -	\$ 315,711	\$ <b>315,711</b>
<b>As at March 31, 2020</b>	791,916	\$ 77,470	\$ 415,251	\$ <b>492,721</b>

**LDRLY (TECHNOLOGIES) INC.**  
**Condensed Interim Statements of Cash Flow**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three Month Period Ended March 31, 2020**

	<i>March 31</i> <b>2020</b> <i>(three month)</i>	<i>March 31</i> 2019 <i>(three month)</i>
<b>OPERATING ACTIVITIES</b>		
Net and comprehensive income	\$ 315,711	55,631
Item not affecting cash:		
Amortization of equipment and right-of-use asset	14,676	12,204
Changes in non-cash working capital		
Trade and other receivables	(573,291)	22,561
Trade and other payables	69,389	(9,903)
Prepaid expenses	13,762	(3,031)
Cash flow from operating activities	<b>(159,753)</b>	77,462
<b>INVESTING ACTIVITY</b>		
Purchase of equipment	<b>(3,791)</b>	(10,433)
<b>FINANCING ACTIVITY</b>		
Payment of lease obligation	<b>(10,920)</b>	(9,691)
<b>INCREASE IN CASH FLOW</b>	<b>(174,464)</b>	57,338
Cash - beginning of period	351,771	363,484
<b>CASH - END OF PERIOD</b>	<b>\$ 177,307</b>	420,822
<b>CASH CONSISTS OF:</b>		
Cash	<b>\$ 177,306</b>	420,822

**LDRLY (TECHNOLOGIES) INC.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three Month Period Ended March 31, 2020**

---

1. DESCRIPTION OF OPERATIONS

LDRLY (Technologies) Inc. (the "Company") was incorporated provincially under the Business Corporations Act of British Columbia on August 15, 2013. The head office of the Company is 550 - 555 West 12th Avenue, Vancouver, British Columbia, V5Z 3X7.

The Company was created as a subsidiary of Eastside Games Inc. It originally was developing a social and mobile gaming leaderboard software which will integrate users' social media friends with their leaderboards. The platform was unsuccessful and the Company transitioned its focus to online game development. The focus of the Company is to develop a brand in counter culture mobile gaming and is currently an industry leader in the development of cannabis related mobile games. None of the Company's games promotes the sale of cannabis, nor do they include any advertisements for cannabis producers, nor do they display any use of cannabis. See Note 8.

These financial statements have been prepared on a going-concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The Company's ability to continue as a going concern is dependent upon its ability to generate profits and positive cash flows from operations from the launch of its online games under development, to obtain additional funding from financing arrangements, if and when needed by the Company and the continued support by its related parties. However, there can be no assurance that these activities will be successful.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption determined to be inappropriate and these adjustments could be material.

---

2. BASIS OF PRESENTATION

*Statement of Compliance*

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements should be read in conjunction with the audited financial statements for the years ended December 31, 2019 and December 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed interim financial statements are consistent with those applied in the Company's financial statements for the years ended December 31, 2019, and December 31, 2018. The disclosures which follow do not include all disclosures required for the annual financial statements.

*Basis of Measurement*

The financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments that are measured at fair value. The financial statements are presented in Canadian dollars unless otherwise noted.

*(continues)*

---

**LDRLY (TECHNOLOGIES) INC.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three Month Period Ended March 31, 2020**

---

2. BASIS OF PRESENTATION *(continued)*

*Significant Estimates and Judgements*

The preparation of financial statements in conformity with IFRS requires management to make estimates, assumptions and judgements that affect the application of policies and reported amounts of assets and liabilities and disclosures of assets and liabilities at the date of the financial statements, along with reported amounts of expenses and net losses during the period. Actual results may differ from these estimates, and as such, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and in any future periods affected. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet reporting date that could result in a material adjustment to the carrying value of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Judgements:

- a) Financial assets and liabilities are designated upon inception to various classifications. The designation determines the method by which the financial instruments are carried on the balance sheet subsequent to inception and how changes in value are recorded. The designation may require the company to make certain judgement, taking into account management's intention of the use of the financial instruments.
- b) The assumption that the company is a going concern and will continue in operation for the foreseeable future and at least one year.
- c) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.
- d) Evaluation of whether costs incurred by the Company in developing its products meet the criteria for capitalization as intangible assets requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized in excess of the recoverable value is written off to profit or loss in the period the new information becomes available.
- e) Management is required to assess impairment in respect of equipment and intangible assets. The triggering events are defined in IAS 36. Management has determined that there were no triggering events present as at December 31, 2019, as defined in IAS 36, for equipment and intangible assets, and, as such, no impairment test was performed.

*(continues)*

---



**LDRLY (TECHNOLOGIES) INC.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three Month Period Ended March 31, 2020**

---

2. BASIS OF PRESENTATION (*continued*)

f) Management applies judgement when determining if a good or service that is promised to a customer is distinct based on whether the customer can benefit from the good or service on its own or together with other readily available resources and whether the good or service is separately identifiable. Based on these criteria, the Company determined the primary performance obligation relating to its sales contracts is purchase of the games by customers and serving of the advertisement to the customer.

Estimates:

a) Useful lives of equipment

The estimated useful lives and residual value of equipment which are included in the statement of financial position and the related amortization included in the statement of comprehensive income (loss).

b) Income Taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

---

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Leases

The Company recognizes a right-of-use asset and a lease liability for its leases. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is re-measured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in profit or loss. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

---

**LDRLY (TECHNOLOGIES) INC.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three Month Period Ended March 31, 2020**

4. FINANCIAL INSTRUMENTS

Categories of financial assets and financial liabilities

Financial instruments are classified into one of the following three categories: fair value through profit or loss ("FVTPL"); fair value through other comprehensive income ("FVOCI"); and amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

<b>Financial Instrument</b>	<b>Category</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Cash	FVTPL	177,306	351,771
Trade receivables	Amortized Cost	1,901,134	1,327,843
Trade and other payables	Amortized Cost	1,875,969	1,806,582

Fair value

IFRS 7 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

- Level 1 - applied to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 - applies to assets or liabilities for which there are unobservable market data.

The carrying values of trade receivables and trade and other payables approximates their fair value due to their short-term nature. The Company's fair value of cash under fair value hierarchy are measured using Level 1 inputs.

**(a) Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company's main exposure to credit risk relates to its trade receivables. The credit risk is minimal since the balance of the company's receivables come from large corporations who pay the company advertising and software sales revenue. There is no bad debt expense in the current period and in the opinion of management, none of the amounts comprising this balance were considered impaired. As at March 31, 2020, 64% of the company's trade receivables was concentrated to three major customers. The company has not had any problems with payment from these customers and as such management is of the opinion that any concentration of credit risk is minimal.

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

*(continues)*

**LDRLY (TECHNOLOGIES) INC.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three Month Period Ended March 31, 2020**

4. FINANCIAL INSTRUMENTS (*continued*)

	<u>Contractual Maturity Analysis at March 31, 2020</u>				
	<u>Less than</u>	<u>3-12</u>	<u>1-5</u>	<u>over 5</u>	
	<u>3 months</u>	<u>months</u>	<u>years</u>	<u>years</u>	<u>Total</u>
Cash	177,306	-	-	-	177,306
Trade receivables	1,901,134	-	-	-	1,901,134
Trade and other payables	(1,875,969)	-	-	-	(1,875,969)

  

	<u>Contractual Maturity Analysis at December 31, 2019</u>				
	<u>Less than</u>	<u>3-12</u>	<u>1-5</u>	<u>over 5</u>	
	<u>3 months</u>	<u>months</u>	<u>years</u>	<u>years</u>	<u>Total</u>
Cash	351,771	-	-	-	351,771
Trade receivables	1,323,121	-	-	-	1,323,121
Trade and other payables	(1,806,582)	-	-	-	(1,806,582)

**(c) Currency risk**

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The company is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

At March 31, 2020, 1 Canadian Dollar was equal to \$0.7049 US Dollar (2019 - \$0.7699 USD).

	<u>March 31, 2020</u>		<u>December 31 2019</u>	
	<u>US</u>	<u>CDN</u>	<u>US</u>	<u>CDN</u>
	<u>Dollar</u>	<u>Equivalent</u>	<u>Dollar</u>	<u>Equivalent</u>
Cash	72,404	102,715	75,628	98,231
Trade receivables	649,471	921,366	660,078	857,356
Trade and other payables	(331,306)	(465,435)	(38,390)	(49,861)

Based on the net exposures as of December 31, 2019 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in a change to the Company's net income by approximately \$60,817 (2019 - \$90,572).

**(c) Additional risk**

Unless otherwise noted, it is management's opinion that the company is not exposed to significant other price risks arising from these financial instruments.

**LDRLY (TECHNOLOGIES) INC.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three Month Period Ended March 31, 2020**

5. EQUIPMENT

	Cost	Accumulated amortization	<i>March 31 2020</i> Net book value
Computer equipment	\$ 48,491	\$ 26,342	\$ 22,149
Furniture and fixtures	29,139	7,349	21,790
	<b>\$ 77,630</b>	<b>\$ 33,691</b>	<b>\$ 43,939</b>

  

	Cost	Accumulated amortization	<i>December 31 2019</i> Net book value
Computer equipment	\$ 44,701	\$ 23,461	\$ 21,240
Furniture and fixtures	29,139	6,282	22,857
	<b>\$ 73,840</b>	<b>\$ 29,743</b>	<b>\$ 44,097</b>

6. TRADE AND OTHER RECEIVABLES

	<i>March 31 2020</i>	<i>December 31 2019</i>
Trade receivables, net of allowance for impairment	\$ 1,900,465	\$ 1,323,121
GST recoverable	669	4,722
	<b>\$ 1,901,134</b>	<b>\$ 1,327,843</b>

There is no bad debt expense for the period. There are no trade receivables owing from related parties, and all trade and other receivables are current.

7. TRADE AND OTHER PAYABLES

	<i>March 31 2020</i>	<i>December 31 2019</i>
Trade payables	\$ 1,847,549	\$ 1,790,434
Vacation payables	28,420	16,148
	<b>\$ 1,875,969</b>	<b>\$ 1,806,582</b>

**LDRLY (TECHNOLOGIES) INC.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three Month Period Ended March 31, 2020**

---

8. RELATED PARTY TRANSACTIONS

During the course of the year, the company's parent, Eastside Games Inc. ("ESG"), rendered services to support the company's games. These services are charged and paid for on a recurring basis. These costs are included as part of selling and distribution expenses on the company's Statements of Income (Loss) and Comprehensive Income (Loss) and include:

	<i>March 31</i> <b>2020</b>	<i>December 31</i> 2019
Game development and support fees, including user acquisition and promotion, live team support and general administrative support	<b>\$ 3,613,967</b>	\$ 4,687,638
Management fees	<b>48,000</b>	129,491
	<b>\$ 3,661,967</b>	\$ 4,817,129

At March 31, 2020, \$1,781,135 (December 31, 2019 - \$1,781,135) of amount going to ESG is included in trade and other payables.

---

**LDRLY (TECHNOLOGIES) INC.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three Month Period Ended March 31, 2020**

---

9. LEASES

Lease liabilities have been measured by discounting future lease payments using the Company's incremental borrowing rate at January 1, 2020. The weighted-average rate applied is 12%. Rates implicit in the leases were not readily determinable. Interest expense on lease obligations for the three months ended March 31, 2020 was \$6,223.

	<i>March 31</i> <b>2020</b>
Lease commitments at December 31, 2018	\$ <b>92,542</b>
Discounted balance at January 1, 2020	<b>41,684</b>
Lease payments	<b>(10,920)</b>
<b>Balance, as at March 31, 2020</b>	<b>30,764</b>
Current portion of lease obligation	30,764

**Right-of-use assets**

The following table presents the right-of-use assets for the Company. The right-of-use asset consists of an office lease which is amortized over its estimated useful life of 23 months on a straight-line basis.

Balance, January 1, 2019	<b>82,245</b>
Additions	-
Depreciation	<b>(53,639)</b>
<b>Balance, March 31, 2020</b>	<b>28,606</b>

---

**LDRLY (TECHNOLOGIES) INC.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three Month Period Ended March 31, 2020**

---

10. EVENTS AFTER THE REPORTING PERIOD

- a) On October 29, 2019, 1182533 B.C. Ltd. (the "Purchaser") entered into a Share Purchase Agreement (the "SPA") with Eastside Gains Inc. (the "Vendor") to purchase all issued and outstanding shares of the Company. Pursuant to the agreement, the purchase price of \$5,655,000 is to be paid by the Purchaser as follows:

Cash advance of \$1,250,000 (paid on February 14, 2019), and

Issuance of 55,187,500 common shares.

This transaction comprises, in part, a qualifying transaction of Caprice Business Development Canada Inc. ("Caprice"), a capital pool company listed on the TSX Venture Exchange. Therefore, the closing of the SPA is subject to receipt of applicable regulatory and TSX Venture Exchange approvals. The transactions closed on April 20, 2020.

- b) On March 11, 2020, the World Health Organization characterized the outbreak of a disease caused by a strain of a novel coronavirus ("COVID-19"), as a pandemic. This has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.
-