

LEAF MOBILE INC.

(Formerly Caprice Business Development Canada Inc.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2020

(Unaudited)

(Expressed in Canadian Dollars)

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Leaf Mobile Inc. (formerly 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 consolidated interim financial statements as at and for the three months ended March 31, 2020.

LEAF MOBILE INC. (Formerly Caprice Business Development Canada Inc.)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020
(Expressed in Canadian Dollars)
(Unaudited)

	March 31, 2020	December 31, 2019
ASSETS		
Current		
Cash	\$ 294,265	\$ 307,173
Prepaid expenses	2,000	2,000
	<u>\$ 296,265</u>	<u>\$ 309,173</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 3)	\$ 109,263	\$ 100,593
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	320,171	320,171
Reserve (Note 4)	59,770	59,770
Deficit	(192,939)	(171,361)
	<u>187,002</u>	<u>208,580</u>
	<u>\$ 296,265</u>	<u>\$ 309,173</u>

Nature of operations (Note 1)

Going concern (Note 1)

Subsequent events (Note 7)

Approved by the Board of Directors:

"Derek Lew"
Director

"Ian MacLeod"
Director

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

LEAF MOBILE INC. (Formerly Caprice Business Development Canada Inc.)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(Expressed in Canadian Dollars)
(Unaudited)

	3 months ended	3 months ended
	March 31, 2020	March 31, 2019
EXPENSES		
Bank charges	\$ 62	\$ -
Filing fees	7,102	-
Professional fees	8,115	25,982
Rent (Note 5)	6,300	-
	<hr/>	<hr/>
NET LOSS AND COMPREHENSIVE LOSS	\$ (21,578)	\$ (25,982)
	<hr/>	<hr/>
LOSS PER SHARE		
– Basic and diluted	\$ (0.01)	\$ -
	<hr/>	<hr/>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – Basic and diluted	2,000,000	-
	<hr/>	<hr/>

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LEAF MOBILE INC. (Formerly Caprice Business Development Canada Inc.)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(Expressed in Canadian Dollars)
(Unaudited)

	<u>Share capital</u>				<u>Total shareholders' equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Reserves</u>	<u>Deficit</u>	
BALANCE, DECEMBER 31, 2018	2,000,000	\$ 100,000	\$ -	\$ (22,092)	\$ 77,908
Common shares issued for cash (Note 4)	1,500,000	75,000	-	-	75,000
Initial Public Offering ("IPO") (Note 4)	2,000,000	200,000	-	-	200,000
Share issue costs (Note 4)	-	(44,276)	-	-	(44,276)
Fair value of agent's warrants (Note 4)	-	(10,553)	10,553	-	-
Stock-based compensation (Note 4)	-	-	49,217	-	49,217
Comprehensive loss for the year	-	-	-	(149,269)	(149,269)
BALANCE, DECEMBER 31, 2019	5,500,000	\$ 320,171	\$ 59,770	\$ (171,361)	\$ 208,580
Comprehensive loss for the period	-	-	-	(21,578)	(21,578)
BALANCE, MARCH 31, 2020	5,500,000	\$ 320,171	\$ 59,770	\$ (192,939)	\$ 187,002

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

LEAF MOBILE INC. (Formerly Caprice Business Development Canada Inc.)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended March 31, 2020	Three months ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (21,578)	\$ (25,982)
Change in non-cash working capital items:		
Accounts payable and accrued liabilities	8,670	25,982
Net cash used in operating activities	<u>(12,908)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of subscription receivable	<u>-</u>	<u>25,000</u>
Net cash provided by financing activities	<u>-</u>	<u>25,000</u>
INCREASE (DECREASE) IN CASH	(12,908)	25,000
CASH, BEGINNING OF PERIOD	307,173	75,000
CASH, END OF PERIOD	<u>\$ 294,265</u>	<u>\$ 100,000</u>

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LEAF MOBILE INC. (Formerly Caprice Business Development Canada Inc.)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(Expressed in Canadian Dollars)
(Unaudited)

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.

These condensed consolidated interim financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. While the Company has positive working capital of \$187,002 at March 31, 2020 (December 31, 2019 - \$208,580), it has a deficit of \$192,939 on this date (December 31, 2019 - \$171,361). The Company’s continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses within 24 months of listing on the TSX-V. Management believes that the Company has sufficient working capital to maintain its operations for the upcoming fiscal year.

On October 29, 2019, the Company entered into an amalgamation agreement with 1182533 BC Ltd. (“Leaf”), a company incorporated under the laws of British Columbia, in consideration for common shares of the Company whereby an incorporated subsidiary of the Company (“Subco”) will be amalgamated with Leaf (“Amalco”), which will comprise the Company’s Qualifying Transaction. Leaf is a technology company with interest in mobile game development and publication. To effect the amalgamation, each Leaf shareholder shall receive one share of the Company for every Leaf share held, legally or beneficially, directly or indirectly, by such Leaf shareholder, the Company will receive one Amalco share for every share issued to Leaf shareholders, and each issued and outstanding share of Subco shall be exchanged for one Amalco share. Prior to the completion of the amalgamation, Leaf will acquire all of the issued and outstanding securities of LDRLY (Technologies) Inc. (“LDRLY”), a private B.C. corporation in the business of developing and publishing mobile video games and is a wholly-owned subsidiary of Eastside Games Inc., also a private B.C. corporation, pursuant to an agreement dated October 29, 2019. The Company will use reasonable efforts to raise capital in a concurrent financing for the Company’s shares for gross proceeds of at least \$3,500,000. The Company will also issue 1,000,000 common shares, representing a finder’s fee payable with respect to the transactions contemplated under the amalgamation agreement.

On April 17, 2020, the Company completed the Qualifying Transaction (Note 7).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
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2. BASIS OF PREPARATION

Statement of compliance

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

These condensed consolidated interim financial statements of the Company for the three months ended March 31, 2020 were reviewed, approved, and authorized for issue by the board of directors on June 1, 2020.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s annual consolidated financial statements for the year ended December 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 consolidated interim financial statements do not include all of the information required for full annual financial statements.

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

Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, 1220311 B.C. Ltd., which was incorporated on August 21, 2019 and was inactive during the period ended March 31, 2020 and 2019.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2020		December 31, 2019
Accounts payable	87,033	\$	75,363
Accrued liabilities	22,230		25,230
	109,263	\$	100,593

LEAF MOBILE INC. (Formerly Caprice Business Development Canada Inc.)
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FOR THE THREE MONTHS ENDED MARCH 31, 2020
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4. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares without 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 through Hayward Securities Inc. (the “Agent”). The Company paid an aggregate of \$44,276 in cash commission, administration fee, legal and other expenses and issued to the Agent non-transferable warrants to acquire up to 200,000 common shares for a period of two years from the date the Company’s shares are listed on the TSX-V, at an exercise price of \$0.10 per share.

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.

Escrow shares

As at March 31, 2020, 3,500,000 common shares issued are held in escrow pursuant to an escrow agreement dated May 31, 2019. Under the escrow agreement, 10% of the escrowed common shares will be released from escrow on the date of the issuance of the final exchange bulletin (the “Initial Release”) upon completion 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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
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4. SHARE CAPITAL (continued)

Stock options

The Company has adopted an incentive stock option plan (the “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 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 at the time of the grant. Such options will be exercisable for a period of up to 10 years from the date of grant. Under the Option Plan, options are required to have an exercise price not less than the closing market price of the Company’s shares prevailing on the day that the option is granted less applicable discount, if any, permitted by the policies of the Exchange. Pursuant to the Option Plan, the board of directors of the Company may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or an aggregate maximum of 2% if the optionee is engaged in investor relations activities or if the optionee is a consultant, no more than 2% per consultant. The Option Plan contains no vesting requirements other than those that will apply to options granted to investor relations service providers, but permits the board of directors of the Company to specify a vesting schedule in its discretion.

A summary of the Company’s share option transactions is presented below:

	March 31, 2020	
	Number of options	Weighted average exercise price
Outstanding, beginning and end of period	550,000	\$0.10

As at March 31, 2020, the following were outstanding:

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted average remaining life
Options	July 15, 2029	550,000	\$0.10	8.75 years

During the year ended December 31, 2019, the Company granted an aggregate of 550,000 stock options to its directors and officers at an exercise price of \$0.10 per share expiring July 15, 2029. All the granted options vested immediately.

During the year ended December 31, 2019, \$49,217 in share-based compensation expense was recorded for the 550,000 stock options granted to directors and officers of the Company.

The fair value of the stock options granted was calculated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

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FOR THE THREE MONTHS ENDED MARCH 31, 2020
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4. SHARE CAPITAL (continued)

Stock options (continued)

	2019
Risk free rate	1.58%
Dividend yield	-
Weighted average volatility	100%
Weighted average expected life	10 years
Weighted average fair value	\$ 0.09

Agent's warrants

In connection to the Company's IPO, 200,000 non-transferable agent's warrants were issued to the Agent involved in the offering. The Agent's warrants are exercisable at a price of \$0.10 per share for a period of two years. The Company recorded \$10,553 in equity reserve for the fair value of the agent's warrants.

The fair value of the agent's warrants issued was calculated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	2019
Risk free rate	1.5%
Dividend yield	-
Weighted average volatility	100%
Weighted average expected life	2 years
Weighted average fair value	\$ 0.05

5. RELATED PARTY TRANSACTION

During the three months ended March 31, 2020, the Company incurred \$6,300 (2019 - \$Nil) for rent of share office space from a company with a director in common. As at March 31, 2020, \$Nil (December 31, 2019 - \$3,000) was due to this company.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2020, the Company's only financial instruments is comprised of cash and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

As at March 31, 2020, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
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6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial liabilities as they become due. As at March 31, 2020, the Company had a cash balance of \$294,265 (December 31, 2019 - \$307,173) to settle future liabilities of \$109,263 (December 31, 2019 - \$100,593) and as such, is not exposed to significant liquidity risk.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

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7. SUBSEQUENT EVENT

On April 17, 2020 Caprice Business Development Canada Inc., changed its name to "Leaf Mobile Inc." (TSXV: LEAF, formerly "CAPB.P") ("Leaf Mobile") and announced the completion of its qualifying transaction.

Under its qualifying transaction, Leaf Mobile completed a reverse takeover transaction with 1182533 B.C. Ltd. Immediately beforehand, 1182533 B.C. Ltd. completed an acquisition of LDRLY (Technologies) Inc., which develops and publishes casual or idle mobile games. As a result, Leaf Mobile is now the parent company of LDRLY (Technologies) Inc.