RG ONE CORP.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of RG One Corp.

Opinion

We have audited the financial statements of RG One Corp. (the "Company"), which comprise the statements of financial position as at June 30, 2020 and 2019, and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in shareholders' (deficiency) equity 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 June 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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. 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 in the financial statements, which indicates that the Company incurred a net loss during the year ended June 30, 2020 and, as of that date, the Company reported an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that 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 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 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.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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 IFRS, 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 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 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 judgement 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 risks 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 of the audit resulting in this independent auditor's report is Glen McFarland.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
October 28, 2020

RG One Corp.
Statements of Financial Position
(Expressed in Canadian Dollars)

		As at June 30, 2020		As at June 30, 2019
ASSETS				
Current				
Cash	**$**	**45,899**	$	77,588
Total Assets	**$**	**45,899**	$	77,588
LIABILITIES				
Current				
Accounts payable and accrued liabilities (note 6)	**$**	**119,072**	$	56,137
SHAREHOLDERS' (DEFICIENCY) EQUITY				
Share capital (note 3)		**485,446**		485,446
Warrants (note 4)		**-**		6,163
Deficit		**(558,619)**		(470,158)
Total Shareholders' (Deficiency) Equity		**(73,173)**		21,451
Total Liabilities and Shareholders' (Deficiency) Equity	**$**	**45,899**	$	77,588

The accompanying notes are an integral part of these financial statements

Going concern (note 1)

Approved on behalf of the Board:

"Gadi Levin", Director

"Alan Friedman", Director

RG One Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended June 30, 2020	Year Ended June 30, 2019
Operating expenses		
Professional fees	**$ 8,990**	$ -
Office and administrative	**22,634**	20,442
Consulting (note 6)	**63,000**	65,990
Total comprehensive loss for the year	**$ (94,624)**	$ (86,432)
Basic and diluted net loss per share	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding	**19,350,001**	19,350,001

The accompanying notes are an integral part of these financial statements

RG One Corp.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended June 30, 2020	Year Ended June 30, 2019
Operating activities		
Net loss for the year	**$ (94,624)**	$ (86,432)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	**62,935**	39,526
Net cash (used in) operating activities	**(31,689)**	(46,906)
Net change in cash	**(31,689)**	(46,906)
Cash, beginning of year	**77,588**	124,494
Cash, end of year	**$ 45,899**	$ 77,588

The accompanying notes are an integral part of these financial statements

RG One Corp.
Statements of Changes in Shareholders' (Deficiency) Equity
(Expressed in Canadian Dollars)

	Share Capital				
	Number	**Amount**	**Warrants**	**Deficit**	**Total**
Balance, June 30, 2018	19,350,001	$ 485,446	$ 6,163	$ (383,726)	$ 107,883
Net loss for the year	-	-	-	(86,432)	(86,432)
Balance, June 30, 2019	**19,350,001**	**$ 485,446**	**$ 6,163**	**$ (470,158)**	**$ 21,451**
Expiry of warrants	-	-	(6,163)	6,163	-
Net loss for the year	-	-	-	(94,624)	(94,624)
Balance, June 30, 2020	**19,350,001**	**$ 485,446**	**$ -**	**$ (558,619)**	**$ (73,173)**

The accompanying notes are an integral part of these financial statements

1. Incorporation, Nature of Business and Going Concern

RG One Corp. (the “Company”) was incorporated under the Business Corporation’s Act (Ontario) on September 26, 2014 and was initially classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The Company’s principal business is to identify and evaluate potential acquisitions of businesses. On February 17, 2015, the Company filed a prospectus and applied to the Exchange to list its common shares under the TSX Venture Capital Pool Corporation Program. The Company refiled a final prospectus dated August 20, 2015 and an amendment to the final prospectus dated November 18, 2015. On February 20, 2016, the prospectus offering lapsed without closing and the Company withdrew its application to list on the Exchange and is no longer classified as a Capital Pool Company.

The Company’s continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify, evaluate and negotiate an acquisition or business, or an interest therein.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern. For the year ended June 30, 2020, the Company incurred a net loss of $94,624 and as at June 30, 2020, reported an accumulated deficit of $558,619. The Company has no current source of cash flow. The application of the going concern basis is dependent on the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations, or in the absence of adequate cash flows from operations, obtaining additional financings to support operations for the foreseeable future. It is not possible to predict whether financing efforts will be successful of if the Company will attain profitable levels of operations. These matters constitute material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern.

These financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

The head office and the registered head office of the Company is located at 25 Adelaide Street East, Suite 1900, Toronto, Ontario M5C 3A1.

On October 28, 2020, the Board of Directors approved these financial statements.

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.

2. Significant Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Financial Instruments

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

(i) those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and
(ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

(i) amortized cost;
(ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
(iii) FVTOCI, when the change in fair value is attributable to changes in the Company’s credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

2. Significant Accounting Policies (Continued)

Financial Instruments (Continued)

The Company's financial asset consists of cash, which is classified as subsequently measured at amortized cost.

The Company's financial liabilities consist of accounts payable and accrued liabilities, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

<u>Impairment</u>

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Deferred Financing Costs

Deferred financing costs relate to expenditures incurred in connection with the Company's initial public share offering and are charged against share capital upon issuance of the shares or expensed if the offering is not completed.

Share-Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share-based transactions are set out in the stock option note.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of operations such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Loss per Share

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. Warrants are dilutive when the Company has income from operations and the average market price of the common shares during the period exceeds the exercise price of the warrants.

2. Significant Accounting Policies (Continued)

Income Taxes

(i) Current income tax assets and liabilities for the current year 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 by the end of the reporting year. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of loss and comprehensive loss.

(ii) Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered.

Measurement Uncertainty

The preparation of financial statements in conformity with IFRS accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and judgments include the calculation of accrued liabilities. Actual results could differ from those estimates used in the financial statements.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and 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.

Foreign Currency

The financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

2. Significant Accounting Policies (Continued)

Changes in accounting policy

Effective July 1, 2019, the Company adopted the following accounting policies:

IFRS 16 - Leases ("IFRS 16")

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. The adoption of IFRS 16 had no material impact to the Company's financial statements.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”)

IFRIC 23 was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. The adoption of IFRIC 23 had no material impact to the Company's financial statements.

New IFRS standards not yet adopted

The Company has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published but are only effective for its annual periods beginning on or after July 1, 2019. The Company is currently evaluating the potential impacts of these new standards.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”)

IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The adoption of the amendments is not expected to have a material impact on the Company's financial statements.

(Expressed in Canadian Dollars)

3. Share Capital

(a) Authorized

Unlimited number of common shares

(b) Issued and outstanding

	Number of common shares		Amount
Balance, June 30, 2018, 2019 and 2020	**19,350,001**	**$**	**485,446**

4. Warrants

The following table reflects the continuity of warrants for the years ended June 30, 2020 and 2019:

	Number of warrants		Weighted average exercise price
Balance, June 30, 2018 and 2019	**994,000**	**$**	**0.01**
Expired (i)	(994,000)		(0.01)
Balance, June 30, 2020	**-**	**$**	**-**

(i) On November 15, 2019, 994,000 warrants with an exercise price of $0.01 expired unexercised.

As at June 30, 2020, the there are no warrants issued and outstanding.

5. Net Loss Per Common Share

The calculation of basic and diluted loss per share for the year ended June 30, 2020 was based on the loss attributable to common shareholders of $94,624 (year ended June 30, 2019 - $86,432) and the weighted average number of common shares outstanding of 19,350,001 (year ended June 30, 2019 - 19,350,001). Diluted loss per share did not include the effect of warrants as they are anti-dilutive.

(Expressed in Canadian Dollars)

6. Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

	Year Ended June 30, 2020	2019
Consulting and other fees charged by companies controlled by officers and directors of the Company	**$ 63,000**	$ 63,000

During the year ended June 30, 2020, consulting fees of $63,000 (year ended June 30, 2019 - $63,000) were charged by companies controlled by directors and officers of the Company. As at June 30, 2020, $111,433 (June 30, 2019 - $48,433) is included in accounts payable and accrued liabilities with respect to the fees. These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

7. Financial Risk Management Objectives and Policies

(a) Capital Management:

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes (deficiency) equity, comprised of issued common shares and warrants, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners. The outcome of these activities is uncertain.

(b) Risk Disclosures and Fair Values:

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. Cash and accounts payable and accrued liabilities approximates fair value due to their relatively short term maturity. It is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(Expressed in Canadian Dollars)

8. Income Tax

(a) Provision for income taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2019 - 26.5%) were as follows:

	2020	2019
(Loss) before income taxes	**$ (94,624)**	$ (86,432)
Expected income tax (recovery)	**(25,000)**	(23,000)
Other	**(1,000)**	1,000
Change in benefit of tax assets not recognized	**26,000**	22,000
Deferred income tax provision	**$ -**	$ -

(b) Deferred tax balances

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

Deferred income tax assets have not been recognized in Canada at June 30, 2020 and 2019 in respect of the following temporary differences:

Deductibe temporary differences	2020	2019
Non-capital losses - Canada	**$ 573,000**	$ 476,000
Share issue costs and other	**2,000**	4,000
Deductible temporary differences not recognized	**$ 575,000**	$ 480,000

(c) As at June 30, 2020, the Company has available, non-capital losses of $573,000 (2019 - $476,000) for Canadian income tax purposes which may be carried forward to reduce taxable income in future periods. If not utilized, the non-capital losses will expire from 2035 - 2040 as follows:

2035	$ 21,000
2036	154,000
2037	104,000
2038	108,000
2039	89,000
2040	97,000
	$ 573,000