

**CABERNET CAPITAL CORP.**

Condensed Interim Financial Statements

January 31, 2018

Presented in Canadian dollars - Unaudited

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of 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 these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by the entity's auditor.

**CABERNET CAPITAL CORP.**Condensed Interim Statements of Financial Position  
(Expressed in Canadian dollars – Unaudited)

|   | Note | January 31,<br>2018 | July 31,<br>2017 |
|---|------|---------------------|------------------|
| <b>Assets</b>                                     |      |                     |                  |
| Current assets                                    |      |                     |                  |
| Cash  |      | \$ 2,270,463        | \$ 76,743        |
| <b>Total assets</b>                               |      | <b>\$ 2,270,463</b> | <b>\$ 76,743</b> |
| <b>Liabilities and shareholders' equity</b>       |      |                     |                  |
| Current liabilities                               |      |                     |                  |
| Accounts payable                                  |      | \$ 9,417            | \$ 6,666         |
| Shareholders' equity                              |      |                     |                  |
| Share capital                                     | 3    | 2,343,551           | 100,000          |
| Share payment reserve                             |      | 52,715              | -                |
| Deficit   |      | (135,220)           | (29,923)         |
| <b>Total shareholders' equity</b>                 |      | <b>2,261,046</b>    | <b>70,077</b>    |
| <b>Total liabilities and shareholders' equity</b> |      | <b>\$ 2,270,463</b> | <b>\$ 76,743</b> |

Nature and continuance of operations (Note 1)

Approved on behalf of the Board:

"Dorian Banks"

Dorian Banks, Director

"Melissa Bajic"

Melissa Bajic, Director

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

## CABERNET CAPITAL CORP.

Condensed Interim Statements of Comprehensive Loss  
(Expressed in Canadian dollars – Unaudited)

|   | Three Months<br>Ended<br>January 31,<br>2018 | Six Months<br>Ended<br>January 31,<br>2018 |
|---|--|--|
| Administrative expenses                                       |  |  |
| General and administrative                                    | \$ 2,833                                     | \$ 3,695                                   |
| Filing fees   | 10,000                                       | 10,294                                     |
| Stock based compensation                                      | 44,804                                       | 44,804                                     |
| Professional fees   | 28,645                                       | 46,504                                     |
| <b>Net and comprehensive loss</b>                             | <b>\$ (86,282)</b>                           | <b>\$ (105,297)</b>                        |
| <b>Weighted average number of outstanding shares (Note 3)</b> | <b>-</b>                                     | <b>-</b>                                   |
| <b>Basic and diluted loss per share (Note 3)</b>              | <b>-</b>                                     | <b>-</b>                                   |

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

**CABERNET CAPITAL CORP.**

Condensed Interim Statements of Changes in Shareholders' Equity  
(Expressed in Canadian dollars – Unaudited)

|   |      | Share capital |              |                       |              | Total shareholders' equity |
|---|------|---------------|--------------|-----------------------|--------------|----------------------------|
|   | Note | Number        | Amount       | Share Payment Reserve | Deficit      |                            |
| Balance at inception, March 24, 2017          |      | -             | \$ -         | \$ -                  | \$ -         | \$ -                       |
| Share issued for cash                         |      | 1             | 1            | -                     | -            | 1                          |
| Cancellation of share issued for cash         |      | (1)           | (1)          | -                     | -            | (1)                        |
| Shares issued for cash                        | 3    | 2,000,000     | 100,000      | -                     | -            | 100,000                    |
| Net and comprehensive loss                    |      | -             | -            | -                     | (29,923)     | (29,923)                   |
| Balance, July 31, 2017                        |      | 2,000,000     | 100,000      | -                     | (29,923)     | 70,077                     |
| Shares issued for cash, net of issuance costs |      | 23,000,000    | 2,236,426    | 7,911                 | -            | 2,244,337                  |
| Shares issued on exercise of warrants         |      | 71,250        | 7,125        | -                     | -            | 7,125                      |
| Stock based compensation                      |      | -             | -            | 44,804                | -            | 44,804                     |
| Net and comprehensive loss                    |      | -             | -            | -                     | (105,297)    | (105,297)                  |
| Balance, January 31, 2018                     |      | 25,071,250    | \$ 2,343,551 | \$ (52,715)           | \$ (135,220) | \$ 2,261,046               |

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

**CABERNET CAPITAL CORP.**Condensed Interim Statements of Cash Flows  
(Expressed in Canadian dollars – Unaudited)Six Months  
Ended  
January 31, 2018

Cash provided by (used in):

Operating activities

|   |              |
|---|--------------|
| Net loss                                      | \$ (105,297) |
| Adjustment for non-cash working capital item: |              |
| Stock based compensation                      | 44,804       |
| Changes in non-cash working capital item:     |              |
| Accounts payable                              | 2,751        |

---

|                                   |          |
|-----------------------------------|----------|
| Cash used in operating activities | (57,742) |
|-----------------------------------|----------|

Financing activities

|   |           |
|---|-----------|
| Proceeds from issuance of shares, net of issuance costs | 2,244,337 |
| Proceeds from exercise of warrants                      | 7,125     |

---

|                                       |           |
|---------------------------------------|-----------|
| Cash provided by financing activities | 2,251,462 |
|---------------------------------------|-----------|

|                  |           |
|------------------|-----------|
| Increase in cash | 2,193,720 |
|------------------|-----------|

---

|                 |        |
|-----------------|--------|
| Cash, beginning | 76,743 |
|-----------------|--------|

---

|              |              |
|--------------|--------------|
| Cash, ending | \$ 2,270,463 |
|--------------|--------------|

---

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

## **CABERNET CAPITAL CORP.**

Notes to Condensed Interim Financial Statements  
For the six months ended January 31, 2018  
(Expressed in Canadian dollars – Unaudited)

### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Cabernet Capital Corp. (the "Company") was incorporated in Canada under the British Columbia Business Corporations Act on March 24, 2017 and its head office is located at 221 West Esplanade, Suite 409, North Vancouver, British Columbia, V7M 3J3.

The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange ("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"). 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. As a CPC, 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 Exchange.

The proposed business of the Company and the completion of a Qualifying Transaction 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 doubt about the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

### **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 March 26, 2018.

#### *(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 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.

## CABERNET CAPITAL CORP.

Notes to Condensed Interim Financial Statements  
For the six months ended January 31, 2018  
(Expressed in Canadian dollars – Unaudited)

### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (c) Accounting standards issued but not yet effective

##### New standard IFRS 9 “Financial Instruments”

This new standard is a partial replacement of International Accounting Standard (“IAS”) 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The Company has not early adopted this revised standard and does not expect they will have a material effect on the Company’s future results and financial operations.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

### 3. SHARE CAPITAL

#### Common shares

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

As of January 31, 2018, the Company had 25,071,250 common shares outstanding.

On July 31, 2017, the Company issued 2,000,000 common shares for proceeds of \$100,000.

On November 9, 2017, the Company completed its IPO and issued 3,000,000 common shares at \$0.10 per share for net proceeds of \$255,625 after issuance costs. The Company also issued to the agent an option to acquire 150,000 common shares of the Company at a price of \$0.10 per share, expiring November 9, 2019.

On November 30, 2017, 71,250 were exercised for proceeds of \$7,125.

On December 13, 2017, the Company closed a private placement whereby it issued 20,000,000 for proceeds of \$2,000,000.

#### Warrants

The following is a summary of warrants outstanding at January 31, 2018:

| Number of Shares | Exercise Price | Expiry Date      | Exercisable |
|------------------|----------------|------------------|-------------|
| 78,750           | \$0.10         | November 9, 2019 | 78,750      |

## CABERNET CAPITAL CORP.

Notes to Condensed Interim Financial Statements

For the six months ended January 31, 2018

(Expressed in Canadian dollars – Unaudited)

### 3. SHARE CAPITAL (continued)

#### *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.

On November 9, 2017, the Company issued 500,000 stock options at a price of \$0.10 per share, expiring November 9, 2027. The estimated fair value of the options was \$44,804 which was determined using the Black-Scholes option pricing model with the following assumptions: an annualized volatility of 100%; an expected life of 10 years; a dividend yield rate of 0%; and a risk-free interest rate of 1.81%.

The weighted average remaining life of options at January 31, 2018 was 9.78 years.

The following table summarizes information about stock options outstanding and exercisable at January 31, 2018:

| Number of Shares | Exercise Price | Expiry Date      | Exercisable |
|------------------|----------------|------------------|-------------|
| 500,000          | \$0.10         | November 9, 2027 | 500,000     |

#### *Loss per Share*

Upon the Company completing its planned IPO, the common shares issued to the Company's founders will be subject to an escrow agreement and may be cancelled in the event that the Company is unable to complete its Qualifying Transaction within 24 months. Accordingly, these shares are accounted for as contingently returnable shares and excluded from the calculation of loss per share.

## **CABERNET CAPITAL CORP.**

Notes to Condensed Interim Financial Statements  
For the six months ended January 31, 2018  
(Expressed in Canadian dollars – Unaudited)

### **4. FINANCIAL INSTRUMENTS AND RISKS**

#### *(a) Fair values*

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

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- 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.

Cash is measured at fair value using level 1 input.

#### *(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.

#### *(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. Liquidity risk is assessed as high.

#### *(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. Credit risk is assessed as low.

#### *(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.

## **CABERNET CAPITAL CORP.**

Notes to Condensed Interim Financial Statements  
For the six months ended January 31, 2018  
(Expressed in Canadian dollars – Unaudited)

### **5. 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. The Company is subject to externally imposed capital requirements (Note 1).

### **6. SUBSEQUENT EVENT**

On February 26, 2018, the Company announced that it had signed definitive agreements for the acquisition of 5% of the issued and outstanding shares of EVVO Labs Pte. Ltd. for \$1,500,000 and the acquisition of unsecured convertible bonds with a face value of 2,500,000,000 KRW (South Korean Won) in exchange for 42,000,000 shares of the Company. These investments shall constitute the Company qualifying transaction.