

HELIX APPLICATIONS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

Expressed in Canadian Dollars

FOR THE THREE MONTHS ENDED MARCH 31, 2021

(UNAUDITED)

Notice To Reader: The accompanying unaudited condensed interim financial statements of Helix Applications Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

HELIX APPLICATION INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT
Expressed in Canadian Dollars
(Unaudited)

	March 31, 2021	December 31, 2020
ASSETS		
Current		
Cash	\$ 5,379,821	\$ 4,382,171
Accounts receivable	5,645	1,164
Prepaid expense	<u>21,330</u>	<u>31,995</u>
	5,406,796	4,415,330
Intangible asset (Note 4)	<u>150,000</u>	<u>-</u>
	<u>\$ 5,556,796</u>	<u>\$ 4,415,330</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	<u>\$ 135,386</u>	<u>\$ 71,305</u>
Shareholders' equity		
Share capital (Note 5)	106,310,268	106,247,733
Share subscriptions received in advance (Note 9)	1,289,956	-
Reserves (Note 5)	9,747,980	9,777,515
Deficit	<u>(111,926,794)</u>	<u>(111,681,223)</u>
	<u>5,421,409</u>	<u>4,344,025</u>
	<u>\$ 5,556,796</u>	<u>\$ 4,415,330</u>

Nature and continuance of operations (Note 1)

Subsequent events (Note 9)

The accompanying notes are an integral part of these financial statements

HELIX APPLICATIONS INC.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
Expressed in Canadian Dollars
(Unaudited)

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
EXPENSES		
General & administration	\$ 253,099	\$ 106,226
Share-based compensation	-	92,868
	(253,099)	(199,094)
Other income	7,528	-
Loss & comprehensive loss for the period	\$ (245,571)	\$ (199,094)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	51,448,741	66,043,332

The accompanying notes are an integral part of these financial statements

HELIX APPLICATIONS INC.
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Expressed in Canadian Dollars
(Unaudited)

	Shares	Share capital	Reserves	Share subscriptions received in advance	Deficit	Total shareholders' equity
Balance, December 31, 2019	66,043,332	\$ 116,172,056	\$ 9,643,885	\$ -	\$ (120,980,507)	\$ 4,835,434
Cancellation of escrow shares	(14,594,594)	(9,924,323)	-	-	9,924,323	-
Share-based compensation	-	-	133,630	-	-	133,630
Loss for the year	-	-	-	-	(625,039)	(625,039)
Balance, December 31, 2020	51,448,738	106,247,733	9,777,515	-	(111,681,223)	4,344,025
Shares issued pursuant to the exercise of options	200,000	62,535	(29,535)	-	-	33,000
Share subscriptions received in advance	-	-	-	1,289,956	-	1,289,956
Loss for the period	-	-	-	-	(245,571)	(245,571)
Balance, March 31, 2021	51,648,738	\$ 106,310,268	\$ 9,747,980	\$ 1,289,956	\$ (111,926,794)	\$ 5,421,410

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HELIX APPLICATIONS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
Expressed in Canadian Dollars
(Unaudited)

	For the three months ended March 31, 2021	For the three months ended March 31, 2020
CASH FLOW USED IN OPERATING ACTIVITIES		
Loss for the period	\$ (245,571)	\$ (178,006)
Adjusted for:		
Share-based compensation	-	92,868
Changes in non-cash working capital items:		
Accounts receivable	4,481	58,796
Prepaid expense	10,665	10,712
Accounts payable and accrued liabilities	64,081	(50,630)
Net cash used in operating activities	<u>(175,306)</u>	<u>(66,260)</u>
CASH FLOW USED IN INVESTING ACTIVITIES		
Share subscriptions received in advance	1,289,956	-
Proceeds from exercise of options	33,000	-
Net cash provided by financing activities	<u>1,322,956</u>	<u>-</u>
CASH FLOW USED IN FINANCING ACTIVITIES		
Acquisition of intangible asset	(150,000)	-
Net cash used in investing activities	<u>(150,000)</u>	<u>-</u>
Change in cash for the period	997,650	(66,260)
Cash, beginning of period	4,382,171	4,691,169
Cash, end of period	<u>\$ 5,379,821</u>	<u>\$ 4,624,909</u>
Supplemental cash flow information		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -
Cancellation of escrow shares	\$ -	\$ 9,924,323

The accompanying notes are an integral part of these financial statements

HELIX APPLICATIONS INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
Expressed in Canadian Dollars
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(Unaudited)

1. Nature and continuance of operations

Helix Applications Inc. (the “Company” or “Helix”) is engaged in developing blockchain-based software technologies and applications. The Company’s head office and principal address is 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1. The Company’s common shares trade on the TSX Venture Exchange under the symbol “HELX”.

During the three months ended March 31, 2021, the Company incurred a net loss of \$245,571 and had negative cash flows from operations of \$175,306. As at March 31, 2021, the Company held unrestricted cash of \$5,379,821 and had working capital of \$5,271,409. As at March 31, 2021, management estimates they have the adequate cash on hand to fulfil its planned operations for the next twelve months. The Company’s ability to carry out its business plan is dependent upon the ability of the Company to generate sufficient revenues and positive cash flows from its operating activities and/or obtain sufficient additional financing to settle its obligations and fund its planned operations. These condensed interim financial statements were approved by the Board of Directors on May 31, 2021.

2. Basis of presentation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IAS 34 “*Interim Financial Reporting*” and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) in effect at March 31, 2021 on a basis consistent with accounting policies followed in the most recent annual financial statements. These interim condensed financial statements do not include all the information required for full annual financial statements, however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2020.

(b) Basis of consolidation and presentation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss which are stated at their fair value. In addition, these financial statements have been prepared using the accruals basis of accounting, except for cash flow information.

These consolidated financial statements include the accounts of all entities controlled by the Company, which are referred to as subsidiaries and references to the Company includes references to such subsidiaries. The financial statements of the subsidiaries are included in these consolidated financial statements from the date on which control commences until the date on which control ceases. The Company’s subsidiaries comprise of the following wholly-owned subsidiaries:

Helix Applications (USA) Inc. (incorporated December 14, 2018 and dissolved January 31, 2020)

BlockCoBuilders Inc (incorporated November 4, 2017 and dissolved June 28, 2019)

Intercompany balances and transactions are eliminated upon consolidation and preparation of these consolidated financial statements.

2. Basis of presentation (cont)

(c) Functional and reporting currency

These consolidated financial statements are presented in Canadian Dollars which is also the functional currency of the Company and its subsidiaries.

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the Company's functional currency at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in the statement of loss and comprehensive loss.

3. Significant accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors, such as historical experience and current and expected economic conditions. Actual results may differ from these estimates.

4. Intangible asset

In February 2021, the Company acquired 4 blockchain patents and their related patent applications and development work for consideration of an upfront cash payment of \$150,000 and an ongoing royalty agreement of 5% of profits relating to any commercial application of these patents.

These patents are not ready for use and as such are considered to be development assets. These patents are acquired intangible assets that are measured at cost and will be amortized when the patents are ready for use and can be used in a commercial application.

5. Shareholders' equity

(a) Share capital

Authorized

Unlimited number of common shares with no par value
Unlimited number of Class A preference shares with no par value, non-voting

Share Cancellation

In February 2020, the Company cancelled 14,594,594 common shares with approval of the TSX Venture Exchange and in accordance with the terms of the Escrow Agreement - Surplus Securities entered in connection with the Change of Business of the Company that was completed on October 30, 2018 (the "COB"). The common shares that were cancelled had a grant date fair value of \$0.68 per share and represented approximately 85% of the common shares issued to shareholders of BlockCoBuilders Inc. in connection with the acquisition of that company under the COB.

HELIX APPLICATIONS INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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FOR THE THREE MONTHS ENDED MARCH 31, 2021
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5. Shareholders' equity (cont)

Option exercise

In March 2021, the Company issued 200,000 common shares pursuant to the exercise of stock options at a price of \$0.165 for proceeds of \$33,000; a reallocation of reserves of \$29,535 to share capital was recorded in connection with the exercise of these options.

Subsequent to March 31, 2021, the Company issued 2,000,000 common shares at a price of \$1.50 for proceeds of \$3,000,000 pursuant to a private placement (Note 9).

As at March 31, 2021, there were 115,136 shares held in escrow.

Stock options

Under the Rolling Stock Option Plan, the Company is able to grant options, the aggregate number of which shall not exceed 10% of the issued share capital of the Company at the time of granting any options (on a non-diluted basis). The options are exercisable for a period of up to five years from the date of grant, as determined by the Board of Directors, and the exercise price cannot be less than the price permitted by any stock exchange on which shares are then listed. The Board of Directors determines the time at which any options may vest.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted average Exercise Price
Balance, as at December 31, 2020	1,625,525	\$ 0.56
Exercised	(200,000)	0.165
Balance, as at March 31, 2021	1,425,525	\$ 0.62

As at March 31, 2021, stock options outstanding are as follows:

Grant Date	Number of options Outstanding and Exercisable	Exercise Price
June 5, 2023	650,525	\$0.95
November 1, 2021	175,000	\$0.95
June 13, 2024	300,000	\$0.23
January 10, 2025	300,000	\$0.085
Total	1,425,525	

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6. Related party transactions and balances

The amounts in the table below are amounts recognized as expense related to directors and senior officers identified as key management personnel by the Company. The following table is for the three months ended March 31, 2021 and 2020.

	2021	2020
Paid to the Company's CEO	36,635	35,094
Paid to the Company's CFO	7,500	-
Paid to the Company's former CFO	-	30,000
Paid to non-executive directors	17,750	13,250
Paid to a Law Firm which has a director as a partner	59,039	-
Share-based compensation	-	92,868

As at March 31, 2021, \$42,276 (2020 - \$13,250) was due to related parties and included in accounts payable and accrued liabilities.

7. Capital management

The Company's objectives when managing capital are to:

- (i) maintain a flexible capital structure which optimizes the cost of capital at acceptable risk;
- (ii) support any expansion plans.

In the management of capital, the Company includes shareholders' equity.

The Company manages its capital structure and makes adjustments when the economic and risk conditions of the underlying assets require change. In order to maintain or adjust the capital structure, the Company may issue new shares, issue new debt, and/or issue new debt to refinance existing debt.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company is not exposed to any externally imposed capital requirements and there were no changes to management's approach to capital management during the period ended March 31, 2021.

8. Financial instruments

As at March 31, 2021, the Company's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. At March 31, 2021, the carrying values of these instruments approximate their fair values given their short term nature.

The fair values of financial assets and financial liabilities are characterized using a hierarchy as follows:

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

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. - as prices) or indirectly (i.e.: derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data.

The Company has no financial instruments for which fair value is determined based on a level 3 category.

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include currency, credit, interest rate and liquidity risks. Where material, these risks are reviewed and monitored by the Board of Directors.

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and amounts receivable. The Company aims to protect its cash and cash equivalents from undue risk by holding them with various high credit quality financial institutions.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payments obligations. The Company has limited credit risk from its amounts receivable as these amounts are due from the federal and provincial Canadian governments.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at March 31, 2021, the Company is not exposed to any significant interest rate risk.

(iii) Currency risk

The Company operates primarily in Canada. The Company has exposure to foreign exchange risk. Foreign exchange risk arises from purchase and sales transactions, as well as recognized financial assets and liabilities denominated in foreign currencies. As at March 31, 2021, the Company is not exposed to significant currency risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company has sufficient cash to meet its financial obligations as at March 31, 2021.

(v) Price risk

The Company is not subject to significant price risk.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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FOR THE THREE MONTHS ENDED MARCH 31, 2021
(Unaudited)

9. Subsequent events

Private placement

In April 2021, the Company completed a private placement of 2,000,000 common shares at a price of \$1.50 for gross proceeds of \$3,000,000. In connection with this financing, the Company paid a 7% cash finders fee and issued a finder's option to acquire up to 140,000 common shares of the Company with an exercise price of \$1.50 and a term of 24 months. As at March 31, 2021, the Company received \$1,289,956 in share subscriptions in advance in connection with this financing.

GlobalBlock Transaction

In March 2021, the Company entered into a non-binding Memorandum of Understanding with GlobalBlock Limited ("GlobalBlock"), whereby the parties would work together exclusively for a period of time to negotiate a potential business combination. The Company loaned GlobalBlock £750,000 in April 2021, which is unsecured, bears interest at 10% per annum and matures in one year. The loan also contains a conversion feature whereby the Company has the option to convert the outstanding loan into a 10% equity interest in GlobalBlock in certain situations, including GlobalBlock not repaying the loan on the maturity date or in the event of a change of control of GlobalBlock not involving the Company.

In May 2021, the Company and GlobalBlock moved forward and entered into a binding definitive share exchange agreement ("Definitive Agreement") whereby the Company will acquire all of the issued and outstanding ordinary shares of GlobalBlock in exchange for 48,450,000 common shares of the Company and GlobalBlock will become a wholly owned subsidiary of the Company. In addition, the Company will issue as 2,550,000 common shares of the Company as finders fees. The transaction is subject to a number of approvals, including the approval of the TSX Venture Exchange.