

PotNetwork Holding Inc.
Unaudited Consolidated Financial Statements
As of Mar 31, 2017

PotNetwork Holding Inc.
Unaudited Consolidated Balance Sheets

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| Assets | As of March 31, 2017 and December 31, 2016 | Mar 31 2017 | December 31 2016 |
|---|--|--------------------|---------------------|
| Current Assets | | | |
| Cash | | \$133,905 | \$100 |
| Accounts Receivable | | 30,373 | \$710 |
| Other | | 14,946 | 0 |
| Inventory | | 306,174 | \$0 |
| Total Current assets | | \$485,398 | \$810 |
| Note Receivable (Includes Principal and interest at 4% per annum) | | \$52,000 | \$52,000 |
| Fixed Assets, net | | \$47,915 | \$3,154 |
| Rent & Utility Deposits | | \$38,398 | \$33,673 |
| Other Assets - Packing Supplies | | \$1,985 | \$0 |
| TOTAL ASSETS | | \$625,696 | \$89,637 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | | \$160,953 | \$24,750 |
| Other Payables | | 60,982 | 0 |
| Total Current Liabilities | | \$221,935 | \$24,750 |
| Accrued Interest | | \$2,860 | \$0 |
| Note Payable - La Playa | | \$150,000 | \$0 |
| Loans From Third Parties (Note 3) | | 265,618 | 265,618 |
| Note Payable (Note 4) | | 0 | 2,033,283 |
| Other liabilities | | \$35,094 | \$0 |
| Total Liabilities | | \$675,507 | \$2,323,651 |
| STOCKHOLDERS EQUITY | | | |
| Common ; Authorized 500,000,000 shares, \$.00001 par value; and 134,894,135 Issued and outstanding at Mar. 31, 2017 and 89,571,121 Issued and outstanding and December 31, 2016 respectively. | | \$87,573 | \$87,573 |
| Preferred Stock Class A Authorized - 50,000 shares, .00001 par value; and 50,000 Issued and outstanding at Mar. 31, 2017 and None Issued and outstanding at Dec. 31, 2016, respectively. | | \$200 | \$200 |
| Preferred Stock Class D Authorized - 6,000 shares, .00001 par value. | | \$200 | \$200 |
| Additional paid in capital | | 263,131 | 263,131 |
| Retained Earnings (First Capital Ventures / Diamond CBD Oils) | | \$153,587 | 0 |
| Retained Earnings (First Capital Ventures / Diamond CBD Oils) | | -2667 | 0 |
| Reserve Account - (First Capital Ventures) | | \$2,033,283 | 0 |
| Retained Earnings (Deficit) Sunrise | | \$317,255 | 317,255 |
| Retained Earnings (Deficit) POTN | | (2,902,373) | (2,902,373) |
| Retained Earnings (Deficit) Consolidated | | (2,585,118) | (2,585,118) |
| | | (50,011) | (2,234,014) |
| Total Liabilities & Stockholders Equity | | \$625,496 | \$89,637 |

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

PotNetwork Holding Inc.
Unaudited Consolidated Statements of Income
For the year Three Months ended Mar 31, 2017 and 2016

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| | Three Months Ended | |
|------------------------------------|-------------------------|------------------------|
| | Mar 31 | Mar 31 |
| | 2017 | 2016 |
| Sales | \$1,894,464 | \$668,290 |
| Discounts | (55,702) | 0 |
| Shipping Charge | 20,937 | 0 |
| Other | (1,352) | 0 |
| Operating Income | \$1,858,347 | \$668,290 |
| Cost of Goods Sold | (\$1,174,690) | (\$423,321) |
| Packaging | (21,324) | 0 |
| Total Cost of Goods Sold | (1,196,014) | (423,321) |
| Gross Profit (Loss) | \$662,333 | \$244,969 |
| Expenses: | | |
| Salary & Benefits | \$96,977 | \$47,232 |
| General and Administrative | \$53,222 | \$4,906 |
| Legal & Professional | \$57,217 | 5,995 |
| Advertising | 93,468 | 26,493 |
| Insurance | 1,611 | 8,557 |
| Supplies | 11,883 | 5,144 |
| Rent | 5,697 | 26,061 |
| Interest | 2,860 | 38,500 |
| Automobile Expense | 14,996 | 0 |
| Travel, Lodging & Meals Expense | 48,312 | 0 |
| Telephone Expense | 9,534 | 0 |
| Postage & Freight Expense | 35,449 | 0 |
| Payroll Taxes | 2,253 | 0 |
| Depreciation | 2,355 | 0 |
| Consultant Expense | 48,707 | 0 |
| Other | 26,082 | 4,790 |
| Total Expenses | \$510,623 | \$167,678 |
| Operating Profit (Loss) | \$151,710 | \$77,291 |
| Rebate and Discount Income | 1,877 | 0 |
| Total Non Operating Income/Expense | \$1,877 | \$0 |
| Profit (Loss) before income taxes | \$153,587 | \$77,291 |
| Provision for income taxes | 0 | 0 |
| Net Profit (Loss) | <u>\$153,587</u> | <u>\$77,291</u> |

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PotNetwork Holding Inc.
Unaudited Consolidated Statement of Cash Flows
For the year Three Months ended Mar 31, 2017 and 2016

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| | Three Months Ended | |
|---|---------------------------|---------------------------|
| | Mar 31 | Mar 31 |
| | 2017 | 2016 |
| | | |
| OPERATING ACTIVITIES | | |
| Net Income (Loss) | \$153,587 | \$77,291 |
| Add: | | |
| Depreciation | 2,355 | 0 |
| Adjustments to reconcile net income (loss) | | |
| Decreases (Increases) | | |
| Accounts Receivable | 18,439 | 57,000 |
| Inventory | (\$538,745) | \$15,707 |
| Fixed Assets | 0 | - |
| Other Assets | \$51,336 | \$0 |
| Accts payable | (49,073) | (29,240) |
| Loan Payable | (31,438) | (221,812) |
| Notes Payable- WLL | <u>60,896</u> | <u>(28,500)</u> |
| Net cash (used in) operating activities | <u>(\$383,979)</u> | <u>(\$129,554)</u> |
| Loans Receivable | \$0 | \$157,546 |
| CASH FLOWS FROM INVESTING ACTIVITIES | <u>\$0</u> | <u>\$157,546</u> |
| Inventory | \$234,142 | 0 |
| Increase in assets | <u>(\$16,858)</u> | <u>0</u> |
| Net cash (used in) investing activities | <u>\$217,283</u> | <u>0</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| La Playa | 150,000 | 0 |
| Interest Accrued | <u>2,860</u> | <u>-</u> |
| Net cash (used in) financing activities | <u>\$152,860</u> | <u>\$0</u> |
| NET INCREASE (DECREASE) IN | <u>(\$13,836)</u> | <u>\$27,992</u> |
| Cash, Beginning - First Capital Ventures | <u>\$147,641</u> | |
| Cash, Beginning | <u>\$100</u> | <u>\$1,083</u> |
| Cash, Ending | <u>\$133,905</u> | <u>\$575</u> |

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PotNetwork Holdings Inc.
Unaudited Consolidated Statement of Stockholders Equity
Mar 31, 2017

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| <u>Description</u> | <u>Common Stock</u> <u>Shares</u> | <u>Preferred</u> <u>Shares</u> | <u>Common</u> <u>Amount</u> | <u>Additional</u> <u>Paid-In Capital</u> | <u>Accum Equity</u> <u>(Deficit)</u> | <u>Total</u> <u>Stockholders</u> <u>Equity(Deficit)</u> |
|---|--------------------------------------|-----------------------------------|--------------------------------|---|---|---|
| Balance | | | | | | |
| Dec 31,2015 | 7,621,650,000 | 460 (1) | \$87,573 | \$1,461,532 | (\$2,163,949) | (\$2,496,303) |
| Dec 31, 2015 | <u>6,209,236 (2)</u> | | | | | |
| (The company decreased its shares by a 1 for 1000 split) | | | | | | |
| Shares Issued | 51,678,750 | (4,967,389) | | (712,514) | | |
| (Preferred E exchanged for common) | | | | | | |
| Shares Issued | 30,271,121 | | | (234,400) | | |
| Net Profit (Loss) | | | | | (520,022) | (520,022) |
| Balance | | | | | | |
| Dec 31,2016 | 89,571,521 | 460 (1) | \$87,573 | \$ 263,131 | (\$2,585,118) | (\$1,976,281) |
| Dec 31, 2016 | <u>6,209,236 (2)</u> | | | | | |
| Shares Issued | 49,822,614 | | | | | |
| Preferred A Issued | | 50,000(3) | | | | |
| Shares Cancelled | 4,500,000 | | | | | |
| Net Profit (Loss) | | | | | 153587(4) | 153587(4) |
| Balance | | | | | | |
| Mar 31,2017 | 134,894,135 | 50,000(3) | \$87,573 | \$ 263,131 | (\$2,585,118) | (\$1,976,281) |

(1) Preferred Class D Shares

(2) Preferred Class E Shares

(3) Preferred Class A Shares

(4) Retained Earnings (First Capital Ventures / Diamond CBD Oils)

The accompanying notes are an integral part of these financial statements

PotNetwork Holding Inc.
Unaudited-NOTES TO FINANCIAL STATEMENTS
March 31, 2017

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NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The issuer has now reincorporated in Colorado, as of March 3, 2017, following its acquisition of First Capital Venture Holdings Co. Coinciding with that event, the issuer entered into a triangular merger pursuant Colorado law, similar to what is prescribed by Section 251(g) of the Delaware General Corporation Law. Immediately prior thereto, the company changed its name to its current name – PotNetwork Holding, Inc., having changed its name to SND Auto Group, Inc., on May 20, 2016. Prior thereto, effective July 24, 2015 the company changed its name to PotNetwork Holdings Incorporated and new ticker symbol "POTN." PotNetwork Holding, Inc. PotNetwork Holding, Inc has two wholly owned subsidiaries, First Capital Venture Co., the makers of Diamond CBD Oils and Sunrise Auto Mall Inc., a pre-owned auto dealership started in July 2014. PotNetwork Holding Inc. acquired First Capital Venture Co on January 31, 2017 therefore the financial statements include the consolidation of First Capital Venture Co's business Diamond CBD Oils Inc.starting in the 1st Quarter ending March 31, 2017.

Inventory - The Company values inventory at the lower of costs or market.

Fixed Assets

Furniture, fixtures and computer equipment is recorded at cost. Depreciation is computed by the straight line and accelerated methods over the estimated lives of the assets ranging from three to seven years. Expenditures for maintenance and repairs are charged to operations as incurred.

Income Taxes

The Company accounts for income taxes using the provisions of Statement of Financial Accounting Standards ("SFAS") No.109, Accounting for Income Taxes. Under this standard, deferred tax assets and liabilities represent the estimated tax effects of future deductible or taxable amounts attributed to differences between the financial statements carrying amounts and the tax bases of existing assets and liabilities. The standard also allows recognition of income tax benefits for loss carryforwards, credit carryforwards and certain temporary differences for which tax benefits have not previously been recorded. Valuation allowances are provided for uncertainties associated with deferred tax assets.

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PotNetwork Holdings Inc.
Unaudited-NOTES TO FINANCIAL STATEMENTS
March 31, 2017

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Note 2 – FIXED ASSETS, NET:

The Company's equipment consists of the following:

| | March 31 | December 31 |
|-------------------------------|--------------------------|--------------------------|
| | 2017 | 2016 |
| Office equipment | \$71,116 | \$24,000 |
| Less accumulated depreciation | <u>(\$23,201)</u> | <u>(\$20,846)</u> |
| Total Fixed Assets | \$47,915 | \$3,154 |

Depreciation expense of \$ 2,355 was charged to operations for the 3 months ended March 31, 2017 and \$ 1,646 charged in December 31, 2016, respectively.

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PotNetwork Holding Inc.
Unaudited-NOTES TO FINANCIAL STATEMENTS
March 31, 2017

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Note 3 – Loans from Third Parties

| | Mar 31 2017 | December 31 2016 |
|--|------------------------|-----------------------------|
| These loans bear 8% interest per annum and have terms of demand repayment. | | |
| Loan from Third Parties - K.N. | \$112,000 | \$112,000 |
| Loan from Third Parties - J.C. | 0 | 13,000 |
| Loan from Third Parties - KR | 0 | 12,600 |
| Loan from Third Parties - South R. | 0 | 22,500 |
| Loan from Third Parties - GT | 0 | 10,305 |
| Loan from Third Parties - Microcap | 0 | 5,000 |
| Loan from Third Parties - M.C. | 0 | 7,000 |
| Loan from Third Parties - Sign | 44,240 | 44,240 |
| Loan from Third Parties - Sign | 38,973 | 38,973 |
| Total Loans from Third Parties | \$195,213 | \$265,618 |

K.N. Is holder of a note dated September 11, 2012 in the original principal amount of \$ 100,000. Part of the original note was acquired in a private transaction in June 2014. The security derives from 3 convertible Promissory Notes dated March 25, 2010 amount \$ 150,000, November 4, 2010 amount \$ 50,000, and March 11, 2011 amount \$ 25,000. The balance of the note at December 31, 2016 is \$ 112,000. Interest for the three months ended March 31, 2017 is \$ 2,000.00

"Sign" Is holder of a note dated April 28, 2016 in the original principal amount of \$ 42,000. The note accrues interest at the annual rate of eight percent (8%). Interest for 2016 is \$ 2,240. Interest for the three months ended March 31, 2017 is \$ 840.00

"Sign" Is holder of a note dated May 04, 2016 in the original principal amount of \$ 37,000. The note accrues interest at the annual rate of eight percent (8%). Interest for 2016 is \$ 1,973.33. Interest for the three months ended March 31, 2017 is \$ 740.00

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