

DEAL PRO CAPITAL CORPORATION
(A Capital Pool Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD FROM JUNE 11, 2021 (DATE OF INCORPORATION)
TO
SEPTEMBER 30, 2021

Notice to Reader

The accompanying unaudited condensed interim financial statements of Deal Pro Capital Corporation (the "Corporation") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Corporation's auditors.

**DEAL PRO CAPITAL CORPORATION
(A CAPITAL POOL COMPANY)**

INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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DEAL PRO CAPITAL CORPORATION
(A CAPITAL POOL COMPANY)
STATEMENT OF INTERIM FINANCIAL POSITION
(All Amounts are in Canadian Dollars)
(Unaudited)

	Notes	Sept. 30, 2021	June 30, 2021 \$
ASSETS			
CURRENT			
Cash	5	277,231	285,000
Deferred financing costs		55,750	21,951
		332,981	306,951
TOTAL ASSETS			
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		59,423	21,951
SHAREHOLDERS' EQUITY			
CAPITAL STOCK			
Issued and Outstanding – 5,700,001 Common shares	6	285,000	285,000
Contributed Surplus		25,484	25,484
Accumulated Deficit		(36,926)	(25,484)
		273,558	285,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
		332,981	306,951

APPROVED ON BEHALF OF THE BOARD

<u>(signed) "Harold Wolkin"</u>	Harold Wolkin Director
<u>(signed) "Norman Levine"</u>	Norman Levine Director

See the accompanying notes to the interim financial statements

DEAL PRO CAPITAL CORPORATION
(A CAPITAL POOL COMPANY)
STATEMENT OF INTERIM OPERATING LOSS AND COMPREHENSIVE LOSS
(All Amounts are in Canadian Dollars)
(Unaudited)

For the Period from June 11, 2021 (Date of Incorporation) to September 30, 2021

	Three months Sept. 30, 2021	June 11, 2021 to Sept. 30, 2021
EXPENSES		
Professional fees	\$ 3,673	\$ 3,673
Public company fees	7,769	7,769
Share-based compensation	-	25,484
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 11,442	\$ 36,926
NET LOSS PER SHARE – Basic and diluted	\$0.00	\$0.01
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – Basic and diluted	5,700,001	4,993,402

See the accompanying notes to the interim financial statements

DEAL PRO CAPITAL CORPORATION
(A CAPITAL POOL COMPANY)
STATEMENT OF INTERIM CHANGES IN SHAREHOLDERS' EQUITY
(All Amounts are in Canadian Dollars)
(Unaudited)

For the Period from June 11, 2021 (Date of Incorporation) to September 30, 2021

	Number of Common Shares	Amount of Common Shares	Contributed Surplus	Accumulated Deficit	Shareholders' Equity
Balance, June 11, 2021	-	\$ -	\$ -	\$ -	\$ -
Share-based compensation	-	-	25,484	-	25,484
Net loss for the period	-	-	-	(36,926)	(36,926)
Issuance of common shares for cash	5,700,001	285,000	-	-	285,000
Balance, Sept. 30, 2021	5,700,001	\$ 285,000	\$ 25,484	\$ (36,926)	\$ 273,558

See the accompanying notes to the interim financial statements

DEAL PRO CAPITAL CORPORATION
(A CAPITAL POOL COMPANY)
STATEMENT OF INTERIM CASH FLOW
(All Amounts are in Canadian Dollars)
(Unaudited)

For the Period from June 11, 2021 (Date of Incorporation) to September 30, 2021

OPERATING ACTIVITIES

Net loss for the period	\$ (36,926)
<u>Items not affecting cash:</u>	
Share-based compensation	25,484
<u>Change in non-cash working capital:</u>	
Increase in deferred financing costs	(55,750)
Increase in accounts payable	59,423
	<u>(7,769)</u>

FINANCING ACTIVITIES

Issuance of common shares	<u>285,000</u>
Change in cash	285,000
Opening cash	<u>-</u>
Closing cash	<u>\$ 285,000</u>

See the accompanying notes to the interim financial statements

DEAL PRO CAPITAL CORPORATION
(A CAPITAL POOL COMPANY)
NOTES TO THE INTERIM FINANCIAL STATEMENTS
September 30, 2021
(All Amounts are in Canadian Dollars)
(Unaudited)

1. Nature of Organization

Description of the Business

Deal Pro Capital Corporation (the "Corporation") was incorporated under the *Business Corporations Act* (Ontario) on June 11, 2021 ("date of incorporation"). The Corporation is expected to be classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Corporation will be to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein. The purpose of such an acquisition is to satisfy the related conditions of a "Qualifying Transaction" ("QT") under the Exchange rules.

The address of the Corporation's registered office is Suite 2100, 40 King Street, Toronto, Ontario, M5H 3C2.

The interim financial statements of the Corporation for the period from June 11, 2021 to September 30, 2021 were authorized for issuance in accordance with a resolution of the directors on November 12, 2021.

The Corporation has not commenced operations and has no assets other than cash. The Corporation's continuing operations are dependent upon its ability to identify, evaluate and negotiate an acquisition, business, or an interest therein. Such an acquisition or business will be subject to the approval of the Exchange, and in the case of a non-arm's length transaction, of the majority of the Corporation's minority shareholders.

2. Basis of Preparation

Statement of Compliance

The Corporation applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The same accounting policies and methods of computation are followed in these interim financial statements as compared with the most recent audited financial statements as at and for the period ended June 30, 2021. Any subsequent changes to IFRS that are given effect in the Corporation's annual financial statements for the year ending December 31, 2021 could result in restatement of these interim financial statements.

Basis of Measurement

These interim financial statements are stated in Canadian dollars and were prepared on a going concern basis, under the historical cost convention.

Functional and presentation currency

These interim financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

3. Summary of Significant Accounting Policies

Cash

Cash consists of deposits with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Deferred Financing Costs

Financing costs related to the Corporation's proposed financing are recorded as deferred financing costs. These costs will be deferred until the financing is completed, at which time the costs will be charged against the proceeds received. If the financing does not close, the costs will be charged to operations.

Income Taxes

Income tax expense comprises current and deferred tax. Tax is recognized in the statement of comprehensive income except to the extent it relates to items recognized in other comprehensive income or directly in equity.

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Current Income Tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Earnings (Loss) Per Share

The Corporation presents basic earnings (loss) per share for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders on the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

The following table shows the classification of the Corporation's financial instruments under IFRS 9:

Financial assets	
Cash	FVTPL
Financial liabilities	
Trade payables and accrued liabilities	Amortized cost

The Corporation classifies its financial assets in one of the following categories: (1) at fair value through profit or loss ("FVTPL"), (2) at amortised cost or (3) at fair value through other comprehensive income ("FVTOCI"). The classification depends on the purpose for which the financial assets were acquired, the business model in which they are managed and their cash flow characteristics. Management determines the classification of its financial assets at initial recognition.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of profit or loss in the period in which they arise.

Amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current or non-current based on their maturity date.

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Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Impairment of financial assets at amortized cost

The Corporation recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Corporation measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Corporation measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Corporation recognizes in the statements of profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Corporation derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Corporation also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Fair value hierarchy

The Corporation uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Cash has been measured at fair value using Level 1 inputs. The carrying value of trade payables and accrued liabilities approximate their fair value because of the short-term nature of these instruments or their ability of prompt liquidation.

Share-based Payments

Stock options issued by the Corporation are accounted for in accordance with the fair value based method. The fair value of options issued to directors, officers, employees of and consultants to the Corporation is charged to operations on a straight-line basis over the vesting period of each tranche (graded vesting) with the offsetting amount recorded to contributed surplus. The historical forfeiture rate is also factored into the calculations. When options are exercised, the amount received, together with the amount previously recorded in contributed surplus are added to capital stock. The fair value of warrants issued to agents in conjunction with a public offering is charged to share

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issue costs with an offsetting amount recorded to contributed surplus. Fair value is measured using the Black-Scholes option pricing model.

Recent Accounting Pronouncements

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 Corporation's interim financial statements, except as follows:

IAS 1, Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an entity will exercise their right to defer settlement of a liability. The amendments further clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively. The Corporation is currently evaluating the impact of these amendments on its interim financial statements and will apply the amendments from the effective date.

4. Summary of Accounting Estimates and Assumptions

The preparation of the interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

Significant judgements made in preparation of these interim financial statements include:

The Corporation uses the Black-Scholes option pricing model to determine the fair value of options in order to calculate share-based compensation expense and the fair value of agent options. The Black-Scholes model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Corporation's control. The Corporation is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based compensation expense.

5. Cash

The Corporation has \$277,231 held in trust with its lawyers. Once the Corporation has been successful in being classified as a Capital Pool Corporation, the proceeds raised from the issuance of common shares including the funds held in trust, may only be used to identify and evaluate assets or businesses for future investments, with the exception that not more than \$3,000 per month may be used to cover administrative and general expenditures of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under Policy 2.4 of the Exchange.

6. Capital Stock

Common Shares

The Corporation is authorized to issue an unlimited number of common shares and unlimited number of preferred shares (issuable in series) and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. On June 11, 2021, the Corporation issued 1 common share at a price of \$0.05 and on June 25, 2021, the directors and officers of the Corporation subscribed for 5,700,000 common shares at a price of \$0.05 per common share for gross proceeds of \$285,000.

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All 5,700,001 issued and outstanding common shares of the Corporation, and all common shares acquired on exercise of stock options granted to directors and officers prior to the receipt of a Final Exchange Bulletin on completion of a Qualifying Transaction, will be held in escrow pursuant to the requirements of the Exchange. Shares will be released from escrow as follows:

- 25% on receipt of the Final Exchange Bulletin,
- 25% on the 6-month anniversary of the Final Exchange Bulletin,
- 25% on the 12-month anniversary of the Final Exchange Bulletin,
- 25% on the 18-month anniversary of the Final Exchange Bulletin,

See note 10 for intent to issue common shares of the Corporation subsequent to September 30, 2021 pursuant to the Corporation's prospectus offering.

Stock Options

The Corporation has established a stock option plan for its directors, officers and consultants under which the Corporation may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

Options may be granted for a maximum term of ten years from the date of the grant. They are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Corporation and, in the case of death, expire one year thereafter.

Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option. Any shares issued upon exercise of the options prior to the Corporation entering into a QT will be subject to escrow restrictions. Unless otherwise stated, the options fully vest when granted.

On June 25, 2021, the Corporation granted 570,000 options to its officers and directors. The options were valued using the Black-Scholes model and the expense was charged to the statement of loss and comprehensive loss during the period ended September 30, 2021.

The grant date fair value of the stock options was estimated at \$25,484 using the Black-Scholes option pricing model with the following assumptions: share price of \$0.05; expected volatility of 100%, based on the average volatility of comparable companies; risk-free interest rate of 1.45%; expected dividend yield of 0%; and an expected life of 10 years.

The following table reflects the continuity of stock options and warrants:

	Stock Options	
	Number	Weighted Average Exercise Price
Outstanding, June 11, 2021	-	\$ -
Granted	570,000	0.05
Exercised	-	-
Outstanding, September 30, 2021	570,000	\$ 0.05
Number exercisable, September 30, 2021	-	

Until the Corporation completes a QT, the 570,000 stock options will not be exercisable.

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7. Capital Risk Management

The Corporation manages its capital stock as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue to operate and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new common shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

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

In order to maximize ongoing efforts, the Corporation does not pay out dividends.

The Corporation expects its current capital resources will be sufficient to carry its operations. The Corporation is not subject to any externally or internally imposed capital requirements as at September 30, 2021.

The Corporation's capital under management as at September 30, 2021 is \$285,000.

8. Financial Instruments and Risk Management

Risk Management

The Corporation does not manage risk through the use of hedging transactions. As a part of the overall operation of the Corporation, management takes steps to avoid undue concentrations of risk. The Corporation manages the risks, as follows:

Liquidity Risk

Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. At September 30, 2021, the Corporation held cash of \$277,231 and payables of \$59,423. Further, the Corporation intends to raise between \$250,000 and \$450,000 through an issuance of common shares via a prospectus. The primary source of liquidity is equity financing, which is used to finance working capital and capital expenditure requirements, and to meet the Corporation's financial obligations associated with financial liabilities. The Corporation's trade payables and accrued liabilities generally have contracted maturities of less than 30 days and are subject to normal trade terms.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk.

The Corporation does not trade in financial instruments and is not exposed to significant interest rate price risk as at September 30, 2021.

Market Risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: credit risk, currency risk and other price risk.

Credit Risk

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Corporation's credit risk is on its funds held in trust with the Corporation's lawyer. Management assesses credit risk related to funds held in trust as remote.

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Currency Risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Corporation does not have any material transactions denominated in foreign currency and is not exposed to foreign currency risk as at September 30, 2021.

Other Price Risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Corporation are not exposed to other price risk as at September 30, 2021.

Fair Values

Financial instruments include funds held in trust and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate fair value due to the short term nature of financial instruments.

9. Transactions with Related Parties

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions. During the period ended September 30, 2021, 570,000 stock options were granted to directors and officers which were valued at \$25,484 (Note 6). There was no further compensation to key management personnel.

10. Income Taxes

This Note has not been updated since June 30, 2021.

11. Subsequent Events

a) Filing of prospectus

The Corporation filed a prospectus on August 27, 2021, offering a minimum of 2,500,000 common shares of the Corporation at \$0.10 per common share for gross proceeds of \$250,000 and a maximum of 4,500,000 common shares of the Corporation at \$0.10 per common share for gross proceeds of \$450,000 (the "Offering") by way of an Initial Public Offering pursuant to the policies of the Exchange governing Capital Pool Companies. On October 22, 2021, the Corporation closed its initial public offering of 2,507,000 common shares for gross proceeds of \$250,700. Agent compensation consisted of cash of \$25,070 and an administrative fee. In addition, 250,700 agent's warrants were issued, which entitle the holder to acquire one common share in the Corporation at a price of \$0.10 for a period of two years from the date the Corporations shares were listed on the TSX Venture Exchange.

b) Director's and officer's options

Concurrently with the completion of the financing disclosed in Note 10(a) above, the Corporation issued 250,700 stock options to directors of the Corporation. Each option is exercisable into one common share of the Corporation at a price of \$0.10 any time prior to October 22, 2031, subject to the terms of the Stock Option Plan.