

**Financial Statements**

**Winston Capital Group Inc.**

**For the period from October 22, 2018 (date of incorporation) to December 31, 2018  
(Stated in Canadian Dollars)**

# Independent Auditor's Report

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To the Shareholders of Winston Capital Group Inc.:

## Opinion

We have audited the financial statements of Winston Capital Group Inc. (the "Corporation"), which comprise the statement of financial position as at December 31, 2018, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the period from October 22, 2018 (date of incorporation) to December 31, 2018, 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 Corporation as at December 31, 2018, and its financial performance and its cash flows for the the period from October 22, 2018 to December 31, 2018 in accordance with International Financial Reporting Standards.

## 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 Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and 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.

## 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 on this other information, 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 International Financial Reporting Standards, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 the 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 judgment 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 risk 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 Corporation'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 Corporation'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 Corporation 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 on the audit resulting in this independent auditor's report is Andrew Kevin Spidle.

Mississauga, Ontario

May 7, 2019

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

# Winston Capital Group Inc.

Statement of Financial Position

As at December 31, 2018

(Stated in Canadian dollars)

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## Assets

### Current

Cash (note 2) \$ 89,133

**Total Assets** \$ **89,133**

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## Liabilities

Accounts payable and accrued liabilities \$ 30,000

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## Shareholder's Equity

Share capital (note 3) 125,000

Deficit (65,867)

Total shareholders' equity 59,133

**Total liabilities and shareholders' equity** \$ **89,133**

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## Subsequent events (note 6)

*The accompanying notes form an integral part of these financial statements.*

Approved on behalf of the Board

\_\_\_\_\_, Director  
"Bruce Bent"

\_\_\_\_\_, Director  
"Michael White"

## **Winston Capital Group Inc.**

Statement of Loss and Comprehensive Loss

For the period from October 22, 2018 (date of incorporation) to December 31, 2018

(Stated in Canadian dollars)

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### **Expenses**

Professional fees and administration	\$ (65,867)
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<b>Net loss and comprehensive loss for the period</b>	<b>\$ (65,867)</b>
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Basic and diluted loss per share ( <i>note 3</i> )	\$ (0.00)
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*The accompanying notes form an integral part of these financial statements.*

## Winston Capital Group Inc.

Statement of Changes in Shareholders' Equity

For the period from October 22, 2018 (date of incorporation) to December 31, 2018

(Stated in Canadian dollars)

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	Number of Shares	Share Capital (\$)	Deficit (\$)	Shareholders' Equity (\$)
<b>Balance – beginning of period</b>	-	-	-	-
Issuance of common shares ( <i>note 3</i> )	2,500,000	125,000	-	125,000
Loss for the period	-	-	(65,867)	(65,867)
<b>Balance – end of period</b>	<b>2,500,000</b>	<b>125,000</b>	<b>(65,867)</b>	<b>59,133</b>

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*The accompanying notes form an integral part of these financial statements.*

## Winston Capital Group Inc.

Statement of Cash Flows

For the period from October 22, 2018 (date of incorporation) to December 31, 2018

(Stated in Canadian dollars)

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### Operating activities

Net loss for the period \$ (65,867)

Change in non-cash working capital:

Accounts payable and accrued liabilities 30,000

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Cash used in operating activities (35,867)

### Financing activities

Issuance of share capital (*note 3*) 125,000

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Cash provided by financing activities 125,000

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**Change in cash during the period** 89,133

**Cash - beginning of period** -

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**Cash - end of period** \$ **89,133**

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*The accompanying notes form an integral part of these financial statements.*

# Winston Capital Group Inc.

Notes to the Financial Statements

For the period from October 22, 2018 (date of incorporation) to December 31, 2018

(Stated in Canadian dollars)

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## 1. Nature of Operations and Formation of the Corporation

Winston Capital Group Inc. (the "Corporation") was incorporated on October 22, 2018 pursuant to the provisions of the Business Corporations Act (Alberta). The Corporation is classified as a Capital Pool Company ("CPC") 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 by completing a purchase transaction, by exercising of an option, or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

The head office and registered office of the Corporation is located at Suite 1600, 333 – 7th Avenue SW, Calgary Alberta, T2P 2Z1.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon the ability of the Corporation to obtain additional financing. There is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Corporation's shares from trading.

The Corporation has signed an engagement letter with Mackie Research Capital Corporation ("Mackie") under which Mackie will act as agent (the "Agent") in connection with the initial public offering (the "Offering") of common shares on a commercially reasonable best efforts basis. The Corporation accrued and expensed \$25,000 of non-refundable work fees relating to this engagement.

On February 28, 2019, the Corporation completed its initial public offering issuing 5,000,000 common shares at \$0.10 for total gross proceeds of \$500,000 (note 6).

On March 5, 2019, the Corporation's shares commenced trading on the Exchange under the stock symbol "WNST.P" (note 6).

## 2. Basis of Preparation

These financial statements were authorized for issue in accordance with a resolution of the directors on May 7, 2019.

These financial statements have been prepared in accordance with 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 for the fiscal period beginning October 22, 2018. These financial statements represent the Corporation's first presentation of the financial results and financial position under IFRS.

### *Basis of Presentation*

The Corporation's functional and presentation currency is Canadian dollars.

### *Cash*

Cash includes deposits in trust with Burstall LLP and is classified as financial assets at amortized cost.

The proceeds raised 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 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions may apply until completion of a Qualifying Transaction by the Corporation as defined under the policies of the Exchange.

### *Accounts payable and accrued liabilities*

Accounts payable and accrued liabilities are classified as financial liabilities at amortized cost and are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

### *Financial instrument risk*

The Corporation, as part of its operations, carries financial instruments consisting of cash and accounts payable and accrued liabilities. It is management's opinion that the Corporation is not exposed to significant credit, liquidity, or market risks arising from these financial instruments.

# Winston Capital Group Inc.

Notes to the Financial Statements

For the period from October 22, 2018 (date of incorporation) to December 31, 2018

(Stated in Canadian dollars)

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## 3. Share Capital

(a) Authorized - voting common shares	Unlimited
(b) Issued and Outstanding	2,500,000

Between October 22, 2018 and December 31, 2018, the Corporation raised \$125,000 by issuing 2,500,000 founders' shares at \$0.05 per share.

All of the common shares issued are held in escrow until completion of a Qualifying Transaction. 10% of the common shares held in escrow will be released on the issuance of the Final Exchange Bulletin (as defined under the policies of the Exchange) and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months, and 36 months following the initial release. These common shares, which are considered contingently issuable until the Corporation completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

On February 28, 2019, the Corporation completed its initial public offering issuing 5,000,000 common shares at \$0.10 for total gross proceeds of \$500,000 (see note 6).

### *Stock option plan*

On December 5, 2018, the Corporation has adopted an incentive stock option plan in accordance with the policies of the Exchange (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares from time to time exercisable for a period of up to ten (10) years (see note 6).

## 4. Capital Disclosures

The Corporation's capital consists of share capital. The Corporation's objective for managing capital is to maintain sufficient capital to identify, evaluate, and complete an acquisition or other transaction as disclosed in Note 1.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Corporation is not subject to any externally or internally imposed capital requirements at period-end.

## 5. Income Taxes

A reconciliation of the Corporation's expected future income tax rate of 26.5% to an effective tax rate of 0% for the period is due entirely to changes in deferred tax assets not recognized.

As at December 31, 2018, the Corporation's unrecognized tax loss carryforward balance is equal to its net loss, \$65,867.

## 6. Subsequent events

On February 28, 2019, the Corporation completed its initial public offering issuing 5,000,000 common shares at \$0.10 for total gross proceeds of \$500,000. In addition to the \$25,000 of work fees already paid (note 1), the Agent received a cash commission of \$50,000 and options to purchase up to 500,000 shares at a price of \$0.10 for a period of two years from the date the shares are first listed on the Exchange.

On February 28, 2019, the Corporation granted Incentive Stock Options to purchase 750,000 Common Shares at \$0.10 for a period of 10 years.

On March 5, 2019, the Corporation's shares commenced trading on the Exchange under the stock symbol "WNST.P".