

**Cherry Street Capital Inc.**  
(A Capital Pool Corporation)  
Unaudited Condensed Interim Financial Statements

For the three and nine month periods ended  
September 30, 2019 and September 30, 2018

(In Canadian Dollars)

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**Notice of No Auditor Review of the Interim Financial Statements**

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The accompanying unaudited condensed interim financial statements of Cherry Street Capital Inc. (the "Corporation") have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

**Cherry Street Capital Inc.**  
**Unaudited Condensed Interim Statements of Financial Position**  
**As at September 30, 2019 and December 31, 2018**  
(in Canadian Dollars)

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
<b>Assets</b>		
Cash held in trust	\$ 799,948	834,763
	<b>\$ 799,948</b>	<b>834,763</b>
<b>Liabilities</b>		
Accrued liabilities	\$ 882	12,897
<b>Shareholder's Equity</b>		
Share capital, net of issuance costs (Note 3)	897,076	897,076
Contributed surplus	142,462	142,462
Accumulated deficit	(240,472)	(217,672)
	799,066	821,866
	<b>\$ 799,948</b>	<b>834,763</b>

Approved by the Board           **Rudy Cheddie**            
Director (Signed)

          **Joseph Del Moral**            
Director (Signed)

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

**Cherry Street Capital Inc.**  
**Unaudited Condensed Interim Statements of Loss and Comprehensive Loss**  
**For the three and nine month periods ended September 30, 2019 and September 30, 2018**  
(in Canadian Dollars)

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	Nine month period ended September 30, 2019	Nine month period ended September 30, 2018	Three month period ended September 30, 2019	Three month period ended September 30, 2018
<b>Expenses</b>				
Professional fees	\$ 11,401	\$ 53,059	\$ 450	\$ 22,697
Listing fees	11,399	14,113	648	3,641
Share-based compensation	-	114,589	-	114,589
<b>Total expenses</b>	<b>22,800</b>	181,761	<b>1,098</b>	140,927
Net loss and comprehensive loss	\$ (22,800)	\$ (181,761)	\$ (1,098)	\$ (140,927)
Net loss per share (basic and diluted)	\$ (0.02)	\$ (15.69)	\$ (0.00)	\$ (4.07)
Weighted average number of shares outstanding (basic and diluted)	1,050,000	11,581	1,050,000	34,615

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

**Cherry Street Capital Inc.**  
**Unaudited Condensed Interim Statements of Changes in Cash Flows**  
**For the nine month periods ended September 30, 2019 and September 30, 2018**  
(in Canadian Dollars)

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	Nine month period ended September 30, 2019	Nine month period ended September 30, 2018
<b>Cash flows from operating activities</b>		
Net loss for the period	(22,800)	(181,761)
Share-based compensation	-	114,589
Change in deferred offering costs	-	27,858
Change in accrued liabilities	(12,015)	1,093
<b>Net cash used in operating activities</b>	<b>(34,815)</b>	<b>(38,221)</b>
<b>Cash flows from financing activities</b>		
Share issuance	-	525,000
Cash issuance costs	-	(94,873)
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>430,127</b>
<b>Net change in cash</b>	<b>(34,815)</b>	<b>391,906</b>
<b>Cash, beginning of period</b>	<b>834,763</b>	<b>457,693</b>
<b>Cash, ending of period</b>	<b>799,948</b>	<b>849,599</b>

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

**Cherry Street Capital Inc.**  
**Unaudited Condensed Interim Statements of Changes in Shareholders' Equity**  
**For the nine month periods ended September 30, 2019 and September 30, 2018**  
(in Canadian Dollars)

	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Accumulated Deficit</b>	<b>Shareholders' Equity</b>
Balance, January 1, 2018	2,000,000	\$ 494,822	\$ -	\$ (22,129)	\$ 472,693
Share issuance (note 3)	1,050,000	525,000	-	-	525,000
Issuance costs (cash)	-	(94,873)	-	-	(94,873)
Issuance costs (warrants)	-	(27,873)	27,873	-	-
Share-based compensation	-	-	114,589	-	114,589
Net loss	-	-	-	(181,761)	(181,761)
<b>Balance, September 30, 2018</b>	<b>3,050,000</b>	<b>\$ 897,076</b>	<b>\$ 142,462</b>	<b>\$ (203,890)</b>	<b>\$ 835,648</b>

	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Accumulated Deficit</b>	<b>Shareholders' Equity</b>
Balance, January 1, 2019	3,050,000	\$ 897,076	\$ 142,462	\$ (217,672)	\$ 821,866
Net loss	-	-	-	(22,800)	(22,800)
<b>Balance, September 30, 2019</b>	<b>3,050,000</b>	<b>\$ 897,076</b>	<b>\$ 142,462</b>	<b>\$ (240,472)</b>	<b>\$ 799,066</b>

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

**Cherry Street Capital Inc.**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For the three and nine month periods ended September 30, 2019 and September 30, 2018**  
(in Canadian Dollars)

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## **1. INCORPORATION AND NATURE OF BUSINESS**

Cherry Street Capital Inc. (the "Corporation") was incorporated under the Business Corporations Act (Ontario) on June 5, 2017 and is a Capital Pool Corporation as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange") Corporate Finance Manual. The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Corporation has not commenced commercial operations and has no assets other than cash held in trust. Given the nature of the activities, no separate segmented information is reported. The Corporation's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

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 up to the lesser of 30% of the gross proceeds realized by the Corporation in respect of the sale of its securities or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Corporation. The Corporation is required to complete its QT on or before two years from the date the shares of the Corporation were first listed on the Exchange.

The head office and the registered head office of the Corporation is located at 77 King Street West, Suite 700, Toronto, ON M5K 1G8.

On November 25, 2019, the Board of Directors approved the unaudited condensed interim financial statements for the three and nine month periods ended September 30, 2019 and September 30, 2018.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of Compliance**

These unaudited interim condensed financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities. These unaudited condensed interim financial statements are presented in Canadian dollars, which is the corporation's functional and presentation currency.

The accounting policies applied by the Corporation in these Unaudited Condensed Interim Financial Statements are the same as those applied by the Corporation in the audited financial statements for the period ended December 31, 2018 and for the period from the date of incorporation (June 5, 2017) to December 31, 2017.

**Cherry Street Capital Inc.**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
**For the three and nine month periods ended September 30, 2019 and September 30, 2018**  
(in Canadian Dollars)

**3. SHARE CAPITAL**

**Authorized**      Unlimited common shares

<b>Issued</b>	<b>#</b>	<b>\$</b>
2,000,000 common shares (i)	2,000,000	\$ 500,000
1,050,000 common shares (ii)	1,050,000	525,000
Issuance cost (cash)	-	(100,051)
Issuance cost (warrants)	-	(27,873)
<b>Balance, December 31, 2018 and September 30, 2019</b>	<b>3,050,000</b>	<b>\$ 897,076</b>

**(i) Escrowed Shares**

During the period ended December 31, 2018, the Corporation issued 2,000,000 common shares at \$0.25 per share for gross proceeds of \$500,000. Share issuance costs of \$5,178 were associated with this issuance.

All common shares of the Corporation acquired in the secondary market prior to the completion of a QT by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow. 2,000,000 shares have been escrowed at September 30, 2019 and December 31, 2018.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a QT, must also be deposited in escrow until the Final Exchange Bulletin is issued.

**(ii) Initial Public Offering**

On September 27, 2018, the Corporation completed its Initial Public Offering ("IPO") of 1,050,000 common shares at \$0.50 per share (\$525,000). The Corporation paid a commission of 10% of the gross proceeds to Canaccord Genuity Corp. (the "Agent"), and granted the Agent warrants to acquire 10% of the common shares issued in the IPO exercisable for a period ending twenty-four months from the closing of the IPO, exercisable at \$0.50 per share. The Corporation also paid a corporate finance fee and reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering. Cash issuance costs of \$94,873 were associated with these issuances and the value attributed to warrants granted to the Agent is \$27,873.

**Cherry Street Capital Inc.**  
**Notes to the Unaudited Condensed Interim Financial Statements**  
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**3. SHARE CAPITAL - continued**

**Options**

The Company has established a stock option plan for its directors, officers and consultants under which the Company may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The options shall not result at any time: (i) the number of shares reserved for issuance pursuant to options granted to Insiders exceeding 10% of the issued and outstanding shares ii) the grant to Insiders within a 12 month period, of a number of options exceeding 10% of outstanding shares or iii) the grant to any one (1) Optionee within a 12 month period, of a number of options exceeding 5% of the issued and outstanding 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 the later of the expiry date or 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire the earlier of the expiry date of the option or one year after death.

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

	Number of Stock Options and Warrants	Weighted Average Exercise Price (\$)
Balance, January 1, 2018	-	-
Granted (i)	105,000	\$0.50
Granted to directors and officers (ii)	305,000	\$0.50
<b>Balance, December 31, 2018 and September 30, 2019</b>	<b>410,000</b>	<b>\$0.50</b>

i. On September 27, 2018, the Corporation granted 105,000 warrants to the Agent, which are exercisable within two years from the closing of the IPO at an exercise price of \$0.50 per share. These warrants were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 2.19%, expected volatility of 100% and an expected life of two years. The value attributed to these warrants was \$27,873.

ii. On September 27, 2018, the Corporation granted 305,000 options to its directors and officers, which are exercisable within five years from the date of grant at an exercise price of \$0.50 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 2.32%, expected volatility of 100% and an expected life of five years. The value attributed to these options was \$114,589.

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**Notes to the Unaudited Condensed Interim Financial Statements**  
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**3. SHARE CAPITAL - continued**

The following table reflects the actual stock options and warrants issued and outstanding as of September 30, 2019:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Weighted Average Remaining Contractual Life (Years)</b>	<b>Number of Stock Options and Warrants Outstanding</b>	<b>Number of Stock Options and Warrants Vested (Exercisable)</b>
September 27, 2020	\$0.50	1.00	105,000	105,000
September 27, 2023	\$0.50	4.00	305,000	305,000
	\$0.50	3.23	410,000	410,000

**4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**Capital Management**

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of share capital and accumulated deficit, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares 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 issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation.

**Risk Disclosures and Fair Values**

The Corporation's financial instruments, consisting of cash held in trust and accrued liabilities approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**5. RELATED PARTY TRANSACTIONS**

During the nine month period ended September 30, 2019, the Corporation incurred legal fees of approximately \$3,542 (2018 - \$29,950) for services provided by a law firm whose partner is a director of the Corporation. As at September 30, 2019, \$882 (2018 - \$12,137) is included in accrued liabilities for these services.

There were no other transactions with related parties and no remuneration was paid to key management personnel during the three and nine month periods ended September 30, 2019 and September 30, 2018.