

Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)

Condensed Interim Financial Statements

For the three and six months ended October 31, 2017 and 2016

(Expressed in Canadian dollars)

(Unaudited)

NOTICE TO READER

The unaudited interim condensed financial statements for the three and six months period ended October 31, 2017 have been prepared by management and have not been reviewed by the Company's auditor.

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Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

	October 31, 2017 (unaudited)	April 30, 2017 (audited)
Assets		
Current		
Cash (Note 5)	\$ 247,669	\$ 301,152
Prepaid expenses	942	942
Total assets	\$ 248,611	\$ 302,094
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 59,038	\$ 101,994
Loans payable (Note 4)	-	47,012
Total current liabilities	59,038	149,006
Long-term		
Loans payable (Note 4)	44,414	-
Total liabilities	103,452	149,006
Shareholders' Equity		
Share capital (Note 6)	731,332	731,332
Share-based payments reserve (Note 7)	56,896	56,896
Accumulated deficit	(643,069)	(635,140)
Total shareholders' equity	145,159	153,088
Total liabilities and shareholders' equity	\$ 248,611	\$ 302,094

Going concern (Note 2)

Authorized for issuance by the Board of Directors on December 20, 2017.

“Alex Storcheus” _____ Director “Yvan Routhier” _____ Director

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

Capricorn Business Acquisitions Inc.

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Condensed Interim Statements of Operations and Comprehensive Loss

For the three and six months ended October 31, 2017 and 2016

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended October 31, 2017	Three months ended October 31, 2016	Six months ended October 31, 2017	Six months ended October 31, 2016
Expenses				
Professional fees	\$ 3,237	\$ 7,065	\$ 5,580	\$ 10,057
Filing fees	3,007	1,497	3,477	2,910
Office and general	-	-	1,470	-
Interest expense	1,361	-	2,722	-
Total expenses	7,605	8,562	13,249	12,967
Interest income	-	(34)	-	(151)
Gain on loan extinguishment (Note 4)	(5,320)	-	(5,320)	-
Net loss and comprehensive loss	\$ (2,285)	\$ (8,528)	\$ (7,929)	\$ (12,816)
Loss per share				
– basic and diluted	\$ (0.000)	\$ (0.001)	\$ (0.001)	\$ (0.001)
Weighted average number of shares outstanding				
– basic and diluted	6,750,508	5,744,400	6,750,508	5,744,400

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

Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)

Condensed Interim Statements of Changes in Equity

For the six months ended October 31, 2017 and 2016

(Expressed in Canadian dollars)

(Unaudited)

	Number of shares	Share capital	Share-based payments reserve	Accumulated deficit	Total
Balance at April 30, 2017	6,750,503	\$ 731,332	\$ 56,896	\$ (635,140)	\$ 153,088
Net loss and comprehensive loss	-	-	-	(7,929)	(7,929)
Balance at October 31, 2017	6,750,503	\$ 731,332	\$ 56,896	\$ (643,069)	\$ 145,159
Balance at April 30, 2016	7,394,400	\$ 471,829	\$ 17,896	\$ (519,643)	\$ (29,918)
Net loss and comprehensive loss	-	-	-	(12,816)	(12,816)
Balance at October 31, 2016	7,394,400	\$ 471,829	\$ 17,896	\$ (532,459)	\$ (42,734)

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

Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)

Condensed Interim Statements of Cash Flows

For the three and six months ended October 31, 2017 and 2016

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended October 31, 2017	Three months ended October 31, 2016	Six months ended October 31, 2017	Six months ended October 31, 2016
Cash flows from operating activities				
Net (loss) for the period	\$ (2,285)	\$ (8,527)	\$ (7,929)	\$ (12,816)
Adjustments for:				
Finance costs	1,361	-	2,722	-
Gain on loan extinguishment (Note 4)	(5,320)	-	(5,320)	-
Changes in non-cash working capital items:				
Prepaid expenses	941	-	-	-
Accounts payable and accrued liabilities	1,887	(11,733)	(42,956)	(7,328)
Net cash used in operating activities	(3,416)	(20,260)	(53,483)	(20,144)
Decrease in cash	(3,416)	(20,260)	(53,483)	(20,144)
Cash – beginning of period	251,085	23,503	301,152	23,387
Cash – end of period	\$ 247,669	\$ 3,243	\$ 247,669	\$ 3,243
Supplemental cash flow information				
Interest paid	-	-	-	-
Income taxes paid	-	-	-	-

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

Capricorn Business Acquisitions Inc.

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Notes to the Condensed Interim Financial Statements

October 31, 2017 and 2016

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1. NATURE OF THE CORPORATION

Capricorn Business Acquisitions Inc. (the "Company") was incorporated under the Business Corporations Act (Ontario) on May 7, 2008 and is classified as a Capital Pool Corporation as defined in TSX Venture Exchange Inc. (the "TSX-V" or the "Exchange") Policy 2.4. The Company has nominal assets other than cash and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction, as defined in Exchange Policy 2.4.

The Company's registered address and principal place of business is 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8.

The Company was unable to complete a Qualifying Transaction prior to March 9, 2012 and the Company's shares were suspended from trading on the TSX-V on March 12, 2012. On June 14, 2012, the Company's shares were transferred to the NEX Board.

2. GOING CONCERN

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applied on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. There is no assurance that the Company will identify a Qualifying Transaction under the policies of the Exchange. If a Qualifying Transaction is not completed, the Company will need to identify other sources of financing to remain a going-concern entity. These circumstances create material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. These unaudited condensed interim financial statements do not purport to give effect to adjustments, if any, that may be necessary should the Company be unable to continue and therefore, be required to realize its assets and discharge its liabilities in a manner other than in the ordinary course of business.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting, using accounting policies consistent with 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 were authorized by the Company's Board of Directors on December 20, 2017.

Basis of preparation

These unaudited condensed interim financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out below.

Cash and cash equivalents

Cash and cash equivalents include demand deposits with banks, money market accounts, and other investments with original maturities of 90 days or less. Balances of cash and cash equivalents in financial institutions may at times exceed the government-insured limits. As at October 31, 2017, the Company did not have any cash equivalents.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets

Financial assets are classified into one of four categories:

- 1) Fair value through profit or loss;
- 2) Held-to-maturity;
- 3) Loans and receivables; and
- 4) Available-for-sale.

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL assets are measured at fair value, and changes, are recognized in profit or loss. Cash and cash equivalents are classified as FVTPL.

Held-to-maturity ("HTM")

Financial assets that have a fixed maturity date and which the Company has positive intention and the ability to hold to maturity are classified as HTM and are initially recognized at fair value and subsequently at amortized cost using the effective interest rate ("EIR") method. Transaction costs incurred to acquire HTM financial instruments are included in the underlying balance. No financial assets were classified as HTM.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Loans and receivables are initially recognized at fair value and subsequently at amortized cost using the EIR method. Transaction costs incurred to acquire loans and receivables are included in the underlying balance. No financial assets were classified as loans and receivables.

Available for sale ("AFS")

AFS assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Financial assets classified as AFS are carried at fair value with the changes in fair value recorded in other comprehensive income, except for investments in equity instruments that do not have a quoted market price in an active market which should be measured at cost. Interest on AFS assets is calculated using the EIR method and is recognized in profit or loss. Transaction costs incurred to acquire AFS financial instruments are included in the underlying balance. When there is objective evidence that the asset is impaired, the cumulative loss included in accumulated other comprehensive income is removed and recognized in net income. Gains and losses realized on disposal of AFS securities are recognized in profit or loss. No financial assets were classified as AFS.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Financial liabilities are classified into one of two categories:

- 1) Fair value through profit or loss; and
- 2) Other financial liabilities.

Financial liabilities at fair value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with the changes in fair value recognized in the statement of operations and comprehensive loss. The Company has no financial liabilities at FVTPL.

Other financial liabilities

Other financial liabilities are recognized at amortized cost. The Company's other financial liabilities consisted of accounts payable and accrued liabilities, and loans payable as other financial liabilities.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instruments; and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Loss per share

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the period. Contingently issuable shares are not considered outstanding common shares and consequently not included in loss per share calculation. The Company computes the dilutive effect of options and similar instruments using the proceeds that could be obtained upon exercise of options and similar instruments. It assumes that proceeds would be used to purchase common shares at the average market price during the period. Diluted loss per share calculation assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Company accounts for income taxes in accordance with the liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases, and losses carried forward.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in operations in the year that includes the date of enactment or substantive enactment.

Current income taxes are recognized for the estimated income taxes payable for the current year.

Deferred income tax assets are recognized to the extent that management believes that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Stock-based compensation

The Company uses the fair value method of accounting for options granted under its share purchase option plan. Options granted to directors, officers and employees are measured at fair value, which is charged to operations over the applicable vesting period, with an offsetting credit to share-based payments reserve. Options granted to non-employees are measured at the fair value of goods and services received, which is charged to operations at the date of receipt of goods or services, with an offsetting credit to share-based payments reserve. When the fair value of the goods and services is not readily available, the amount is based on the fair value of the equity instrument granted. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest.

Consideration received upon exercise of share purchase options, along with the related amount previously recorded in the share-based payments reserve, is credited to share capital. Cash received on the exercise of share options is recorded in share capital and the related compensation included in share-based payments reserve is transferred to share capital to recognize the total consideration for the shares issued.

Where the terms of a share option are modified, the minimum expense recognized in stock-based compensation is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the option or is otherwise beneficial to the optionee as measured at the date of modification. Should the total fair value of the option decrease, no modification is accounted for, such that no additional expense is recognized.

Comprehensive income

Other comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Comprehensive income comprises net income (loss) and other comprehensive income (loss). Financial assets classified as AFS will have revaluation gains and losses included in other comprehensive income (loss) until the asset is removed from the statements of financial position. At present, the Company has no other comprehensive income (loss).

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statements of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Accounting estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these financial statements include, among others, the fair value of options issued and the fair value of financial assets and liabilities. Significant judgments include management's assessment of the Company's ability to continue as a going concern and its ability to obtain additional financing to complete a Qualifying Transaction.

Recent accounting pronouncements issued and not yet applied

The Company has not applied the following new standard that have been issued by the IASB and the IFRIC but is not yet effective:

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in July 2014 and will replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

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4. LOANS PAYABLE

On December 16, 2016, the Company borrowed an aggregate amount of \$45,000 (the "Loan") from three lenders who were at arm's length to the Company at the time of the advancement of the Loan. The principal amount of the Loan bears interest at 12% per annum. The Loan has a term expiring on the earlier of (i) six (6) months from the date of advance and (ii) the date of completion of an equity financing by the Company of a minimum of \$300,000.

Effective June 15, 2017, the Company extended the term of the Loan to June 16, 2019. The modification of the terms was accounted for as an extinguishment of the original Loan and the recognition of a new Loan. As a result, a gain on loan extinguishment of \$5,320 was recorded in profit and loss.

5. CASH RESTRICTION

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 the maximum of the lesser of 30% of the gross proceeds and \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange. As at October 31, 2017, the Company had exceeded this limit. The impact of this violation is not known and is ultimately dependent on the Exchange.

6. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value

Issued

	Number of shares		Value
Balance at October 31, 2017	6,750,503	\$	731,332
Balance at April 30, 2017	6,750,503	\$	731,332

On May 7, 2008, the Company issued 2,900,000 seed common shares, which are considered contingently issuable until the Company completes a Qualifying Transaction. In 2012, 1,250,000 of the seed common shares held by non-arm's length parties were cancelled. The remaining 1,650,000 seed common shares are not considered to be outstanding shares for purposes of loss per share calculation.

On March 21, 2017, the Company completed the consolidation of its outstanding common shares at a ratio of 3 old shares for 1 new share. The number of shares, options and per share amounts have been adjusted for the effects of the consolidation for the years ended April 30, 2017 and 2016.

On March 21, 2017, the Company closed its non-brokered private placement, consisting of 4,285,708 post-consolidation common shares at a subscription price of \$0.07 per share to raise gross proceeds of \$300,000. The Company paid \$40,497 in issue costs as part of the transaction.

During the six months ended October 31, 2017, no shares were issued.

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7. SHARE-BASED PAYMENTS RESERVE

The Company maintains a stock option plan (the "Plan") whereby certain key employees, officers, directors and consultants may be granted stock options for common shares of the Company. Options are granted at the fair market value of the shares on the day granted, and vest over various terms. Share-based compensation expense is recognized over the vesting period. The Board of Directors of the Company may from time to time, in its discretion, grant to key employees, officers, directors and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed ten percent (10%) of the issued and outstanding common shares exercisable for a period of up to five years from the date of grant. The Company is currently in the process of updating their plan to allow the amount of common shares reserved for issuance to be greater than 10%.

The Company did not grant any stock options during the six months ended October 31, 2017.

The following table summarizes information of options outstanding as at October 31, 2017:

Date of expiry	Number of options outstanding	Number of options exercisable	Exercise price	Weighted average remaining contractual life (Years)
February 27, 2020	154,050	154,050	\$0.10	2.33
April 17, 2022	520,000	520,000	0.10	4.46
	674,050	674,050	0.10	3.97

8. CAPITAL RISK MANAGEMENT

The Company'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 Company may attempt to raise additional funds through the issuance of equity.

The Company includes equity, comprised of share capital, share-based payments reserve and accumulated deficit in the definition of capital.

The Company is not subject to externally imposed capital requirements other than the cash restriction disclosed in note 5.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including interest rate risk) and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by the officers of the Company as discussed with the Board of Directors. Management of the Company charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the expectations of the Board of Directors.

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9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Fair value

The carrying values of cash and cash equivalents, accounts payable and accrued liabilities approximate fair values due to the relatively short-term maturities of these financial instruments.

As at October 31, 2017, the Company's financial instruments that are carried at fair value, consisting of cash and cash equivalents are classified as Level 1 within the fair value hierarchy.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company's cash and cash equivalents earn nominal interest. The Company does not believe there is any other interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company manages its liquidity risk by forecasting cash flows and anticipated investing and financing activities. Management of the Company are actively involved in the review and approval of planned expenditures.

As at October 31, 2017, the Company had a cash balance of \$247,669 (April 30, 2017 – \$301,152) to settle current liabilities of \$59,038 (April 30, 2017 – \$149,006). The Company will need to secure additional financing to meet its ongoing obligations. However, there is no assurance that the Company will be able to do so.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's exposure to credit risk primarily arises from the possibility that its debtors may fail to meet their obligations. Cash is held in trust by the lawyers. The Company manages the credit exposure related to cash by making sure that the lawyers maintain bank accounts with Schedule I banks in Canada.

The carrying amount of cash and cash equivalents and other receivable represent the maximum credit exposure.