

**Mira X Acquisition Corp.**  
(A Capital Pool Corporation)

**Financial Statements**

(Expressed in Canadian Dollars)

**For the Period From Date of Incorporation  
(January 15, 2018) to December 31, 2018**



## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Mira X Acquisition Corp.

### *Opinion*

We have audited the financial statements of Mira X Acquisition Corp. (A Capital Pool Corporation), (the Company), which comprise the statements of financial position as at December 31, 2018, and the statements of loss and comprehensive loss, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the period ended 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 Company 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 (MD&A).

Our opinion on the financial statements does not cover the other information and will 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 identified above 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 the MD&A prior to the date of our audit report. If, based on the work we have performed, we conclude that there is 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 these 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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### *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 Company'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 Company'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 Company 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 Octavio Cabral.

*RSM Canada LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
April 3, 2019  
Toronto, Ontario



**Mira X Acquisition Corp.**  
**(A Capital Pool Corporation)**

**Statement of Loss and Comprehensive Loss**

(Expressed in Canadian Dollars)

**For the period from January 15, 2018 (date of incorporation) to December 31, 2018**

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**Expenses**

Expenses relating to identification of qualifying transaction	\$	<b>432,230</b>
Stock based compensation (Note 8 (b))		<b>132,300</b>
Professional fees		<b>32,917</b>
Office and administrative		<b>82,278</b>
	\$	<b>679,725</b>

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**Net loss and comprehensive loss for the period** **679,725**

**Net loss per common share:**

Basic and fully diluted (Note 9)	\$	<b>0.19</b>
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**Weighted average number of common shares outstanding:**

Basic and fully diluted (Note 9)		<b>3,500,000</b>
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**Mira X Acquisition Corp.**  
**(A Capital Pool Corporation)**  
**Statement of Changes in Equity**  
(Expressed in Canadian Dollars)  
**Period from Date of Incorporation (January 15, 2018) to December 31, 2018**

	Shares	Amount	Contributed surplus	Deficit	Total
<b>Balance, January 15, 2018</b>	-	\$ -	\$ -	\$ -	-
Shares issued for cash – founders' shares (Note 7)	11,200,000	560,000	-	-	560,000
Shares issued for cash – initial public offering (Note 7)	3,500,000	350,000	-	-	350,000
Share issuance costs (Note 7)	-	(88,387)	-	-	(88,387)
Stock options issued to directors (Note 8(b))	-	-	132,300	-	132,300
Stock options issued to agents (Note 8 (a))	-	(18,550)	18,550	-	-
Net loss for the period	-	-	-	(679,725)	(679,725)
<b>Balance, December 31, 2018</b>	<b>14,700,000</b>	<b>\$ 803,063</b>	<b>\$ 150,850</b>	<b>\$ (679,725)</b>	<b>\$ 274,188</b>

**Mira X Acquisition Corp.****(A Capital Pool Corporation)****Statement of Cash Flows**

(Expressed in Canadian Dollars)

**Period from Date of Incorporation (January 15, 2018) to December 31, 2018**

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**Cash provided by (used in):**

## Operating activities:

Net loss for the period	\$	(679,725)
Item not affecting cash:		
Stock based compensation		132,300
Net changes in non-cash working capital:		
Accounts payable and accrued liabilities		81,214
	\$	(466,211)

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## Financing activities:

Net proceeds on issuance of common stock		821,613
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Net change in cash during the period	\$	355,402
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<b>Cash, beginning of period</b>	\$	-
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<b>Cash, end of period</b>	\$	355,402
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## **1. NATURE OF OPERATIONS**

Mira X Acquisition Corp. (the "Company") was incorporated under the Ontario Business Corporations Act on January 15, 2018 and is classified as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "Exchange") Corporate Finance Manual. The Company has no significant 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.

There is no assurance that the Company will identify a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Company's shares from trading.

The head office, principal address and records office of the Company are located at 135 Yorkville Ave, Suite 900, Toronto, Ontario, M5R 0C7.

On April 3, 2019 the Board of Directors approved the financial statements for the period from date of incorporation (January 15, 2018) to December 31, 2018.

## **2. BASIS OF PRESENTATION**

### **Statement of Compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretation Committee.

### **Basis of Preparation**

The financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

The financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

### **Significant Accounting Judgment, Estimates and Assumptions**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations 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.

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.

**2. BASIS OF PRESENTATION (Cont'd)**

**Significant Accounting Judgment, Estimates and Assumptions (Cont'd)**

The information about significant areas of estimation uncertainty considered by management in preparing the financial statements is as follows:

*Share-based payments*

The Company uses the Black-Scholes option pricing model to determine the fair value of options and compensatory warrants in order to calculate share-based payments expense and the fair value of agents' 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 Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock based compensation expense.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards within the framework of the significant accounting policies described below:

**Financial Instruments**

At initial recognition financial assets are classified into the following measurement categories:

- Financial assets measured at fair value
- Financial assets measured at amortized cost
- Financial assets measured at fair value through Other Comprehensive Income

Other financial liabilities are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method.

The Company has classified its financial instruments as follows:

<u>Financial Instrument</u>	<u>Classification</u>
Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

### **3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

#### **Financial Instruments (Cont'd)**

The Company's financial instruments measured at fair value on the balance sheet consist of cash. Cash is measured at level 1 of the fair value hierarchy. There are three levels of the fair value hierarchy as follows:

- Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

#### **Deferred Taxes**

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

The Company has evaluated the impact of the above standard on its financial performance and financial statement disclosures and has concluded that such impact is not be material.

### **4. 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 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 Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy 2.4.

**Mira X Acquisition Corp.**  
**(A Capital Pool Corporation)**  
**Notes to Financial Statements**  
(Expressed in Canadian Dollars)  
**December 31, 2018**

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**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>December 31, 2018</b>
Accounts payable	<b>\$ 4,450</b>
Accrued liabilities	<b>76,764</b>
	<b>\$ 81,214</b>

**6. 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 December 31, 2018, the Company incurred occupancy charges of \$27,346 from a company in which a director of Mira X is the president. These charges are included in office and administration expenses.

During the period ended December 31, 2018, 1,470,000 stock options were granted to directors and officers which were valued at \$132,300 (Note 8 (b)). There was no further compensation to key management personnel.

**7. CAPITAL STOCK**

Authorized: unlimited common shares

Issued:

	<b>Number of common shares</b>	<b>Capital Stock \$</b>	<b>Contributed surplus \$</b>
Shares issued for cash – founders' shares (in Escrow) <sup>(i)</sup>	<b>11,200,000</b>	560,000	-
Shares issued for cash – initial public offering at \$0.10 <sup>(ii)</sup>	<b>3,500,000</b>	350,000	-
Share issuance costs <sup>(ii)</sup>	-	(88,387)	-
Stock-based compensation (Note 8 (b))	-	-	132,300
Agent's stock options (Note 8 (a))	-	(18,550)	18,550
<b>Balance, December 31, 2018</b>	<b>14,700,000</b>	<b>803,063</b>	<b>150,850</b>

**7. CAPITAL STOCK (Cont'd)**

(i) Escrowed shares

The issued and outstanding founders' common shares are subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates 6, 12, 18, 24, 30 and 36 months following the Initial Release. All common shares acquired on the exercise of stock options granted to directors, officers and non-employees prior to the completion of a qualifying transaction must also be deposited in escrow until the Final Exchange Bulletin is issued. In addition, all common shares of the Company acquired in the secondary market prior to the completion of a qualifying transaction by any person or company who becomes a control person are required to be deposited in escrow. Subject to certain exemptions permitted by the Exchange, all securities of the Company held by principals of the resulting issuer will also be escrowed.

The weighted average shares outstanding does not include these shares as they are contingently returnable.

(ii) Initial public offering

On March 20, 2018, the Company completed an initial public offering of 3,500,000 common shares at a price of \$0.10 per share for gross proceeds to the Company of \$350,000 to purchasers in Ontario, Alberta and British Columbia. The agent received a cash commission of \$35,000 and the agent's legal fees and other disbursements. The agent was also granted a non-transferable option to acquire 350,000 of common shares of the Company for a period of 24 months from the date of listing of the common shares on the TSX Venture Exchange at an exercise price of \$0.10 per common share. The fair value assigned to these agent options issued is \$18,550 (Note 8(a)). Share issue costs incurred with regards to this share issuance exclusive of the agent's commission amounted to \$88,387.

**8. STOCK OPTIONS**

The Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants of the Corporation, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares exercisable for a period of up to 10 years from the date of grant. Options may be exercised until the later of 12 months after the Completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Corporation. Any Common Shares acquired pursuant to the exercise of options prior to the Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

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**(A Capital Pool Corporation)**  
**Notes to Financial Statements**  
 (Expressed in Canadian Dollars)  
**December 31, 2018**

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**8. STOCK OPTIONS (Cont'd)**

The Company issued stock options to acquire shares as follows:

	Number of Options	Weighted Average Exercise Price
Granted <sup>(a)</sup> and <sup>(b)</sup>	1,820,000	\$ 0.10
<b>Outstanding and exercisable, December 31, 2018</b>	<b>1,820,000</b>	<b>\$ 0.10</b>

The Company had the following stock options outstanding at December 31, 2018:

Number of Options	Exercise Price	Expiry Date	Weighted average remaining life (years)
350,000 <sup>(a)</sup>	\$ 0.10	March 20, 2020	1.23
1,470,000 <sup>(b)</sup>	\$ 0.10	March 20, 2028	9.23
<hr/>			
<b>1,820,000</b>			

(a) Agent options

On March 20, 2018, the Company granted 350,000 stock options to its agent. These options vested immediately. Each option entitles the holder to purchase one common share at \$0.10 per share at any time on or before March 20, 2020. As the fair value of the services received from the agents was not determinable, the stock options granted were measured using the fair value of the equity instruments provided. The fair value of these stock options of \$18,550 was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Share price	\$0.10
Expected dividend yield	Nil
Risk-free interest rate	1.83%
Expected life	2.0 years
Expected volatility <sup>(i)</sup>	100%

(i) As historical volatility of the Company's common shares is not available, expected volatility is based on the historical performance of the common shares of other similar companies.

**8. STOCK OPTIONS (Cont'd)**

(b) Directors' and officers' options

On March 20, 2018, the Company granted 1,470,000 stock options to directors. These options vested immediately. Each option entitles the holder to purchase one common share at \$0.10 per share at any time on or before March 20, 2028. The fair value of these stock options of \$132,300 was estimated at the grant date based on the Black-Scholes pricing model, using the following weighted average assumptions:

Share price	\$0.10
Expected dividend yield	Nil
Risk-free interest rate	2.23%
Expected life	10.0 years
Expected volatility(i)	100%

*(i) As historical volatility of the Company's common shares is not available, expected volatility is based on the historical performance of the common shares of other similar companies.*

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

**9. LOSS PER SHARE**

The calculation of basic and diluted loss per share for the period ended December 31, 2018 was based on the loss attributable to common shareholders of \$679,725 and the average weighted average number of capital stock outstanding of 3,500,000 (non-escrowed shares). Diluted loss per share did not include the effect of 1,820,000 stock options outstanding as they are anti-dilutive. The weighted average shares outstanding does not include 11,200,000 escrowed shares as they are contingently returnable.

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

**Capital Management**

The Company'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 Company includes equity, comprised of issued common shares, in the definition of capital.

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 or by securing strategic partners.

The Company is not subject to externally imposed capital requirements other than the cash restriction disclosed in Note 4.

**10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)**

**Risk Disclosures and Fair Values**

The Company's financial instruments, consisting of cash, accounts payable and accrued liabilities, approximate fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Cash has been deposited with strong or high-credit quality Canadian chartered banks. As at December 31, 2018, the Company had accrued liabilities of \$81,214 due within 12 months and had cash of \$355,405 to meet its current obligations. As a result, the Company has minimal liquidity risk.

**11. DEFERRED TAXES**

**(a) Income Tax Expense**

The following table reconciles income taxes calculated at combined Canadian federal and provincial tax rates with the income tax expense in these financial statements:

		<b>2018</b>
Loss before income taxes	\$	<b>(679,725)</b>
Statutory rate		<b>26.50%</b>
Expected income tax recovery	\$	<b>(180,127)</b>
Stock-based compensation and other non-deductible		<b>43,494</b>
Share issuance costs		<b>(23,422)</b>
Change in deferred tax assets not recognized		<b>160,055</b>
Income tax expense	\$	<b>-</b>

**(b) Deferred Income Taxes**

The temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

		<b>2018</b>
<b>Deferred tax assets</b>		
Non-capital loss carry forwards	\$	<b>141,138</b>
Share issuance costs		<b>18,917</b>
		<b>160,055</b>
Less: Deferred tax asset not recognized		<b>(160,055)</b>
Deferred income tax assets	\$	<b>-</b>

**(c) Non-capital losses**

The Company has non-capital losses of approximately \$532,600 to apply against future taxable income. If not utilized, the non-capital losses will expire in 2038.

The potential tax benefit relating to these losses has not been reflected in these financial statements.