Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)

Condensed Interim Financial Statements

For the three and six months ended October 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)
Unaudited Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)

	As at October 31, 2019	As at April 30, 2019
	$	$
Assets		
Current Assets		
Cash (Note 9)	**206,106**	218,749
Prepaid expenses	**942**	942
Total Assets	**207,048**	219,691
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 4)	**59,428**	43,699
Loans payable (Note 5)	**60,517**	57,794
Total Liabilities	**119,945**	101,493
Shareholders' Equity		
Share capital (Note 6)	**731,332**	731,332
Share-based payments reserve (Note 7)	**56,896**	56,896
Accumulated deficit	**(701,125)**	(670,030)
Total Shareholders' Equity	**87,103**	118,198
Total Liabilities and Shareholders' Equity	**207,048**	219,691

Nature of operations (Note 1)
Going concern (Note 2)

Approved on behalf of the Board of Directors:

"Alex Storcheus" (signed)
Director

"Yvan Routhier" (signed)
Director

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

Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)
Unaudited Condensed Interim Statements of Operations and Comprehensive Loss
For the three and six months ended October 31, 2019 and 2018
(Expressed in Canadian dollars)

	Three months ended October 31, 2019	Three months ended October 31, 2018	**Six months ended October 31, 2019**	Six months ended October 31, 2018
	$	$	**$**	$
Expenses				
Professional fees	**6,627**	6,562	**18,504**	10,733
Filing fees	**7,855**	4,155	**9,266**	5,568
Office and general	**-**	-	**668**	610
Interest expense	**1,361**	1,361	**2,723**	2,722
Total Expenses	**(15,843)**	(12,078)	**(31,161)**	(19,633)
Gain on recovery of debts	**-**	-	**66**	-
Net Loss and Comprehensive Loss	**(15,843)**	(12,078)	**(31,095)**	(19,633)
Loss per share – basic and diluted	**(0.002)**	(0.002)	**(0.005)**	(0.003)
Weighted average number of shares outstanding – basic and diluted	**6,750,509**	6,750,509	**6,750,509**	6,750,509

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

Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)
Unaudited Condensed Interim Statements of Changes in Shareholders' Equity
For the six months ended October 31, 2019 and 2018
(Expressed in Canadian dollars)

	Number of shares	Share capital	Share-based payments reserve	Accumulated deficit	Total
	#	$	$	$	$
Balance, May 1, 2018	**6,750,509**	**731,332**	**56,896**	**(660,068)**	**128,160**
Net loss and comprehensive loss	-	-	-	(19,633)	(19,633)
Balance, October 31, 2018	**6,750,509**	**731,332**	**56,896**	**(679,701)**	**108,527**
Balance, May 1, 2019	**6,750,509**	**731,332**	**56,896**	**(670,030)**	**118,198**
Net loss and comprehensive loss	-	-	-	(31,095)	(31,095)
Balance, October 31, 2019	**6,750,509**	**731,332**	**56,896**	**(701,125)**	**87,103**

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

Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)
Unaudited Condensed Interim Statements of Cash Flows
For the six months ended October 31, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
	$	$
Cash flows from operating activities		
Net loss for the period	**(31,095)**	(19,633)
Adjustments for:		
Finance costs	**2,723**	2,722
Gain on loan extinguishment (Note 4)	**(66)**	-
Changes in non-cash working capital items:		
Prepaid expenses	**-**	(5,650)
Accounts payable and accrued liabilities	**15,795**	6,011
Net cash used in operating activities	**(12,643)**	(16,550)
Decrease in cash	**(12,643)**	(16,550)
Cash, beginning of period	**218,749**	239,288
Cash, end of period	**206,106**	222,738

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

1. NATURE OF OPERATIONS

Capricorn Business Acquisitions Inc. ("Capricorn" or 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 (the "Qualifying Transaction" or the "QT"), 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, Canada.

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

On July 1, 2019, the Company entered into a letter of intent ("LOI") with Tikkun Pharma, Inc., d/b/a Tikun Olam Skincare ("TO Skincare"), under the general terms and conditions pursuant to which the Company and TO Skincare would be willing to complete a transaction which is intended to constitute the QT of Capricorn pursuant to the policies of the Exchange. Subsequent to period-end, the Company and TO Skincare agreed to terminate the LOI.

2. GOING CONCERN

These unaudited 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 QT under the policies of the Exchange. If a QT is not completed, the Company will need to identify other sources of financing to remain a going-concern entity. The Company's ability to continue as a going concern is also dependent upon its eventual ability to develop and maintain profitable operations or to obtain additional financing. However, there is no assurance that the outcome of these matters will be successful. As a result, 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 give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited condensed interim financial statements. Such adjustments could be material.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Company's unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting. Accordingly, they do not include all of the information and disclosures required by IFRS for annual financial statements. For further information, refer to the Company's audited financial statements including the notes thereto for the year ended April 30, 2019.

These unaudited condensed interim financial statements were reviewed, approved and authorized for issue by the Company's Board of Directors on November 25, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of measurement

These unaudited condensed interim financial statements have been prepared on the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Financial instruments

On July 24, 2014, the IASB issued IFRS 9 – Financial Instruments ("IFRS 9") to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"), for the classification and measurement of financial liabilities.

Financial assets and financial liabilities, including derivatives, are recognized on the statements of financial position when the Company becomes a party to the financial instrument or derivative contract.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: (1) those to be measured subsequently at FVTPL; (2) those to be measured subsequently at FVTOCI; and (3) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss. The Company reclassifies financial assets when its business model for managing those assets changes. Financial liabilities are not reclassified.

Amortized cost

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely principal and interest ("SPPI") criterion.

Financial asset classified in this category are measured at amortized cost using the effective interest method.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss ("ECL") impairment model, which is based on changes in credit quality since initial application. The adoption of the ECL impairment model had no impact on the Company's unaudited condensed interim financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Expected credit loss impairment model (continued)

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts

Fair value through profit or loss

This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVTOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in profit or loss.

Financial assets at fair value through other comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through other comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at FVTOCI are initially measured at fair value and changes therein are recognized in other comprehensive income (loss).

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income (loss).

The Company's classification and measurements of financial assets and liabilities are summarized below:

	IFRS 9	IAS 39
	Classification	**Measurement**
Cash	Amortized cost	Loans & receivable
Accounts payable and accrued liabilities	Amortized cost	Other financial liabilities
Loans payable	Amortized cost	Other financial liabilities

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 and officers 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.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

As at October 31, 2019 and April 30, 2019, the Company had no material provisions.

Accounting estimates and judgments

The preparation of these unaudited condensed interim 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting estimates and judgments (continued)

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 QT.

Recent accounting pronouncements issued and not yet applied

At the date of authorization of these unaudited condensed interim financial statements, the IASB and the IFRS Interpretations Committee have issued certain pronouncements that are mandatory for accounting periods commencing on or after May 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is currently assessing the impact of adopting these standards will have on the Company's unaudited condensed interim financial statements.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payables and accrued liabilities of the Company are principally comprised of amounts outstanding incurred in the normal course of business.

The following is an aged analysis of the accounts payable and accrued liabilities:

	October 31, 2019	April 30, 2019
	$	$
Less than 90 days	**10,791**	10,311
Greater than 90 days	**48,637**	33,388
	59,428	43,699

5. 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 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.

On August 1, 2017, the Company extended the term of the Loan to June 16, 2019. The modification of the terms was accounted for as a modification of debt.

On July 1, 2019, the Company amended the terms of the Loan by extending the maturity date by a further six months to December 16, 2019.

6. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares without par value.

	Number of common shares	Value
Balance, October 31, 2019 and April 30, 2019	**6,750,509**	**$ 731,332**

7. SHARE-BASED PAYMENTS RESERVE

The Company maintains a stock option plan (the "Plan") whereby certain 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 is recognized over the vesting period. The Board of Directors of the Company may from time to time, in its discretion, grant to 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 the Plan to allow the number of common shares reserved for issuance to be greater than 10%.

The following table summarizes information of options outstanding as at October 31, 2019:

Date of expiry	Number of options outstanding	Number of options exercisable	Exercise price	Weighted Average remaining life
	#	#	$	Years
February 27, 2020	154,050	154,050	0.10	0.33
April 17, 2022	520,000	520,000	0.10	2.46
	674,050	**674,050**	**0.10**	**1.97**

8. CAPITAL 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.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital management objectives, policies and processes have remained unchanged during the six months ended October 31, 2019 and the year ended April 30, 2019.

9. 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 QT by the Company as defined under the policies of the Exchange. As at October 31, 2019, the Company had exceeded this limit. The impact of this violation is not known and is ultimately dependent on the Exchange.

10. FINANCIAL INSTRUMENTS AND 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.

Fair value

The carrying values of cash, accounts payable and accrued liabilities and loans payable approximate fair values due to the relatively short-term maturities of these financial instruments. As at October 31, 2019, the Company did not have any financial instruments carried at fair value.

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, 2019, the Company had a cash balance of $206,106 (April 30, 2019 – $218,749) to settle current liabilities of $119,945 (April 30, 2019 – $101,493). 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.

11. PROPOSED TRANSACTION

On July 1, 2019, the Company entered into a LOI with TO Skincare, under the general terms and conditions pursuant to which the Company and TO Skincare would be willing to complete a transaction that will result in a reverse take-over of Capricorn by the shareholders of TO Skincare, and which is intended to constitute the QT of Capricorn pursuant to the policies of the Exchange.

11. PROPOSED TRANSACTION (continued)

Prior to the completion of the QT, Capricorn shall effect a name change to “Tikun Olam Skin Care Corp.” or as may otherwise be mutually agreed upon and acceptable to the applicable regulatory authorities and the Exchange. The QT is then expected to proceed by way of a three-cornered amalgamation, share exchange or statutory plan of arrangement pursuant to which Capricorn will acquire all of the issued and outstanding common shares of TO Skincare (the “TO Skincare Shares”), in exchange for common shares in the capital of Capricorn (“Capricorn Shares”) on the basis of 2.2216 Capricorn Shares for every one (1) TO Skincare Share (the “Exchange Ratio”), reflecting a deemed price of approximately $0.2251 per TO Skincare Share or such other value acceptable to TO Skincare, Capricorn and the Exchange, such that TO Skincare will be a wholly-owned subsidiary of Capricorn as it exists following the completion of the QT and will carry on the business of TO Skincare. The QT will also provide that all outstanding options, warrants and broker warrants to purchase TO Skincare Shares shall be exchanged for economically equivalent securities of the Resulting Issuer, subject to adjustment in number and exercise price based on the Exchange Ratio.

In connection with the QT, TO Skincare intends to complete a non-brokered private placement of secured convertible debenture units (“Units”) at a price of $1,000 per Unit for gross proceeds of up to $1,500,000. Each Unit will consist of (i) a convertible debenture that has a face value of $1,000, an interest rate of 10% per annum, a maturity date of three years from the date of issuance, and will be convertible, at the option of the holder thereof or automatically upon completion of the QT, into TO Skincare Shares at a price of $0.50 per share and (ii) 2,000 non-transferrable warrants (“Warrants”), with each Warrant entitling the holder thereof to acquire one (1) TO Skincare Share at a price of $0.65 per share until the earlier of the date on which the QT is completed or 60 months from closing.

Completion of the QT is subject to completion of due diligence, receipt of all required regulatory, director and shareholder approvals, execution of definitive agreements and certain other conditions that are customary for transactions of this nature.

On November 12, 2019, Capricorn and TO Skincare agreed to terminate the LOI.