

**E36 Capital Corp.**  
(A Capital Pool Corporation)

**Condensed Interim Financial Statements**

(in Canadian Dollars)

**For the three months ended September 30, 2020**

**E36 Capital Corp.**  
**Condensed Interim Statements of Financial Position**  
**(unaudited)**  
(in Canadian Dollars)

	Note	September 30, 2020	June 30, 2020
<b>Current assets</b>			
Cash	\$	399,285	\$ 380,470
GST receivable		2,355	2,168
Deposits		-	26,016
<b>Total current assets</b>		<b>401,640</b>	<b>408,654</b>
<b>Current Liabilities</b>			
Accrued Liabilities		6,000	6,000
<b>Total current liabilities</b>		<b>6,000</b>	<b>6,000</b>
<b>Shareholders' equity</b>			
Share capital	3	429,324	429,324
Contributed Surplus		68,445	68,445
Accumulated deficit		(102,129)	(95,115)
<b>Total Shareholders' equity</b>		<b>395,640</b>	<b>402,654</b>
<b>Total Liabilities and shareholders' equity</b>	\$	<b>401,640</b>	\$ <b>408,654</b>

Subsequent events (note 6)

Approved by the Board (Signed) "Alex Tong" (Signed) "Kevin Ma"  
Alex Tong Kevin Ma

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

**E36 Capital Corp**  
**Condensed Interim Statement of Comprehensive Loss**  
**(unaudited)**  
(in Canadian Dollars)

	For the three months ended	
	September 30, 2020	September 30, 2019
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<b>General and administrative expenses</b>		
Office expenses	\$ 4,843	\$ 110
Filing fees	2,293	10,971
Professional fees	61	62
Interest income	(244)	-
<b>Total expenses</b>	<b>7,014</b>	<b>11,143</b>
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<b>Comprehensive loss for the period</b>	<b>\$ (7,014)</b>	<b>\$ (11,143)</b>
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<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.04)</b>
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<b>Weighted average number of shares outstanding</b>	<b>1,479,452</b>	<b>250,000</b>
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**E36 Capital Corp.**  
**Condensed Interim Statements of Shareholders' Equity**  
**(unaudited)**  
(in Canadian Dollars)  
For the three months ended September 30, 2020

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity
<b>Balance at March 6, 2019</b>	-	\$ -	\$ -	\$ -	\$ -
Share issuance	2,575,000	147,500	-	-	147,500
Net loss	-	-	-	(5,075)	(5,075)
<b>Balance at June 30, 2019</b>	<b>2,575,000</b>	<b>147,500</b>	<b>-</b>	<b>(5,075)</b>	<b>142,425</b>
Net loss	-	-	-	(11,143)	-
<b>Balance at September 30, 2019</b>	<b>2,575,000</b>	<b>147,500</b>	<b>-</b>	<b>(16,218)</b>	<b>131,282</b>
Initial public offering	3,500,000	350,000	-	-	350,000
Offering costs (cash)	-	(53,400)	-	-	(53,400)
Fair value of agent warrants	-	(14,776)	14,776	-	-
Share based compensation	-	-	53,669	-	53,669
Net loss	-	-	-	(78,897)	(78,897)
<b>Balance at June 30, 2020</b>	<b>6,075,000</b>	<b>429,324</b>	<b>68,445</b>	<b>(95,115)</b>	<b>402,654</b>
Net loss	-	-	-	(7,014)	(7,014)
<b>Balance at September 30, 2020</b>	<b>6,075,000</b>	<b>\$ 429,324</b>	<b>\$ 68,445</b>	<b>\$(102,129)</b>	<b>\$ 395,640</b>

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

**E36 Capital Corp.**  
**Condensed Interim Statement of Cash Flows**  
**(unaudited)**  
(in Canadian Dollars)  
For the three months ended

	September 30, 2020	September 30, 2019
<b>Operating activities</b>		
Loss for the period	\$ (7,014)	\$ (11,143)
Changes in non-cash working capital		
GST receivable	(187)	(253)
Prepaid	26,016	-
Accrued Liabilities	-	(5,000)
	<b>18,815</b>	<b>(16,396)</b>
<b>Cash, beginning of period</b>	<b>380,470</b>	<b>137,425</b>
<b>Cash, end of period</b>	<b>\$ 399,285</b>	<b>\$ 121,029</b>

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

## **E36 Capital Corp.**

Notes to the Condensed Interim Financial Statements (unaudited)

For the three months ended September 30, 2020

(in Canadian Dollars)

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

E36 Capital Corp. (the "Corporation") was incorporated under the Business Corporation Act (British Columbia) on March 6, 2020 and has applied to be classified as a Capital Pool Corporation ("CPC") as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). 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 Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's-length transaction, of the majority of the minority shareholders.

The registered office of the Corporation is located at Suite 2500 666 Burrard Street, Vancouver, British Columbia V6C 2X8.

On November 11, 2020, the Board of Directors approved the financial statements for the three months ended September 30, 2020.

There is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Corporation's shares from trading.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **Statement of Compliance**

These unaudited condensed financial statements have been prepared by management of the Corporation in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", following the same accounting principles and methods of computation as outlined in the Corporation's financial statements for the period ended June 30, 2020. These unaudited condensed financial statements include all necessary disclosures required for interim financial statements but do not include all disclosures required for annual financial statements. Therefore, these unaudited condensed financial statements should be read in conjunction with the most recent audited financial statements and the notes thereto for the period ended June 30, 2020.

#### **Basis of Presentation**

The financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

## **E36 Capital Corp.**

Notes to the Condensed Interim Financial Statements (unaudited)

For the three months ended September 30, 2020

(in Canadian Dollars)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Loss Per Share**

Basic earnings loss per common share is determined by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the period, excluding shares in escrow. Diluted loss per common share is calculated in accordance with the treasury stock method and is based on the weighted average number of common shares and dilutive common share equivalents outstanding.

#### **Financial Instruments**

##### Recognition

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

##### Classification

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss, and ii) 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 fair value through profit or loss (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 or other comprehensive income.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

Cash is classified as assets at fair value and any period change in fair value is recorded in profit or loss.

Accounts payable and accrued liabilities are classified as financial liabilities measured at amortized cost using the effective interest rate method.

##### Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

## **E36 Capital Corp.**

Notes to the Condensed Interim Financial Statements (unaudited)

For the three months ended September 30, 2020

(in Canadian Dollars)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash is a level 1 financial instrument measured at fair value on the statement of financial position whereas other financial assets (GST receivables) are classified as Level 2.

#### **Share Issuance Costs**

Share issuance costs relate to expenditures incurred in connection with the Corporation's share issuance (note 3) and are charged against share capital.

#### **Income Taxes**

Income tax expense consists of current and deferred tax expense. Current and deferred taxes are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

## E36 Capital Corp.

Notes to the Condensed Interim Financial Statements (unaudited)

For the three months ended September 30, 2020

(in Canadian Dollars)

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Stock Options

The Corporation has a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes Option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

### 3. SHARE CAPITAL

Authorized: Unlimited number of common shares

Issued	Number of Shares	\$
2,325,000 common shares <sup>i</sup>	2,325,000	122,500
3,750,000 common shares <sup>ii</sup>	3,750,000	375,000
Cost of issuance—cash		(53,400)
Cost of issuance—share based payment		(14,776)
<b>Balance, June 30, 2020</b>	<b>6,075,000</b>	<b>429,324</b>

i. Escrowed shares:

Of the issued and outstanding common shares 2,275,000 will be held in escrow pursuant to the requirements of the Exchange. Pursuant to the Escrow Agreement, the Escrowed Shares shall be released pro-rata to the shareholders as to 10% upon issuance of notice of final acceptance of a Qualifying Transaction by the Exchange and as to the remainder in six equal tranches of 15% every nine months thereafter for a period of 36 months. These escrowed shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

ii. Initial Public Offering and private placements

On February 28, 2020, the Corporation completed its initial public offering (the "Offering") of 3,500,000 common shares at a purchase price of \$0.10 per common share for aggregate gross proceeds of \$350,000. The Company incurred share issue costs of \$53,400 and issued 280,000 broker warrants with an exercise price of \$0.10 per warrant in the Offering. During the period ended June 30, 2019, the Corporation issued 2,200,000 common shares at a price of \$0.05 per share and 375,000 shares at \$0.10 per share.

Stock options:

The Corporation has a stock option plan whereby the Corporation is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Corporation. Under the plan, the exercise price of each option will not be less than the discounted market price of the common shares as permitted by the Exchange policies, and provided that, if the Corporation is a CPC, the option price shall not be lower than the initial public offering ("IPO") Share Price. The options can be granted for a maximum term of 10 years.

### E36 Capital Corp.

Notes to the Condensed Interim Financial Statements (unaudited)

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(in Canadian Dollars)

### 3. SHARE CAPITAL (cont.)

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction by a control person, as defined in the policies of the Exchange, are required to be deposited in escrow until the exchange bulletin is issued.

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

	Number of Stock Options and warrants	Weighted Average Exercise Price
Granted (i)	280,000	\$0.10
Granted to directors and officers (ii)	600,000	\$0.10
<b>Balance as at September 30, 2020</b>	<b>880,000</b>	<b>\$0.10</b>

- i. On February 28, 2020, the Corporation granted 280,000 warrants to Haywood Securities Inc. ('Agent'), which is exercisable at an exercise price of \$0.10 per share for a period of 24 months following the date that the common shares are listed on the Exchange. 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 1.51%, expected volatility of 100% and an expected life of two years. The value attributed to these warrants was \$14,776.
- ii. On February 28, 2020, the Corporation granted 600,000 options to directors and officers, which are exercisable with no vesting period within ten years from the date of grant at an exercise price of \$0.10 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 1.51%, expected volatility of 100% and an expected life of ten years. The value attributed to these options was \$53,669.

The following table reflects the actual options issued and outstanding as of September 30, 2020:

Expiry Date	Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
February 28, 2022	\$0.10	1.7	280,000	280,000
February 28, 2030	\$0.10	9.7	600,000	600,000
			<b>880,000</b>	<b>880,000</b>

The common shares issued to the Corporation's founders will be subject to an escrow agreement and may be cancelled in the event that the Corporation is unable to complete its Qualifying Transaction within 24 months. Accordingly, these shares are accounted for as contingently returnable shares and excluded from the calculation of loss per share.

## **E36 Capital Corp.**

Notes to the Condensed Interim Financial Statements (unaudited)

For the three months ended September 30, 2020

(in Canadian Dollars)

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### **4. CAPITAL MANAGEMENT OBJECTIVE AND POLICIES**

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 issued common shares, 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 Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

### **5. FINANCIAL INSTRUMENTS**

#### *Fair Values*

At September 30, 2020, the Corporation's financial instruments consist of cash and GST receivable. The fair values of this financial instrument approximates its carrying value due to the relatively short-term maturity of the instrument which is payable within one year.

#### *Credit Risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash. To minimize the credit risk the Corporation places these instruments with a high credit quality financial institution.

#### *Interest Rate Risk*

The Corporation is not exposed to any significant interest rate risk.

#### *Liquidity Risk*

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs and to meet the corporation's liabilities.