

**POCML 5 INC.**  
**(A Capital Pool Corporation)**

**Financial Statements**

(in Canadian Dollars)

**For the Period from the Date of Incorporation (February 21, 2018) to  
September 30, 2018**

**POCML 5 INC.**  
**(A Capital Pool Corporation)**  
**Statement of Financial Position**  
**(in Canadian Dollars)**  
**As at September 30, 2018**

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**Assets**

**Current**

Cash \$ 384,660

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\$ 384,660

**Shareholders' Equity**

Share Capital (note 3) \$ 400,000

Deficit \$ (15,340)

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\$ 384,660

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

**Approved on Behalf of the Board:**

"David D'Onofrio" (signed)

**David D'Onofrio**  
**Director**

"Adam Parsons" (signed)

**Adam Parsons**  
**Director**

# POCML 5 INC.

(A Capital Pool Corporation)

## Condensed Interim Statement of Loss and Comprehensive Loss and Deficit

(Unaudited - in Canadian Dollars)

For the Period from the Date of Incorporation (February 21, 2018) to September 30, 2018

& Three Months Ended September 30, 2018

	Three Months Ended September 30, 2018	February 21, 2018 to September 30, 2018
<b>Expenses:</b>		
Operating, general and administrative	\$ 15,340	\$ 15,340
Loss for the period and total comprehensive loss	\$ 15,340	\$ 15,340
<b>Net loss per common share</b>	<b>\$ --</b>	<b>\$ --</b>
Basic and diluted		
<b>Weighted average number of common shares outstanding</b>		
Basic and diluted	--	--

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

# POCML 5 INC.

(A Capital Pool Corporation)

## Statement of Changes in Shareholders' Equity

(in Canadian Dollars)

For the Period from the Date of Incorporation (February 21, 2018) to September 30, 2018

	Note	Number of Shares	Share Capital	Deficit	Shareholders' Equity
<b>Balance at February 21, 2018</b>		-	\$ -	\$ -	\$ -
Issuance of common shares	3	8,000,000	\$ 400,000	\$ (15,340)	\$ 384,660
<b>Balance at September 30, 2018</b>		<b>8,000,000</b>	<b>\$ 400,000</b>	<b>\$ (15,340)</b>	<b>\$ 384,660</b>

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

# POCML 5 INC.

(A Capital Pool Corporation)

## Statement of Cash Flows

(in Canadian Dollars)

For the Period from the Date of Incorporation (February 21, 2018) to September 30, 2018

	2018
<b>Cash provided by</b>	
<b>Financing</b>	
Issuance of Common Shares	\$ 400,000
<b>Cash flows used in operating activities</b>	
Loss for the period	\$ (15,340)
Net change in cash	\$ 384,660
Cash, beginning of period	\$ -
Cash, end of period	\$ 384,660

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

# POCML 5 INC.

Notes to Financial Statements  
(a Capital Pool Corporation)  
(in Canadian Dollars)

For the Period from the date of incorporation (February 21, 2018) to September 30, 2018

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## 1. INCORPORATION AND NATURE OF BUSINESS

POCML 5 Inc. (the "Corporation") was incorporated under the Ontario Business Corporation Act on February 21, 2018 and is classified as a Capital Pool Corporation 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 statement of operations and comprehensive income has not been prepared since the Corporation has not started its business operations as of the date of the statement of financial position.

The head office and the registered head office of the Corporation is located at 130 King Street West, Suite 2210, Toronto, Ontario M5X 1E4.

On December 3, 2018, the Board of Directors approved the financial statements for the period from Date of Incorporation (February 21, 2018) to September 30, 2018.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Statement of Compliance

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

### Statement of Operations and Comprehensive Income

The Statement of Operations and Comprehensive Income has not been included in these financial statements as there has been no operating activity for the period from the date of incorporation (February 21, 2018) to September 30, 2018.

### 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.

# POCML 5 INC.

Notes to Financial Statements  
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For the Period from the date of incorporation (February 21, 2018) to September 30, 2018

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial Instruments

#### Recognition

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

#### Classification

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

The Company 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.

#### 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.

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 or 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:

# POCML 5 INC.

Notes to Financial Statements  
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For the Period from the date of incorporation (February 21, 2018) to September 30, 2018

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

### Stock-based Compensation

The Corporation accounts for all stock-based compensation awarded to directors and officers and non-employees using the fair value method. Under this method, cost is measured at the grant date at fair value using an option pricing model that takes into account the exercise price, the expected life of the option, the current price of the underlying stock, the expected volatility, the expected dividends and the risk-free interest rate for the expected term of the option. The compensation cost will be expensed in the statement of operations over the service period, that is the vesting period for directors and officers and over the performance period for awards provided to non-employees in exchange for goods and services.

### 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 tax 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 consolidated 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.

# POCML 5 INC.

Notes to Financial Statements

(a Capital Pool Corporation)

(in Canadian Dollars)

For the Period from the date of incorporation (February 21, 2018) to September 30, 2018

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

### Measurement Uncertainty

The preparation of financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates used in the financial statements.

### Cash

Cash and cash equivalents comprise of undeposited funds received from issuance of common shares, which are readily convertible into a known amount of cash.

### Accounting Standards Issued but not yet Applied

Certain new mandatory standards, interpretations and amendments to existing standards, have been issued by the IASB or the IFRS Interpretations Committee ("IFRIC"), which the Company reasonably expects to be applicable for later periods are listed below. The Company has not early adopted these revised standards and none of these standards are expected to have a material effect on the financial statements.

In January 2016 the International Accounting Standards Board issued IFRS 16, Leases, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Consistent with its predecessor, IAS 17 the new lease standard continues to require lessors to classify leases as operating or finance. IFRS 16 is to be applied retrospectively for annual periods beginning on or after January 1, 2019. As the Company currently has limited exposure to leases, there is currently no material impact expected from the future adoption of the standard.

## 3. SHARE CAPITAL

Authorized

Unlimited number of common shares

Unlimited number of special shares

Issued

**8,000,000**

**\$ 400,000**

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## 3. SHARE CAPITAL (continued)

### Escrowed Shares

On August 30, 2018, the Corporation issued 8,000,000 common shares at \$0.05 per share for total proceeds of \$400,000.

The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange. 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 each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued.

All common shares of the Corporation acquired in the secondary market 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. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

## 4. CONTINGENCY

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.

## 5. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

### Capital management

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

The Corporation includes equity, comprised of 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.

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Notes to Financial Statements

(a Capital Pool Corporation)

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For the Period from the date of incorporation (February 21, 2018) to September 30, 2018

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## 5. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

### Risk disclosures and fair values

The Corporation's financial instruments, consisting of cash approximate fair value due to the relatively short term maturities of the instrument. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

## 6. RELATED PARTY TRANSACTIONS

There were no transactions with related parties and no remuneration was paid to key management personnel during the period ended September 30, 2018.

## 7. SUBSEQUENT EVENT

### (a) Filing of prospectus:

On October 26, 2018, the Corporation filed its prospectus to issue 2,000,000 Common Shares at a price of \$0.10 per Common Share for total gross proceeds to the Corporation of \$200,000 (the "Offering"). Pursuant to an agency agreement, the Agent will receive a cash commission equal to 7% of the gross proceeds of the Offering in addition to a corporate finance fee of \$10,000 plus any reasonable expenses.

The Corporation has also agreed to grant to the Agent, an Agent Option to purchase an aggregate of 140,000 Common Shares at a price of \$0.10 per Common Share, which may be exercised for a period of 24 months from the date the Common Shares are listed on the Exchange.

### (b) Director and officer's stock options:

The Corporation intends to grant an aggregate of 1,000,000 options to purchase common shares, exercisable at a price of \$0.10 per shares for five years from the date of grant, expected to be the date on which a receipt is used for the final prospectus. The granting of options is subject to regulatory approval.