

Financial Statements of:

POCML 5 INC.

(a Capital Pool Corporation)

Condensed Interim Financial Statements

(Unaudited - Prepared in Canadian Dollars)

For the Three and Six Month Period Ended June 30, 2019

Notice of No Auditor Review of Condensed Interim Financial Statements

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 interim financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

POCML 5 INC.

(a Capital Pool Corporation)

Condensed Interim Statement of Financial Position

(Unaudited - in Canadian Dollars)

As at June 30, 2019

	June 30, 2019	December 31, 2018 (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 509,299	\$ 530,463
Interest receivable	-	294
Total current assets	509,299	530,757
Liabilities		
Current		
Accounts payable & accrued liabilities	14,052	29,952
Shareholders' equity		
Share capital (note 3)	545,404	545,404
Contributed surplus	82,290	82,290
Accumulated deficit	(132,447)	(126,889)
Total shareholders' equity	495,247	500,805
Total Liabilities and shareholders' equity	\$ 509,299	\$ 530,757

The accompanying notes are an integral part of these condensed interim 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

(Unaudited - in Canadian Dollars)

For the Three Months and Six Months Ended June 30, 2019

Expenses:

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Operating, general and administrative	\$ 3,547	-	\$ 8,373	-
Professional Fees	1,341	-	1,341	-
Loss for the period	4,888	-	9,714	-
Interest Income	2,086	-	4,156	-
Total comprehensive loss	\$ 2,802	-	\$ 5,558	-

Net loss per common share

Basic and diluted	\$ 0.00	-	\$ 0.00	-
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Weighted average number of common shares outstanding

Basic and diluted	2,000,000	-	2,000,000	-
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The accompanying notes are an integral part of these condensed interim financial statements

POCML 5 INC.

(a Capital Pool Corporation)

Condensed Interim Statement of Changes in Shareholders' Equity

(Unaudited - in Canadian Dollars)

For the Six Months Ended June 30, 2019

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance at February 21, 2018	-	-	-	-	-
Net loss for period	-	-	-	-	-
Balance at June 30, 2018	-	-	-	-	-
Issuance of common shares (note 3)	10,000,000	600,000	-	-	600,000
Share issuance costs		(54,596)	7,415	-	(47,181)
Stock based compensation		-	74,875	-	74,875
Net loss for the period		-	-	(126,889)	(126,889)
Balance at December 31, 2018	10,000,000	545,404	82,290	(126,889)	500,805
Net loss for period	-	-	-	(5,558)	(5,558)
Balance at June 30, 2019	10,000,000	\$ 400,000	\$ 82,290	\$ (132,447)	\$ 495,427

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

POCML 5 INC.

(a Capital Pool Corporation)

Condensed Interim Statement of Cash Flows

(Unaudited - in Canadian Dollars)

For the Six Months Ended June 30, 2019

	June 30, 2019	Date of Incorporation (Feb 21, 2018) to June 30, 2018
Cash flows used in operating activities:		
Loss for the period	\$ (5,558)	-
Changes in non-cash working capital:		
Interest Receivable	294	-
Accrued Liabilities	(15,900)	-
Decrease in cash during the period	(21,164)	-
Cash, beginning of period	530,463	-
Cash, end of period	\$ 509,299	-

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

POCML 5 INC.

Notes to Condensed Interim Financial Statements
(a Capital Pool Corporation)
(Unaudited - in Canadian Dollars)
For the Three and Six Months Ended June 30, 2019

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

On August 28, 2019, the Board of Directors approved condensed interim financial statements for the six months ended June 30, 2019.

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").

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. Accordingly, these unaudited condensed interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes. Results for the period ended June 30, 2019 are not necessarily indicative of future results. The accounting policies applied by the Corporation in these unaudited condensed interim financial statements are the same as those applied by the Corporation in its December 31, 2018 audited financial statements.

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.

Recognition

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

POCML 5 INC.

Notes to Condensed Interim Financial Statements
(a Capital Pool Corporation)
(Unaudited - in Canadian Dollars)
For the Three and Six Months Ended June 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial 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 Condensed Interim Financial Statements
(a Capital Pool Corporation)
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For the Three and Six Months Ended June 30, 2019

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 the Black-Scholes options 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 Condensed Interim Financial Statements
(a Capital Pool Corporation)
(Unaudited - in Canadian Dollars)
For the Three and Six Months Ended June 30, 2019

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.

3. SHARE CAPITAL

Authorized

Unlimited number of common shares

Unlimited number of special shares

Issued

10,000,000

\$ 600,000

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.

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 received a cash commission equal to 7% of the gross proceeds of the Offering in addition to a corporate finance fee of \$10,000 plus expenses.

POCML 5 INC.

Notes to Condensed Interim Financial Statements
(a Capital Pool Corporation)
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For the Three and Six Months Ended June 30, 2019

3. SHARE CAPITAL (continued)

The Corporation has also granted 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.

4. STOCK BASED COMPENSATION

The Corporation granted 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 valued at \$74,875 using the Black-Scholes pricing model with the following assumptions: share price of \$0.10, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 1.88% and an expected life of 5 years.

The Corporation issued 140,000 agent options with a fair value of \$7,415 using the Black-Scholes pricing model with the following assumptions: share price of \$0.10, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 1.86% and an expected life of 2 years. Each agent option entitles the holders to purchase the common shares at a price of \$0.10 per common share until December 10, 2020.

5. 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.

6. 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.

POCML 5 INC.

Notes to Condensed Interim Financial Statements
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(Unaudited - in Canadian Dollars)
For the Three and Six Months Ended June 30, 2019

6. 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.

7. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

There were no related party transactions during the six months ended June 30, 2019.