

**Capricorn Business Acquisitions Inc.**  
(A Capital Pool Corporation)

**Financial Statements**

**For the years ended April 30, 2021 and 2020**

**(Expressed in Canadian dollars)**

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Capricorn Business Acquisitions Inc.

### *Opinion*

We have audited the financial statements of Capricorn Business Acquisitions Inc. (the "Company"), which comprise the statement of financial position as at April 30, 2021 and 2020 and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended 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.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$36,702 during the year ended April 30, 2021 and, as of that date, the Company had an accumulated deficit of \$727,097. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Other Information*

Management is responsible for the other information. The other information comprises Management's discussion and analysis.

Our opinion on the financial statements does not cover the other information and we do not 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 when it becomes available 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 Management discussion and analysis prior to the date of this auditor's 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 the 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.

### *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  
August 28, 2021  
Toronto, Ontario

# Capricorn Business Acquisitions Inc.

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

	As at April 30, 2021	As at April 30, 2020
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
Cash (Note 9)	93,729	125,122
Prepaid expenses	942	942
<b>Total Assets</b>	<b>94,671</b>	<b>126,064</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	48,721	51,377
<b>Total Liabilities</b>	<b>48,721</b>	<b>51,377</b>
<b>Shareholders' Equity</b>		
Share capital (Note 6)	731,332	731,332
Share-based payments reserve (Note 7)	41,715	39,000
Accumulated deficit	(727,097)	(695,645)
<b>Total Shareholders' Equity</b>	<b>45,950</b>	<b>74,687</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>94,671</b>	<b>126,064</b>

Nature of operations (Note 1)  
Going concern (Note 2)  
Subsequent events (Note 14)

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 financial statements.

# Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)

Statements of Operations and Comprehensive Loss

For the years ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

	2021	2020
	\$	\$
<b>Expenses</b>		
Professional fees	19,811	27,202
Filing fees	8,393	12,093
Office and general	533	1,000
Stock-based compensation (Note 7)	7,965	-
Interest expense (Note 5)	-	3,282
<b>Total Expenses</b>	<b>(36,702)</b>	<b>(43,577)</b>
Extinguishment of accounts payable	-	66
<b>Net Loss and Comprehensive Loss</b>	<b>(36,702)</b>	<b>(43,511)</b>
<b>Loss per share</b>		
– basic and diluted	<b>(0.005)</b>	(0.006)
<b>Weighted average number of shares outstanding</b>		
– basic and diluted	<b>6,750,509</b>	6,750,509

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

# Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)

Statements of Changes in Shareholders' Equity

For the years ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

	Number of shares	Share capital	Share-based payments reserve	Accumulated deficit	Total
	#	\$	\$	\$	\$
<b>Balance, May 1, 2019</b>	<b>6,750,509</b>	<b>731,332</b>	<b>56,896</b>	<b>(670,030)</b>	<b>118,198</b>
Expiry of stock options	-	-	(17,896)	17,896	-
Net loss and comprehensive loss	-	-	-	(43,511)	(43,511)
<b>Balance, April 30, 2020</b>	<b>6,750,509</b>	<b>731,332</b>	<b>39,000</b>	<b>(695,645)</b>	<b>74,687</b>
<b>Balance, May 1, 2020</b>	<b>6,750,509</b>	<b>731,332</b>	<b>39,000</b>	<b>(695,645)</b>	<b>74,687</b>
Stock-based compensation (Note 7)	-	-	7,965	-	7,965
Expiry of stock options	-	-	(5,250)	5,250	-
Net loss and comprehensive loss	-	-	-	(36,702)	(36,702)
<b>Balance, April 30, 2021</b>	<b>6,750,509</b>	<b>731,332</b>	<b>41,715</b>	<b>(727,097)</b>	<b>45,950</b>

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

# Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)

Statements of Cash Flows

For the years ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

	2021	2020
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Net loss for the year	(36,702)	(43,511)
Adjustments for:		
Stock-based compensation (Note 7)	7,965	-
Extinguishment of accounts payable	-	(66)
Finance costs (Note 5)	-	3,282
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities (Note 4)	(2,656)	7,744
<b>Net Cash used in Operating Activities</b>	<b>(31,393)</b>	<b>(32,551)</b>
<b>Cash Flows from Financing Activities</b>		
Repayment of loans (Note 5)	-	(45,000)
Interest repayment on loans (Note 5)	-	(16,076)
<b>Net Cash used in Financing Activities</b>	<b>-</b>	<b>(61,076)</b>
<b>Decrease in cash</b>	<b>(31,393)</b>	<b>(93,627)</b>
Cash, beginning of year	125,122	218,749
<b>Cash, end of year</b>	<b>93,729</b>	<b>125,122</b>

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

# Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)

Notes to the Financial Statements

For the years ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

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## 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”), 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 Qualifying Transaction prior to March 9, 2012 and its 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.

## 2. GOING CONCERN

These 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 Qualifying Transaction under the policies of the Exchange. If a Qualifying Transaction 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.

As at and for the year ended April 30, 2021, the Company reported a net loss of \$36,702 (2020 – \$43,511), had negative cash flow from operating activities of \$31,393 (2020 – \$32,551) and an accumulated deficit of \$727,097 (April 30, 2020 – \$695,645) since inception and expects to incur further losses in the development of its business. The Company’s ability to continue operations in the normal course of business is dependent upon completing a Qualifying Transaction. However, there is no assurance that the outcome of these matters will be successful and, as a result, there are material uncertainties that might cause significant doubt regarding the going concern assumption.

These 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 financial statements. Such adjustments could be material.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

The Company’s financial statements, including comparatives, have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”). The accounting policies set out below were consistently applied to all periods presented unless otherwise noted.

These financial statements were reviewed, approved and authorized for issue by the Company’s Board of Directors on July 21, 2021.

# Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)

Notes to Unaudited Condensed Interim Financial Statements

For the years ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Basis of measurement**

These financial statements have been prepared on the historical cost basis.

In addition, these financial statements are also presented in Canadian dollars, which is the Company's functional currency.

### **Cash and cash equivalents**

Cash and cash equivalents include demand deposits with banks, money market accounts, and other investments with original maturities of 90 days or less. Balances of cash and cash equivalents in financial institutions may at times exceed the government-insured limits. As at April 30, 2021 and 2020, the Company did not have any cash equivalents.

### **Financial instruments**

Financial assets and financial liabilities are recognized on the statements of financial position when the Company becomes a party to the 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 through profit or loss ("FVTPL"); (ii) those to be measured subsequently at fair value through other comprehensive income ("FVTOCI"); and (iii) 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*

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.

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 cashflows to repay the amounts.

# Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)

Notes to Unaudited Condensed Interim Financial Statements

For the years ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments (continued)

#### *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). As at April 30, 2021 and 2020, there were no financial instruments measured at FVTPL or FVTOCI.

#### *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 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 of financial assets and liabilities are summarized below:

Cash	Amortized cost
Accounts payable	Amortized cost

#### *Derecognition*

The Company derecognizes financial liabilities when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of operations and comprehensive loss.

# Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)

Notes to Unaudited Condensed Interim Financial Statements

For the years ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments (continued)

#### *Modification*

When the modifications do not result in derecognition of the financial liability, the gross carrying amount of the financial liability is recalculated with any difference between the previous carrying amount and the new carrying amount recognized in profit or loss. The new gross carrying amount is recalculated as the present value of the modified contractual cash flows discounted at the liability's original effective interest rate.

### Income taxes

Income tax expense comprises current and deferred tax expense. Current and deferred taxes are recognized net loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income (loss).

#### *Current tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

#### *Deferred income tax*

Deferred taxation is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred taxation is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred taxation asset is realized or the deferred taxation liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 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.

# Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)

Notes to Unaudited Condensed Interim Financial Statements

For the years ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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 April 30, 2021 and 2020, the Company had no material provisions.

### Accounting estimates and judgments

The preparation of these 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.

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 Qualifying Transaction.

# Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)

Notes to Unaudited Condensed Interim Financial Statements

For the years ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Recent accounting pronouncements

At the date of authorization of these financial statements, the IASB and the IFRIC have issued the following amendments which are effective for annual periods beginning on or after May 1, 2021. 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 upon the adoption of the following amendments on its financial statements:

#### *Amendments to IAS 1*

In January 2020, the IASB issued amendments to IAS 1 which clarify the requirements for classifying liabilities as either current or non-current by: (i) specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists; (ii) clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services; (iii) clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and (iv) clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa, which could impact an entity's loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments. In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of COVID-19. Early application is permitted.

## 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable 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:

	April 30, 2021	April 30, 2020
	\$	\$
Less than 90 days	11,198	6,470
Greater than 90 days	37,523	44,907
	<b>48,721</b>	<b>51,377</b>

## 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 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.

# Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)

Notes to Unaudited Condensed Interim Financial Statements

For the years ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

## 5. LOANS PAYABLE (continued)

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.

On December 16, 2019, the Loan balance, comprised of the principal amount of \$45,000 and total interest of \$16,076, was repaid to the lenders. During the year ended April 30, 2020, interest of \$3,282 had been recorded up to the date of repayment of the Loan.

## 6. SHARE CAPITAL

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

	Number of common shares	Value
	#	\$
<b>Balance, April 30, 2021 and 2020</b>	<b>6,750,509</b>	<b>731,332</b>

## 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. Stock-based compensation is recognized over the vesting period. The Board 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 summarizes the stock option activity for the years ended April 30, 2021 and 2020:

	April 30, 2021		April 30, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	#	\$	#	\$
<b>Outstanding, beginning of year</b>	<b>520,000</b>	<b>0.10</b>	674,050	0.10
Granted	295,050	0.10	-	-
Expired	(70,000)	0.10	(154,050)	0.10
<b>Outstanding, end of year</b>	<b>745,050</b>	<b>0.10</b>	520,000	0.10

# Capricorn Business Acquisitions Inc.

(A Capital Pool Corporation)

Notes to Unaudited Condensed Interim Financial Statements

For the years ended April 30, 2021 and 2020

(Expressed in Canadian dollars)

## 7. SHARE-BASED PAYMENTS RESERVE (continued)

On June 1, 2020, the Company granted 92,430 stock options to its officers at an exercise price of \$0.10, expiring on April 17, 2022. The options vested immediately on grant. The options were valued using the Black-Scholes (“Black-Scholes”) valuation model with the following assumptions: expected volatility of 109% based on comparison with peer companies, expected dividend yield of 0%, risk-free interest rate of 0.29% and an expected life of 1.88 years. The grant date fair value attributable to these options of \$368 was recorded as stock-based compensation in connection with the vesting of options during the year ended April 30, 2021.

On December 29, 2020, the Company granted 132,620 stock options to its officers at an exercise price of \$0.10, expiring on December 29, 2025. The options vested immediately on grant. The options were valued using Black-Scholes with the following assumptions: expected volatility of 100% based on comparison with peer companies, expected dividend yield of 0%, risk-free interest rate of 0.41% and an expected life of five years. The grant date fair value attributable to these options of \$4,776 was recorded as stock-based compensation in connection with the vesting of options during the year ended April 30, 2021.

On April 19, 2021, the Company granted 70,000 stock options to its officers at an exercise price of \$0.10, expiring on April 19, 2026. The options vested immediately on grant. The options were valued using Black-Scholes with the following assumptions: expected volatility of 100% based on comparison with peer companies, expected dividend yield of 0%, risk-free interest rate of 0.95% and an expected life of five years. The grant date fair value attributable to these options of \$2,821 was recorded as stock-based compensation in connection with the vesting of options during the year ended April 30, 2021.

The following table summarizes information of options outstanding as at April 30, 2021:

Date of expiry	Number of options outstanding	Number of options exercisable	Exercise price	Weighted Average remaining life
	#	#	\$	Years
April 17, 2022	542,430	542,430	0.10	0.96
December 29, 2025	132,620	132,620	0.10	4.67
April 19, 2026	70,000	70,000	0.10	4.97
	<b>745,050</b>	<b>745,050</b>	<b>0.10</b>	<b>2.00</b>

## 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 years ended April 30, 2021 and 2020.

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(A Capital Pool Corporation)

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## 9. CASH RESTRICTION

The Company is a Capital Pool Company listed on the Exchange in accordance with the then current policies under Policy 2.4 (the former Policy 2.4, as at June 14, 2010, is referred to hereunder as the "Former Policy") which were in force prior to the amendments which came into effect on January 1, 2021 (the new Policy 2.4, as at January 1, 2021, is referred to hereunder as the "New Policy").

Pursuant to the Former Policy, the proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or business 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.

Pursuant to the New Policy, the proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investments, including reasonable general and administrative expenses that do not exceed an aggregate of \$3,000 per month.

The New Policy allows the Company to adopt, without the need to obtain shareholder approval, certain sections and requirements of the New Policy rather than adhering to the former sections and requirements under the Former Policy. As a result, the Company has determined to adhere to the parameters in connection with the use of proceeds and prohibited payments contained in the New Policy.

## 10. RELATED PARTY TRANSACTIONS

On June 1, 2020, the Company granted 55,458 options to the Company's Chief Executive Officer (the "CEO"), and 36,972 options to its Chief Financial Officer (the "CFO"), respectively (see Note 7 for details). The options vested immediately on grant, and the grant date fair value of \$368 attributable to these options was recorded as stock-based compensation during the year ended April 30, 2021.

On December 29, 2020, the Company granted 48,412 additional options to the CEO, and 84,208 additional options to the CFO, respectively (see Note 7). The options vested immediately on grant, and the grant date fair value of \$4,776 attributable to these options was also recorded as stock-based compensation during the year ended April 30, 2021.

On April 19, 2021, the Company granted a further 24,000 options to the CEO, 23,000 additional options to the CFO, and 23,000 options to a director, respectively (see Note 7). The options vested immediately on grant, and the grant date fair value of \$2,821 attributable to these options was also recorded as stock-based compensation during the year ended April 30, 2021.

## 11. 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), credit 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. Management is 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 the Company.

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## 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

### *Fair value*

The carrying values of cash and accounts payable approximate fair values due to the relatively short-term maturities of these financial instruments. As at April 30, 2021, 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 April 30, 2021, the Company had a cash balance of \$93,729 (April 30, 2020 – \$125,122) to settle current liabilities of \$48,721 (April 30, 2020 – \$51,377). 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 represent the maximum credit exposure.

## 12. INCOME TAXES

### *Provision for income tax*

There is no current income tax liability expense. Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2020 – 26.5%) are as follows:

	2021	2020
	\$	\$
Loss before income taxes	<b>(36,702)</b>	(43,511)
Statutory rate	<b>26.5%</b>	26.5%
Income tax provision at statutory rate	<b>(9,700)</b>	(12,000)
Effect of income taxes of:		
Share issue costs	-	2,000
Non-deductible expenses – share-based compensation	<b>2,100</b>	-
Change in unrecognized deferred taxes	<b>7,600</b>	10,000
Income tax expense	<b>-</b>	-

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## 12. INCOME TAXES (continued)

### *Deferred income tax*

The unrecognized deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized are attributable to the following:

	2021	2020
	\$	\$
Amounts related to tax loss carry forwards	260,600	253,000
Share issue costs	2,000	2,000
	262,700	255,000
Less: Unrecognized deferred taxes	(262,700)	(255,000)
Net deferred tax	-	-

### *Tax losses*

As at April 30, 2021, the Company has income tax losses of approximately \$989,700 (April 30, 2020 – \$953,000) which are available to reduce future taxable income. The losses expire as follows:

Year	Total \$
2029	18,000
2030	75,000
2031	145,000
2032	291,000
2033	126,000
2034	47,000
2035	39,000
2036	18,000
2037	115,000
2038	25,000
2039	10,000
2040	44,000
2041	7,600
	<u>260,600</u>

## 13. COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the successful completion of a Qualifying Transaction or potential delays in the timing of closing a transaction and condition of the Company in future periods.

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## 14. SUBSEQUENT EVENTS

On May 25, 2021, the Company announced that it has entered into an arrangement agreement (the "Agreement") with Canada Computational Unlimited Inc. doing business as CCU.ai ("CCU.ai"), a bitcoin mining center located in the Province of Québec, Canada. The Agreement outlines the principal terms and conditions which will result in a reverse takeover of Capricorn by CCU.ai (the "Transaction"). Capricorn intends for the Transaction to constitute its Qualifying Transaction, as defined in the policies of the TSX-V (the "Policies").

Pursuant to the Agreement, Capricorn will acquire CCU.ai by way of a three-cornered amalgamation carried out through a plan of arrangement, pursuant to which CCU.ai will be acquired by Capricorn. Upon completion of the Transaction, the resulting issuer (the "Resulting Issuer") will carry out the business of CCU.ai.

Closing of the Transaction is subject to a number of conditions precedent, including, but not limited to: (i) receipt of all regulatory approvals with respect to the Transaction and the listing of the shares of the Resulting Issuer on the TSX-V; (ii) approval of the Transaction by CCU.ai shareholders; (iii) approval of the Consolidation, Name Change, the amendment to the share option plan of Capricorn and the approval of new directors by Capricorn shareholders; (iv) completion of a concurrent financing; and (v) confirmation of no material adverse change by CCU.ai and Capricorn.