# Buzz Capital Inc.

**(A Capital Pool Corporation)**

## Unaudited Condensed Interim Financial statements

**For the Three Month Period ended March 31, 2018**

**(In Canadian Dollars)**

## Notice of No Auditor Review of the Interim Financial Statements

**The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.**

**Buzz Capital Inc.**
**Unaudited Condensed Interim Statements of Financial Position**
(in Canadian dollars)

| | | March 31, 2018 | December 31, 2017 |
|---|---|---|---|
| **Current assets** | | | |
| Cash held in trust | $ | **454,731** | 461,678 |
| Prepaid Expenses | | **3,690** | 5,400 |
| Total current assets | | **458,421** | 467,078 |
| **Current Liabilities** | | | |
| Accrued liabilities | | **7,596** | 644 |
| **Shareholders' equity** | | | |
| Share Capital (note 3) | | **497,460** | 497,460 |
| Contributed surplus | | **79,905** | 79,905 |
| Accumulated deficit | | **(126,540)** | (110,931) |
| Total Shareholders' equity | | **450,825** | 466,434 |
| Total Liabilities and shareholders' equity | $ | **458,421** | 467,078 |

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

**Approved on behalf of the Board**

"Chuck Rifici" Director

"Lorne Gertner" Director

**Buzz Capital Inc.**
**Unaudited Condensed Interim Statements of Loss and Comprehensive Loss**
**For the three month periods ended March 31, 2018 and 2017**
(in Canadian dollars)

| **General and administrative expenses** | | **2018** | | **2017** |
|---|---|---|---|---|
| Professional fees | $ | **7,246** | $ | - |
| Listing fees | | **8,363** | | - |
| Total expenses | | **15,609** | | - |
| Net loss and comprehensive loss | $ | **(15,609)** | $ | - |
| Net loss per share<br>(Basic and diluted) | $ | **(0.00)** | $ | (0.0) |
| Weighted average number of shares outstanding<br>(Basic and diluted) | | **4,200,000** | | - |

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

## Buzz Capital Inc.

**Unaudited Condensed Interim Statements of Changes in Shareholders' Equity**
**For the period from the date of incorporation (February 15, 2017) to March 31, 2017 and the three month period ended March 31, 2018**
(in Canadian dollars)

| | Number of Shares | | Share Capital | | Contributed Surplus | | Accumulated Deficit | | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at February 15, 2017** | - | $ | - | $ | - | $ | - | $ | - |
| Share subscription | 160,000 | | 16,000 | | | | | | 16,000 |
| Offering costs | - | | (4,715) | | - | | - | | (4,715) |
| **Balance, March 31, 2017** | **160,000** | **$** | **11,285** | **$** | **-** | **$** | **-** | **$** | **11,285** |
| | | | | | | | | | |
| **Balance at January 1, 2018** | 8,200,000 | $ | 497,460 | $ | 79,905 | $ | (110,931) | $ | 466,434 |
| Net loss | - | | - | | - | | (15,609) | | (15,609) |
| **Balance, March 31, 2018** | **8,200,000** | **$** | **497,460** | **$** | **79,905** | **$** | **(126,540)** | **$** | **450,825** |

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

## Buzz Capital Inc.
**Unaudited Condensed Interim Statement of Cash Flows**
**For the three month periods ended March 31, 2018 and 2017**
(in Canadian dollars)

**Cash provided by (used in)**

| | 2018 | 2017 |
|---|---|---|
| **Operating activities** | | |
| Net loss for the period | $ **(15,609)** | $ - |
| Change in prepaid expenses | **1,710** | - |
| Change in accrued liabilities | **6,952** | 2,500 |
| **Cash Used in Operating Activities** | **(6,947)** | 2,500 |
| **Financing Activities** | | |
| Issuance of share capital | - | 160,000 |
| **Cash provided by Financing Activities** | **-** | 160,000 |
| **Net change in cash** | **(6,947)** | 162,500 |
| **Cash beginning of period** | **461,678** | - |
| **Cash end of period** | **$ 454,731** | $ 162,500 |

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

## 1. INCORPORATION AND NATURE OF OPERATIONS

Buzz Capital Inc. (the "Company"), was incorporated under the Canada Business Corporations Act on February 15, 2017 and is classified as a Capital Pool corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced operations and has no assets other than cash held in trust and prepaid expenses. The Company'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 proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company, in respect of the sale of its securities, or $210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Company, as defined under the policies of the Exchange. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval.

The head office and the registered head office of the Company is located at 950 Gladstone Avenue, Suite 200, Ottawa, Ontario, K1Y 3E6.

On May 29, 2018 the Board of Directors approved the unaudited condensed interim financial statements for the three month period ended March 31, 2018.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Statement of Compliance

These unaudited interim condensed financial statements, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities. These financial statements are presented in Canadian dollars, which is the corporation's functional and presentation currency.

The accounting policies applied by the Company in these Unaudited Condensed Interim Financial Statements are the same as those applied by the Company in its Financial Statements for the year ended December 31, 2017.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**New Accounting Standards issued**

IFRS 9, Financial Instruments (“IFRS 9”) was initially issued by the IASB on November 12, 2009 and issued in its completed version in July 2014, and will replace IAS 39, "Financial Instruments: Recognition and Measurement" (“IAS 39”). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for financial years beginning on or after January 1, 2018. The company adopted this standard on January 1, 2018, which had no impact on the financial statements.

## 3. SHARE CAPITAL

Authorized

Unlimited common shares

| **Issued** | **#** | **$** |
|---|---|---|
| 4,000,000 common shares (i) | 4,000,000 | $ 200,000 |
| 4,200,000 common shares (ii) | 4,200,000 | 420,000 |
| Cost of issuance-cash | | (100,430) |
| Cost of issuance-share based payment | | (22,110) |
| Balance, March 31, 2018 | 8,200,000 | $ 497,460 |

**Escrowed Shares**

(i) During the period from incorporation (February 15, 2017) to March 31, 2018 the Company issued 4,000,000 common shares at $0.05 per share for total proceeds of $200,000. The Company incurred share issuance costs of $5,894 related to this issuance.

The 4,000,000 issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange.

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. As a result, the escrow shares have not been contemplated in the weighted-average shares outstanding calculation.

All common shares of the Company 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 Company held by principals of the resulting issuer will also be subject to escrow.

## 3. SHARE CAPITAL (Continued)

### Initial Public Offering

(ii) On August 21, 2017, the Corporation completed its Initial Public Offering ("IPO") of 4,200,000 common shares at $0.10 per share ($420,000). The Corporation entered into an agreement with Haywood Securities Inc. (the "Agent") to raise $420,000 in connection with the Corporation's IPO. The Corporation paid a commission of 10% of gross proceeds to the Agent, and granted the Agent warrants to acquire 10% of the common shares issued in the offering exercisable for a period ending twenty-four months from the date the Corporation's Common Shares are listed on the TSX Venture Exchange, exercisable at $0.10 per share. The Corporation also paid a corporate finance fee upon the closing of the offering and reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering. The Corporation incurred cash issuance costs related to the IPO of $94,536.

### Options

The Corporation has established a stock option plan for its directors, officers and consultants under which the Corporation may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

Options may be granted for a maximum term of ten years from the date of the grant. They are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Corporation and, in the case of death, expire one year thereafter.

Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option. Any shares issued upon exercise of the options prior to the Corporation entering into a Qualifying Transaction will be subject to escrow restrictions. Unless otherwise stated, the options fully vest when granted.

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

| | Number of Stock Options and warrants | Weighted Average Exercise Price ($) |
|---|---|---|
| February 15, 2017 | - | - |
| Granted (i) | 420,000 | $0.10 |
| Granted to directors and officers (ii) | 775,000 | $0.10 |
| **Balance, December 31, 2017 and March 31, 2018** | 1,195,000 | $0.10 |

i. On August 21, 2017, the Corporation granted 420,000 warrants to the Agent, which are exercisable within two years from the date of grant at an exercise price of $0.10 per share. 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 1.24%, expected volatility of 100% and an expected life of two years. The value attributed to these options was $22,110.

ii. On August 21, 2017, the Corporation granted 775,000 options to directors and officers, which are exercisable within five 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 1.43%, expected volatility of 100% and an expected life of five years. The value attributed to these options was $57,795.

## 3. SHARE CAPITAL (Continued)

The following table reflects the actual options issued and outstanding as of March 31, 2018:

| Expiry Date | Exercise Price | Weighted Average Remaining Contractual Life (years) | Number of Options and Warrants Outstanding | Number of Options Vested (Exercisable) |
|---|---|---|---|---|
| August 21, 2019 | $0.10 | 1.39 | 420,000 | 420,000 |
| August 21, 2022 | $0.10 | 4.39 | 775,000 | 775,000 |
| | $0.10 | 3.34 | 1,195,000 | 1,195,000 |

## 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern, in order to provide returns for the shareholders and benefits for other stakeholders. The Company includes equity, comprised of issued common shares and deficit, in the definition of capital.

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 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 Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange policy 2.4.

### Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash held in trust and accrued liabilities, approximate fair value due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

## 5. RELATED PARTY TRANSACTIONS

There were no transactions with related parties and no remuneration was paid to key management personnel during the period ended March 31, 2018.