PHARMACIELO LTD. (FORMERLY AAJ CAPITAL 1 CORP.)

Condensed Consolidated Interim Financial Statements

For the three months ended November 30, 2018

Expressed in Canadian Dollars

Unaudited - Prepared by Management

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NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditors.

January 25, 2019

PHARMACIELO LTD. (FORMERLY AAJ CAPITAL 1 CORP.)

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes		November 30, 2018		August 31, 2018 Audited
Assets					
Current assets:					
Cash		**$**	**199,936**	$	208,211
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities		**$**	**13,911**	$	22,659
Due to related parties	5		**14,122**		–
			28,033		22,659
Shareholders' equity:					
Share capital	4		**289,471**		289,471
Reserves	4		**56,458**		56,458
Deficit			**(174,026)**		(160,377)
			171,903		185,552
		$	**199,936**	$	208,211

Nature of business (Note 1)
Qualifying transaction (Note 8)
Subsequent event (Note 9)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

PHARMACIELO LTD. (FORMERLY AAJ CAPITAL 1 CORP.)

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)

		Share capital				
	Note	Number of Shares	Amount	Reserves	Deficit	Total Equity
Balance, August 31, 2017		**179,229**	**$ 107,000**	**$ –**	**$ (15,982)**	**$ 91,018**
Net loss for the period		–	–	–	(12,511)	(12,511)
Balance, November 30, 2017		**179,229**	**107,000**	**–**	**(28,493)**	**78,507**
Initial public offering	4(b)	209,380	250,000	–	–	250,000
Share issuance costs	4(b)	–	(50,408)	–	–	(50,408)
Fair value of agent's options	4(e)	–	(17,121)	17,121	–	–
Share based options	4(d)	–	–	39,337	–	39,337
Net loss for the period		–	–	–	(131,884)	(131,884)
Balance, August 31, 2018		**388,609**	**289,471**	**56,458**	**(160,377)**	**185,552**
Net loss for the period		–	–	–	(13,649)	(13,649)
Balance, November 30, 2018		**388,609**	**$ 289,471**	**$ 56,458**	**$ (174,026)**	**$ 171,903**

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

PHARMACIELO LTD. (FORMERLY AAJ CAPITAL 1 CORP.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

			Three months ended November 30,		
	Notes		**2018**		2017
Expenses:					
Administrative fees	5	**$**	**4,725**	$	4,725
Office and miscellaneous			**169**		772
Professional fees			**5,632**		4,389
Regulatory and transfer agent fees			**3,123**		2,625
Net loss and comprehensive loss		**$**	**(13,649)**	$	(12,511)
Loss per common share					
- basic and diluted		**$**	**(0.06)**	$	(0.07)
Weighted average number of common shares outstanding – basic and diluted			**209,380**		179,229

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

PHARMACIELO LTD. (FORMERLY AAJ CAPITAL 1 CORP.)

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)

	Three months ended November 30, 2018	2017
Cash provided by (used in):		
Operating activities		
Net loss for the period	**$ (13,649)**	$ (12,511)
Changes in non-cash working capital:		
Prepaid expense	**–**	1,575
Accounts payable and accrued liabilities	**(8,748)**	4,428
Due to related party	**14,122**	–
	(8,275)	(6,508)
Change in cash	**(8,275)**	(6,508)
Cash, beginning of period	**208,211**	87,088
Cash, ending of period	**$ 199,936**	$ 80,580

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

1. NATURE OF BUSINESS

PharmaCielo Ltd formerly AAJ Capital 1 Corp. (the "Company" or "PharmaCielo") was incorporated under the laws of the Province of British Columbia on May 30, 2017. As at November 30, 2018, the Company was established as a Capital Pool Company ("CPC") as its principal business is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT") in accordance with Policy 2.4 of the TSX Venture Exchange ("Exchange"). The Company had not commenced operations and has no assets other than cash.

On August 16, 2018, the Company incorporated a wholly owned subsidiary, 10949469 Canada Inc., ("AAJ Sub") under the *Canada Business Corporations Act*.

On January 16, 2019, the Company completed its QT with PharmaCielo Holdings Ltd. ("PharmaCielo Holdings"), a company incorporated under the *Canada Business Corporations Act*, pursuant to which PharmaCielo will merge with AAJ Sub and PharmaCielo will acquire all of the issued and outstanding PharmaCielo Holdings Common Shares. The Plan of Arrangement is structured as a three-cornered merger pursuant to the Plan of Arrangement and, as a result, PharmaCielo Holdings will be a wholly-owned subsidiary of the Resulting Issuer. (Note 8) Upon completion of the PharmaCielo Transaction, the Resulting Issuer will be a Tier 1 Life Sciences or Industrial Issuer. On January 15, 2019, AAJ Capital 1 Corp. changed its name to PharmaCielo Ltd. and consolidated its common shares on a ratio of one (1) new post-consolidated common share for 11.94 old pre-consolidated common share. All shares and per share references in these financial statements have been retroactively restated accordingly unless noted otherwise.

On January 18, 2019, the Company began trading on the Exchange under the symbol PCLO.

The Company's head office and principal address is 82 Richmond Street East Toronto, Ontario M5C 1P1. The registered and records office is 1055 West Georgia Street, PO Box 11117, Vancouver, BC, V6E 4N7.

2. BASIS OF PRESENTATION

These financial statements were authorized for issue on January 25, 2019 by the directors of the Company.

2. BASIS OF PRESENTATION (cont'd)

Statement of compliance

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

These condensed interim financial statements have been prepared using accounting policies consistent with those used in the Company's August 31, 2018 audited financial statements. It is therefore recommended that these interim financial statements be read in conjunction with the Company's August 31, 2018 audited financial statements.

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. These financial statements are presented in Canadian dollars unless otherwise noted.

Consolidation

Assets, liabilities, revenues and expenses of the subsidiary is recognized in accordance with the Company's accounting policies. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant doubt about the Company's ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Recent accounting pronouncements

The following standards have been adopted by the Company:

On September 1, 2018, the Company adopted IFRS 9, Financial Instruments, which sets out the accounting standards for the classification and measurement of financial instruments. IFRS 9 became effective for annual periods beginning on or after January 1, 2018, and replaces IAS 39, Financial Instruments: Recognition and Measurement. The new standard provides a model for the classification and measurement of financial instruments, a single forward-looking "expected loss" impairment model, and a reformed approach for hedge accounting. As most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward into IFRS 9, the Company's accounting policy with respect to financial liabilities is unchanged. The Company has determined that the adoption of this standard has resulted in no material impact to its financial statements.

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual periods beginning on or after January 1, 2018. These standards have been assessed to not have a significant impact on the Company's financial statements. This includes adoption of IFRS 15 "Revenue from Contracts with Customers". The Company currently does not generate any revenue, therefore, the adoption of IFRS 15 had no impact on the Company's interim financial statements.

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective.

IFRS 16, the new standard contains a single lessee accounting model, which eliminates the distinction between operating and financing leases from the perspective of the lessee. The accounting requirements from the perspective of the lessor remains largely in line with previous IAS 17 requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 for public entities with early adoption permitted. The Company has not early adopted this standard and is assessing its impact on the financial statements.

4. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.

b. Issued and outstanding

During the period ended November 30, 2018, there were no transactions affecting share capital.

During the year ended August 31, 2018, the Company completed its IPO and issued an aggregate of 209,380 post-consolidated common shares of the Company for gross proceeds of $250,000 through Canaccord Genuity Corp. (the "Agent"). The Company paid an aggregate of $50,408 in cash commission, administration fee, legal and other expenses and issued to agents involved in the Offering non-transferable warrants to acquire an aggregate of up to 20,938 post-consolidated common shares for a period of two years from the date the

(Expressed in Canadian Dollars)

Company's shares are listed on the Exchange, at an exercise price of $1.19 per share. These 179,229 post-consolidated common shares are held in escrow and will be released upon completion of its QT.

4. SHARE CAPITAL (cont'd)

c. Escrow shares

Pursuant to an escrow agreement dated November 20, 2017, as at November 30, 2018, 179,229 post-consolidated common shares issued are held in escrow. Upon completion of the QT, 25% of the escrowed common shares will be released from escrow on the date of the issuance of the final Exchange bulletin (the "Initial Release"), and an additional 25% will be released every six months following the Initial Release over a period of eighteen months.

d. Stock Options

Until the Company completes its QT, the Company has adopted an incentive stock option plan (the "Option Plan") which provides that the board of directors of the Company may from time to time, at its discretion, grant to directors, officers, employees and consultants non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the Closing of the IPO. Such options will be exercisable for a period of up to 5 years from the date of grant. Under the Option Plan, options are required to have an exercise price not less than the closing market price of the Company's shares prevailing on the day that the option is granted less applicable discount, if any, permitted by the policies of the Exchange. Pursuant to the Option Plan, the board of directors of the Company may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or an aggregate maximum of 2% if the optionee(s) are engaged in investor relations activities or if the optionee is a consultant, no more than 2% per consultant. The Option Plan contains no vesting requirements other than those that will apply to options granted to investor relations service providers, but permits the board of directors of the Company to specify a vesting schedule in its discretion.

During the period ended November 30, 2018, the Company did not grant any stock options.

A summary of the Company's share option transactions is presented below:

	November 30, 2018		August 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	38,776	$1.194	–	–
Granted	–	–	38,776	$1.194
Outstanding, end of period	38,776	$1.194	38,776	$1.194

As at November 30, 2018, the following were outstanding:

Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted average period remaining

Options	January 30, 2023	38,776[1]	$1.194	4.17 years

[1] Subsequent to November 30, 2018, 38,776 stock option were exercised.

4. SHARE CAPITAL (cont'd)

e. Agent's Warrants

In connection to the Company's IPO, 20,938 post consolidated non-transferable agent's warrants were issued to agents involved in the Offering. The agent's warrants are exercisable at a price of $1.19 per share with an expiry date of January 30, 2020.

f. Reserves

Reserves relate to share-based payment reserve, which represent the fair value of stock options or warrants until such time that the share-based instruments are exercised, at which time the corresponding amount will be transferred to share capital.

5. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

On July 1, 2017, the Company entered into an administrative services and rent agreement with Varshney Capital Corp. ("VCC"), a company with a director in common, for office administrative services and office premises on a month to month basis in exchange for a monthly fee of $1,500 plus taxes. The fee shall be limited to a cumulative maximum of $26,775 tax inclusive. Upon reaching the maximum fee, the services will continue at no additional fee. Upon completion of the QT, the agreement has been terminated.

During the period ended November 30, 2018, the Company paid $4,725 (2017 - $4,725) pursuant to this agreement for a cumulative total of $26,775, tax inclusive.

As at November 30, 2018, $14,122 (August 31, 2018 - $nil) was owed to the CEO and CFO of the Company for reimbursement of legal and accounting expenses. This amount was repaid subsequent to the period end.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at November 30, 2018, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

As at November 30, 2018, the Company had cash on hand of $199,936 (August 31, 2018 - $208,211), which is sufficient to settle its current liabilities of $28,033 (August 31, 2018 - $22,659).

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk
The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(c) Price risk
The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

7. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at November 30, 2018, the Company's shareholders' equity was $171,903 and it had current liabilities of $28,033. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its future liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company currently is not subject to externally imposed capital requirements.

Cash on hand will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction.

8. QUALIFYING TRANSACTION

On January 15, 2019, the Company completed its QT with PharmaCielo Holdings pursuant to the following transactions:

(a) PharmaCielo consolidated its then outstanding 4,640,000 common shares on a 1:11.94 basis;

(b) pursuant to the terms of an agreement dated August 17, 2018 in respect of a plan of arrangement (the "Arrangement") between PharmaCielo, 10949469 Canada Inc. ("AAJ Sub"), a private company incorporated under the Canada Business Corporations Act (the "CBCA") and a wholly owned subsidiary of the Company created for the purposes of the Arrangement, and PharmaCielo Holdings, a private corporation incorporated under the CBCA, PharmaCielo acquired all of the issued and outstanding common shares (the "PharmaCielo Common Shares") of PharmaCielo Holdings and indirectly, PharmaCielo Holdings S.A.S., PharmaCielo Holdings' wholly owned Colombian operating subsidiary from the holders of PharmaCielo Common Shares in exchange for an aggregate of 81,747,811 PharmaCielo Common Shares. In addition, 11,815,416 subscription receipts of PharmaCielo Holdings were converted into PharmaCielo Common Shares and immediately into Resulting Issuer Shares on a one for one basis for gross proceeds of $39,581,644;

(c) PharmaCielo Holdings and AAJ Sub amalgamated and continued as a wholly owned subsidiary of PharmaCielo; and

(d) AAJ Capital 1 Corp. changed its name to "PharmaCielo Ltd.".

Trading in the common shares of the Company commenced on the Exchange on January 18, 2019 under the new symbol PCLO.

No deposit or advance has been made or is anticipated to be made by AAJ to PharmaCielo in connection with the PharmaCielo Transaction.

9. SUBSEQUENT EVENT

Subsequent to November 30, 2018, 38,776 post-consolidated stock options were exercised for total gross proceeds of $46,300.