Aumento Capital VII Corporation

(A Capital Pool Corporation)

Financial statements

For the Years Ended December 31, 2019 and 2018

(In Canadian Dollars)

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Independent auditor’s report

To the Shareholders of Aumento Capital VII Corporation

Opinion

We have audited the financial statements of Aumento Capital VII Corporation, which comprise the statements of financial position as at December 31, 2019, and December 31, 2018, and the statements of loss and comprehensive loss, statements of changes in shareholders’ equity and statements of 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 Aumento Capital VII Corporation as at December 31, 2019, and December 31, 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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 entity 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.

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a 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 IFRSs, 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 these financial statements, management is responsible for assessing the Entity’s ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Entity’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 and 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 Entity'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 Entity'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 Entity's 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 Jeremy Jagt.

Grant Thornton LLP

Toronto, Canada
April 29, 2020

Chartered Professional Accountants
Licensed Public Accountants

Aumento Capital VII Corporation

Statements of Financial Position

(in Canadian dollars)

As at		December 31, 2019		December 31, 2018
Current assets				
Cash held in trust	**$**	**542,748**	$	602,286
Total current assets		**542,748**		602,686
Current liabilities				
Accrued liabilities		**1,383**		9,609
		$544,131		
Shareholders' equity				
Share capital (note 3)		**628,901**		628,901
Contributed surplus (note 3)		**101,368**		101,368
Accumulated deficit		**(188,904)**		(137,592)
Total Shareholders' equity		**541,365**		592,677
Total Liabilities and shareholders' equity	**$**	**542,748**	$	602,286

Subsequent Events – Note 6

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

Approved on behalf of the Board

David Danziger
Director **(Signed)**

Paul Pathak
Director **(Signed)**

Aumento Capital VII Corporation

Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2019 and 2018
(in Canadian dollars)

		Year Ended December 31, 2019		Year Ended December 31, 2018
Expenses				
Professional fees	$	**36,698**	$	28,790
Filing and listing fees		**14,614**		28,883
Share-based compensation		**-**		74,919
Total expenses		**51,312**		132,592
Net loss and comprehensive loss for the year	$	**(51,312)**	$	(132,592)
Net loss per share (Basic and diluted)	$	**(0.05)**	$	(0.16)
Weighted average number of shares outstanding (Basic and diluted)		**1,000,000**		804,408

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

Aumento Capital VII Corporation

Statements of Changes in Shareholders' Equity
For the Years Ended December 31, 2019 and 2018
(in Canadian dollars)

	Number of shares		Share capital		Contributed Surplus		Accumulated deficit		Total
Balance, January 1, 2018	**1,000,000**	**$**	**245,000**	**$**	**-**	**$**	**(5,000)**	**$**	**240,000**
Initial public offering	1,000,000		500,000		-		-		500,000
Fair value of agent warrants	-		(26,449)		26,449		-		-
Stock-based compensation	-		-		74,919		-		74,919
Offering costs (cash)	-		(89,650)		-		-		(89,650)
Net loss	-		-		-		(132,592)		(132,592)
Balance, December 31, 2018	**2,000,000**	**$**	**628,901**	**$**	**101,368**	**$**	**(137,592)**	**$**	**592,677**
Balance, January 1, 2019	**2,000,000**	**$**	**628,901**	**$**	**101,368**	**$**	**(137,592)**	**$**	**592,677**
Net loss	-		-		-		(51,312)		(51,312)
Balance, December 31, 2019	**2,000,000**	**$**	**628,901**	**$**	**101,368**	**$**	**(188,904)**	**$**	**541,365**

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

Aumento Capital VII Corporation
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018
(in Canadian dollars)

Cash provided by (used in)	**Year Ended December 31, 2019**	Year Ended December 31, 2018
Operating activities		
Net loss for the period	**$ (51,312)**	$ (132,592)
Stock-based compensation	**-**	74,919
Change in accrued liabilities	**(8,226)**	(391)
Cash Used in Operating Activities	**(59,538)**	(58,064)
Financing activities		
Initial public offering	**-**	500,000
Share issuance	**-**	-
Share issuance costs	**-**	(89,650)
Cash Provided by Financing Activities	**-**	410,350
Net change in cash	**(59,538)**	352,286
Cash beginning of year	**602,286**	250,000
Cash end of year	**$ 542,748**	$ 602,286

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

1. INCORPORATION AND NATURE OF OPERATIONS

Aumento Capital VII Corporation (the "Company"), was incorporated under the Ontario Business Corporations Act on December 13, 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 is 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. 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 are located at 77 King Street West, Suite 700, Toronto M5K 1G8.

On April 29, 2020, the Board of Directors approved the financial statements for the year ended December 31, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance 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 Company's functional and presentation currency.

Basis of Presentation

The financial statements are presented in Canadian dollars ("CAD"), which is the Company'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.

Financial Instruments

Recognition

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 a financial asset and measured at amortized cost.
Accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

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:

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.

(In Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Current income tax assets and liabilities 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 end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of operations and comprehensive income.

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. Deferred tax assets are recognized to the extent that realization of such benefits is probable.

Estimates

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.

New Accounting Standards Issued

In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16") which replaces the previous leases standard, IAS 17 Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessors continue to classify leases as operating leases or finance leases, and account for those two types of leases differently. IFRS 16 is effective for periods beginning on or after January 1, 2019. The Company adopted IFRS 16 effective January 1, 2019. The adoption had no impact on the Company's financial statements as the Company is not a party to any leases.

3. SHARE CAPITAL

Authorized

Unlimited common shares

Issued	#	$
1,000,000 common shares (i)	1,000,000	$ 250,000
1,000,000 common shares (ii)	1,000,000	500,000
Cost of issuance-Cash		(94,650)
Cost of issuance-share based payment		(26,449)
Balance, December 31, 2018 and 2019	2,000,000	$ 628,901

(In Canadian dollars)

3. SHARE CAPITAL (Continued)

Escrowed Shares

(i) During the period ended December 31, 2017, the Company issued 1,000,000 common shares at $0.25 per share for total proceeds of $250,000. The Company incurred cash related issuance costs of $5,000.

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

All common shares granted to directors and officer prior to the Completion of the Qualifying Transaction must be deposited in escrow until the final Exchange bulletin is issued.

All common shares acquired in the secondary market prior to the Completion of the Qualifying Transaction by a Control Person (as such term is defined in the TSX Venture Exchange Corporate Finance Manual), are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the Resulting Issuer (as such term is defined in the Manual) will also be subject to escrow.

Initial Public Offering

(ii) On March 13, 2018, the Company completed its initial public offering (the “Offering”) of 1,000,000 common shares at a purchase price of $0.50 per common share for aggregate gross proceeds of $500,000.

Canaccord Genuity Corp. (the “Agent”) acted as the agent for the Offering. In connection with the Offering, the Company granted to the Agent 100,000 compensation warrants (the “Agent’s Warrants”). Each Agent’s Warrant is exercisable to acquire one common share at a price of $0.50 for a period of 24 months from the date the Company’s common shares were listed on the Exchange, exercisable at $0.50 per share. In connection with the Offering, the Agent also received a cash commission equal to 10% of the aggregate gross proceeds from the sale of the common shares. The Company 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 Company incurred cash issuance costs related to the IPO of $89,650.

Options

The Company has established a stock option plan for its directors, officers and consultants under which the Company 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 Company and, in the case of death, expire one year thereafter.

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

	Number of Stock Options	Weighted Average Exercise Price ($)
January 1, 2018	-	-
Granted (i)	100,000	$0.50
Granted to directors and officers (ii)	200,000	$0.50
Balance, December 31, 2018 and 2019	300,000	$0.50

(In Canadian dollars)

3. SHARE CAPITAL (Continued)

i. On March 13, 2018, the Company granted 100,000 options to the Agent, which are exercisable at an exercise price of $0.50 per share for a period of 24 months following the date that the common shares are listed on the Exchange. 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 1.78%, expected volatility of 100% and an expected life of two years. The value attributed to these options was $26,449.

ii. On March 13, 2018, the Company granted 200,000 options to directors and officers, which are exercisable within five years from the date of grant at an exercise price of $0.50 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 1.97%, expected volatility of 100% and an expected life of five years. The value attributed to these options was $74,919.

The following table reflects the actual options issued and outstanding as of December 31, 2019:

Expiry Date	Exercise Price	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
March 13, 2020	$0.50	0.05	100,000	100,000
March 13, 2023	$0.50	2.40	200,000	200,000
	$0.50	2.45	300,000	300,000

The options with expiry on March 13, 2020 expired unexercised on that date.

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

During the year ended December 31, 2019, the Company incurred $21,093 in legal fees (2018 - $44,405) for services provided by a law firm whose partner is a director of the Company. Included in accounts payable and accrued liabilities as at December 31, 2019 is $1,383 for these services (2018 - $9,609).

On March 13, 2018, the Company granted 200,000 options to directors and officers. The value attributed to these options was $74,919.

During the year ended December 31, 2019, the Company incurred $2,902 in accounting fees (2018 - $1,935) for services provided by an accounting firm whose partner is a director of the Company. Included in accounts payable and accrued liabilities as at December 31, 2019 is $nil for these services (2018 - $

6. SUBSEQUENT EVENTS

Subsequent to year end , as the Company has not completed its QT, the TSXV may suspend the shares from trading at any time and/or require the Company to delist from the Exchange entirely. The Company has the option at any time, with shareholder approval, to apply for a listing on the NEX Exchange which would require cancellation of all or a portion of seed shares purchased by non- arms length parties to the CPC.

Subsequent to December 31, 2019, financial markets have been negatively impacted by the novel Coronavirus or COVID-19, which was declared a pandemic by the World Health Organization on March 12, 2020. This has resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on our future financial results.