Unaudited condensed interim financial statements of

PIVOTAL FINANCIAL CORP.

A Capital Pool Corporation

For the three months ended March 31, 2021

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity’s auditor.

PIVOTAL FINANCIAL CORP.

A Capital Pool Corporation

Condensed interim statements of financial position

(In Canadian dollars)

(Unaudited)

As at

	Note	**March 31, 2021**	December 31, 2020
Assets			
Current assets			
Funds held in trust	3	**$ 460,225**	$ 500,000
Deferred financing costs	7	**44,188**	348
Prepaid expenses and deposits	8	**21,300**	-
Total assets		**$ 525,713**	$ 500,348
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	9	**$ 83,098**	$ 21,751
Total current liabilities		**83,098**	21,751
Shareholders' equity			
Share capital	5	**495,526**	496,813
Deficit		**(52,911)**	(18,216)
Total shareholders’ equity		**442,615**	478,597
Total liabilities and shareholders’ equity		**$ 525,713**	$ 500,348

Nature of operations and going concern	1
Subsequent events	14

Approved by the Board of Directors:

(Signed) *“C. Fraser Elliott”*

Director and Chief Executive Officer

(Signed) *“Peter Quintiliani”*

Director and Chief Financial Officer

PIVOTAL FINANCIAL CORP.

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Condensed interim statement of loss and comprehensive loss

(In Canadian dollars)

(Unaudited)

For the

	Note	Three months ended March 31, 2021
Expenses		
Professional fees		$ **16,163**
Filing costs		**18,410**
Office and general		**122**
Net loss and comprehensive loss for the period		$ **(34,695)**
Loss per share		
Basic and diluted	4	$ **(0.01)**
Weighted average number of shares outstanding		
Basic and diluted		**5,000,001**

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

PIVOTAL FINANCIAL CORP.

A Capital Pool Company

Statements of changes in shareholders' equity

(In Canadian dollars)

(Unaudited)

	Shares issued #	Share Capital $	Deficit $	Total shareholders' equity $
Balance as at December 21, 2020	-	-	-	-
Common shares issued for cash	5,000,001	500,000	-	500,000
Share issuance costs	-	(3,187)	-	(3,187)
Net loss for the period	-	-	(18,216)	(18,216)
Balance as at December 31, 2020	**5,000,001**	**496,813**	**(18,216)**	**478,597**
Share issuance costs	-	(1,287)	-	(1,287)
Net loss for the period	-	-	(34,695)	(34,695)
Balance as at March 31, 2021	**5,000,001**	**495,526**	**(52,911)**	**442,615**

PIVOTAL FINANCIAL CORP.

A Capital Pool Corporation
Condensed interim statement of cash flows
(In Canadian dollars)
(Unaudited)

For the

		Three months ended March 31, 2021
Cash flows from operating activities		
Net loss for the period	$	**(34,695)**
Change in non-cash operating assets and liabilities		
Prepaid expenses and deposits		**(21,300)**
Deferred financing costs		**(43,840)**
Accounts payable and accrued liabilities		**61,347**
Cash provided by operating activities		**(38,488)**
Financing activities		
Share issuance costs		**(1,287)**
Cash provided by financing activities		**(1,287)**
Increase in cash		**(39,775)**
Cash, beginning of period		**500,000**
Cash, end of period	$	**460,225**

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

1. Nature of operations and going concern

Pivotal Financial Corp. (the "Company" or "Pivotal") was incorporated December 21, 2020 pursuant to the provisions of the Business Corporations Act (Ontario).

On April 22, 2021, subsequent to the quarter end, the Company closed its Initial Public Offering (the "Offering"), and the Company commenced to carry on business as a Capital Pool Corporation ("CPC"), as such term is defined in TSX Venture Exchange Inc. (the "Exchange") Policy 2.4 – Capital Pool Companies ("CPC Policy 2.4") (note 14). Upon completion, the Company's shares were listed and commenced trading on the Exchange under the trading symbol "PIV.P".

As at March 31, 2021, the Company had no business operations and did not enter into any agreements to acquire an interest in businesses or assets. The Company's principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the Exchange. The Company's registered head office is located at Suite 800, 365 Bay Street, Toronto, Ontario, Canada M5H 2V1.

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the duration of the outbreak and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, the health crisis could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations and complete a Qualifying Transaction.

Going concern

These financial statements were prepared on a going-concern basis of accounting, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. The Company does not generate revenue from operations and incurred a net loss of $34,695 for the three months ended March 31, 2021. However, the Company believes that its working capital balance as at March 31, 2021 will provide the Company with sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. As the Company has no revenues, its ability to continue as a going concern is dependent on its ability to obtain additional financing and complete a Qualifying Transaction. These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

2. Basis of presentation

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS").

Accounting policies and methods of their application followed in the preparation of these unaudited condensed interim financial statements are consistent with those used in the annual audited financial statements for the period ended December 31, 2020, which are included with the Final Prospectus and available under the Company's profile on www.SEDAR.com.

Basis of measurement

These financial statements have been prepared on an historical cost basis and on an accrual basis except for cash flow information. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

These financial statements were authorized for issue by the Board of Directors on May 27, 2021.

3. Funds held in trust

As at March 31, 2021, the Company had $460,225 held in trust with its lawyers (December 31, 2020 - $500,000).

4. Cash restriction

Upon completion of the Offering (Note 14), there will be a restriction on the use of proceeds realized from the sale of all securities issued by the Company as a CPC. The gross proceeds raised from the Offering may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a proposed "Qualifying Transaction" as such term is defined in Exchange CPC Policy 2.4 ("Transaction Expenses"), with the exception that general and administrative expenses are capped at $3,000 per month, including for professional accounting, advisory, and legal services expenses, and are not time limited.

5. Share capital

Authorized

Unlimited common shares with no par value

Issued common shares	**Number of shares**		**Amount**
Balance as at December 21, 2020	-	$	-
Issued on incorporation	1		-
Share issuance	5,000,000		500,000
Share issuance costs	-		(3,187)
Balance as at December 31, 2020	**5,000,001**	**$**	**496,813**
Share issuance costs	-		(1,287)
Balance as at March 31, 2021	**5,000,001**	**$**	**495,526**

5. Share capital (continued)

Seed share issuance

During the period ended December 31, 2020, the Company issued an aggregate of 2,450,000 seed common shares to directors and officers of the Company and 2,550,000 seed common shares to other investors at a price of $0.10 per share for gross proceeds of $500,000.

Shares subject to escrow after completion of the Offering

Upon completion of the Offering (Note 14), all issued and outstanding seed shares will be subject to a uniform 18-month escrow release schedule following the Qualifying Transaction, and will be released as to 25% on the date of the final Qualifying Transaction Exchange bulletin and an additional 25% on each of the dates that are 6, 12 and 18 months thereafter, pursuant to the terms of an Escrow Agreement dated as of February 24, 2021 between the Company, TSX Trust Company, and the shareholders of the Company.

Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

All common shares acquired on exercise of stock options granted to directors and officers prior to completion of a Qualifying Transaction must also be deposited and held in escrow pursuant to the requirements of the Exchange.

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 and held in escrow.

6. Stock option plan

The Option Plan provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the Exchange requirements, grant to directors, officers, consultants and employees of the Company, options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company, exercisable for a period of up to ten years from the date of grant.

The Option Plan was approved by the Board of Directors and adopted by the Company on February 5, 2021.

7. Deferred financing costs

The deferred financing costs as at March 31, 2021, totaling $44,188 (December 31, 2020 – $348), related to the Offering (Note 14).

8. Prepaid expenses and deposits

The Company’s prepaid expenses and deposits as at March 31, 2021 totaling $21,300 (December 31, 2020 – NIL) included professional fee deposits and legal funds held in trust in relation to the Offering (Note 14).

(In Canadian dollars)

9. Accounts payable and accrued liabilities

The Company's accounts payable and accrued liabilities consisted of the following:

	March 31, 2021	December 31, 2020
Accrued liabilities	**$ 80,273**	$ 21,751
Accounts payable	**2,825**	-
Accounts payable and accrued liabilities	**$ 83,098**	$ 21,751

10. Income taxes

The Company has approximately $53,000 of non-capital losses in Canada, which, under certain circumstances, can be used to reduce the taxable income of future years. These losses expire in 2040 and 2041.

Deferred tax assets have not been recognized because it is not probable that future taxable profit will be available against which the Company can use the benefits.

11. Related party transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions (Notes 5 and 14).

12. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and ensure sufficient liquidity in order to operate as a CPC and complete a Qualifying Transaction so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as total shareholders' equity. The Company is not subject to any externally imposed capital requirements other than the cash restriction disclosed in Note 4. There were no significant changes in the Company's approach to capital management during the periods ended March 31, 2021 and December 31, 2020.

13. Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: fair values, credit risk, liquidity risk and market risk (including interest rate risk). The Board of Directors provides regular guidance for overall risk management.

Fair values

As at March 31, 2021, the Company's financial instruments consist of cash, deferred financing costs, accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

13. Financial instruments and risk management (continued)

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the Company's search for a Qualifying Transaction, and to limit exposure to credit and market risks.

<u>Credit risk</u>

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is exposed to credit risk through its cash balance as at March 31, 2021 which was held in trust at a legal firm. The Company believes its exposure to credit risk is not significant.

<u>Interest rate risk</u>

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. None of the Company's financial instruments bear interest. Therefore, management believes the Company has no significant exposure to interest rate risk through its financial instruments as at March 31, 2021 and December 31, 2020.

<u>Liquidity risk</u>

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in note 12, in normal circumstances.

14. Subsequent events

Closing of the Offering

On April 22, 2021, the Company completed the Offering pursuant to which it issued 10,000,000 common shares at $0.20 per share, for aggregate proceeds of $2,000,000, pursuant to a final prospectus dated March 23, 2021. In connection with the closing of the Offering, the Agent received a cash commission of $200,000, a corporate finance fee of $11,300 (including HST) and reimbursed legal and other expenses of $15,696. The Company also granted an aggregate of 1,000,000 compensation warrants to the Agent with an exercise price of $0.20 per common share expiring on April 22, 2026 – five years from the date of listing on the Exchange.

Concurrently upon closing of the Offering on April 22, 2021, the Company granted 1,500,000 stock options at an exercise price of $0.10 per common share expiring on April 22, 2021 – ten years from the date of listing on the Exchange.

Also concurrent with the closing of the Offering and pursuant to the Escrow Agreement signed February 24, 2021, all 5,000,001 common shares issued prior to the Offering were placed into Escrow and are subject to the timed-release provisions stated in Note 5.