

# **Yubba Capital Corp.**

(A Capital Pool Corporation)

## **Unaudited Interim Condensed Financial Statements**

**For the Period from January 8, 2021 (Date of Incorporation) to  
June 30, 2021**

(In Canadian Dollars)

### **Management's Comments on Unaudited Interim Condensed Financial Statements**

The accompanying unaudited interim condensed financial statements of Yubba Capital Corp. for the interim period ended June 30, 2021, have been prepared by management and approved by the Board of Directors of the Company. These statements have not been reviewed by the Company's external auditors

# Yubba Capital Corp.

## Interim Condensed Statements of Financial Position

(In Canadian Dollars)

As at June 30, 2021 and February 28, 2021

|                                                   | As at<br>June 30, 2021 | As at<br>February 28, 2021 |
|---------------------------------------------------|------------------------|----------------------------|
|                                                   | (unaudited)            |                            |
| <b>ASSETS</b>                                     |                        |                            |
| <b>Current</b>                                    |                        |                            |
| Cash (note 4)                                     | \$ 101,355             | \$ 133,402                 |
| Deferred financing (note 5)                       | 25,000                 | 10,000                     |
| <b>Total Assets</b>                               | <b>\$ 126,355</b>      | <b>\$ 143,402</b>          |
| <b>LIABILITIES</b>                                |                        |                            |
| <b>Current</b>                                    |                        |                            |
| Accounts payable and accrued liabilities          | \$ 27,270              | \$ 7,690                   |
| <b>SHAREHOLDERS' EQUITY</b>                       |                        |                            |
| Share capital (note 6)                            | 149,500                | 149,500                    |
| Accumulated deficit                               | (50,415)               | (13,788)                   |
|                                                   | 99,085                 | 135,712                    |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>\$ 126,355</b>      | <b>\$ 143,402</b>          |

**Incorporation and nature of the business (note 1)**

**Subsequent events (note 11)**

Incorporation and nature of business (note 1)

Subsequent event (note 11)

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

|                       |                      |                         |
|-----------------------|----------------------|-------------------------|
| Approved by the Board | <u>Brian Morales</u> | <u>Edward (Ted) Yew</u> |
|                       | Director (Signed)    | Director (Signed)       |

# Yubba Capital Corp.

## Interim Condensed Statements of Loss and Comprehensive Loss (Unaudited)

(In Canadian Dollars)

For the Period from January 8, 2021 (Date of Incorporation) to June 30, 2021

|                                                                         | For the three<br>months ended,<br>June 30, 2021 | For the period from<br>January 8 to<br>June 30, 2021 |
|-------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------|
| <b>Expenses</b>                                                         |                                                 |                                                      |
| Audit and accounting                                                    | \$ -                                            | \$ 12,274                                            |
| Professional fees                                                       | 18,356                                          | 38,008                                               |
| Other                                                                   | 20                                              | 133                                                  |
|                                                                         | 18,376                                          | 50,415                                               |
| <b>Net loss and comprehensive loss for the period</b>                   | <b>(18,376)</b>                                 | <b>(50,415)</b>                                      |
| <b>Net loss per share - basic and diluted (note 6)</b>                  | <b>\$ -</b>                                     | <b>\$ -</b>                                          |
| <b>Weighted average shares outstanding - basic and diluted (note 6)</b> | <b>-</b>                                        | <b>-</b>                                             |

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

# Yubba Capital Corp.

## Interim Condensed Statement of Cash Flows (Unaudited)

(In Canadian Dollars)

For the Period from January 8, 2021 (Date of Incorporation) to June 30, 2021

|                                                        | From January 8,<br>June 30, 2021 |
|--------------------------------------------------------|----------------------------------|
| <b>Cash Flow used in operating activities</b>          |                                  |
| Net loss                                               | \$ (50,415)                      |
| Net change in non-cash working capital items:          |                                  |
| Accounts payable and accrued liabilities               | 12,270                           |
| <b>Net cash used in operating activities</b>           | <b>(38,145)</b>                  |
| <b>Cash flow from financing activities</b>             |                                  |
| Deferred financing costs                               | (10,000)                         |
| Issuance of common shares, net of share issuance costs | 149,500                          |
| <b>Net cash provided from financing activities</b>     | <b>139,500</b>                   |
| <b>Net change in cash</b>                              | <b>101,355</b>                   |
| <b>Cash, beginning of period</b>                       | <b>-</b>                         |
| <b>Cash, end of period</b>                             | <b>\$ 101,355</b>                |

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

# Yubba Capital Corp.

**Interim Condensed Statement of Changes in Shareholders' Equity (unaudited)**  
**For the Period from January 8, 2021 (Date of Incorporation) to June 30, 2021**  
(In Canadian Dollars)

|                                   | Number of<br>shares | Share capital | Deficit     | Shareholders'<br>Equity |
|-----------------------------------|---------------------|---------------|-------------|-------------------------|
| <b>Balance, January 8, 2021</b>   | -                   | \$ -          | \$ -        | \$ -                    |
| Issuance of common shares, net    | 3,000,000           | 149,500       | -           | 149,500                 |
| Net loss for the period           | -                   | -             | (13,788)    | (13,788)                |
| <b>Balance, February 28, 2021</b> | 3,000,000           | 149,500       | (13,788)    | 135,712                 |
| Net loss for the period           | -                   | -             | (36,627)    | (36,627)                |
| <b>Balance, June 30, 2021</b>     | 3,000,000           | \$ 149,500    | \$ (50,415) | \$ 99,085               |

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

# Yubba Capital Corp.

## Notes to the Unaudited Interim Condensed Financial Statements

(In Canadian Dollars)

**For the Period from January 8, 2021 (Date of Incorporation) to June 30, 2021**

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### **1. Incorporation and nature of business**

Yubba Capital Corp. ("Yubba" or the "Company") was incorporated on January 8, 2021, under the Ontario Business Corporations Act. The Company is classified as a Capital Pool Company ("CPC") as defined in 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 commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Company's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, subject to the requirements of the TSX Venture Exchange. These restrictions will 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 2131 Lawrence Avenue East, Suite 207, Toronto, ON, M1R 5G4.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

### **2. Basis of preparation and statement of compliance**

#### **Statement of compliance**

These unaudited interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These unaudited interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS34"), as issued by the IASB. Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed.

These unaudited interim condensed consolidated financial statements were approved by the Board of Directors on August 30, 2021.

#### **Basis of presentation**

These unaudited interim condensed financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

These unaudited interim condensed financial statements are presented in Canadian dollars, which is also the Company's functional currency.

# Yubba Capital Corp.

## Notes to the Unaudited Interim Condensed Financial Statements

(In Canadian Dollars)

For the Period from January 8, 2021 (Date of Incorporation) to June 30, 2021

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### 2. Basis of preparation and statement of compliance (continued from previous page)

#### Use of estimates and judgments

The preparation of interim condensed financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

There were no key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

### 3. Significant accounting policies

#### Financial Instruments

*Financial Instruments:* IFRS 9 - Financial Instruments was issued by the IASB to establish principles for the financial reporting of financial assets and financial liabilities, including requirements for classification and measurement, impairment, and hedge accounting.

##### Classification

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. IFRS 9 approach for the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements. The new model also results in a single impairment model being applied to all financial instruments.

##### Financial Assets

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

##### Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

##### Financial assets designated as fair value through profit or loss

Financial assets measured at FVTPL include financial assets management intends to sell and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVTPL are carried at fair value in the statement of financial position with changes in fair value recognized in other income or expense in the statement of loss and comprehensive loss.

##### Fair value through other comprehensive income

Changes in fair value after initial recognition, whether realized or not, are recognized through other comprehensive (loss) income. Income arising in the form of interest, dividends, or similar, is recognized through profit and loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

##### Financial Liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. 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).

# Yubba Capital Corp.

## Notes to the Unaudited Interim Condensed Financial Statements

(In Canadian Dollars)

For the Period from January 8, 2021 (Date of Incorporation) to June 30, 2021

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### 3. Significant accounting policies (continued from previous page)

#### Other financial liabilities

This category includes all other financial liabilities, all of which are recognized at amortized cost.

The Company's financial instruments consist of the following:

| <b>Financial assets</b>                  | <b>IFRS 9 Classification</b> |
|------------------------------------------|------------------------------|
| Cash                                     | FVTPL                        |
| <b>Financial Liabilities</b>             | <b>IFRS 9 Classification</b> |
| Accounts payable and accrued liabilities | Amortized cost               |

#### Fair value hierarchy

The Company classifies its financial instruments according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Inputs for assets or liabilities that are not based on observable market data.

Cash is classified within level 1 of the fair value hierarchy.

#### Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method with interest expense being recognized on an effective yield basis. Accounts payable and accrued liabilities are measured in this category.

#### Share capital

Proceeds from the issuance of common shares are classified as equity in the statement of financial position. Incremental costs directly attributable to the issuance of shares are recognized as a deduction, net of any tax effects.

#### Share-based payments

The Company applies a fair value based method of accounting to all share-based payments. Employee and director stock options are measured at their fair value of each tranche on the grant date and recognized over its respective vesting period. Non-employee stock options are measured based on the service provided to the reporting date and at their then-current fair values. The cost of stock options is presented as share-based payment expense when applicable with a corresponding credit to contributed surplus. On the exercise of stock options share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

#### Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

# Yubba Capital Corp.

## Notes to the Unaudited Interim Condensed Financial Statements

(In Canadian Dollars)

For the Period from January 8, 2021 (Date of Incorporation) to June 30, 2021

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### 3. Significant accounting policies (continued from previous page)

#### Income taxes (continued from previous page)

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

### 4. Cash

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 not more than \$3,000 per month of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions may apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

### 5. Deferred financing costs

Deferred financing costs, consisting of professional and agency fees, are incurred for intended public offering. They will be charged against share capital upon the issuance of shares or written off if the share offering is not completed.

# Yubba Capital Corp.

## Notes to the Unaudited Interim Condensed Financial Statements

(In Canadian Dollars)

**For the Period from January 8, 2021 (Date of Incorporation) to June 30, 2021**

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### **6. Share capital**

Authorized: Unlimited number of voting Common Shares.

Issued: During the period from January 8, 2021 to June 30, 2021, the Company issued 3,000,000 common shares at a price of \$0.05 per share for gross cash proceeds of \$150,000.

All of the common shares issued are to be held in escrow. 25% of the common shares held in escrow will be released on the issuance of the Final Exchange Bulletin with the remainder released based on the TSX Venture Exchange rules following the completion of a successful completion of a Qualifying Transaction. These common shares, which are considered contingently issuable until the Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

#### **Stock option plan**

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX Venture Exchange (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. The options are exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares.

The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture.

As at June 30, 2021, the Company did not have any stock options issued and outstanding.

The stock option plan is subject to regulatory approval.

# Yubba Capital Corp.

## Notes to the Unaudited Interim Condensed Financial Statements

(In Canadian Dollars)

For the Period from January 8, 2021 (Date of Incorporation) to June 30, 2021

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### 7. Income taxes

A reconciliation of combined federal and provincial corporate income taxes at statutory rates of 26.5% to the Company's effective income tax expense is as follows:

|                               |             |
|-------------------------------|-------------|
| Net loss for the period       | \$ (50,415) |
| Expected income tax recovery  | \$ (13,360) |
| Change in valuation allowance | 13,360      |
| Income tax recovery           | \$ -        |

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following item:

|                                |           |
|--------------------------------|-----------|
| Non-capital loss carry forward | \$ 50,415 |
|--------------------------------|-----------|

The non-capital losses can be carried forward twenty years to be applied against future taxable income, with the balance expiring in 2041. Deferred tax assets have not been recognized in respect of this item because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

### 8. Capital management

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. The Company's objectives when managing capital are: i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and, ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

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 that not more than \$3,000 per month of the gross proceeds 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.

The Company is not subject to any externally or internally imposed capital requirements at period-end apart from the capital requirements of the Exchange.

# Yubba Capital Corp.

## Notes to the Unaudited Interim Condensed Financial Statements

(In Canadian Dollars)

For the Period from January 8, 2021 (Date of Incorporation) to June 30, 2021

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### 9. Financial instruments

The Company, as part of its operations, carries financial instruments consisting of cash and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

#### Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument. Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities. Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of cash is determined on level 1 inputs. The carrying amount of accounts payable and accrued liabilities approximates its fair value due to the short-term maturities of these items.

### 10. Related party transactions

During the period ended June 30, 2021, 2,600,000 common shares were issued at a price of \$0.05 per share for gross proceeds of \$130,000 to companies related to directors of the Company.

There were no other transactions with related parties and no remuneration was paid to key management personnel during the period ended June 30, 2021.

### 11. Subsequent event

The Company filed a prospectus with the securities regulatory authorities in the provinces of Alberta, British Columbia and Ontario, and pursuant to an Agency Agreement (the "Agency Agreement") dated May 28, 2021 between the Company and Haywood Securities. (the "Agent"), to offer a minimum of 2,000,000 common shares and a maximum of 6,000,000 common shares at a price of \$0.10 per common share (the "Offering"). The Agent will receive a cash commission of 10% of the aggregate gross proceeds from the sale of the Common Shares. In addition, the Company has paid the Agent a non-refundable Work Fee of \$10,000 and will pay the Agent's expenses, including reasonable legal fees, plus disbursements and taxes. The Company has also agreed to grant to the Agent an Agent option to purchase up to 10% of the number of shares issued pursuant to the Offering at \$0.10 per Common Share, exercisable for a period of 5 years from the date of closing of the Offering.

The Company also granted share options to purchase an aggregate up to 300,000 common shares at a price of \$0.10 for a period of 5 years from grant date to directors and officers under the Company's share option plan on closing of the Offering.

The offering closed on August 26, 2021 and the Company expects to receive net proceeds of \$185,940.