AMG ACQUISITION CORP.

(A Capital Pool Company)

Condensed Interim Financial Statements

For the three and six months ended February 28, 2022

(Unaudited)

(Expressed in Canadian dollar)

AMG ACQUISITION CORP.
(A Capital Pool Company)
Condensed Interim Statements of Financial Position
(Unaudited)
(Expressed in Canadian dollars)

	February 28, 2022	August 31, 2021
	$	$
Assets		
Current		
Cash (Note 4)	302,600	327,372
Prepaid Expenses	5,250	2,625
Deferred Financing Costs	25,750	-
Total asset	333,600	329,997
Liabilities and shareholders' equity		
Current		
Accounts payable and accrued liabilities	-	5,250
Shareholders' equity		
Share capital (Note 5)	330,189	145,001
Obligations to issue shares	5,000	184,996
Contributed surplus (Note 5)	13,421	-
Deficit	(15,010)	(5,250)
Total shareholders' equity	333,600	324,747
Total liabilities and shareholders' equity	333,600	329,997

Nature of operations and going concern (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on April 8, 2022 by:

/s/ Konstantin Lichtenwald — Konstantin Lichtenwald, Director

/s/ Steven Pearce — Steven Pearce, Director

(The accompanying notes are an integral part of these condensed interim financial statements)

AMG ACQUISITION CORP.
(A Capital Pool Company)
Condensed Interim Statements of Net and Comprehensive Loss
(Unaudited)
(Expressed in Canadian dollars)

	Three months ended February 28, 2022	Six months ended February 28, 2022	June 1, 2021 (date of incorporation) to August 31, 2021
	$	$	$
Expenses			
Filing fees	-	3,872	-
Professional fees	499	3,499	5,250
Transfer agent fees	-	2,389	-
Net and comprehensive loss for the period	499	9,760	5,250
Net loss per share, basic and diluted	0.00	0.00	0.00
Weighted average shares outstanding, basic and diluted	5,150,120	5,063,100	2,393,423

(The accompanying notes are an integral part of these condensed interim financial statements)

AMG ACQUISITION CORP.
(A Capital Pool Company)
Condensed Interim Statements of Changes in Shareholders' Equity
(Unaudited)
(Expressed in Canadian dollars)

	Number of common shares	Share capital	Obligations to issue shares	Contributed surplus	Deficit	Total
		$	$	$	$	$
Balance, June 1, 2021 (date of incorporation)	**-**	**-**	**-**	**-**	**-**	**-**
Shares issued for cash (Note 5)	2,900,020	145,001	-	-	-	145,001
Share subscriptions received in advance	-	-	184,996	-	-	184,996
Net loss for the period	-	-	-	-	(5,250)	(5,250)
Balance, August 31, 2021	**2,900,020**	**145,001**	**184,996**	**-**	**(5,250)**	**324,747**
Shares issued for subscriptions	2,050,100	205,010	(184,996)	-	-	20,014
Share issued for cash (Note 5)	200,000	10,000	-	-	-	10,000
Share-based compensation	-	(29,822)	-	-	-	(29,822)
Share issuance costs	-	-	-	13,421	-	13,421
Shares subscription	-	-	5,000	-	-	5,000
Net loss for the period	-	-	-	-	(9,760)	(9,760)
Balance, February 28, 2022	**5,150,120**	**330,189**	**5,000**	**13,421**	**(15,010)**	**333,600**

(The accompanying notes are an integral part of these condensed interim financial statements)

AMG ACQUISITION CORP.
(A Capital Pool Company)
Condensed Interim Statements of Cash Flows
(Unaudited)
(Expressed in Canadian dollars)

	Six months ended February 28, 2022	June 1, 2021 (date of incorporation) to August 31, 2021
	$	$
Operating activities		
Net loss for the period	(9,760)	(5,250)
Changes in non-cash working capital:		
Prepaid expenses	(2,625)	(2,625)
Deferred financing costs	(25,750)	-
Accounts payable and accrued liabilities	(5,250)	5,250
Net cash used in operating activities	(43,385)	(2,625)
Financing activities		
Issuance of common shares, net of issue costs	13,613	145,001
Share subscriptions received in advance	5,000	184,996
Net cash provided by financing activities	18,613	329,997
Change in cash during the period	(24,772)	327,372
Cash, beginning of period	327,372	-
Cash, end of period	302,600	327,372

(The accompanying notes are an integral part of these condensed interim financial statements)

1. NATURE OF OPERATIONS AND GOING CONCERN

AMG Acquisition Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on June 1, 2021. The Company is classified as a Capital Pool Company ("CPC") while the principal business is the identification and evaluation of assets or a business (the "Qualifying Transaction" ("QT")) and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

There is no assurance that the Company will identify a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Company's shares from trading.

The registered and head office of the Company is located at 230-997 Seymour Street, Office 9, Vancouver, British Columbia V6B 3M1.

These condensed interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at February 28, 2022, the Company has not generated any revenues from operations and has an accumulated deficit of $15,010. The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time. The pandemic might affect the Company's ability to raise capital or complete a Qualifying Transaction as required by the Exchange's Policies.

2. BASIS OF PRESENTATION

Statement of Compliance

The condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements do not contain all of the information required for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the period ended August 31, 2021.

2. BASIS OF PRESENTATION (Cont'd)

Basis of Preparation

The condensed interim financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. There have been no significant judgments made by management in the application of IFRS that have a significant effect on these condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with IFRS within the framework of the significant accounting policies described below:

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

i) Financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

At present, the Company classifies all financial assets as held at amortized cost. Cash is classified as a financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

i) Financial assets (Cont'd)

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its financial assets:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

- Fair value through OCI (FVOCI): Debt instruments that are held for collection of contractual cash flows and for selling the debt instruments, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the debt instrument is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these debt instruments is included as finance income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of loss and comprehensive loss in the period in which it arises.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

ii) Financial liabilities

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: where the Company optionally designates financial liabilities at FVTPL the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

At present, the Company classifies all of its financial liabilities as held at amortized cost. These financial liabilities are classified as current liabilities as the payment is due within 12 months.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Deferred Taxes

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income(loss) in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

4. CASH RESTRICTION

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 $3,000 per month may be used for 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.

(Expressed in Canadian dollars)

5. SHARE CAPITAL

Authorized Share Capital

Unlimited common shares, without par value.

Share Issuances

During the year ended August 31, 2021, the Company issued a total of 2,900,020 common shares at $0.05 per share to the directors and/or officers of the Company for total proceeds of $145,001.

On September 7, 2021, the Company issued 200,000 common shares at $0.05 per share to the directors and/or officers of the Company for total proceeds of $10,000.

In September 2021, the Company closed a non-brokered private placement consisting of 2,050,100 units at a price of $0.10 per unit for gross proceeds of $205,010. The Company paid a finder's fee of 8% in cash and 8% in warrants, where warrant entitles the holder to purchase an additional share for a period of two years from closing, at a price of $0.10 per shares.

Seed shares issued below the Initial Public Offering ("IPO") price, shares acquired from treasury by non-arm's length parties to the CPC and CPC stock options and shares issued on exercise of stock options, which were granted before the IPO and at an exercise price less than the IPO price, are all subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 25% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 25% will be released on the dates 6, 12, and 18 months following the Initial Release. Shares acquired by the Pro Group at or above the IPO price and shares acquired by a Control Person in the secondary market are not subject to the CPC Escrow Agreement.

All of the currently issued and outstanding common shares, being 3,200,020 common shares, will be deposited in escrow pursuant to the CPC Escrow Agreement.

Share Purchase Warrants

The following is a summary of the changes in the Company's share purchase warrants for the periods ended February 28, 2022 and August 31, 2021:

	February 28, 2022		August 31, 2021	
	Number of warrants	**Weighted-average exercise price**	Number of warrants	Weighted-average exercise price
		$		$
Outstanding, beginning	-	-	-	-
Granted	164,008	0.10	-	-
Outstanding, ending	**164,008**	**0.10**	-	-

(Expressed in Canadian dollars)

5. SHARE CAPITAL (Cont'd)

Share Purchase Warrants (Cont'd)

The following table summarizes information regarding share purchase warrants outstanding and exercisable as at February 28, 2022:

Exercise price	Number of warrants outstanding	Number of warrants exercisable	Weighted-average remaining contractual life (years)	Weighted-average exercise price
Warrants				$
September 17, 2023	164,008	164,008	1.55	0.10
Total	**164,008**	**164,008**	**1.55**	**0.10**

6. TRANSACTIONS WITH RELATED PARTIES

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

During the period ended February 28, 2022, there was no related party transaction. There was no compensation to key management personnel.

7. 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 shareholders and benefits for other stakeholders.

The Company includes share capital 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 Company is not subject to externally imposed capital requirements other than the cash restriction disclosed in Note 4.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash, and accounts payable and accrued liabilities, approximate fair values 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.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Liquidity Risk

As at February 28, 2022, the Company had no outstanding accounts payable and accrued liabilities and had cash of $302,600. As a result, the Company had no significant liquidity risk at February 28, 2022.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's cash balance is held in trust with the Company's legal counsel. As such, the Company had no significant credit risk at February 28, 2022.

8. INITIAL PUBLIC OFFERING

On November 8, 2021, the Company filed a prospectus with the securities regulatory authorities in the provinces of Alberta and British Columbia. Pursuant to an engagement letter that the Company entered into on October 15, 2021 with PI Financial Corp. (the "Agent"), the Company offers a minimum of 2,500,000 common shares and a maximum of 5,000,000 common shares at $0.10 (the "Offering") per share to the public for gross proceeds of a minimum of $250,000 and a maximum of $500,000 (before transaction costs). The Agent will be granted options to purchase up to 10% of the total common shares sold under the Offering at a price of $0.10 per share and expiring 60 months from the date on which the common shares of the Company are listed on the TSX Venture Exchange.

The Company will also pay the agent a cash commission equal to 10% of the gross proceeds, up to $15,000 for agent's designated legal counsel plus disbursements and taxes, and a non-refundable corporate work fee of $15,000 plus applicable taxes.