

MJ Innovation Capital Corp.
Condensed Interim Financial Statements
For the three and nine months ended March 31, 2021 and 2020

(Unaudited)

The accompanying unaudited condensed interim financial statements of MJ Innovation Capital Corp. (the “**Corporation**”) have been prepared by and are the responsibility of the Corporation’s management. The Corporation’s independent auditor has not preformed a review of these financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by and entity’s auditor.

MJ Innovation Capital Corp.

(A Capital Pool Company)

Three and nine months ended March 31, 2021 and 2020 (unaudited)

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MJ Innovation Capital Corp.

(A Capital Pool Company)

Condensed Interim Statements of Loss and Comprehensive Loss

For the three and nine month periods ended March 31, 2021 and 2020

(Expressed - Canadian dollars)

		Three Months Ended March 31, 2021	Nine Months Ended March 31, 2021	Three Months Ended March 31, 2020	Nine Months Ended March 31, 2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Expenses					
Office and administrative expenses	\$	6,530	14,859	2,417	16,895
Legal & professional fees (Note 6)		7,910	38,749	5,063	29,329
Stock-based compensation (Note 4)		-	-	-	36,600
Total Expenses	\$	14,440	53,608	7,480	82,824
Loss from Operations					
	\$	(14,440)	(53,608)	(7,480)	(82,824)
Other Income					
		-	-	-	-
Net Loss and Comprehensive Loss	\$	(14,440)	(53,608)	(7,480)	(82,824)
Net loss per share					
Basic and Diluted	\$	(0.0072)	(0.0268)	(0.0037)	(0.0445)
Weighted average of shares outstanding		2,000,000	2,000,000	2,000,000	1,860,000
Basic and Diluted					

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

MJ Innovation Capital Corp.
(A Capital Pool Company)
Condensed Interim Statements of Financial Position
(Expressed - Canadian dollars)

	March 31, 2021	June 30, 2020
	(Unaudited)	(Audited)
Assets		
Current Assets		
Cash	\$ 244,521	314,416
Prepaid Expenses	649	-
Total assets	\$ 245,170	314,416
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 21,552	37,190
Total Liabilities	\$ 21,552	37,190
Shareholders' Equity		
Share capital (Note 4)	\$ 405,915	405,915
Contributed surplus (Note 4)	66,507	66,507
Accumulated deficit	(248,804)	(195,196)
Total shareholders' equity	\$ 223,618	277,226
Total liabilities and shareholders' equity	\$ 245,170	314,416

Nature of operations (Note 1)

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

Approved by the Board

"Richard Kimel"

Director

"Bryan Van Engelen"

Director

MJ Innovation Capital Corp.

(A Capital Pool Company)

Condensed Interim Statements of Changes in Shareholders' Equity

For the nine month period ended March 31, 2021 and 2020

(Expressed - Canadian dollars)

	Share Capital	Accumulated Deficit	Contributed surplus	Shareholders' Equity
Balance as at June 30, 2020	\$405,915	\$ (195,196)	\$ 66,507	\$ 277,226
Net loss for the period	-	(53,608)	-	(53,608)
Balance as at March 31, 2021	\$405,915	\$ (248,804)	\$ 66,507	\$ 223,618

	Share Capital	Accumulated Deficit	Contributed surplus	Shareholders' Equity
Balance as at June 30, 2019	\$ 95,298	\$ (69,470)	\$ -	\$ 25,828
Shares issued for cash during the period (Note 4)	405,000	-	-	405,000
Shares issuance costs	(92,598)	-	-	(94,383)
Warrants issued to Agent (Note 4)	-	-	24,000	21,083
Stock based compensation (Note 4)	-	-	36,600	45,424
Net loss for the period	-	(82,824)	-	(82,824)
Balance as at March 31, 2020	\$ 407,700	\$ (152,294)	\$ 60,600	\$ 316,006

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

MJ Innovation Capital Corp.
(A Capital Pool Company)
Condensed Interim Statements of Cash Flows
(Expressed - Canadian dollars)

	Nine months ended March 31, 2021	Nine months ended March 31, 2020
	(Unaudited)	(Unaudited)
Operating activities		
Net loss after taxation	\$ (53,348)	(82,824)
Adjustments for:		
Stock based compensation (Note 4)	-	36,600
Change in operating assets and liabilities		
Prepaid expense	(648)	15,000
Accounts payable	(15,638)	(48,546)
Net cash used by operating activities	\$ (69,895)	(79,770)
Financing Activities		
Shares issued (Note 4)	\$ -	405,000
Issuance costs	-	(68,598)
Net cash provided by financing activities	\$ -	336,402
Net Cash Flows	\$ (69,895)	256,632
Cash and Cash Equivalents		
Change and cash equivalents at beginning of period	\$ 314,416	69,910
Cash in cash during the period	(69,895)	256,632
Cash and Cash equivalents at end of period	\$ 244,521	326,542

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

1. Nature of Operations and going concern

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on November 13, 2018 and is a Capital Pool Company ("**CPC**") as defined in Policy 2.4 of the TSX Venture Exchange (the "**Exchange**"). The Corporation has no assets other than cash. The Corporation proposes to identify and evaluate potential acquisitions or businesses (for a "**Qualifying Transaction**"), and once identified and evaluated, to negotiate an acquisition or participation.

The Corporation's continuing operations are dependent upon its ability to evaluate and negotiate an agreement to acquire an interest in a material asset or business within 24 months of listing on the Exchange. Where an acquisition or participation is warranted, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon its ability to obtain additional financing. There is no assurance that the Corporation will be able to complete a Qualifying Transaction within 24 months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange may suspend or de-list the Corporation's common shares (the "**Common Shares**") from trading should it not meet these requirements.

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") with the assumption that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classification of assets and liabilities should the Corporation be unable to continue as a going concern.

The head office and the registered head office of the Corporation is located at 181 Bay Street, Suite 1800, Toronto, ON M5J 2T9.

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 of the COVID-19 outbreak may have on the Corporation 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.

These unaudited condensed interim financial statements were approved and authorized for issuance by the board of directors (the "**Board**") of the Corporation on May 12, 2021.

2. Significant accounting policies

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standard 34 Interim Financial Reporting ("**IAS 34**"). These unaudited condensed interim financial statements do not include all of the information and disclosure required in the annual financial statements and should be read in conjunction with the financial statements that were prepared for the Corporation's final prospectus for the period ended June 30, 2020, which have been prepared in accordance with IFRS.

The accounting policies applied by the Corporation in these unaudited condensed interim financial statements are the same as those applied by the Corporation in the audited financial statements for the period ended June 30, 2020.

MJ Innovation Capital Corp.

(A Capital Pool Company)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended March 31, 2021 and 2020

(Expressed – Canadian Dollars)

The preparation of condensed interim consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are consistent with those disclosed in the notes to the annual financial statements.

Accounting standards issued but not yet applied

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. In the current circumstances, management of the Corporation does not expect any of these to have a material impact on the financial statements.

Basis of Presentation

The financial statements are presented in Canadian dollars, which is the Corporation'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 ("FVTPL"), 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 Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

Classification

The Corporation 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 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 Corporation only reclassifies financial assets when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

- cash is classified as fair value and any period change in fair value is recorded in profit or loss; and
- accounts payable and 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 the 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.

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For the three and nine months ended March 31, 2021 and 2020

(Expressed – Canadian Dollars)

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and those that have contractual cash flows that are solely payments of 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: valuation based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash is a level 1 financial instrument measured at fair value on the statements of financial position.

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 statements 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 or 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.

3. Cash

As a CPC, the proceeds raised from the issuance of capital stock may only be used to identify and evaluate assets or businesses for future investments. In addition, the Corporation may only incur general and administrative expenses not exceeding \$3,000 per month. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the policies of the Exchange.

4. Share capital

Authorized Unlimited Common Shares

On December 31, 2018, the Corporation issued 1,000,000 Common Shares at a price of \$0.10 per share for total cash consideration of \$100,000. On July 3, 2019, the Corporation issued 50,000 Common Shares at a price of \$0.10 per share for total cash consideration of \$5,000. On August 9, 2019, the Corporation completed its initial public offering (the "**IPO**") of 2,000,000 Common Shares at a price of \$0.20 per share for gross proceeds of \$400,000.

Escrow shares

All of the 1,050,000 Common Shares issued prior to the IPO at a price of \$0.10 per Common Share, all Common Shares that may be acquired by Non Arm's Length Parties of the Corporation (as defined by the policies of the Exchange) either under the IPO or otherwise prior to completion of the Qualifying Transaction, and all Common Shares acquired by members of the Aggregate Pro Group (as defined by the policies of the Exchange) prior to the IPO, will be deposited with the Corporation's escrow agent under the CPC Escrow Agreement (as defined by the policies of the Exchange).

All Common Shares acquired upon exercise of stock options prior to the completion of a Qualifying Transaction must also be deposited in escrow until the final exchange bulletin is issued, following which the Common Shares will be released from escrow in accordance with the terms of the CPC Escrow Agreement.

All Common Shares 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 in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer following the completion of Qualifying Transaction will also be escrowed.

Options

Options may be granted for a maximum term of 10 years from the date of the grant. They are non-transferable and are exercisable as determined by the Board when the option is granted. Options may be exercised until the greater of 12 months after the completion of the Qualifying Transaction and 90 days following the date the optionee ceases to be a director, officer or employee of the Corporation or its affiliates or a consultant or a management company employee, provided that if the cessation of such position or arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

On August 9, 2019, in connection with the IPO, the Corporation granted stock options to directors and officers to acquire an aggregate of 305,000 Common Shares at an exercise price of \$0.20 per share for a period of 10 years from the date of grant.

Options issued were allocated an estimated fair value using the Black-Scholes option pricing model to estimate the fair value using the weighted average assumptions of an expected forfeiture rate of 0%, a risk-free interest rate of 1.26%, an expected dividend yield of 0%, an expected stock price volatility of 100%, and an expected life of two years. This resulted in a calculated fair value per option of \$0.149. During the nine months ended March 31, 2021, the Corporation recognized NIL in stock-based compensation costs that were recorded as contributed surplus (March 2020 - \$45,424).

As at March 31, 2021, there were 305,000 options outstanding.

Share purchase warrants

On August 9, 2019, in connection with the IPO, the Corporation granted Canaccord Genuity Corp. (the "**Agent**"), warrants to purchase 200,000 Common Shares at a price of \$0.20 per share. The Agent's warrants expire 24 months from the date of closing the IPO. Warrants issued were allocated an estimated fair value using the Black-Scholes option pricing model to estimate the fair value using the weighted average assumptions of an expected forfeiture rate of 0%, a risk-free interest rate of 1.38%, an expected dividend yield of 0%, an expected stock price volatility of 100%, and an expected life of two years. This resulted in a calculated fair value per warrant of \$0.105. During the nine months ended March 31, 2021, the Corporation recognized NIL in share issuance costs that were recorded as contributed surplus (March 31, 2020 - \$21,083).

5. Capital management

The Corporation's capital currently consists of Share Capital in the amount of \$405,915 as at March 31, 2021. Its principal source of cash is from the issuance of Common Shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Corporation does not have any externally imposed capital requirements to which it is subject except as more fully defined in Note 3. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new Common Shares.

6. Related party transactions

During the three months ended March 31, 2021, the Corporation incurred \$1,825 in legal fees in respect of general corporate matters for services provided by a law firm where two partners of the firm are directors of the Corporation. At the end of the period, \$1,825 in legal fees were contained in the Corporation's accounts payable and accrued liabilities.

No remuneration was paid to key management personnel during the period ended March 31, 2021 (March 31, 2020 - \$NIL).