

**Axiom Capital Advisors Inc.**  
**Financial Statements**  
**June 30, 2020**

## **Independent Auditors' Report**

To: The Shareholders of **Axiom Capital Advisors Inc.**

### Opinion

We have audited the financial statements of Axiom Capital Advisors Inc. (the "Company"), which comprise the statement of financial position as at June 30, 2020 and the statements of comprehensive loss, changes in equity and cash flows for the period from incorporation on January 28, 2020 to June 30, 2020, 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 Company as at June 30, 2020, and its financial performance and its cash flows from incorporation on January 28, 2020 to June 30, 2020 in accordance with International Financial Reporting Standards.

### 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which indicates that at June 30, 2020 the Company is dependent on obtaining additional revenue or securing future equity or debt financing for its working capital and development activities. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

### Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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 identified above 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.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. 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 these financial statements in accordance with International Financial Reporting Standards, 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 the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Independent Auditors' Report (continued)

### Auditors' 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 an auditors' 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 judgement 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company 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 Auditors' report is Roland A. Bishop, CPA, CA.



August 26, 2020  
Calgary, Alberta

Chartered Professional Accountants

**Axiom Capital Advisors Inc.**  
**Statement of Financial Position**

<b>As at June 30,</b>	<b>Notes</b>	<b>2020</b>
<b>Assets</b>		
Current asset		
Cash	6.2	\$ 47,727
Intangible asset (net of amortization)	7	<u>107,640</u>
Total assets		<u>\$ 155,367</u>
<b>Liabilities</b>		
Current liability		
Accounts payable and accrued liabilities		<u>\$ 45,061</u>
<b>Liabilities &amp; Shareholders' Equity</b>		
Share capital		189,800
Deficit		<u>(79,494)</u>
Total Equity		<u>110,306</u>
Total liabilities and shareholders' equity		<u>\$ 155,367</u>
Going concern	1	

See accompanying notes to the financial statements.

These financial statements were approved by the Directors of the Corporation on Aug 26, 2020.

(Signed)L. Evan Baergen , Director      (Signed)Dwight Martin , Director

**Axiom Capital Advisors Inc.****Statement of Comprehensive Loss****For the Period from Incorporation on January 28, 2020 to June 30, 2020**

---

	Note	2020
Revenue		\$ <u>25,000</u>
Expenses		
Amortization of intangible asset	7	17,360
Professional fees		42,850
Regulatory fees		22,910
Rental payments		8,500
Office expenses		5,472
Telephone		7,362
Interest and bank charges		<u>40</u>
		<u>104,494</u>
Net Loss and Comprehensive Loss for the period		\$ <u><u>(79,494)</u></u>
Loss per share - basic and diluted		\$ <u><u>(0.014)</u></u>
Weighted average number of common shares		<u><u>5,795,977</u></u>

See accompanying notes to the financial statements.

**Axiom Capital Advisors Inc.**

**Statement of Changes in Equity**

**For the Period from Incorporation on January 28, 2020 to June 30, 2020**

	<b>Number of Shares <sup>1</sup></b>	<b>Share Capital Stated Value</b>	<b>Retained Earnings (Deficit)</b>	<b>Total</b>
Common Shares Issued	6,472,100	\$ 189,800	\$ -	189,800
Loss for the period	-	-	(79,494)	(79,494)
<b>Balance at June 30, 2020</b>	<b>6,472,100</b>	<b>\$ 189,800</b>	<b>(79,494) \$</b>	<b>110,306</b>

- 1** The Company has an unlimited number of Class A voting common shares, and an unlimited number of Class A, Class B and Class C preferred shares authorized for issue. In concurrence with its June 30, 2020 non-offering prospectus, the Company entered into an escrow agreement, whereby 5,604,100 Class A common shares were held in escrow and are scheduled for release in accordance with the terms of the escrow agreement and National Policy 46-201 Escrow for Initial Public Offerings.

See accompanying notes to the financial statements.

**Axiom Capital Advisors Inc.**

**Statement of Cash Flows**

**For the Period from Incorporation on January 28, 2020 to June 30, 2020**

	<b>Notes</b>	<b>2020</b>
<hr/>		
<b>Cash provided by:</b>		
<b>Cash flows used in operating activities</b>		
Net Loss	\$	(79,494)
Amortization of intangible asset		17,360
Changes in non-cash working capital		
Accounts payable and accrued liabilities		<u>45,061</u>
<b>Net cash used in operating activities</b>		<u>(17,073)</u>
<b>Cash flows from financing activities</b>		
Proceeds on issue of capital		<u>64,800</u>
<b>Net cash provided by financing activities</b>		<u>64,800</u>
<b>Net change in cash</b>		47,727
<b>Cash at the beginning of the period</b>		<u>-</u>
<b>Cash, end of period</b>	\$	<u><u>47,727</u></u>

See accompanying notes to the financial statements.

## **Axiom Capital Advisors Inc.**

### **Notes to the Financial Statements**

**Period from Incorporation on January 28, 2020 to June 30, 2020**

---

#### **1. General business description and going concern**

Axiom Capital Advisors Inc. (the “Company”) is a corporation incorporated under the Business Corporations Act (Alberta) on January 28, 2020. The registered and head office address of the Company is Suite 1600, 333 - 7 Avenue SW, Calgary, Alberta, T2P 2Z1. The Company is a subsidiary of Axiom Advisors Inc.

The Company’s principal activities include the administration and holding of private company investments.

Since the date of incorporation, the Company has prepared and closed an Offering Memorandum for its Class A shares (the “Offering”), provided services pursuant to the administration agreement, put in place a management team, a board of directors and retained legal counsel.

On June 30, 2020, the Company received a conditional listing on the Canadian Securities Exchange to become a “Public Corporation”.

Once the Company becomes a Public Corporation, the Company will sell a minority interest in the subsidiaries it forms to arms-length purchasers, which allows the debt securities of the subsidiaries to be eligible for Registered Savings Plans. A Registered Savings Plan is a registered retirement savings plan, registered education savings plan, registered retirement income fund, a locked-in retirement account or a tax-free savings account. The promoters managing these subsidiaries use the capital raised at their own discretion, without reliance on the management or resources of the Company. The Company’s management and capital are not committed to these subsidiaries.

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19” was declared a global pandemic by the World Health Organization on March 11, 2020. Governments worldwide enacted emergency measures to combat the spread of the virus. The measures have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

The Company's ability to continue as a going concern depends upon it obtaining additional revenue or securing future equity or debt financing for its working capital and development activities.



## **Axiom Capital Advisors Inc.**

### **Notes to the Financial Statements**

**Period from Incorporation on January 28, 2020 to June 30, 2020**

---

## **2. Basis of presentation**

### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Directors of the Company on August 26, 2020.

### **2.2 Basis of measurement**

These financial statements have been prepared on the historical cost basis except for items where an alternative basis is required by IFRS. Details on these items are included below in Note 3, Significant Accounting Policies.

### **2.3 Functional and presentation currency**

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

### **2.4 Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4, Critical accounting estimates and assumptions.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following:

## **Axiom Capital Advisors Inc.**

### **Notes to the Financial Statements**

**Period from Incorporation on January 28, 2020 to June 30, 2020**

---

#### **Determination of fair values of subsidiaries and consolidation**

The Company will be the majority shareholder in many subsidiaries. The Company does not consolidate the financial statements of these subsidiaries (see Note 3.5) since the contractual arrangements with the subsidiaries will prohibit the Company from selling its investment and instead will require the Company to return its shares to the treasury of the subsidiaries company upon termination of the agreement in return for the original amount paid by the Company. Accordingly, the Company has determined that the fair value of the shares of these subsidiaries is the original amount paid for by the Company on acquisition.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is valuation of financial instruments (note 5).

### **3. Significant accounting policies**

As a new entity, the Company has adopted all IFRS issued and effective as of June 30, 2020. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **3.1 Cash**

Cash comprises of cash on hand, deposits held at banks and short-term, low-risk investments which can be quickly liquidated into known amounts of cash.

#### **3.2 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.

##### **3.2.1 Financial assets**

###### Classification

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

- Assets carried at amortized cost ("Amortized Cost")
- Assets carried at fair value through other comprehensive income ("FVOCI")
- Assets carried at fair value through profit and loss ("FVTPL")

**Axiom Capital Advisors Inc.****Notes to the Financial Statements****Period from Incorporation on January 28, 2020 to June 30, 2020**

---

The classification depends on both the Company's business model for managing the financial instrument and the contractual terms of the instrument itself.

A financial asset is classified as Amortized Cost if the objective of the business model is to hold the financial asset for the collection of the cash flows; and all contractual cash flows represent only principal and interest on that principal.

A financial asset is classified as FVOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

All financial assets that do not meet the criteria to be classified as Amortized Cost or FVOCI are classified as FVTPL, which includes all derivative financial assets. The Company may make an irrevocable election to designate a financial asset that would otherwise be classified in another category as FVTPL. If the election is made it is irrevocable, meaning that asset must remain categorized as FVTPL until that asset is derecognized. Cash is classified as FVTPL.

**Recognition and derecognition**

Purchases and sale of financial assets are recognized on the settlement date, which is the date in which the asset is delivered to or by the Company. Financial assets are derecognized when the rights to receive cash flows have expired or are transferred and the Company has transferred substantially all risks and rewards of ownership.

**Measurement**

Financial assets carried at Amortized Cost or FVOCI are initially measured at their fair value plus transactions costs. Financial assets carried at FVTPL are initially measured at their value, with any associated transaction costs being immediately expensed through profit or loss.

Subsequent measurement of financial assets depends on the category the asset has been assigned to.

Gains or losses on assets carried at Amortized Cost are recorded in profit or loss upon derecognition, or earlier if the asset is impaired.

**Axiom Capital Advisors Inc.**

**Notes to the Financial Statements**

**Period from Incorporation on January 28, 2020 to June 30, 2020**

---

Gains or losses on assets carried at FVOCI are recorded in other comprehensive income, except for impairment, interest, dividend and foreign exchange related gains and losses, which are recorded in profit or loss. Upon derecognition of an asset categorized as FVOCI, the net gains or losses related to the asset previously recorded in other comprehensive income are reclassified to profit or loss.

Gains or losses on assets carried at FVTPL are recorded in profit or loss in the period in which they occur.

Impairment

The Company addresses at each reporting date whether there is objective evidence that a financial asset, other than those carried at FVTPL, or a group of financial assets, is impaired. When impairment has occurred, the carrying amount of the financial asset is reduced by the impairment loss directly and the loss is recognized in profit and loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

For financial assets carried at Amortized Cost, the amount of impairment loss recognized is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the financial assets' original effective interest rate. An impairment loss on financial assets carried at Amortized Cost can be reversed if the reversal can be related objectively to an event occurring after the impairment was recognized. In such cases, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

When an asset carried at FVOCI is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive loss are reclassified to the profit or loss in the period. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

## **Axiom Capital Advisors Inc.**

### **Notes to the Financial Statements**

**Period from Incorporation on January 28, 2020 to June 30, 2020**

---

#### **3.2.2 Financial liabilities**

Financial liabilities are initially measured at fair value and subsequently measured at amortized cost for liabilities that are not hedged, and fair value for liabilities that are hedged. Non-performance risk, including the Company's own credit risk for financial liabilities, is considered when determining the fair value of financial liabilities. Accounts payable and accrued liabilities are financial liabilities that are not hedged.

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### **3.3 Related party transactions**

All related party transactions and balances must be disclosed in the financial statements. This includes descriptions and amounts of the transactions, the amount of any outstanding balances and associated terms, provisions for doubtful debts related to outstanding balances and the expense recognized during the period in respect of bad or doubtful debts from related parties.

Related party transactions consist of:

Rent paid to members of management	\$	3,000
------------------------------------	----	-------

#### **3.4 Revenue recognition**

The Company's revenue is recognized in accordance with IFRS 15 by applying the following five steps:

- Identify the contracts with the customers
- Identify the separate performance obligations
- Determine the transaction price of the contract
- Allocate the transaction price to each of the separate performance obligations, and
- Recognize the revenue as each performance obligation is satisfied.

Management has concluded that performance obligations associated with administration agreement are satisfied evenly over time on the basis that there is simultaneous receipt and consumption of benefits by the customer.

## **Axiom Capital Advisors Inc.**

### **Notes to the Financial Statements**

**Period from Incorporation on January 28, 2020 to June 30, 2020**

---

#### **3.5 Subsidiaries**

The Company relies on the guidance provided in IFRS 10, Consolidated financial statements to determine its accounting treatment of investments in its subsidiaries.

IFRS 10 provides a different definition of control for consolidation purposes than the typical definition used in determining legal control. Legal control is presumed to exist when an entity holds more than 50% of the voting shares in a corporation, since the entity then has the power to govern, or control, the corporation. However, IFRS 10 lays out three specific requirements that must be met for control to exist:

- (i) power over the subsidiary;
- (ii) exposure, or rights, to variable returns from its involvement with the subsidiary; and
- (iii) the ability to use its power over the subsidiary to affect the amount of the subsidiary's returns.

While the Company will hold majority ownership in the subsidiaries and can elect the Board of Directors and exert legal control over the entities, it will enter into agreements with each entity imposing long-term restrictions on the Company's ability to obtain future economic benefits through its shareholding. The investments do not meet the requirements or definition of control under IFRS 10 given the inability of the Company to use its control to affect the amount of its returns. The contractual arrangements will allow the Company to earn administrative service fees from the subsidiaries but the Company will not have rights to receive any dividends or residual returns or any obligations to absorb losses of these subsidiaries. As the Company's investments do not meet all of the IFRS 10 criteria for control, the Company does not consolidate these subsidiaries for reporting purposes. The Company classifies its shareholdings in these subsidiaries as fair value through other comprehensive income. Therefore, gains or losses arising from changes in fair value of the shareholdings in these subsidiaries is recorded through other comprehensive income.

#### **3.6 Income taxes**

Income taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying value on the statement of financial position are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactments occurs.

## **Axiom Capital Advisors Inc.**

### **Notes to the Financial Statements**

**Period from Incorporation on January 28, 2020 to June 30, 2020**

---

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **3.7 Earnings per share**

The Company presents basic and diluted earnings per share data for its common shares. Basic earnings per share is calculated by dividing earnings attributable to the equity shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share are determined by adjusting the weighted average number of common shares for the dilutive effect of share based payments using the treasury stock method. Under this method, stock options, whose exercise price is less than the average market price of the Company's common shares, are assumed to be exercised and the proceeds used to repurchase common shares at the average market price for the period.

#### **4. Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The estimates and assumptions are continuously assessed, considering historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The critical estimate reflected as of June 30, 2020 is the estimated useful life of the intangible asset.

#### **5. Determination of fair values**

Certain of the Company's accounting policies and disclosures require the determination of fair value for assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The significance of inputs used in making fair value measurements for assets and liabilities measured at fair value are examined and classified according to a fair value hierarchy:

##### **Level 1**

Items that are classified at level 1 have their fair values determined by reference to quoted prices in active markets for identical assets and liabilities.

## **Axiom Capital Advisors Inc.**

### **Notes to the Financial Statements**

**Period from Incorporation on January 28, 2020 to June 30, 2020**

---

#### **Level 2**

Items that are classified at level 2 have their fair values determined using inputs other than quoted prices, for which all significant outputs are observable, either directly or indirectly, and are based on valuation models and techniques where the inputs are derived from quoted indices.

#### **Level 3**

Items that are classified at level 3 have their fair values determined using inputs that are unobservable and significant to the overall fair value measurement.

The designation of the Company's assets and liabilities which require the assessment of fair value are as follows:

- Cash, Level 1
- Intangible asset, Level 3
- Accounts payable and accrued liabilities, Level 1

## **6. Financial risk management**

### **6.1 Overview**

The Company's planned operations will expose it to a variety of financial risks that arise as a result of its operating and financing activities:

- credit risk;
- liquidity risk; and,
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital.

The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. While the Company have the overall responsibility for the establishment and oversight of the Company's risk management framework, management has the responsibility to administer and monitor these risks.



## Axiom Capital Advisors Inc.

### Notes to the Financial Statements

Period from Incorporation on January 28, 2020 to June 30, 2020

---

#### 6.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk at June 30, 2020 is as follows:

Carrying value at June 30,	2020
Cash	\$ 47,727
Total	\$ 47,727

Cash consists of cash bank balances. The Company manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

#### 6.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Company's ongoing liquidity will be impacted by various external events and conditions.

The maximum exposure to liquidity risk at June 30, 2020 is as follows:

Accounts payable and accrued liabilities	\$ 45,061
--	-----------

The maturity analysis for non-derivative financial liabilities is:

Due within 30 days	\$ 31,500
Due between 31 days and one year	13,561
	\$ 45,061

#### 6.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's net income or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

## **Axiom Capital Advisors Inc.**

### **Notes to the Financial Statements**

**Period from Incorporation on January 28, 2020 to June 30, 2020**

---

#### **6.5 Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As the Company does not currently have any interest bearing debt, the Company is not exposed to interest rate risk.

The Company had no interest rate swaps or financial contracts in place as at or during the period ended June 30, 2020.

#### **6.6 Capital management**

The Company's capital management policy is to maintain a strong capital base that optimizes the Company's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its unitholders. The Company intends to maintain a flexible capital structure to maximize its ability to pursue additional opportunities, which considers the Company's early stage of development and the requirement to sustain future development of the business.

The Company will manage its capital structure and make changes to it in light of changes to economic conditions and the risk characteristics of the nature of the business. The Company considers its capital structure to include shareholders' equity and working capital. In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

The Company currently has no debt outstanding and it monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

The Company is not subject to externally imposed capital requirements.

#### **7. Intangible asset**

The Company has acquired, from a corporation controlled by officers and directors of the Company, an administration agreement valued at \$125,000. The Company issued 5,000,000 Class A shares at a price of \$0.025 per share as consideration. The administration agreement is for the provision of specified services to a third party and provides monthly revenue of \$5,000 and is for a 36 month term.

The intangible asset is carried at cost less accumulated amortization of \$17,360 and impairment loss of \$nil, and is amortized on a straight-line basis over the estimated useful life of 36 months.

**Axiom Capital Advisors Inc.****Notes to the Financial Statements****Period from Incorporation on January 28, 2020 to June 30, 2020**

---

**8. Income taxes**

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 25% to the loss for the period as follows:

Loss for the period before income taxes	\$ <u>(79,494)</u>
Anticipated income tax recovery	<u>(19,874)</u>

Tax effect of the following:

Deferred tax asset not recognized	<u>19,874</u>
Income tax expense	\$ <u><u>0</u></u>

The Company has deductible temporary differences of \$16,033 and non-capital tax losses of \$63,461 which are available to reduce taxable income in future years. The non-capital tax losses if unutilized will expire in 2040.

**8. Subsequent event**

The Company listed its shares on the Canadian Securities Exchange on August 13, 2020 under the symbol "ACA".