

Condensed interim financial statements of

OjO Electric, LLC

Nine months ended September 30, 2019 and 2018
(Expressed in United States Dollars)
(Unaudited)

OJO Electric, LLC

Condensed Interim Statements of Financial Position

(Expressed in United States dollars)

(Unaudited)

	September 30, 2019	December 31, 2018
Assets		
Current assets		
Cash	\$ 150,875	\$ 146,831
Accounts receivable	10,680	69,912
Prepaid expense	17,145	50,270
Inventory (Note 4)	57,217	-
	235,917	267,013
Deferred transaction costs (Note 15)	179,348	-
Equipment (Note 5)	1,839,221	599,070
Intangible (Note 6)	403,590	489,755
Deposit (Note 5)	350,000	-
Total assets	\$ 3,008,076	\$ 1,355,838
Liabilities and deficiency		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	2,032,215	589,721
Loans payable (Note 8)	1,004,986	816,237
	3,037,201	1,405,958
Equity		
Members' capital (Note 9)	6,676,421	6,074,173
Convertible notes (Note 9)	4,112,554	-
Deficit	(10,818,100)	(6,124,293)
Total deficiency	(29,125)	(50,120)
Total liabilities and deficiency	\$ 3,008,076	\$ 1,355,838

Nature of operations and going concern (Note 1)

Subsequent events (Note 15)

Approved by the Manager and authorized for issue on November 29, 2019.

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

OJO Electric, LLC

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in United States dollars)

(Unaudited)

	Three months ended	September 30,	Nine months ended	September 30,
	2019	2018	2019	2018
Revenue	\$ 116,328	\$ 220,414	\$ 271,936	\$ 471,250
Cost of goods sold				
Operating costs	(322,154)	(161,971)	(513,187)	(324,483)
Amortization (Note 5)	(61,496)	-	(122,069)	-
	(267,322)	58,444	(363,320)	146,768
Expenses				
Amortization (Note 5, 6)	(72,767)	(33,677)	(213,840)	(101,035)
Unit-based compensation (Note 9)	(5,477)	(91,576)	(602,248)	(428,686)
Professional fees	(381,185)	(68,773)	(554,069)	(154,451)
Research & development	(294,014)	(58,110)	(539,008)	(74,106)
Salaries, wages and management fees	(398,420)	(267,148)	(1,040,487)	(761,341)
Selling, general and administrative (Note 10)	(439,620)	(162,681)	(801,201)	(616,536)
	(1,591,483)	(681,965)	(3,750,853)	(2,136,155)
Write down of equipment (Note 5)	(356,883)	-	(356,883)	-
Write down of inventory (Note 4)	(77,774)	-	(77,774)	-
Finance expense (Note 8, 9)	(72,036)	(1,952)	(144,977)	(2,319)
Net loss before tax	(2,365,498)	(625,473)	(4,693,807)	(1,991,706)
Tax expense	-	-	-	-
Loss for the period	\$ (2,365,498)	\$ (625,473)	(4,693,807)	\$ (1,991,706)
Loss and comprehensive loss for the period	\$ (2,365,498)	\$ (625,473)	(4,693,807)	\$ (1,991,706)

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OJO Electric, LLC

Condensed Interim Statements of Equity (Deficiency)

(Expressed in United States dollars)

(Unaudited)

	Members' Units						Total
	Class A	Class B	Class C	Members' Capital	Convertible Debt	Deficit	Members' Equity (Deficiency)
	Units	Units	Units	\$	\$	\$	\$
At December 31, 2017	8,499,000	590,000	3,642,209	5,530,370	-	(3,125,188)	2,405,182
Issuance of Class B Units	-	638,000	-	-	-	-	-
Vesting of compensatory Class B Units	-	-	-	428,686	-	-	428,686
Loss for the period	-	-	-	-	-	(1,991,708)	(1,991,708)
At September 30, 2018	8,499,000	1,228,000	3,642,209	5,959,056	-	(5,116,896)	842,160
Issuance of Class B Units	-	90,000	-	-	-	-	-
Vesting of compensatory Class B Units	-	-	-	115,117	-	-	115,117
Loss for the period	-	-	-	-	-	(1,007,397)	(1,007,397)
At December 31, 2018	8,499,000	1,318,000	3,642,209	6,074,173	-	(6,124,293)	(50,120)
Issuance of convertible notes	-	-	-	-	3,991,222	-	3,991,222
Interest accrued on convertible notes	-	-	-	-	121,332	-	121,332
Issuance of Class B Units	-	849,672	-	-	-	-	-
Vesting of compensatory Class B Units	-	-	-	602,248	-	-	602,248
Loss for the period'	-	-	-	-	-	(4,693,807)	(4,693,807)
At September 30, 2019	8,499,000	2,167,672	3,642,209	6,676,421	4,112,554	(10,818,100)	(29,125)

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

OJO Electric, LLC

Condensed Interim Statements of Cash Flows

(Expressed in United States dollars)

(Unaudited)

	For the nine months ended September 30,	
	2019	2018
Operating activities		
Loss for the period:	\$ (4,693,807)	\$ (1,991,706)
Adjusted for:		
Depreciation	335,909	101,036
Unit-based compensation	602,248	281,684
Accrued interest	144,630	1,556
Write down of inventory	76,904	-
Write down of equipment	356,883	-
Changes in non-cash working capital items:		
Amounts receivable and prepaids	92,357	249,590
Inventory	(134,121)	(397,229)
Deferred transaction costs	(179,348)	-
Deposit	(350,000)	-
Accounts payable and accrued liabilities	1,442,494	179,994
Cash used in operating activities	(2,305,851)	(1,575,075)
Financing activities		
Proceeds from convertible note issuances	2,756,673	-
Proceeds from loan issuances	1,400,000	250,000
Cash provided by financing activities	4,156,673	250,000
Investing activities		
Intangible asset expenditures	(14,349)	(256,312)
Equipment purchases	(1,832,429)	(72,047)
Cash used in investing activities	(1,846,778)	(328,359)
Net change in cash during the period	4,044	(1,653,434)
Cash, beginning of period	146,831	2,121,427
Cash, end of period	\$ 150,875	\$ 467,993
Supplemental cash flow information		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -
Intangibles asset expenditures financed by loans payable	\$ -	\$ 50,000
Transfer of loan payable to convertible debentures	\$ 1,234,549	\$ -

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

Ojo Electric, LLC

Notes to the Condensed Interim Financial Statements

September 30, 2019 and 2018

(Expressed in United States dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Ojo Electric, LLC (the "Company") is in the light electric vehicle ("LEV") ridesharing business with a primary focus on two-wheeled electric scooters. The Company is a California limited liability company formed in 2015.

In October 2019, the Company executed a Business Combination Agreement with Arcturus Ventures Inc. ("Arcturus") and 1148486 BC Ltd ("1148486") pursuant to which the Company effected a reverse takeover of Arcturus, a TSX Venture listed entity (Note 15). In connection with this transaction, 1148486 completed a financing of C\$8,049,551 (Note 15).

The Company's head office address is 201 Lombard Street, Oxnard CA 93030. The registered and records office address is 1880 Century Park East 12th Fl, Los Angeles CA 90067.

These unaudited condensed interim financial statements have been prepared on the basis of a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2019, the Company had a working capital deficit of \$2,801,284 (December 31, 2018 working capital deficit of \$1,138,945). The Company has incurred negative cash flows from operations of \$2,305,851 and recorded a loss of \$4,693,907 for the nine months ended September 30, 2019 (September 30, 2018: \$1,575,075 and \$1,991,706, respectively), and has an accumulated deficit of \$10,818,100 as at September 30, 2019 (December 31, 2018: \$6,124,293). The Company expects it will need to raise additional funds within the next twelve months to meet its commitments and growth strategy as it moves towards profitable operations. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. The uncertainty of the Company's ability to achieve profitable operations and its success in raising additional capital funding casts significant doubt on the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

2. BASIS OF PRESENTATION

(a) *Statement of compliance*

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting on a basis consistent with the accounting policies disclosed in the audited financial statements for the year ended December 31, 2018, except for newly adopted accounting policies as noted below (Note 3).

These unaudited condensed interim financial statements should be read in conjunction with the most recently issued annual financial statements of the Company, which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies were presented as Note 3 to the financial statements for the year ended December 31, 2018, and have been consistently applied in the preparation of these unaudited condensed interim financial statements.

(b) *Basis of measurement*

These financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) *Functional currency*

The presentation and functional currency of the Company is the United States dollar.

OJO Electric, LLC

Notes to the Condensed Interim Financial Statements

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(Expressed in United States dollars)

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2. BASIS OF PRESENTATION (Continued)

(d) *Significant accounting judgments and estimates*

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Judgments:

The key areas of judgement applied in preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

Research & development expenditures

Distinguishing the research and development phases of a technology or product and determining whether the recognition requirements for capitalization of development costs are met requires judgement. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired. As at September 30, 2019, the Company's development costs of \$393,640 relating to its mobile rideshare app began amortization as a result of launching the application in January 2019.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operation expenditures and to meet its liabilities for the ensuing year, involves significant judgement based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgment and estimates to determine the net realizable value of inventory at the end of each period. The Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand and use.

Equipment – impairment and amortization

Amortization of equipment is dependent upon estimates of useful lives, which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Following initial recognition, the Company carries equipment at cost less accumulated amortization. Amortization is recorded based upon management's estimate of useful life and residual value. These estimates are reviewed annually and are updated if expectations change as a result of changes in the Company's production process or scooter model, technical obsolescence, or other limits to use. A change in the useful life or residual value will impact the reported carrying value of equipment resulting in a change in related amortization expense or write down.

Ojo Electric, LLC

Notes to the Condensed Interim Financial Statements

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(Expressed in United States dollars)

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2. BASIS OF PRESENTATION (Continued)

(d) Significant accounting judgments and estimates (Continued)

Intangible assets – impairment and amortization

The application of the Company's accounting policy for intangible assets expenditures requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a straight-line basis based upon management's estimate of useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

Estimates:

The key areas of estimates applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

Unit-based payment arrangements

The Company uses an option pricing model to determine the fair value of unit-based payment arrangements granted to employee and non-employees. In estimating fair value, the Company is required to make certain assumptions and estimates such as the expected life of units, volatility of the Company's future unit price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recent accounting standards

Effective January 1, 2019, the following standard was adopted:

IFRS 16 – Leases

IFRS 16 is a new standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. Adoption of this standard did not have a significant measurement or disclosure impact on the Company's unaudited condensed interim consolidated financial statements.

OjO Electric, LLC

Notes to the Condensed Interim Financial Statements

September 30, 2019 and 2018

(Expressed in United States dollars)

(Unaudited)

4. INVENTORY

The Company's inventory consisted of:

	September 30, 2019	December 31, 2018
Accessories & spare parts	57,217	-
Total	\$ 57,217	\$ -

During the nine months ended September 30, 2019, the Company upgraded its existing rideshare fleet (the "V1 scooters") with new highly equipped, custom designed OjO V2 (the "OjO V2 scooters"). As such, as at September 31, 2019, the Company wrote down \$77,774 of inventory related to V1 scooters that are not expected to have future value.

5. EQUIPMENT

Cost	Vehicle	Furniture	Machinery	Molds	Rideshare Scooters	Total
Balance, December 31, 2017	\$ 53,562	\$ -	\$ -	\$ 497,874	\$ -	\$ 551,436
Additions	-	6,121	17,541	267,387	327,351	618,400
Disposals	-	-	-	(359,753)	-	(359,753)
Balance, December 31, 2018	53,562	6,121	17,541	405,508	327,351	810,083
Additions	-	-	-	-	1,832,429	1,832,429
Impairment	-	-	-	-	(478,952)	(478,952)
Balance, September 30, 2019	\$ 53,562	\$ 6,121	\$ 17,541	\$ 405,508	\$ 1,680,828	\$ 2,163,560

Accumulated depreciation	Vehicle	Furniture	Machinery	Molds	Rideshare Scooters	Total
Balance, December 31, 2017	\$ 19,544	\$ -	\$ -	\$ 369,480	\$ -	\$ 389,024
Additions	9,382	3,498	13,332	101,877	-	128,089
Disposals	-	-	-	(306,100)	-	(306,100)
Balance, December 31, 2018	28,926	3,498	13,332	165,257	-	211,013
Additions	6,696	2,623	2,631	101,376	122,069	235,395
Impairment	-	-	-	-	(122,069)	(122,069)
Balance, September 30, 2019	\$ 35,622	\$ 6,121	\$ 15,963	\$ 266,633	\$ -	\$ 324,339

Carrying amount	Vehicle	Furniture	Machinery	Molds	Rideshare Scooters	Total
Balance, December 31, 2018	\$ 24,636	\$ 2,623	\$ 4,209	\$ 240,251	\$ 327,351	\$ 599,070
Balance, September 30, 2019	\$ 17,940	\$ -	\$ 1,578	\$ 138,875	\$ 1,680,828	\$ 1,839,221

During the nine months ended September 30, 2019, in connection with the Company's upgrade to OjO V2 scooters, the Company determined V1 scooters had no future value and accordingly wrote down equipment with a net book value of \$356,883.

As at September 30, 2019, the Company had a deposit for \$350,000 towards the future purchase and delivery of OjO V2 scooters.

Ojo Electric, LLC

Notes to the Condensed Interim Financial Statements

September 30, 2019 and 2018

(Expressed in United States dollars)

(Unaudited)

6. INTANGIBLE ASSETS

Cost	Patents & Trademarks		Rideshare App	Other		Total
Balance, December 31, 2017	\$	78,316	\$ -	\$	5,728	\$ 84,044
Additions		26,333	393,640		-	419,973
Balance, December 31, 2018		104,649	393,640		5,728	504,017
Additions		14,349	-		-	14,349
Balance, September 30, 2019	\$	118,998	\$ 393,640	\$	5,728	\$ 518,366

Accumulated depreciation	Patents & Trademarks		Rideshare App	Other		Total
Balance, December 31, 2017	\$	6,871	\$ -	\$	764	\$ 7,635
Additions		6,245	-		382	6,627
Balance, December 31, 2018		13,116	-		1,146	14,262
Additions		5,656	94,243		615	100,514
Balance, September 30, 2019	\$	18,772	\$ 94,243	\$	1,761	\$ 114,776

Carrying amount	Patents & Trademarks		Rideshare App	Other		Total
Balance, December 31, 2018	\$	91,533	\$ 393,640	\$	4,582	\$ 489,755
Balance, September 30, 2019	\$	100,226	\$ 299,397	\$	3,967	\$ 403,590

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2019		December 31, 2018
Accounts payable and accrued liabilities	\$	1,795,875	\$ 291,175
Payroll liabilities		20,151	76,374
Other payables		69,189	75,172
Due to members (Note 13)		147,000	147,000
Total	\$	2,032,215	\$ 589,721

8. LOANS PAYABLE

During the nine months ended September 30, 2019, the Company issued an additional \$400,000 (December 31, 2018 - \$800,000) in unsecured promissory notes with an annual interest rate of 12%, which were due and payable by June 2019. In connection with this liability, the Company accrued interest expense of \$18,312 for the nine months ended September 30, 2019 (December 31, 2018 - \$16,237) which was included in the balance of loans payable; pursuant to convertible note agreements signed in 2019, the total loan balance of \$1,234,549 was converted into convertible notes (Note 9).

Bridge Loan

In September 2019, the Company secured a \$1,000,000 bridge loan ("Bridge Loan") in order to fulfill pending and expected orders. The Bridge Loan bears interest at 10% per annum and matured on the closing of the RTO (Note 15). In connection with the Bridge Loan, the Company issued 45,000 New Common A Units to the lenders on the closing of the RTO. In connection with this liability, the Company accrued interest expense of \$4,986 for the nine months ended September 30, 2019 (December 31, 2018 - \$nil) which was included in the balance of loans payable. As at September 30, 2019, a total loan balance of \$1,004,986 was due.

OJO Electric, LLC

Notes to the Condensed Interim Financial Statements

September 30, 2019 and 2018

(Expressed in United States dollars)

(Unaudited)

9. MEMBERS' CAPITAL

The Company was formed as a California limited liability company in 2015. Under the terms of the Company's Third Amended and Restated Operating Agreement dated July 15, 2017 (the "2017 Operating Agreement"), the authorized units is determined at the sole discretion of the Board of Managers ("Board") of the Company. The members' capital included Class A, Class B and Class C units as at September 30, 2019.

Each Class A and C unit was entitled to one vote, while the Class B units are not entitled to vote unless required by law. Class A units were limited to the founding members of the Company and a total of 8,499,000 Class A units were outstanding as of September 30, 2019.

Class B units are considered to be 'profits interests' issued to key employees, consultants, advisors or services providers. Class B unit holders shall not participate with respect to any fair market value of the Company accrued prior to the issuance of individual Class B Units and Class B Units are not entitled to distributions from operations. Class B units may be subject to vesting pursuant to the underlying Unit Issuance Agreement. Class B units may only be issued up to an aggregate of 20% of the Company's percentage interest represented by the economic value of the Company. Each Class B unit shall entitle its holder to share in the appreciation of the fair market value of the Company from the date of issuance of the unit with respect to amounts distributable; the Board has established a threshold of \$17,000,000 (in respect to the Class B units issued at September 30, 2019) which serves as the minimum distributions that must be made before Class B units may share in distributions. As of September 30, 2019, a total of 2,167,672 Class B units are outstanding.

Class C units were units issued in exchange for capital contributions; as of September 30, 2019, a total of 3,642,209 Class C units were outstanding as of September 30, 2019.

Under the 2017 Operating Agreement, the Board had sole discretion regarding the amounts and timing of distributions to members. Distributable cash shall be determined by the Board, and distributable cash from operations shall be distributed to Class A and Class C unit holders on a prorated basis in accordance with their percentage interest.

Distributions from capital events (as defined in the 2017 Operating Agreement) Class A, Class B and Class C in the following order of priority:

- i) First, in amounts until the unreturned capital of each Class C holder has been reduced to zero.
- ii) Second, ratably among Class A, Class B, and Class C unit holders in accordance with their percentage interest, provided the Class B unit holders will only be eligible to receive distributions once the threshold amount of \$17,000,000 in distributions is achieved.

Where a Class B unit is unvested, any cash or property that is otherwise distributable shall be set aside in a trust until the Class B unit is vested, and distributed at that time. If any unvested Class B unit fails to become vested and are forfeited/acquired by the Company, the cash or property in trust would return to the Company and be available to distribution to the other members as noted above.

Subsequent to September 30, 2019, the Company amended its current operating agreement and restructured its outstanding securities (Note 15).

Subsequent to September 30, 2019, advances from members of \$147,000 (Note 13) were contributed to the capital of Class A units issued in 2015.

OJO Electric, LLC

Notes to the Condensed Interim Financial Statements

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(Expressed in United States dollars)

(Unaudited)

9. MEMBERS' CAPITAL (Continued)

Class B units

The fair value of each Class B unit is estimated using the Black Scholes option pricing model, and the estimated fair value per Class B unit issued for the periods ended December 31, 2018, and September 30, 2019 is \$0.78. The inputs used in the measurement of the issuance date fair value of the Class B units is as follows: strike price of \$1.41, expected volatility of 65%, expected life of 5 years, expected dividend yield of 0% and risk free interest rate of 2.07%.

For the year ended December 31, 2017, the Company issued 590,000 Class B units of which 490,000 were fully vested by December 31, 2017. The Company recognized unit based compensation expense of \$443,361 in connection with Class B units issued and vested during the year.

For the year ended December 31, 2018, the Company issued 728,000 Class B units, for a total of 1,318,000 Class B units. As at December 31, 2018, there were a total of 160,000 unvested Class B units which are expected to vest over the next four years. The Company recognized unit based compensation expense of \$543,803 in connection with Class B units issued and vested during the year.

For the nine months ended September 30, 2019, the Company issued 849,672 Class B units, for a total of 2,167,672 Class B units. As at September 30, 2019, there were a total of 246,846 unvested Class B units which are expected to vest over the next four years. The Company recognized unit based compensation expense of \$602,248 (September 30, 2018 - \$428,686) in connection with Class B units issued and vested during the period.

In October 2019, prior to the business combination (Note 15), the Company granted a total of 1,198,855 Class B units to various employees and consultants.

Convertible notes

During the nine months ended September 30, 2019, the Company completed a series of convertible note financings, issuing an aggregate principal amount of \$3,991,222 Convertible Notes. The Convertible Notes bear interest at a rate of 7% per annum and had a term of two years. The principal plus accrued interest will automatically be convertible into members' capital as follows:

- a) In the event of a qualified financing the convertible notes will convert into the same class of equity as the qualified financing based on a conversion rate determined as the lesser of i) the pre-money valuation implied in the qualified financing or ii) \$15,500,000, divided by the fully diluted membership units of the Company or;
- b) On maturity, or in the event of a change of control, the convertible notes will convert into Class C Units of the Company at a conversion rate per unit equal to the lesser of \$15,500,000 and the fair market value of the Company (as determined the Company's Board of Managers), divided by the fully-diluted membership units of the Company.

Total loans payable, together with accrued interest, of \$1,234,549 were converted into Convertible Notes during the period. The Company recorded accrued interest of \$121,332 for the nine months ended September 30, 2019 in finance expense.

As the convertible notes are not repayable in cash but will be settled through the issuance of capital, they have been recorded in members' capital rather than as a liability.

OJO Electric, LLC

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(Expressed in United States dollars)

(Unaudited)

10. SELLING, GENERAL AND ADMINISTRATIVE EXPENSE

A breakdown of the Company's selling, general and administrative expenses is as follows:

	September 30, 2019	September 30, 2018
Insurance	\$ 72,020	\$ 64,087
Consulting	35,053	-
Office, administration, and regulatory	297,573	147,342
Rent	65,635	70,431
Sales & marketing	236,879	204,119
Travel	94,041	130,557
Total	\$ 801,201	\$ 616,536

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management

Cash, accounts receivable, accounts payable and accrued liabilities are held at amortized cost which approximates fair value due to the short-term nature of these instruments.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The maximum credit exposure at September 30, 2019 is the carrying amount of cash and accounts receivable. The Company does not have significant credit risk with respect to customers as individual customers have low transaction value and larger corporate customers are evaluated for creditworthiness prior to becoming a customer. The Company reduces its credit risk on cash by maintaining its bank accounts at a large international financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company attempts to ensure there is sufficient liquidity in order to meet short-term business requirements, taking into account its current cash position and potential funding sources. As at September 30, 2019, the Company's financial liabilities consist of accounts payable and accrued liabilities, and loans payable, all of which have maturities of less than one year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. As at September 30, 2019, the Company had current liabilities of \$3,037,201 and working capital deficit of \$2,801,284. See Note 1 for discussion of going concern and Note 15.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company's functional currency is the United States dollar as sales and major purchases are transacted in US dollars. The Company is not exposed to significant foreign exchange risk.

OJO Electric, LLC

Notes to the Condensed Interim Financial Statements

September 30, 2019 and 2018

(Expressed in United States dollars)

(Unaudited)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. Changes in short-term interest rates will not have a significant effect on the fair value of the Company's cash account.

12. CAPITAL MANAGEMENT

The Company defines capital as members' equity. The Company manages its capital structure and makes adjustments in order to have the funds available to support its operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its business. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt or acquire and/or dispose of assets. The Company's ability to continue as a going concern is uncertain and dependent on the continued financial support of its unit holders, future profitable operations and securing additional financing.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the periods presented. The Company is not subject to externally imposed capital requirements.

13. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of the Company's managers and officers.

Included in accounts payable as at September 30, 2019 and December 31, 2018 is \$147,000 due to members of the Company. This amount is unsecured, non-interest bearing and has no fixed repayment terms. Subsequent to September 30, 2019, this amount was reallocated as a capital contribution for previously issued Class A units.

Key management personnel compensation during the nine months ended September 30, 2019 and 2018 were as follows:

		2019		2018
Salaries and wages	\$	317,819	\$	212,236
Rent		-		15,000
Unit-based compensation		579,115		-
	\$	896,934	\$	227,236

OJO Electric, LLC

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(Expressed in United States dollars)

(Unaudited)

14. SEGMENT REPORTING

For the nine months ended September 30, 2019, the Company operates in one reportable segment, being the ridesharing business in the United States; for the nine months ended September 30, 2018, the Company operated in one reportable segment, being the sale of scooters in the United States and internationally. Revenue from individual customers is nominal and its customer base is diverse as a result of the ridesharing business. Non current financial assets based on geographical location is as follows:

	United States	International	Total
September 30, 2019			
Equipment	\$ 1,700,346	\$ 138,875	\$ 1,839,221
Intangible assets	\$ 403,590	\$ -	\$ 403,590
December 31, 2018			
Equipment	\$ 358,818	\$ 240,252	\$ 599,070
Intangible assets	\$ 489,755	\$ -	\$ 489,755

15. SUBSEQUENT EVENTS

Business combination & restructuring

The Company executed a Business Combination Agreement in October 2019 with Arcturus Ventures Inc. ("Arcturus"), 1222932 B.C. Ltd. (a wholly owned subsidiary of Arcturus), OjO Electric US Holdings Corp. ("USCo") and 1148486 B.C. Ltd. ("1148486") pursuant to which the Company effected a reverse take-over of Arcturus, a TSX Venture Exchange listed entity (the "RTO") and the combined entity changed its name to OjO Electric Corp. (the "Resulting Issuer"). In connection with the Business Combination Agreement, certain securities of the Company were exchanged for 140,000 multiple voting shares of Arcturus ("MVS"). Certain securityholders of the Company hold the MVS (the "MVS Group") and now control 80.02% of the outstanding voting rights of the Resulting Issuer.

As part of the business combination, the Company restructured such that a fourth amended and restated operating agreement ("New A&R Operating Agreement") was executed that provided for the issuance of New Common A Units, New Common A-1 Units and New Class B Units. All currently outstanding Class A and C units converted into 22,978,932 New Common A Units, and all currently outstanding Class B units converted into 3,366,527 New Class B Units. Convertible notes converted into 7,886,016 New Common A Units. In connection with the closing of the RTO, 29,356,785 New Common A-1 Units were issued to USCo, which was appointed the sole manager of the Company ("Manager").

Each holder of a New Common A Unit is entitled to one vote, and each holder of a New Common A-1 Unit is entitled to 10 votes on any matter submitted to a vote of the members of the Company. Both New Common A Units and New Common A-1 Units (collectively "New Common Units"), are pari passu in respect of all distributions of the assets of the Company on any liquidation, dissolution or winding up.

Under the terms of the New A&R Operating Agreement, each holder of the New Common A Units shall be entitled to redeem their New Common A Units in exchange for Resulting Issuer Limited Voting Shares ("LVS") on a one for one basis or cash, as determined by the Manager in its sole discretion.

Concurrent with the closing of the RTO, an aggregate of 140,000 New Common A Units were redeemed to certain securityholders into 140,000 MVS, an aggregate of 5,397,925 New Common A Units were redeemed to LVS and an aggregate of 600,973 New Common A Units were issued as success fees. Following the success fee share issuance and redemptions of MVS and LVS, an aggregate of 25,927,996 New Common A Units and New Class B Units redeemable into a maximum of 7,069,707 LVS were outstanding.

OjO Electric, LLC

Notes to the Condensed Interim Financial Statements

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(Unaudited)

15. SUBSEQUENT EVENTS (Continued)

New Class B Units will be non-voting and subject to vesting conditions. Each New Class B Unit, once fully vested, may be converted into New Common A Units, at a predetermined formula not to exceed 2.1 New Common A Units per New Class B Unit.

On the seventh anniversary of the New A&R Operating Agreement, all remaining New Common A Units (if any) will be automatically exchanged for LVS on a one-for-one basis (or cash equivalent, in the sole discretion of the Manager) and all remaining New Class B Units will be cancelled.

As part of the business combination, the Subscription receipts (see below) converted into 10,591,515 LVS, along with the issuance of 45,000 LVS pursuant to the Bridge Loan, and 1,201,946 LVS pursuant to transaction costs, resulting in 29,401,785 LVS outstanding, assuming only 140,000 New Common A Units are converted by certain securityholders of the Company into 140,000 MVS. As part of the transaction, the Company issued 600,973 New Common A Units as a success fee on the RTO. On close of the transaction, certain securityholders of the Company now hold approximately 30% of the Resulting Issuer shares and approximately 80.02% of the outstanding voting rights of the Resulting Issuer.

Financing

In connection with the above RTO, a private placement was completed for aggregate gross proceeds of C\$8,049,551 through the issuance of 10,591,515 subscription receipts ("Subscription Receipts") at a price of C\$0.76 per Subscription Receipt. In connection with the closing of the RTO, each Subscription Receipt was exchanged such that the holder will receive one LVS. The gross proceeds of the financing were held in escrow and released to the Resulting Issuer upon completion of the RTO. Finders' fees of C\$436,653 were paid upon release of the escrowed funds.

Gotcha Acquisition

In November 2019, OjO Electric Corp entered into a binding letter of intent with Gotcha Mobility, LLC ("Gotcha") pursuant to which OjO Electric will acquire all of the outstanding membership interests of Gotcha (the "Acquisition"). In exchange for 100% of the equity interests of Gotcha, OjO Electric Corp (i) pay \$5 million in cash (\$2.5 million payable on closing of the Acquisition ("Closing") and \$2.5 million payable five months after Closing), and (ii) the issuance of \$7 million in shares, half of which will be issued on Closing and half of which will be issued six months from Closing provided certain business milestones are met. The number of shares will be calculated (a) for the issuance on Closing, based upon a price of C\$0.76 per share; and (b) for the issuance on the date that is six months following closing (where applicable), based upon the lower of (i) C\$0.76 per share and (ii) the five-day trailing VWAP of OjO Electric Corp's shares immediately prior to such issuance date.

The precise structure of the Acquisition will be based on legal and tax advice for all parties. Closing of the Acquisition is subject to standard conditions precedent for this type of transaction, including approval of the TSXV and the entering into of the definitive agreement. The letter of intent is legally binding, subject to the satisfactory completion of the Company's due diligence review of Gotcha.