
Condensed Interim Financial Statements

Victory Capital Corp.

For the Three and Nine Months Ended September 30, 2017 and 2016

(Stated in Canadian Dollars)

Unaudited

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NOTICE TO READER

The accompanying unaudited condensed interim financial statements have been prepared by the Corporation's management and the Corporation's independent auditors have not performed a review of these financial statements.

Victory Capital Corp.

Condensed Interim Statements of Financial Position as at September 30, 2017 and December 31, 2016

Unaudited - see Notice to Reader

Stated in Canadian Dollars

	September 30, 2017	December 31, 2016 (Audited)
Assets		
Current Assets		
Cash	\$ 79,375	\$ 79,375
Deposits held in trust	<u>-</u>	<u>7,075</u>
	<u>\$ 79,375</u>	<u>\$ 86,450</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	<u>\$ 56,790</u>	<u>\$ 37,067</u>
Shareholders' Equity		
Issued Capital (note 5)	120,000	120,000
Deficit	<u>(97,415)</u>	<u>(70,617)</u>
	<u>22,585</u>	<u>49,383</u>
	<u>\$ 79,375</u>	<u>\$ 86,450</u>

The accompanying notes form an integral part of these financial statements.

Approved on Behalf of the Board

Signed "Chris Frostad" , Director

Signed "Stephen Dulmage" , Director

Victory Capital Corp.

Condensed Interim Statements of Loss and Comprehensive Loss

For the Three and Nine Months Ended September 30, 2017 and 2016

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Stated in Canadian Dollars

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September</u>	<u>September</u>	<u>September</u>	<u>September</u>
	<u>30, 2017</u>	<u>30, 2016</u>	<u>30, 2017</u>	<u>30, 2016</u>
Revenue	\$ -	\$ -	\$ -	\$ -
Expenses				
Bank charges	-	22	-	29
Filing fees	-	-	10,987	-
Professional fees	2,000	9,334	15,811	9,334
	<u>2,000</u>	<u>9,356</u>	<u>26,798</u>	<u>9,363</u>
Net loss and comprehensive loss for the period	<u>\$ (2,000)</u>	<u>\$ (9,356)</u>	<u>\$ (26,798)</u>	<u>\$ (9,363)</u>
Loss per Share - basic and diluted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0.02)</u>	<u>\$ -</u>
Weighted Average Number of Common Shares Outstanding - basic	<u>1,200,000</u>	<u>182,609</u>	<u>1,200,000</u>	<u>61,314</u>

The accompanying notes form an integral part of these financial statements.

Victory Capital Corp.

Condensed Interim Statements of Changes in Equity

For the Three and Nine Months Ended September 30, 2017 and 2016

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	<u>Issued Capital</u>		Share Subscriptions Payable	Share Subscriptions Receivable	Deficit	Total Equity
	Shares	Amount				
Balance - January 1, 2016	-	\$ -	\$ -	\$ -	\$ -	\$ -
Receipt of share subscription proceeds	-	-	55,000	-	-	55,000
Issuance of common shares	1,200,000	120,000	(55,000)	4,000	-	69,000
Net loss for the period	-	-	-	-	(9,363)	(9,363)
Balance - September 30, 2016	<u>1,200,000</u>	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ (9,363)</u>	<u>\$ 114,637</u>

	<u>Issued Capital</u>		Share Subscriptions Payable	Share Subscriptions Receivable	Deficit	Total Equity
	Shares	Amount				
Balance - January 1, 2017	1,200,000	\$ 120,000	\$ -	\$ -	\$ (70,617)	\$ 49,383
Net loss for the period	-	-	-	-	(26,798)	(26,798)
Balance - September 30, 2017	<u>1,200,000</u>	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (97,415)</u>	<u>\$ 22,585</u>

The accompanying notes form an integral part of these financial statements.

Victory Capital Corp.

Condensed Interim Statements of Cash Flow

For the Three and Nine Months Ended September 30, 2017 and 2016

Unaudited - see Notice to Reader

Stated in Canadian Dollars

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Operating Activities				
Net loss for the period	\$ (2,000)	\$ (9,356)	\$ (26,798)	\$ (9,363)
Changes in non-cash operating working capital:				
Deposits held in trust	-	-	7,075	-
Accounts payable and accrued liabilities	2,000	9,334	19,723	9,334
	-	(22)	-	(29)
Financing Activities				
Receipt of share subscription proceeds	-	61,000	-	116,000
Change in Cash	-	60,978	-	115,971
Cash - beginning of period	79,375	54,993	79,375	-
Cash - end of period	\$ 79,375	\$ 115,971	\$ 79,375	\$ 115,971

The accompanying notes form an integral part of these financial statements.

Victory Capital Corp.

Notes to the Condensed Interim Financial Statements

For the Three and Nine Months Ended September 30, 2017 and 2016

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Stated in Canadian Dollars

1. Nature of Operations

Victory Capital Corp. (the "Company") was incorporated on November 6, 2009 pursuant to the Business Corporation Act (Ontario) and is classified as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange Inc. ("the Exchange") Corporate Finance Manual. The Company was inactive from the date of incorporation until May 2016. The Company has no significant assets other than cash and proposes to identify and evaluate potential acquisitions or business with a view to completing a Qualifying Transaction, as defined in Exchange Policy 2.4. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction.

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

The Company's principal place of business is 333 Bay Street, Suite 1700, Toronto, Ontario, M5H 2R2.

2. Significant Accounting Policies

Statement of Compliance

The Company's condensed interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". These condensed interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the Company's audited consolidated financial statements for the year ended December 31, 2016, and were approved by the Company's Board of Directors on November 29, 2017.

3. Significant Accounting Judgements, Estimates and Assumptions

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. These financial statements include estimates, that, by their nature, are uncertain. Actual results may differ from these estimated. The estimates and underlying assumptions are reviewed on an ongoing basis. Significant estimates are required in the determination of cash flows and probabilities in assessing the recoverable amounts and net realizable values; assessing objective evidence of impairment of equity; tax and other provisions; and fair values.

Victory Capital Corp.

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4. Cash Restriction

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange Policy 2.4.

5. Issued Capital

Authorized

The Company is authorized to issue an unlimited number of common shares.

Issued:

1,200,000 Common shares	<u>\$ 120,000</u>
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Upon closing of the Offering disclosed in Note 9, the 1,200,000 issued common shares of the Company will be subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

6. Financial Risk Management Objectives and Policies

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

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

Victory Capital Corp.

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6. Financial Risk Management Objectives and Policies (continued)

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash, cash held in trust and accounts payable and accrued liabilities, approximate fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. As at September 30, 2017, the Company had accounts payable and accrued liabilities of \$56,790 (December 31, 2016 - \$37,067) due within twelve months and had cash of \$79,375 (December 31, 2016 - \$79,375) to meet its current obligations. As a result the Company has minimal liquidity risk.

7. Financial Instruments and Other Risks

IFRS 7 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

- Level 1 quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. from derived prices); and
- Level 3 inputs for the asset or liability that are not based upon observable market data.

Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As at September 30, 2017, the Company's cash is classified as Level 1 measurement. As at September 30, 2017, the Company has no financial instruments classified at Level 2 and Level 3.

Fair Values

Except as disclosed elsewhere in these financial statements, the carrying amounts for the Company's financial instruments approximate their fair values because of the short-term nature of these items.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Market Risk

Market risk refers to the risk that a change in the level of one or more of market prices, interest rates, foreign exchange rates, indices, volatilities, correlations or other market factors, such as liquidity, will result in a change in the fair value of a financial instrument. The Company's financial instruments are designated as held for trading, fair value through profit or loss, available for sale, amortized cost or loans and receivables. Therefore, changes in fair value or permanent impairment, if any, affect reported earnings as they occur, except for amortized cost.

Victory Capital Corp.

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7. Financial Instruments and Other Risks (continued)

Market Risk (continued)

The Company separates market risk into two categories: interest rate risk and foreign exchange risk.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The Company does not hedge its exposure to interest rate risk as such risk is minimal. None of the Company's cash balances are subject to variable interest rates.

Foreign Exchange Risk

Foreign exchange risk arises from the possibility that changes in the price of foreign currencies will result in changes in carrying value. The Company does not hold any assets denominated in currencies other than the Canadian dollar and is not subject to foreign currency risk.

Credit Risk

Credit risk arises from the potential that counterparties will fail to satisfy their obligations as they come due. Credit risk is managed by dealing with counterparties that the Company believes to be creditworthy and by actively monitoring credit exposure and the financial health of the counterparties. The Company does not have a significant exposure to any individual third party.

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they come due, as well as ensuring adequate funds exist to support business strategies and operations growth. The majority of current assets reflected on the statements of financial position are highly liquid. As at September 30, 2017, the Company had current assets of \$79,375 (December 31, 2016 - \$86,450) to settle current liabilities of \$56,790 (December 31, 2016 - \$37,067).

8. Capital Disclosures

As at September 30, 2017, the Company was not subject to any regulatory capital requirements. The Company's capital is composed of equity, including shareholder's equity and deficit.

The Company's objectives when managing capital include:

- (a) ensuring that the Company meets relevant regulatory capital requirements when applicable,
- (b) ensuring that the Company is able to meet its financial obligations as they become due; and
- (c) ensuring adequate returns for its shareholders.

Victory Capital Corp.

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9. Agency Agreement

During the period ended September 30, 2017, the Company has appointed Gravititas Securities Inc. (the Agent) as lead agent of a proposed initial public offering, pursuant to the filing of a prospectus, with gross proceeds of a minimum of \$400,000 to a maximum of \$2,200,000 consisting of a minimum of 2,000,000 Common Shares to a maximum of 11,000,000 common shares at a price of \$0.20 per common share by way of an Initial Public Offering ("the Offering") pursuant to the policies of the TSX Venture Exchange governing CPCs. Pursuant to the Agency Agreement dated May 24, 2017, the Company will pay the Agent a commission of 10% of the gross proceeds of the Offering, payable immediately upon closing by certified cheque by the Company. During the year ended December 31, 2016, the Company paid the Agent a Corporate Finance Fee equal to \$25,000 which was due and payable upon execution of a letter agreement between the parties. In addition, the Company will grant to the Agent options to purchase that number of common shares as is equal to 10% of all common shares issued in the agency agreement. The Agent's option will be exercisable at any time up until 24 months after the listing of the shares of the Company on the TSX Venture Exchange at the issue price.

10. Prospectus

On May 24, 2017, the Company filed a Prospectus with the Ontario Securities Commission for an initial public offering with gross proceeds of a minimum of \$400,000 to a maximum of \$2,200,000 consisting of a minimum of 2,000,000 common shares to a maximum of 11,000,000 common shares at a price of \$0.20 per common share by way of the Offering disclosed in note 9. On August 24, 2017, this Prospectus was replaced by an Amended and Restated Prospectus with the same terms.

11. Subsequent Event

Subsequent to the period ended September 30, 2017, the Company completed its initial public offering by issuing 3,888,750 common shares at a price of \$0.20 per share for gross proceeds of \$777,750. In connection with the initial public offering, and pursuant to the agency agreement discussed in note 9, the Company paid a commission of \$77,775 and issued agents warrants to acquire 388,875 common shares of the Company at a price of \$0.20 per share for a period of 24 months from the date of listing of the Company's common shares on the TSX Venture Exchange.