
Condensed Interim Financial Statements

Victory Capital Corp.

For the Three and Nine Months Ended September 30, 2019 and 2018

(Stated in Canadian Dollars)

Unaudited

INDEX

Condensed Interim Statements of Financial Position	1
Condensed Interim Statements of Loss and Comprehensive Loss	2
Condensed Interim Statements of Changes in Equity	3
Condensed Interim Statements of Cash Flow	4
Notes to the Condensed Interim Financial Statements	5 - 9

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, 2019 and December 31, 2018

Unaudited - see Notice to Reader

Stated in Canadian Dollars

	September 30, 2019	December 31, 2018 (Audited)
Assets		
Current Assets		
Cash	\$ 537,884	\$ 604,199
	<u>\$ 537,884</u>	<u>\$ 604,199</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 11,745	\$ 33,852
Shareholders' Equity		
Issued Capital (note 5)	726,610	726,610
Contributed Surplus (notes 6 and 7)	116,839	116,839
Deficit	<u>(317,310)</u>	<u>(273,102)</u>
	<u>526,139</u>	<u>570,347</u>
	<u>\$ 537,884</u>	<u>\$ 604,199</u>

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

Approved on Behalf of the Board

Signed "Chris Frostad", Director

Signed "Sean Cleary", Director

Victory Capital Corp.

Condensed Interim Statements of Loss and Comprehensive Loss

For the Three and Nine Months Ended September 30, 2019 and 2018

Unaudited - see Notice to Reader

Stated in Canadian Dollars

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenue	\$ -	\$ -	\$ -	\$ -
Expenses				
Advertising and promotion	-	120	847	120
Bank charges	-	-	-	123
Filing fees	4,390	578	13,454	12,187
Professional fees	3,287	4,372	29,907	11,076
	7,677	5,070	44,208	23,506
Net Loss and Comprehensive Loss for the Period	\$ (7,677)	\$ (5,070)	\$ (44,208)	\$ (23,506)
Loss per Share - basic and diluted	\$ -	\$ -	\$ -	\$ -
Weighted Average Number of Common Shares Outstanding - basic	5,088,750	5,088,750	5,088,750	5,088,750

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, 2019 and 2018

Unaudited - see Notice to Reader

Stated in Canadian Dollars

	<u>Issued Capital</u>		<u>Contributed Surplus</u>		<u>Deficit</u>	<u>Total Equity</u>
	<u>Shares</u>	<u>Amount</u>				
Balance - January 1, 2019	5,088,750	\$ 726,610	\$ 116,839	\$ (273,102)	\$ 570,347	
Net loss for the period	-	-	-	(44,208)	(44,208)	
Balance – September 30, 2019	5,088,750	\$ 726,610	\$ 116,839	\$ (317,310)	\$ 526,139	
	<u>Issued Capital</u>		<u>Contributed Surplus</u>			
	<u>Shares</u>	<u>Amount</u>				
Balance - January 1, 2018	5,088,750	\$ 726,610	\$ 116,839	\$ (216,788)	\$ 626,661	
Net loss for the period	-	-	-	(23,506)	(23,506)	
Balance – September 30, 2018	5,088,750	\$ 726,610	\$ 116,839	\$ (240,294)	\$ 603,155	

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Victory Capital Corp.

Condensed Interim Statements of Cash Flow

For the Three and Nine Months Ended September 30, 2019 and 2018

Unaudited - see Notice to Reader

Stated in Canadian Dollars

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Operating Activities				
Net loss for the period	\$ (7,677)	\$ (5,070)	\$ (44,208)	\$ (23,506)
Changes in non-cash operating working capital:				
Deposits held in trust	-	-	-	3,000
Accounts payable and accrued liabilities	(19,003)	(3,757)	(22,107)	(28,471)
	(26,680)	(8,827)	(66,315)	(48,977)
Change in Cash	(26,680)	(8,827)	(66,315)	(48,977)
Cash - beginning of period	564,565	615,527	604,199	655,677
Cash - end of period	\$ 537,885	\$ 606,700	\$ 537,884	\$ 606,700

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Victory Capital Corp.

Notes to the Condensed Interim Financial Statements

For the Three and Nine Months Ended September 30, 2019 and 2018

Unaudited - see Notice to Reader

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, 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed interim 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, 2018, and were approved by the Company's Board of Directors on November xx, 2019.

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 judgments, estimates and assumptions include those related to 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 value of stock based compensation and warrants.

Victory Capital Corp.

Notes to the Condensed Interim Financial Statements

For the Three and Nine Months Ended September 30, 2019 and 2018

Unaudited - see Notice to Reader

Stated in Canadian Dollars

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

Capital Stock

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

During the year ended December 31, 2017, the Company issued 3,888,750 common shares for gross proceeds of \$777,750 pursuant to its initial public offering (the "Offering"). In connection with the issuance of the common shares, the Company paid commissions and other expenses of \$130,171 and issued 388,875 agent's warrants with a fair value of \$40,969 (see note 6).

During the year ended December 31, 2016, the Company issued 1,200,000 common shares for gross proceeds of \$120,000. Upon closing of the Offering, 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. Agent's Warrants

During the year ended December 31, 2017, and in connection with the Offering, the Company granted 388,875 agent's warrants pursuant to an Agency Agreement. Each agent warrant entitles the holder to acquire one common share of the Company at a price of \$0.20 per share for a period of 24 months from the date of listing of the common shares on the Exchange. As of the date of these financial statements, the common shares of the Company are yet to be listed on the Exchange.

The fair value of the agent's warrants of \$40,969 was estimated at the grant date based on the Black-Scholes pricing model, using the following inputs and assumptions:

Expected forfeiture rate	Nil
Expected dividend yield	Nil
Risk-free interest rate	1.31%
Expected life	2 years
Expected volatility	100%
Share price	\$0.20

Victory Capital Corp.

Notes to the Condensed Interim Financial Statements

For the Three and Nine Months Ended September 30, 2019 and 2018

Unaudited - see Notice to Reader

Stated in Canadian Dollars

7. Stock Options

During the year ended December 31, 2017, the Company granted 508,875 stock options. Each option entitles the holder to acquire one common share of the Company at a price of \$0.20 per share. Each option shall expire on the later of (i) twelve months following the completion of a Qualifying Transaction; and (ii) 90 days following cessation of the Optionee's position with the Company, provided that if cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, provided that no options may expire later than five years from date such options are granted, that date being December 13, 2022.

The fair value of the options of \$75,870 was estimated at the grant date based on the Black-Scholes pricing model, using the following inputs and assumptions:

Expected forfeiture rate	Nil
Expected dividend yield	Nil
Risk-free interest rate	1.38%
Expected life	5 years
Expected volatility	100%
Share price	\$0.20

8. 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.

Notes to the Condensed Interim Financial Statements

For the Three and Nine Months Ended September 30, 2019 and 2018

Unaudited - see Notice to Reader

Stated in Canadian Dollars

8. Financial Risk Management Objectives and Policies (continued)

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash and accounts payable and accrued liabilities, approximate their 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, 2019, the Company had accounts payable and accrued liabilities of \$11,745 (December 31, 2018 - \$33,852) due within 12 months and had cash of \$537,884 (December 31, 2018 - \$604,199) to meet its current obligations. As a result the Company has minimal liquidity risk.

9. 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, 2019, the Company's cash was classified as Level 1 measurement. As at September 30, 2019, the Company had 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.

Notes to the Condensed Interim Financial Statements

For the Three and Nine Months Ended September 30, 2019 and 2018

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Stated in Canadian Dollars

9. 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, 2019, the Company had current assets of \$537,884 (December 31, 2018 - \$604,199) to settle current liabilities of \$11,745 (December 31, 2018 - \$33,852).

10. Capital Disclosures

As at September 30, 2019, 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 that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions.

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