
Financial Statements

Victory Capital Corp.

For the Years Ended December 31, 2018 and 2017

(Stated in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Victory Capital Corporation:

Opinion

We have audited the financial statements of Victory Capital Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2018 and December 31, 2017, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, 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 December 31, 2018 and December 31, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's 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 audits 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.

Other Information

Management is responsible for the other information. The other information comprises 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 audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's 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. 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 the 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.

Auditor's 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 auditor's 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 judgment 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 auditor's 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 auditor's 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 auditor's report is Patrycja Anna Kajda.

MNP LLP

Mississauga, Ontario

Chartered Professional Accountants

March 1, 2019

Licensed Public Accountants

MNP

Victory Capital Corp.

Statements of Financial Position as at December 31, 2018 and 2017

Stated in Canadian Dollars

	2018	2017
Assets		
Current Assets		
Cash (note 3)	\$ 604,199	\$ 655,677
Short-term advance (note 4)	-	3,000
	<u>\$ 604,199</u>	<u>\$ 658,677</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 33,852	\$ 32,016
Shareholders' Equity		
Issued Capital (note 5)	726,610	726,610
Contributed Surplus (notes 6 and 7)	116,839	116,839
Deficit	<u>(273,102)</u>	<u>(216,788)</u>
	<u>570,347</u>	<u>626,661</u>
	<u>\$ 604,199</u>	<u>\$ 658,677</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.

Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2018 and 2017
Stated in Canadian Dollars

	2018	2017
Revenue	\$ -	\$ -
Expenses		
Bank charges	123	31
Filing fees	13,026	22,628
Office and general	1,120	1,318
Professional fees	42,045	46,324
Share-based compensation (note 7)	-	75,870
	<u>56,314</u>	<u>146,171</u>
Net loss and comprehensive loss for the year	<u>\$ (56,314)</u>	<u>\$ (146,171)</u>
Loss per Share - basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.09)</u>
Weighted Average Number of Common Shares Outstanding - basic and diluted	<u>3,888,750</u>	<u>1,711,397</u>

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

Victory Capital Corp.

Statements of Changes in Equity

For the Years Ended December 31, 2018 and 2017

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, 2017	1,200,000	\$ 120,000	\$ -	\$ (70,617)	\$ 49,383
Issuance of common shares (note 5)	3,888,750	777,750	-	-	777,750
Share issuance costs (note 5)	-	(171,140)	40,969	-	(130,171)
Issuance of stock options	-	-	75,870	-	75,870
Net loss for the year	-	-	-	(146,171)	(146,171)
Balance - December 31, 2017	5,088,750	\$ 726,610	\$ 116,839	\$ (216,788)	\$ 626,661
Net loss for the year	-	-	-	(56,314)	(56,314)
Balance - December 31, 2018	5,088,750	\$ 726,610	\$ 116,839	\$ (273,102)	\$ 570,347

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

Victory Capital Corp.

Statements of Cash Flow

For the Years Ended December 31, 2018 and 2017

Stated in Canadian Dollars

	2018	2017
Operating Activities		
Net loss for the year	\$ (56,314)	\$ (146,171)
Items not affecting cash:		
Share-based compensation	-	75,870
Changes in non-cash operating working capital:		
Deposits held in trust	-	7,075
Short-term advance	3,000	(3,000)
Accounts payable and accrued liabilities	1,836	(5,051)
	<u>(51,478)</u>	<u>(71,277)</u>
Financing Activities		
Proceeds from the issuance of share capital	-	777,750
Share issuance costs	-	(130,171)
	<u>-</u>	<u>647,579</u>
Change in Cash	(51,478)	576,302
Cash - beginning of year	655,677	79,375
Cash - end of year	<u>\$ 604,199</u>	<u>\$ 655,677</u>

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

Victory Capital Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2018 and 2017

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 Company'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

a) Statement of Compliance

The significant accounting policies applied in the Company's financial statements are based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") effective as of December 31, 2018.

These financial statements were authorized for issuance by the Board of Directors of the Company on March 1, 2019.

b) Basis of Presentation

The financial statements of the Company are prepared on a going concern basis. The Company's functional and presentation currency is Canadian dollars.

c) Foreign Currency Translation

Monetary assets and liabilities of the Company denominated in a foreign currency are translated at the rate of exchange prevailing at the date of the statements of financial position and revenues and expenses are translated at the rate of exchange prevailing on the day of the transaction. Gains and losses on translation of these items are included in comprehensive income.

Victory Capital Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2018 and 2017

Stated in Canadian Dollars

2. Significant Accounting Policies (continued)

d) Cash

Cash includes bank deposits at a reputable financial institution in Canada.

e) Financial Instruments

IFRS 9 replaced IAS 39, *Financial instruments: recognition and measurement* (“IAS 39”). The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition, and general hedge accounting. The Company has assessed this new standard and there has been no impact to the financial statements from this adoption.

Financial assets within the scope of IFRS 9 are classified in the following measurement categories: amortized cost, fair value through profit or loss (“FVTPL”), or fair value through other comprehensive income (“FVOCI”). Financial liabilities are classified in the following measurement categories: fair value through profit or loss, or amortized cost.

The following table summarizes the changes in classification of the Company’s financial instruments upon adoption of IFRS 9. The adoption of the new classification did not result in any changes in the measurement or carrying amount of the financial instruments.

<u>Financial Assets</u>	<u>Classification under IAS 39</u>	<u>Classification under IFRS 9</u>
Cash	FVTPL	FVTPL
Short term advance	Loans and receivables	Amortized Cost
<u>Financial Liabilities</u>	<u>Classification under IAS 39</u>	<u>Classification under IFRS 9</u>
Accounts payable and accrued liabilities	Other financial liabilities	Amortized Cost

Amortized Cost

Financial assets classified as amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Fair value through profit or loss

Financial assets classified as FVTPL are measured at fair value with changes in fair value recognized in net profit or loss.

Classification

The Company determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus or minus, in the case of financial assets not classified as FVTPL, directly attributable transaction costs.

Victory Capital Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2018 and 2017

Stated in Canadian Dollars

2. Significant Accounting Policies (continued)

e) Financial Instruments Continued

Impairment of Financial Assets

Financial assets not measured at FVTPL are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

Amortized Cost

Financial liabilities measured at amortized cost, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or to the net carrying amount on initial recognition.

Derecognition of Financial Liabilities

The Company de-recognizes financial liabilities when the obligations are discharged, cancelled or expire.

f) Deferred Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Victory Capital Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2018 and 2017

Stated in Canadian Dollars

2. Significant Accounting Policies (continued)

f) Deferred Taxes Continued

A deferred tax asset is recognized to the extent that is probable that future taxable profits will be available against which the temporary difference 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.

g) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance and are measured at the fair value.

h) Other Comprehensive Income (Loss)

Other comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit or loss such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to translation of the financial statements of foreign operations and items that will be reclassified subsequently directly to equity. The Company's comprehensive income (loss), components of other comprehensive income and cumulative translation adjustments are presented in the statements of comprehensive income (loss) and the statements of changes in equity.

i) Loss per Share

Per IAS 33 "Earnings per Share" applies to a company whose common shares or potential common shares are traded in a public market or that files, or is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing common shares in a public market. Loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive. In order to calculate loss per share in these financial statements, the Company has calculated the weighted average number of shares outstanding for the years ended December 31, 2018 and 2017. During the years ended December 31, 2018 and 2017, the Company's outstanding stock options and agent's warrants were anti-dilutive.

Victory Capital Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2018 and 2017

Stated in Canadian Dollars

2. Significant Accounting Policies (continued)

j) Share-Based Payments

The Company offers a share option plan for its directors, officers, employees and selected consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest.

The Company may, from time to time, issue warrants to agents in connection with raising capital for the Company. The fair value of each warrant is measured using the Black-Scholes option pricing model. The resulting expense is recognized in equity as a reduction of the proceeds from the capital raise.

Any consideration paid on exercise of share options and warrants is credited to share capital. The contributed surplus resulting from share-based compensation is transferred to share capital when the options and warrants are exercised.

Share-based payments granted to non-employees are measured at the fair value of goods received unless that cannot be reasonably estimated in which case the fair value of the equity instrument is used.

k) Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain judgments, 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 estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The most significant judgments, estimates and assumptions include those related to the fair value of stock-based compensation and warrants, the recognition of deferred tax assets, and the evaluation of contingencies. Management has determined that judgments, estimates and assumptions reflected in these financial statements are reasonable.

Victory Capital Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2018 and 2017

Stated in Canadian Dollars

2. Significant Accounting Policies (continued)

1) Future Accounting Policies

IFRS 16, Leases ("IFRS 16") was issued by the IASB in January 2016, and will replace IAS 17 Leases. IFRS 16 specifies the methodology to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases except for short-term leases and leases with low value assets. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been adopted. A lessee will apply IFRS 16 to its leases either retrospectively to each prior reporting period presented; or retrospectively with the cumulative effect of initially applying IFRS 16 being recognized at the date of initial application. The Company is currently evaluating the impact of IFRS 16 on its financial statements.

3. 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 Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy 2.4.

4. Short-Term Advance

During the year ended December 31, 2017, \$3,000 was advanced to an individual. The advance was non-interest bearing and payable on demand. Subsequent to December 31, 2017, the advance was repaid in full.

5. Issued Capital

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 outstanding as of December 31, 2016 became 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.

Victory Capital Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2018 and 2017

Stated in Canadian Dollars

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

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

Victory Capital Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2018 and 2017

Stated in Canadian Dollars

8. 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 December 31, 2018, the Company's cash was classified as Level 1 measurement. As at December 31, 2018, 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.

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.

Victory Capital Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2018 and 2017

Stated in Canadian Dollars

8. Financial Instruments and Other Risks (continued)

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 December 31, 2018, the Company had current assets of \$604,199 (2017 - \$658,677) to settle current liabilities of \$33,852 (2017 - \$32,016).

9. Capital Disclosures

As at December 31, 2018, 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.

Victory Capital Corp.

Notes to the Financial Statements

For the Years Ended December 31, 2018 and 2017

Stated in Canadian Dollars

10. Deferred Taxes

a) Income Tax Expense

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2017 - 26.5%) is as follows:

	2018	2017
Loss before income taxes	\$ (56,314)	\$ (146,171)
Statutory rate	26.5%	26.5%
Expected income tax recovery at statutory rate	(14,923)	(38,740)
Share based compensation	-	20,110
Share issuance costs	-	(34,490)
Change in deferred tax benefits not recognized	14,923	53,120
Income tax (recovery) expense	\$ -	\$ -

b) Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2018	2017
Share issuance costs	\$ 112,353	\$ 120,360
Non-capital losses carried forward – Canada	\$ 218,080	\$ 150,730

c) Non-Capital Losses

The Canadian non-capital losses expire as noted in the table below:

2036	\$ 26,480
2037	91,160
2038	97,440
	<hr/>
	\$ 215,080