

Richmond Road Capital Corp.
Condensed Interim Financial Statements
For the three and nine months ended June 30, 2017
(unaudited)

Richmond Road Capital Corp.
Condensed Interim Statements of Financial Position

As at:

	<i>June 30, 2017 (Unaudited)</i>	<i>September 30, 2016 (Audited)</i>
Assets		
Current		
Cash	\$ 113,775	\$ 142,706
Total assets	\$ 113,775	\$ 142,706
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 32,500	\$ 12,822
Shareholders' Equity		
Share capital (note 6)	338,364	338,364
Contributed surplus	48,600	48,600
Deficit	(305,689)	(257,080)
Total shareholders' equity	81,275	129,884
Total liabilities and shareholders' equity	\$ 113,775	\$ 142,706

Nature of organization and continuance of operations (note 1)
Letter of intent (note 9)

Approved by the Board:

Signed "Michael Doyle"

Director

Signed "Berkley Pennock"

Director

Richmond Road Capital Corp.
Condensed Interim Statements of Loss and Comprehensive Loss

	<i>Three months ended June 30</i>		<i>Nine months ended June 30</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
Expenses				
Filing and communication fees	4,905	4,635	11,099	10,047
Professional fees	33,673	56,667	37,510	56,953
Net loss and comprehensive loss	\$ 38,578	61,302	\$ 48,609	67,000
Net loss per share				
Basic and diluted	\$ 0.01	0.02	\$ 0.02	0.02
Weighted average number of shares	3,000,000	3,000,000	3,000,000	3,000,000

Richmond Road Capital Corp.
Condensed Interim Statement of Changes in Shareholders' Equity

	<i>Share Capital</i> (<i>\$</i>)	<i>Contributed Surplus</i> (<i>\$</i>)	<i>Deficit</i> (<i>\$</i>)	<i>Shareholders' Equity</i> (<i>\$</i>)
Balance, September 30, 2016	338,364	48,600	(257,080)	129,884
Net loss for the period	-	-	(48,609)	(48,609)
Balance, June 30, 2017	338,364	48,600	(305,689)	81,275
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Balance, September 30, 2015	338,364	48,600	(180,757)	206,207
Net loss for the period	-	-	(67,000)	(67,000)
Balance, June 30, 2016	338,364	48,600	(247,757)	139,207

Richmond Road Capital Corp.
Condensed Interim Statement of Cash Flows
For the nine months ended June 30,

	<i>2017</i>	<i>2016</i>
Cash flows related to the following activities		
Operating activities		
Net loss for the period	\$ (48,609)	(67,000)
Change in non-cash working capital	19,678	52,718
Cash flows used in operating activities	(28,931)	(14,282)
Decrease in cash	(28,931)	(14,282)
Cash, beginning of period	142,706	213,084
Cash, end of period	\$ 113,775	198,802

1. Nature of organization and continuance of operations

Richmond Road Capital Corp. (the "Company") was incorporated under the laws of Alberta, Canada on September 19, 2012. The Company is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Company's principal business activity is to identify and evaluate opportunities for an acquisition of an asset, assets or a business that will meet the definition of a "Qualifying Transaction" as defined in Policy 2.4 of the Exchange. The address of the registered head office is 1900, 520 - 3rd Avenue SW, Calgary, Alberta.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

2. Basis of preparation

Statement of compliance

The condensed interim financial statements for the three and nine months ending June 30, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), including International Accounting Standards 34 – Interim Financial Reporting. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's September 30, 2016 annual Financial Statements. The Company has consistently applied the same accounting policies throughout all periods presented.

The condensed interim financial statements of the Company for the three and nine months ended June 30, 2017 were authorized for issue in accordance with a resolution of the Board of Directors on July 10, 2017.

Basis of measurement

These condensed interim financial statements have been prepared on the historical cost, accrual basis of accounting, except for share based payments. In addition, these financial statements have been prepared on a going concern basis.

Functional and presentation currency

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

New accounting policies

For the nine months ended June 30, 2017, the Company did not adopt any new IFRS standards.

Recent accounting pronouncements

There have been no significant amendments or introduction of new standards issued by the International Accounting Standards Board ("IASB") for the nine months ended June 30, 2017 that have not been disclosed in the annual audited financial statements for the year ended September 30, 2016.

3. Summary of significant accounting policies

Significant accounting estimates and assumptions

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

Estimates

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the condensed interim financial statements are:

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Judgements

The key areas of judgment that have a significant risk of causing material adjustment to the amounts recognized in the condensed interim financial statements are:

Taxes

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available to utilize the Company's deductible temporary differences which are based on management's judgement on the degree of future taxable profits. To the extent that future taxable profits differ significantly from the estimates impacts the amount of the deferred tax assets management judges is probable.

Financial instruments

The Company is required to classify its various financial instruments into certain categories for the financial instruments' initial and subsequent measurement. This classification is based on management's judgement as to the purpose of the financial instrument and to which category is most applicable.

Stock options

The Company records stock-based payments based on management's judgement of the expected exercise date of options which is impacted by the timing of completion of the Qualifying Transaction.

4. Capital management

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- (i) to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- (ii) to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at period end.

5. Related party transactions

Transactions with related parties are incurred in the normal course of business.

During the three and nine months ended June 30, 2017 the Company incurred approximately \$29,000 and \$32,800 respectively (three and nine months ended June 30, 2016 - \$53,168 and \$53,488, respectively) in legal fees for services provided by a law firm whose partner is a director of the Company. As at June 30, 2017 \$29,000 is owing to this law firm.

6. Share capital**Authorized**

Unlimited number of common voting Common Shares, without nominal or par value

Unlimited number of non-voting Preferred Shares, without nominal or par value

Issued and outstanding common shares:

	Number of Shares	\$
As at September 30, 2016 and June 30, 2017	5,000,000	338,364

Escrow

As at June 30, 2017, the Company has 2,000,000 common shares which are subject to an escrow agreement whereby 10% of the shares will be released upon completion and approval of the Company's Qualifying Transaction. An additional 15% of the escrowed common shares will be released on each six month anniversary thereafter unless otherwise permitted by the Exchange. These 2,000,000 shares, which are considered contingently issuable until the Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of earnings (loss) per share calculation.

7. Share-based payments

The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. However, other than in connection with a Qualifying Transaction, during the time that the Company is a CPC, the aggregate number of common shares issuable upon exercise of all options granted under the stock option plan shall not exceed 10% of the common shares at the closing of the Company's initial public offering. Such options will be exercisable up to ten years from the date of grant.

7. Share-based payments *(continued)*

The following table summarizes information about stock options outstanding:

	Number of options (#)	Weighted average exercise price (\$)
As at September 30, 2016 and June 30, 2017	600,000	0.10

As part of the close of the IPO, the Company granted 600,000 options at \$0.10 per share to the directors and officers of the Company which expire November 16, 2022 and are exercisable in accordance with the Exchange CPC provisions.

The Black-Scholes option pricing model was used to estimate the fair value of options on the date of grant using the following assumptions:

	Directors and Officers
Risk-free interest rate	1.18%
Expected volatility	90%
Expected life	3 years
Estimated vesting period	1 year
Forfeiture rate	0%
Expected dividends	0%
Fair value per option	\$0.057

8. Financial instruments

The Company, as part of its operations, carries financial instruments consisting of cash, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of cash is determined based on Level 1 inputs. The carrying amount of the Company's cash, and accounts payable and accrued liabilities approximates their fair value due to the short-term maturities of these items.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

8. Financial instruments *(continued)*

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2017, the Company has a cash balance of \$113,775 (September 30, 2016 – \$142,706) to satisfy liabilities of \$32,500 (September 30, 2016 – \$12,822). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i. Interest rate risk

The Company does not have any cash invested in interest bearing financial instruments.

ii. Foreign currency risk

The Company does not have assets or liabilities in a foreign currency.

9. Letter of intent

On June 8, 2017, the Company entered into a non-binding letter of intent ("LOI") with a private company ("Private Co.") to acquire Private Co. that would serve as the Company's Qualifying Transaction (the "Transaction"). The proposed Transaction is expected to be structured by way of a share exchange, merger, amalgamation, arrangement or other similar transaction which will result in Private Co. merging directly or indirectly with the Company. In connection with the Transaction, it is anticipated Private Co. will undertake an equity financing of up to \$75 million through the private placement of subscription receipts. Concurrent with the closing of the Transaction the subscription receipts would be automatically exchanged for common shares of the resulting issuer on a one-for-one basis. The Company and Private Co. intend to negotiate the terms and condition of a definitive agreement and to enter into such agreement on or before July 7, 2017. It is anticipated that the common shares of the Company will be consolidated on the basis of 18.5:1.00.

The completion of the Transaction is subject to various approvals including TSXV, Board of Directors of both the Company and Private Co. and if applicable the shareholders of the Company and Private Co.