

**Richmond Road Capital Corp.**  
**Condensed Interim Financial Statements**  
*For the three and nine months ended June 30, 2018*  
*(unaudited)*

**Richmond Road Capital Corp.**  
**Condensed Interim Statements of Financial Position**

*As at:*

	<i>June 30, 2018 (Unaudited)</i>	<i>September 30, 2017 (Audited)</i>
<b>Assets</b>		
Current		
Cash	\$ 11,813	\$ 78,858
<b>Total assets</b>	<b>\$ 11,813</b>	<b>\$ 78,858</b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 86,377	\$ 27,665
<b>Shareholders' Equity (deficiency)</b>		
Share capital (note 7)	338,364	338,364
Contributed surplus	48,600	48,600
Deficit	(461,528)	(335,771)
<b>Total shareholders' equity (deficiency)</b>	<b>(74,564)</b>	<b>51,193</b>
<b>Total shareholders' equity (deficiency) and liabilities</b>	<b>\$ 11,813</b>	<b>\$ 78,858</b>

Nature of organization and continuance of operations (note 1)

Letter of intent (note 10)

**Approved by the Board:**

(signed) "Robb McNaughton"  
 \_\_\_\_\_  
 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>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Expenses</b>				
Filing and communication fees	<b>3,540</b>	1,904	<b>11,522</b>	11,099
Professional fees	<b>12,951</b>	33,673	<b>114,236</b>	37,510
<b>Net loss and comprehensive loss</b>	<b>\$ 16,491</b>	38,578	<b>\$ 125,757</b>	48,609
<b>Net loss per share</b>				
Basic and diluted	<b>\$ (0.01)</b>	(0.01)	<b>\$ (0.04)</b>	(0.01)
<b>Weighted average number of shares</b>	<b>3,000,000</b>	3,000,000	<b>3,000,000</b>	3,000,000

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

	<i>Share Capital</i> (\$)	<i>Contributed Surplus</i> (\$)	<i>Deficit</i> (\$)	<i>Shareholders' Equity</i> (\$)
Balance, September 30, 2017	338,364	48,600	(335,771)	51,193
Net loss for the period	-	-	(125,757)	(125,757)
<b>Balance, June 30, 2018</b>	338,364	48,600	(461,528)	(74,564)

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

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

---

	<b>2018</b>	<b>2017</b>
<b>Cash flows related to the following activities</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (125,757)	\$ (48,609)
Change in non-cash working capital	58,712	19,678
Cash flows used in operating activities	<b>(67,045)</b>	<b>(28,931)</b>
<b>Decrease in cash</b>	<b>(67,045)</b>	<b>(28,931)</b>
<b>Cash, beginning of period</b>	<b>78,858</b>	<b>142,706</b>
<b>Cash, end of period</b>	<b>\$ 11,813</b>	<b>\$ 113,775</b>

## **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 - 3<sup>rd</sup> 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.

The Company issued 3,000,000 common shares ("Seed Shares") for an amount of \$150,000, and on November 7, 2012, the Company's prospectus for an Initial Public Offering ("IPO") of the Company's common shares was accepted by the regulatory authorities. The IPO closed on November 16, 2012 and a total of 3,000,000 common shares were issued at a price of \$0.10 per common share.

The Company was not successful in completing a Qualifying Transaction within the time limitation permissible under the policies of the Exchange. As a result, the Company moved its listing to the NEX board the Exchange ("NEX") and cancelled an aggregate of 1,000,000 Seed Shares. The Company's shares now trade on the NEX and its symbol is RRD.H.

The financial statements of the Company for the three and nine months ended June 30, 2018 were authorized for issue in accordance with a resolution of the Board of Directors on August 29, 2018.

## **2. Basis of preparation**

### ***Statement of compliance***

The condensed interim financial statements for the three and nine month period ended June 30, 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), including IAS 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, 2017 annual Financial Statements.

These condensed interim financial statements have been prepared, for all period presented, following the same accounting policies and methods of computation as the financial statements for the year ended September 30, 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.

**2. Basis of preparation** (continued)

***Use of estimates and judgements***

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on managements best knowledge of the amount, event or actions, actual results may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in Note 4.

***Functional and presentation currency***

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

**3. Pronouncements not yet adopted**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company. The Company is currently assessing the impact these standards and amendments may have on its financial statements.

**IFRS 9 Financial Instruments**

In July 2014, the International Accounting Standards Board ("IASB") issued the final version of IFRS 9 Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurements, impairment, de-recognition and general hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

**IFRS 15 Revenue from Contracts with Customers**

In May 2014 IASB issued IFRS15 Revenue from Contracts with Customers which specifies how and when an entity will recognize revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

**IFRS 16 Leases**

In January 2016, the IASB issued IFRS 16 Leases which replaces the previous leases standard, IAS 17 Leases. IFRS 16 eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessors continue to classify leases as operating leases or finance leases, and account for those two types of leases differently. IFRS 16 is effective for periods beginning on or after January 1, 2019.

#### **4. Significant accounting estimates and assumptions**

The preparation of the 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 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 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 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.

**5. 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:

1. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
2. 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.

**6. Related party transactions**

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

During the three and nine months ended June 30, 2018 the Company incurred approximately \$9,451 and \$105,846 respectively (three and nine months ended June 30, 2017 - \$29,000 and \$32,800, respectively) in legal fees for services provided by a law firm whose partner is a director of the Company. As at June 30, 2018, \$72,636 (September 30, 2017 - \$3,837) is included in accounts payable and accrued liabilities.

**7. 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	\$
<b>As at June 30, 2018 and September 30, 2017</b>	<b>5,000,000</b>	<b>338,364</b>

**Escrow**

As at June 30, 2018, the Company has 2,000,000 common shares (2017 – 2,000,000) 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 loss per share calculation.

## 8. 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.

The following table summarizes information about stock options outstanding:

	Number of options (#)	Weighted average exercise price (\$)
<b>As at June 30, 2018</b>	<b>600,000</b>	<b>0.10</b>

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.

## 9. 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.

**9. 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, 2018, the Company has a cash balance of \$11,813 (September 30, 2017 – \$78,858) to satisfy liabilities of \$86,377 (September 30, 2017 – \$27,665). As such the Company will have to obtain additional sources of financing to meet obligations as they come due. All of the Company's financial liabilities have a contractual maturities of 30 as 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.

**10. Letter of intent**

During the period ended June 30, 2018, the Company signed a letter of intent ("LOI") in respect of a proposed business combination with an unrelated party ("Target Co.") (the "Transaction") and private placement.

Pursuant to the Transaction, the Company and Target Co. will complete a plan of arrangement, amalgamation, three-corner amalgamation or alternative structure to be determined. It is anticipated that the Company's common shares will be issued to the shareholders of the Target Co. on a basis of one common share of the Company for every one common share of the Target Co. outstanding. The effect of the Transaction will be a reverse takeover of the Company by Target Co.

As part of the Transaction, it is anticipated that Target Co. will complete a private placement of its subscription receipts convertible to Target Co.'s common shares for gross proceeds of up to \$10,000,000.

The Transaction is subject to TSX Venture and other regulatory approvals.