

RiseTech Capital Corp.

Condensed Interim Financial Statements For the nine months ended September 30, 2020 and 2019

(Unaudited)

Stated in Canadian Dollars

RiseTech Capital Corp.

Condensed Interim Statement of Financial Position (Unaudited)

(Stated in Canadian Dollars)

	Note	September 30, 2020	December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents		\$ 484,093	\$ 516,134
Interest receivable		6,674	7,178
TOTAL ASSETS		\$ 490,767	\$ 523,312
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 99,107	\$ 30,761
Advances due to a director		475	-
Total liabilities		99,582	30,761
Equity			
Share capital	4	693,915	693,915
Share based payment reserve	4	39,965	10,500
Deficit		(342,695)	(211,864)
Total equity		391,185	492,551
TOTAL LIABILITIES AND EQUITY		\$ 490,767	\$ 523,312

Subsequent events (Notes 1, 2 and 4)

Approved on behalf of the Board of Directors:

"Manny Padda"

Director

"Tom Liston"

Director

RiseTech Capital Corp.

Condensed Interim Statement of Loss and Comprehensive Loss (Unaudited)

(Stated in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Expenses				
Audit and accounting	\$ -	\$ -	\$ 1,168	\$ 3,592
General and administrative	244	4,835	2,513	13,486
Interest income	(2,334)	(1,997)	(6,876)	(5,707)
Listing fees	3,491	759	12,864	20,272
Professional fees	79,502	6,100	91,697	52,869
Share-based compensation (Note 4)	29,465	-	29,465	-
Loss and comprehensive loss for the period	\$ 110,368	\$ 9,697	\$ 130,831	\$ 84,512
Weighted average number of common shares outstanding				
Basic	2,500,000	2,500,000	2,500,000	2,500,000
Diluted	2,500,000	2,500,000	2,500,000	2,500,000
Basic and diluted loss per common share	\$ (0.04)	\$ (0.00)	\$ (0.05)	\$ (0.03)

RiseTech Capital Corp.

Condensed Interim Statement of Changes in Equity (Unaudited)

(Stated in Canadian Dollars)

	Common Shares		Share-based payments reserve	Deficit	Total
	Number	Amount			
Balance at December 31, 2018	12,500,000	\$ 693,915	\$ 10,500	\$ (109,764)	\$ 594,651
Loss for the period	-	-	-	(84,512)	(84,512)
Balance at September 30, 2019	12,500,000	\$ 693,915	\$ 10,500	\$ (194,276)	\$ 510,139
Balance at December 31, 2019	12,500,000	\$ 693,915	\$ 10,500	\$ (211,864)	\$ 492,551
Share-based compensation (Note 4)	-	-	29,465	-	29,465
Loss for the period	-	-	-	(130,831)	(130,831)
Balance at September 30, 2020	12,500,000	\$ 693,915	\$ 39,965	\$ (342,695)	\$ 391,185

RiseTech Capital Corp.

Condensed Interim Statement of Cash Flows (Unaudited)

(Stated in Canadian Dollars)

	Note	Nine months ended September 30,	
		2020	2019
Cash provided by (used in):			
Operating activities			
Loss for the period		\$ (130,831)	\$ (84,512)
Non-cash items:			
Share-based compensation	4	29,465	-
Changes in non-cash working capital:			
Interest receivable		504	(5,707)
GST recoverable		-	(2,952)
Advances due to directors		475	17,985
Accounts payable and accrued liabilities		68,346	(44,155)
Net cash used in operating activities		(32,041)	(119,341)
Change in cash and cash equivalents during the period		(32,041)	(119,341)
Cash and cash equivalents, beginning of period		516,134	635,656
Cash and cash equivalents, end of period		\$ 484,093	\$ 516,315
Cash and cash equivalents is comprised of:			
Cash		\$ 9,093	\$ 216,315
Cash equivalents		475,000	300,000
		\$ 484,093	\$ 516,315

RiseTech Capital Corp.

Notes to the Condensed Interim Financial Statements (Unaudited)

Three and nine months ended September 30, 2020

(Stated in Canadian Dollars)

1. Nature and Continuance of Operations

RiseTech Capital Corp. (the "Company" or "RiseTech") was incorporated on February 26, 2018 pursuant to the Business Corporations Act of British Columbia and is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V" or the "Exchange") Policy 2.4. On November 21, 2018, the Company completed its Initial Public Offering ("IPO", note 3) and on the same day its shares were listed for trading on the TSX-V under the symbol "RTCC.P".

As at September 30, 2020, the Company had no business operations and its only significant asset was cash and cash equivalents. As a Capital Pool Company, the Company's principal business is the identification and evaluation of assets, properties or businesses with a view to acquisition or participation (Note 2) therein subject, in certain cases, to shareholder approval and acceptance by the TSX-V. Where an acquisition or participation is warranted (the "Qualifying Transaction"), additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon obtaining additional financing. There is no assurance that the Company will complete a Qualifying Transaction within twenty-four months from the date the Company's shares are listed on the TSX-V, at which time the TSX-V may suspend or de-list the Company's shares from trading.

The registered and records offices of the Company are located at 2900 – 550 Burrard Street, Vancouver, BC, Canada V6C 0A3.

During the nine months ended September 30, 2020 and subsequent to period end, the novel coronavirus ("COVID-19") pandemic has created uncertainty and volatility in the global financial markets as a result of the worldwide implementation of measures designed to contain COVID-19, including extended quarantines and work and travel restrictions. While some of these measures have been relaxed and financial markets have improved to some degree, the Company expects the economic disruptions and volatile market conditions to continue into 2021. The impact of the COVID-19 pandemic on the business of the Company is uncertain. The balance of these effects will likely be driven by how long the economic disruptions and market conditions last once the pandemic is contained, the timing of which is not yet determinable.

2. Announcement of Qualifying Transaction

On November 19, 2020, the Company announced that, further to its previously announced proposed transaction by way of press release on September 9, 2020, it has entered into a definitive arrangement agreement (the "Arrangement Agreement") with each of Tantalus Systems Holding Inc. ("Tantalus") and Tantalus Systems Shareholders Inc. ("TSS") pursuant to which, among other things, RiseTech will acquire all of the issued and outstanding securities of Tantalus, the whole in accordance with the Arrangement Agreement and plan of arrangement (the "Plan of Arrangement") included therein (the "Transaction").

The Transaction is intended to constitute RiseTech's "Qualifying Transaction" as defined under Policy 2.4 of the Exchange. It is expected that RiseTech, following closing of the Transaction (referred to as the "Resulting Issuer") will be listed on the Exchange as a Tier 1 Technology issuer, and that the business of the Resulting Issuer will be the business of Tantalus, the whole as further described below. The Resulting Issuer also intends to change its name to "Tantalus Systems Holding Inc.", or such other name as may be approved by the board of directors of RiseTech and/or the Resulting Issuer, and subject to applicable regulatory and Exchange approvals.

The Transaction is an "Arm's Length Transaction" and therefore will not require approval by the shareholders of RiseTech under Policy 2.4 of the Exchange. The Transaction is further subject to, among other things, the approval by the shareholders of Tantalus and TSS, the interim and final orders of the Supreme Court of British Columbia approving the Plan of Arrangement, and the approval of the Exchange.

There is no finder's fee payable in connection with the Transaction and no deposits or advances have or will be made to Tantalus with respect to the Transaction. Trading in the common shares of RiseTech (the "RiseTech Shares") has been halted since the initial announcement of the proposed Transaction, and the halt is expected to remain in place until the Transaction is completed.

RiseTech Capital Corp.

Notes to the Condensed Interim Financial Statements (Unaudited)

Three and nine months ended September 30, 2020

(Stated in Canadian Dollars)

2. Announcement of Qualifying Transaction (continued)

Upon completion of the Transaction, the number of post-consolidation RiseTech Shares that are expected to be issued to securityholders of Tantalus will be approximately 33,676,634. In addition, it is anticipated that there will be also be 4,841,884 options exercisable for post-consolidation RiseTech Shares issued to former optionholders of Tantalus in exchange for such options of Tantalus held immediately prior to the closing of the Transaction. Additional post-consolidation RiseTech Shares will also be issued in exchange for Subscription Receipts on a one for one basis, the whole as further detailed herein.

Under the terms of the Arrangement Agreement, the Transaction is expected to be completed by way of the Plan of Arrangement pursuant to Section 192 of the Canada Business Corporations Act. Pursuant to the terms of the Plan of Arrangement, it is expected that, among other things, TSS and Tantalus will amalgamate (the "Amalgamation") and all issued and outstanding securities of Tantalus, immediately following completion of the Amalgamation, will be exchanged for equivalent securities of RiseTech on a one-for-one basis, subject to the applicable consolidation and exchange ratios as set forth in the Plan of Arrangement.

The Arrangement Agreement includes a number of conditions precedent to the closing of the Transaction, including, but not limited to, receipt of the requisite shareholder approvals, court approval, approvals of all regulatory bodies having jurisdiction in connection with the Transaction, approval of the Exchange, including the satisfaction of its listing requirements, and the satisfaction of other closing conditions customary to transactions of this nature. There can be no assurance that the Transaction will be completed as proposed or at all. Following completion of the Transaction, and the steps included in the Plan of Arrangement, Tantalus will become a wholly-owned subsidiary of RiseTech which, together, along with the other subsidiaries, will form the Resulting Issuer.

Following completion of the Transaction, it is expected that the board of directors and management of the Resulting Issuer will be the board of directors and management of Tantalus.

In connection with the Transaction, RiseTech will seek shareholder approval at a meeting scheduled to take place on or about December 18, 2020, to, among other things, (a) change its name to "Tantalus Systems Holding Inc.", or such other name as may receive approval by the board of directors of RiseTech and/or the Resulting Issuer, subject to applicable regulatory and Exchange approvals, (b) consolidate its issued and outstanding shares on the basis of 0.06094549 post-consolidation RiseTech Share for one (1) pre-consolidation RiseTech Shares (the "Consolidation"), (c) adopt a new long-term omnibus equity incentive plan of the Resulting Issuer, and (d) amend its Notice of Articles and amend and restate its Articles. The foregoing approvals will remain subject to the completion of the Transaction.

Special meetings of the shareholders of each of TSS and Tantalus will be held to, among other things: (a) approve the Transaction, (b) approve the Arrangement Agreement and the Plan of Arrangement, (c) approve a consolidation of the common shares of Tantalus (each, a "Tantalus Share"), and (d) approve such other matters that may be required to be approved in order to give effect to the arrangement steps set forth in the Plan of Arrangement and the implementation of the Transaction. Dates for the special meetings of the shareholders of TSS and Tantalus have not yet been set but will be held following the receipt of interim court approval and prior to obtaining final court approval in respect of the Plan of Arrangement.

In connection with the Transaction, RiseTech also announced that Tantalus has completed a private placement offering (the "Offering") of 3,917,407 subscription receipts (the "Subscription Receipts") at an issue price of \$2.25 per Subscription Receipt for aggregate gross proceeds of \$8,814,166.

The Resulting Issuer intends to use the net proceeds of the Offering to, among other things, accelerate several strategic growth initiatives aimed at expanding its product portfolio through research and development, strategic partnerships and targeted acquisitions to provide additional software applications, services and support to its growing user community of utilities and for general working capital purposes.

RiseTech Capital Corp.

Notes to the Condensed Interim Financial Statements (Unaudited)

Three and nine months ended September 30, 2020

(Stated in Canadian Dollars)

3. Basis of Preparation

a) Statement of compliance

The Company has prepared its financial statements in accordance with International Financial Reporting Standards (“IFRS”) since incorporation on February 26, 2018. These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, and do not include all of the information required for full annual financial statements prepared using IFRS and accordingly, these condensed interim financial statements should be read in conjunction with the Company’s most recent audited annual financial statements for the period ended December 31, 2019. These financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRICs”). The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company’s annual financial statements for the year ended December 31, 2019.

b) Basis of presentation

The condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments carried at fair value. The condensed interim financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except for loss per share information.

c) Approval of the condensed interim financial statements

The condensed interim financial statements of the Company for the period ended September 30, 2020, were approved and authorized for issuance by the Board of Directors on November 30, 2020.

4. Shareholders’ Equity

a) Authorized and issued share capital:

The Company has authorized an unlimited number of common shares without par value.

During the nine months ended September 30, 2020, the Company issued no common shares (nine months ended September 30, 2019 – Nil).

On November 9, 2020, PI Financial Corp. (the “Agent”) exercised 90,280 Agent’s options which were issued as part of the Company’s IPO. The Agent’s options entitle the holder to acquire one common share at \$0.10 per share. Accordingly, the Company issued 90,280 shares for cash proceeds of \$9,028. The remaining 9,720 warrants expired unexercised on November 21, 2020.

b) Escrowed shares:

An escrow agreement (the “Escrow Agreement”) between the Company and certain shareholders (the “Parties”) of the Company was executed on September 28, 2018, resulting in the deposit into escrow of 10,000,000 common shares (the “Escrowed Shares”), being all of the issued and outstanding common shares prior to the completion of the IPO. Pursuant to the Escrow Agreement, the Escrowed Shares shall be released pro-rata to the Parties as to 10% upon issuance of notice of final acceptance of a Qualifying Transaction by the TSX-V and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These Escrowed Shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

RiseTech Capital Corp.

Notes to the Condensed Interim Financial Statements (Unaudited)

Three and nine months ended September 30, 2020

(Stated in Canadian Dollars)

4. Shareholders' Equity (continued)

c) Basic and diluted loss per share:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Numerator:				
Net loss	\$ (110,368)	\$ (9,697)	\$ (130,831)	\$ (84,512)
Denominator:				
Weighted average number of common shares (basic and diluted)	2,500,000	2,500,000	2,500,000	2,500,000
Basic and diluted loss per common share	\$ (0.04)	\$ (0.00)	\$ (0.05)	\$ (0.03)

Loss per share reflects the exclusion of 10,000,000 common shares which are contingently returnable in the event that a Qualifying Transaction is not completed. Due to the Company being in a loss position, no equity instruments or other financial instruments had a dilutive impact on loss per share and as such the weighted average number of common shares is the same for both basic and diluted loss per share.

d) Stock Options:

On September 29, 2020, the Company granted 300,000 stock options to directors of the Company at an exercise price of \$0.10 per share. The options vest immediately and will be exercisable for a period of ten years from the date of grant. The options were valued at \$0.098 per share using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 1.0%, an expected life of 9.0 years, an expected volatility of 157% and no expected dividends. During the three and nine months ended September 30, 2020, the Company recognized share-based compensation expense of \$29,465 (three and nine months ended September 30, 2019 – \$nil). As at September 30, 2020, the Company has 300,000 options outstanding with a weighted-average exercise price of \$0.10 per share and a weighted average remaining life of 10.0 years.

5. Financial Instruments

The Company is exposed to various financial risks resulting from its operations. The Company's management manages financial risks. The Company does not enter into financial instruments agreements, including derivative financial instruments for speculative purposes. The Company's main financial risk exposures and its financial policies are as follows:

a) Fair value of financial instruments

The Company's financial instruments consist of cash and cash equivalents, interest receivable, accounts payable and accrued liabilities and advances due to a director. Each of the financial instruments have a carrying value that approximates fair value due to the short term to maturity of these financial instruments.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents and interest receivable are exposed to credit risk, with their carrying values being the Company's maximum exposure. The Company's cash and cash equivalents consists of funds held at a Canadian Schedule 1 Chartered Bank. The interest receivable is due from a Canadian Schedule 1 Chartered Bank based on a GIC held by the Company. Management believes the Company's exposure to credit risk is minimal.

RiseTech Capital Corp.

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Three and nine months ended September 30, 2020

(Stated in Canadian Dollars)

5. Financial Instruments (continued)

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as cash and cash equivalents only comprised bank balances paying interest at nominal rates as at September 30, 2020. The Company had no interest rate swaps or financial contracts in place as at or during the period ended September 30, 2020.

d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's liabilities are all current and due within 90 days of the interim condensed statement of financial position date. The Company seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its operating obligations and cash on hand.

6. Capital Management

The Company's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in businesses or assets. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company, listed on the TSX-V as a Capital Pool Company, may only use the proceeds raised from the issuance of share capital and from the IPO to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until the completion of a Qualifying Transaction by the Company as defined under the policies of the TSX-V.

7. Segmented Information

At September 30, 2020, the Company has one reportable operating segment being the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. All of the Company's assets are located in Canada.

An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

8. Related Party Transactions

Key management personnel includes the Directors and officers of the Company. As at September 30, 2020, one of the Company's Directors had advanced \$475 to the Company for payment of an operating expenditure. The amount was reimbursed subsequent to September 30, 2020. No remuneration other than the grant of stock options (Note 4) was paid or accrued to key management personnel in the nine months ended September 30, 2020.

RiseTech Capital Corp.

Notes to the Condensed Interim Financial Statements (Unaudited)

Three and nine months ended September 30, 2020

(Stated in Canadian Dollars)

9. Income Taxes

Tax expense differs from the amount computed by applying the combined Canadian federal and provincial income tax rates, applicable to the Company, to the loss before income taxes due to the following:

	Nine months ended September 30,	
	2020	2019
Loss before income taxes	\$ (130,831)	\$ (84,512)
Canadian federal and provincial income tax rates	27%	27%
Income tax expense (recovery) based on Canadian federal and provincial income tax rates	\$ (35,324)	\$ (22,818)
Increase (decrease) attributable to:		
Changes in unrecognized deferred tax assets	35,324	22,818
Tax expense	\$ -	\$ -

Unrecognized deductible temporary differences and unused tax losses are attributable to the following:

Non-capital loss carry forwards	\$ 92,900	\$ 57,690
Share issue costs	6,800	9,843

At September 30, 2020, the Company has non-capital losses of approximately \$344,000 available for carry-forward to reduce future years' income taxes. These losses will expire from 2038 through 2040.