

Richmond Road Capital Corp.
Financial Statements

For the years ended September 30, 2019 and 2018

Independent Auditor's Report

To the Shareholders of Richmond Road Capital Corp.:

Opinion

We have audited the financial statements of Richmond Road Capital Corp. (the "Company"), which comprise the statements of financial position as at September 30, 2019 and September 30, 2018, and the statements of loss and comprehensive loss, changes in shareholders' 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 September 30, 2019 and September 30, 2018, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that as of September 30, 2019, the Company has a negative working capital balance of \$102,194, and for the year then ended, negative cash flows from operations of \$4,667 and a net loss of \$28,516. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Brad Frampton.

Calgary, Alberta

January 28, 2020

MNP LLP

Chartered Professional Accountants

Richmond Road Capital Corp.
Statements of Financial Position
As at September 30,

	2019		2018
Assets			
Current			
Cash (Note 3)	\$ 7,146	\$	11,813
Total assets	\$ 7,146	\$	11,813
Liabilities			
Current			
Accounts payable and accrued liabilities	\$ 109,340	\$	85,491
Shareholders' Deficiency			
Share capital (Note 7)	338,364		338,364
Contributed surplus (Note 8)	48,600		48,600
Deficit	(489,158)		(460,642)
Total shareholders' deficiency	(102,194)		(73,678)
Total liabilities and shareholders' deficiency	\$ 7,146	\$	11,813

Going concern (Note 1)

Approved by the Board:

(signed) "Robb McNaughton"
Director

(signed) "Berkley Pennock"
Director

Richmond Road Capital Corp.
Statements of Loss and Comprehensive Loss
For the years ended September 30,

	2019	2018
Expenses		
Filing and communication fees	\$ 13,363	\$ 11,522
Professional fees	15,153	113,349
Net loss and comprehensive loss	\$ (28,516)	\$ (124,871)
Net loss per share		
Basic and diluted	\$ (0.01)	\$ (0.04)
Weighted average number of shares (Note 7)	3,000,000	3,000,000

Richmond Road Capital Corp.
Statement of Changes in Shareholders' Deficiency
For the years ended September 30, 2019 and 2018

	Share Capital (\$)	Contributed Surplus (\$)	Deficit (\$)	Shareholders' Deficiency (\$)
Balance, September 30, 2017	338,364	48,600	(335,771)	51,193
Net loss for the year	-	-	(124,871)	(124,871)
Balance, September 30, 2018	338,364	48,600	(460,642)	(73,678)
Net loss for the year	-	-	(28,516)	(28,516)
Balance, September 30, 2019	338,364	48,600	(489,158)	(102,194)

Richmond Road Capital Corp.
Statements of Cash Flows
For the years ended September 30,

	2019	2018
Cash flows related to the following activities		
Operating activities		
Net loss for the year	\$ (28,516)	\$ (124,871)
Change in accounts payable and accrued liabilities	23,849	57,826
Cash flows used in operating activities	(4,667)	(67,045)
Decrease in cash	(4,667)	(67,045)
Cash, beginning of year	11,813	78,858
Cash, end of year	\$ 7,146	\$ 11,813

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 1200, 700 – 2nd Street SW, Calgary, Alberta.

Where an acquisition or participation is warranted, additional funding will 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 of 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.

Going concern

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. As of September 30, 2019, the Company has a negative working capital balance of \$102,194 (2018 - \$73,678), and for the year then ended, negative cash flows from operations of \$4,667 (2018 - \$67,045), and a net loss of \$28,516 (2018 - \$124,871). As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain necessary equity or other financing to complete its qualifying transaction. The ability of the Company to be successful in obtaining financing cannot be predicted at the present time. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect on October 1, 2018.

The financial statements of the Company for the year ended September 30, 2018 were authorized for issue in accordance with a resolution of the Board of Directors on January 28, 2020.

Basis of measurement

These annual 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 judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, 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 management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in Note 4.

Functional and presentation currency

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

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

Cash

Cash consists of the proceeds generated on the issuance of common shares, which is being held in trust. The proceeds raised from the issuance of share capital and from the initial public offering may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds of the offering or \$210,000 may be used to cover prescribed costs of issuing 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 Exchange.

Share-based payments

The Company applies a fair value based method of accounting to all share-based payments. Employee and director stock options are measured at their fair value of each tranche on the grant date and recognized over its respective vesting period. Non-employee stock options are measured based on the service provided to the reporting date and at their then-current fair values unless their fair value cannot be determined reliably, in which case the fair value of the options is based on the fair value of the equity instrument. The cost of stock options is presented as share-based payment expense when applicable. On the exercise of stock options, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

Taxes

Tax expense comprises current and deferred tax. Tax is recognized in the statement of loss and comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

3. Summary of significant accounting policies (continued)***Deferred tax***

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Where an asset has no deductible or depreciable amount for income tax purposes but has a deductible amount on sale or abandonment for capital gains purposes, the amount is included in the determination of temporary differences. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantially enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets are reviewed at each financial position date and adjusted to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company has both the right and the intention to settle its current assets and liabilities on a net or simultaneous basis. Any changes in deferred tax assets or liabilities are recognized as part of tax expense or income profit or loss, except where they relate to items that are recognized in other comprehensive loss or directly in equity, in which case the related deferred tax is also recognized in other comprehensive loss or equity, respectively.

Financial Instruments***Classification and measurement of financial instruments***

The Company measures its financial assets and financial liabilities at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification which in the case of financial assets, is determined by the context of the Company's business model and the contractual cash flow characteristics of the financial asset. Financial assets are classified into two categories: (1) measured at amortized cost and (2) fair value through profit and loss ("FVTPL"). Financial liabilities are subsequently measured at amortized cost, other than financial liabilities that are measured at FVTPL or designated as FVTPL where any change in fair value resulting from an entity's own credit risk is recorded as other comprehensive income ("OCI"). The Company does not employ hedge accounting for its risk management contracts currently in place.

Amortized cost

The Company classifies its cash, accounts receivable and accounts payable and accruals as measured at amortized cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. These financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

Impairment of financial assets

IFRS 9 introduces a new model for the measurement of impairment of financial assets based on expected credit losses which replaces the incurred losses impairment model applied under IAS 39. Under this new model, the Company's accounts receivable are considered collectible within one year or less; therefore, these financial assets are not considered to have a significant financing component and a lifetime expected credit loss ("ECL") is measured at the date of initial recognition of the receivable.

The Company's accounts receivables are subject to the expected credit loss model under IFRS 9. The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Company considered historical industry default rates as well as credit ratings of major customers. There were no material adjustments to the carrying value of any of the Company's financial instruments following the adoption of IFRS 9.

3. Summary of significant accounting policies (continued)***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Earnings or loss per share

Basic earnings or loss per share is calculated by dividing net earnings (loss) by the weighted average number of common shares outstanding during the period. The weighted average number of common shares outstanding is calculated by adjusting the shares issued at the beginning of the period by the number of shares bought back or issued during the period, multiplied by a time-weighting factor.

Diluted earnings or loss per share is calculated by adjusting the number of common shares for the effects of dilutive options and other dilutive potential units.

Shares held in escrow that are only released upon contingent events are not included in the calculation of the weighted average number of common shares.

Accounting standards issued but not yet applied

The Company has reviewed amendments to accounting pronouncements that have been issued but are not yet effective, and determined that the following new standard will not have a material impact on the Company:

- IFRS 16 Leases issued on January 13, 2016 by the IASB replaces IAS 17 Leases. The new standard introduces a single recognition and measurement model for leases, which would require the recognition of assets and liabilities for most leases with a term of more than twelve months. The new standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 "Revenue from Contracts with Customers" at or before the initial adoption date of January 1, 2018.

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.

4. Significant accounting estimates and assumptions *(continued)*

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.

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.

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 year end.

6. Related party transactions

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

During the year ended September 30, 2019 the Company incurred approximately \$9,153 (2018 – \$102,460) in legal fees for services provided by a law firm whose partner is a director of the Company. As at September 30, 2019, \$78,403 (2018 – \$69,250) 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	\$
As at September 30, 2017, 2018 and 2019	5,000,000	338,364

7. Share capital (continued)

Escrow

As at September 30, 2019, the Company has 2,000,000 common shares (2018 – 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 earnings (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 (\$)
As at September 30, 2017, 2018 and 2019	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.

9. Income taxes

The net income tax provision differs from that expected by applying the Canadian federal and provincial corporate rate due to the following:

	2019	2018
Loss for the year before tax	\$ (28,516)	\$ (124,871)
Statutory tax rate	27%	27%
Expected income tax recovery	(7,699)	(33,715)
Permanent differences:		
Tax asset not recognized	7,699	33,715
Income tax expense	\$ -	\$ -

The Company has gross timing differences of \$552,000 (2018 - \$524,000) relating to non-capital loss carry-forwards. This loss carry-forward balance is available to reduce future years' income for tax purposes. These losses, if not fully utilized, will expire in the years between 2033 and 2038.

10. Financial instruments

The Company, as part of its operations, carries financial instruments consisting of cash and 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 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.

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 September 30, 2019, the Company has a cash balance of \$7,146 (2018 – \$11,813) to satisfy liabilities of \$109,340 (2018 – \$85,491). 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