

Rozdil Capital Corporation

(A Capital Pool Company)

Financial Statements

**For the Year Ended February 29, 2020 and for the
Period from the Date of Incorporation (May 3, 2018)
to February 28, 2019**

(In Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Rozdil Capital Corporation:

Opinion

We have audited the financial statements of Rozdil Capital Corporation (the "Corporation"), which comprise the statements of financial position as at February 29, 2020 and February 28, 2019, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended February 29, 2020 and for the period from the date of incorporation (May 3, 2018) to February 28, 2019, 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 Corporation as at February 29, 2020 and February 28, 2019, and its financial performance and its cash flows for the year ended February 29, 2020 and for the period from May 3, 2018 to February 28, 2019 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 Corporation 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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 Pierrette Dosanjh.

Toronto, Ontario
June 19, 2020

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

MNP

Rozdil Capital Corporation
Statements of Financial Position
(in Canadian Dollars)

As at	February 29, 2020	February 28, 2019
Assets		
Cash	\$ 182,199	\$ -
Cash held in trust	-	95,014
Deferred offering costs	-	12,500
	\$ 182,199	\$ 107,514
Liabilities		
Accrued liabilities	\$ 6,280	\$ 640
Shareholders' equity		
Share capital, net of issuance costs (Note 3)	\$ 269,760	\$ 115,000
Contributed surplus	42,447	-
Accumulated Deficit	(136,288)	(8,126)
	175,919	106,874
	\$ 182,199	\$ 107,514

Subsequent events – Note 7

Approved by the Board **Brook Riggins**
Director **(Signed)**

 Neil Johnson
Director **(Signed)**

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

Rozdil Capital Corporation
Statements of Loss and Comprehensive Loss
For the Year Ended February 29, 2020 and for the Period from the Date of Incorporation (May 3, 2018) to February 28, 2019
(in Canadian Dollars)

	Year ended February 29, 2020	For the Period ended February 28, 2019
Expenses		
Professional fees	\$ 51,182	\$ 8,126
Listing fees	45,668	-
Share based compensation (Note 3)	31,096	-
Bank charges and interest	216	-
Net loss and comprehensive loss for the year / period	(128,162)	(8,126)
Net loss per share – basic and diluted	\$ (0.10)	\$ (0.00)
Weighted average shares outstanding- basic and diluted	1,343,014	-

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

Rozdil Capital Corporation
Statements of Cash Flows
For the Year Ended February 29, 2020 and for the Period from the Date of Incorporation (May 3, 2018) to February 28, 2019
(in Canadian Dollars)

	Year ended February 29, 2020	For the Period ended February 28, 2019
Cash provided by (used in)		
Operating activities		
Net loss for the year / period	\$ (128,162)	\$ (8,126)
Share based compensation	31,096	-
Change in deferred offering costs	12,500	(12,500)
Change in accrued liabilities	5,640	640
Cash Used in Operating Activities	(78,926)	(19,986)
Financing activities		
Share issuance	215,000	117,500
Cash issuance costs	(48,889)	(2,500)
Cash Provided by Financing Activities	166,111	115,000
Net change in cash	87,185	95,014
Cash beginning of year / period	95,014	-
Cash end of year / period	\$ 182,199	\$ 95,014

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

Rozdil Capital Corporation

Statements of Changes in Shareholders' Equity

For the Year Ended February 29, 2020 and for the Period from the Date of Incorporation (May 8, 2018) to February 28, 2019

(in Canadian Dollars)

	Number of shares	Share capital	Accumulated Deficit	Shareholders' Equity
Balance, May 3, 2018	-	\$ -	\$ -	\$ -
Share issuance	2,350,000	117,500	-	117,500
Issuance costs (cash)	-	(2,500)	-	(2,500)
Net loss for the period	-	-	(8,126)	(8,126)
Balance, February 28, 2019	2,350,000	\$ 115,000	\$ (8,126)	\$ 106,874

	Number of shares	Share capital	Contributed surplus	Accumulated Deficit	Shareholders' Equity
Balance, March 1, 2019	2,350,000	\$ 115,000	\$ -	\$ (8,126)	\$ 106,874
Share issuance	2,150,000	215,000	-	-	215,000
Issuance costs (cash)	-	(48,889)	-	-	(48,889)
Issuance costs (agent warrants)	-	(11,351)	11,351	-	-
Share based compensation	-	-	31,096	-	31,096
Net loss for the year	-	-	-	(128,162)	(128,162)
Balance, February 29, 2020	4,500,000	\$ 269,760	\$ 42,447	\$ (136,288)	\$ 175,919

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

Rozdil Capital Corporation
Notes to the Financial Statements
For the Year Ended February 29, 2020 and for the Period from the Date of Incorporation (May 8, 2018) to February 28, 2019
(in Canadian Dollars)

1. INCORPORATION AND NATURE OF BUSINESS

Rozdil Capital Corporation (the "Corporation") was incorporated under the Ontario Business Corporations Act on May 3, 2018 and is a Capital Pool Corporation as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Corporation has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Corporation's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The proceeds raised from the issuance of share capital 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 realized by the Corporation in respect of the sale of its securities or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange. The Corporation is required to complete its QT on or before two years from the date the Corporation receives regulatory approval.

The head office and the registered head office of the Corporation is located at 4 King Street West, Suite 401, Toronto, Ontario, M5H 1B6.

On June 19, 2020, the Board of Directors approved the financial statements for the year ended February 29, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Basis of Presentation

The financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period. Common shares escrowed pursuant to the requirements of the Exchange are excluded from the number of outstanding common shares.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

Share-based Compensation

Equity-settled share-based payments for directors, officers, employees, and consultants are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. Share options are measured at the fair value of each tranche on the grant date and are recognized in their respective vesting period using the Corporation's expected forfeiture rate. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

Financial Instruments

Recognition

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

Classification

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss, and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive loss.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial Instruments – continued

Classification – continued

The Corporation has implemented the following classifications:

Cash and cash held in trust are classified as assets at fair value and any period change in fair value is recorded in profit or loss.

Accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash and cash held in trust are level 1 financial instruments measured at fair value on the statements of financial position.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Rozdil Capital Corporation
Notes to the Financial Statements
For the Year Ended February 29, 2020 and for the Period from the Date of Incorporation (May 8, 2018) to February 28, 2019
(in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Income Taxes - continued

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. Deferred tax assets are recognized to the extent that realization of such benefits is probable.

3. SHARE CAPITAL

Authorized Unlimited common shares

Issued	#	\$
2,350,000 common shares (i)	2,350,000	\$ 117,500
Issuance cost (cash)	-	(2,500)
Balance, February 28, 2019	2,350,000	\$ 115,000
2,150,000 common shares (ii)	2,150,000	215,000
Issuance cost (cash)	-	(48,889)
Issuance cost (share based payment)	-	(11,351)
Balance, February 29, 2020	4,500,000	\$ 269,760

(i) Escrowed Shares

During the period ended February 28, 2019, the Corporation issued 2,350,000 common shares at \$0.05 per share for total proceeds of \$117,500 and incurred \$2,500 of share issuance costs related to this issuance.

All common shares acquired on exercise of stock options granted to directors and officer prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow. 2,350,000 shares have been escrowed at February 29, 2020.

Rozdil Capital Corporation
Notes to the Financial Statements
For the Year Ended February 29, 2020 and for the Period from the Date of Incorporation (May 8, 2018) to February 28, 2019
(in Canadian Dollars)

3. SHARE CAPITAL – continued

(ii) Initial Public Offering

On July 16, 2019, the Corporation completed its Initial Public Offering (“IPO”) of 2,150,000 common shares at \$0.10 per share for total proceeds of \$215,000. The Corporation paid a commission of 10% of gross proceeds to Haywood Securities Inc. (the “Agent”) , and granted the Agent warrants to acquire 10% of the common shares issued in the offering exercisable for a period ending twenty-four months from the date the Corporation’s common shares are listed on the TSX Venture Exchange, exercisable at \$0.10 per share. The Corporation also paid a corporate finance fee and reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering. Cash issuance costs of \$48,889 were associated with these issuances and the value attributed warrants granted to the Agent were \$11,351.

Options

The Corporation has established a stock option plan for its directors, officers and consultants under which the Corporation may grant options from time to time to acquire a maximum of 450,000 outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

Options may be granted for a maximum term of five years from the date of the grant. They are exercisable as determined by the Directors when the option is granted. Options expire within 90 days of termination of employment or holding office as director or officer of the Corporation and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option.

Any shares issued upon exercise of the options prior to the Corporation entering into a Qualifying Transaction will be subject to escrow restrictions.

The following table reflects the continuity of stock options and warrants:

	Number of Stock Options and Warrants	Weighted Average Exercise Price (\$)
Granted to agent (i)	215,000	\$0.10
Granted to directors and officers (ii)	375,000	\$0.10
Granted to technical consultant (iii)	50,000	\$0.10
Balance, February 29, 2020	640,000	\$0.10

i. On July 16, 2019, the Corporation granted 215,000 warrants to the Agent, which are exercisable within two years from the date of grant at an exercise price of \$0.10 per share. These warrants were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1.56%, expected volatility of 100% and an expected life of two years. The value attributed to these warrants was \$11,351.

Rozdil Capital Corporation
Notes to the Financial Statements
For the Year Ended February 29, 2020 and for the Period from the Date of Incorporation (May 8, 2018) to February 28, 2019
(in Canadian Dollars)

3. SHARE CAPITAL - continued

Options – continued

ii. On July 16, 2019, the Corporation granted 375,000 options to directors and officers which vested immediately upon completion of the IPO. The options are exercisable within five years from the date of grant at an exercise price of \$0.10 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1.51%, expected volatility of 100% and an expected life of five years. The value attributed to these options was \$27,985.

iii. On July 16, 2019, the Corporation granted 50,000 options to the technical consultant which vested immediately upon completion of the IPO. The options are exercisable within three years from the date of grant at an exercise price of \$0.10 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 1.53%, expected volatility of 100% and an expected life of three years. The value attributed to these options was \$3,111.

The following table reflects the actual stock options and warrants issued and outstanding as of February 29, 2020:

Expiry Date	Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Stock Options and Warrants Outstanding	Number of Stock Options and Warrants Vested (Exercisable)
July 15, 2021	\$0.10	1.38	215,000	215,000
July 15, 2022	\$0.10	2.38	50,000	50,000
July 15, 2024	\$0.10	4.38	375,000	375,000
	\$0.10	3.21	640,000	640,000

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Corporation includes equity, comprised of share capital and accumulated deficit, in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

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

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – continued

Risk Disclosures and Fair Values

The Corporation's financial instruments, consisting of cash and accrued liabilities approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

5. RELATED PARTY TRANSACTIONS

During the year ended February 29, 2020, the Corporation granted 375,000 stock options to directors and officers of the Corporation. The Corporation recorded a relating expense of \$27,985 as share based compensation. Additionally, the Corporation incurred fees of approximately \$3,051 (2019 - \$nil) for head office services provided by an entity whose owner is a director of the Corporation.

There were no other transactions with relating parties and no other remuneration paid to key management personnel during the year ended February 29, 2020 (2019 - \$nil).

6. INCOME TAXES

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 26.5% (2019 – 26.5%) and the Corporation's effective income tax expense is as follows:

	2020	2019
Net loss for the year/period	\$ (128,162)	\$ (8,126)
Expected income tax recovery	(33,960)	(2,150)
Share based compensation	8,240	-
Share issuance costs booked to equity	(15,960)	(660)
Deferred tax assets not recognized	41,680	2,810
Income tax recovery	\$ -	\$ -

As at February 28, 2020 the Corporation had \$114,622 (2019 - \$10,608) operating losses for income tax purposes which can be carried forward to be applied against future taxable income. These losses expire to the extent unutilized against future taxable income as follows:

2039	\$ 10,608
2040	104,014
	\$ 114,622

The Corporation also had \$53,310 (2019 - \$20) in un-deducted share issuance costs, which will be expensed for tax purposes over the next four years.

The Corporation has not recorded deferred tax assets related to these unused carry forward losses and share issuance costs as it is not probable that future taxable profits will be available against which these can be deducted.

7. SUBSEQUENT EVENTS

Subsequent to February 29, 2020, financial markets have been negatively impacted by the novel Coronavirus or COVID-19, which was declared a pandemic by the World Health Organization on March 12, 2020. This has resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on our future financial results.