

Green Rise Capital Corporation

Audited Financial Statements
December 31, 2017
(expressed in Canadian dollars)



April 30, 2018

Independent Auditor's Report

To the Shareholders of Green Rise Capital Corporation

We have audited the accompanying financial statements of Green Rise Capital Corporation, which comprise the statement of financial position as at December 31, 2017 and the statement of loss and comprehensive loss, changes in shareholder' equity and cash flows for the period from June 9, 2017 (date of incorporation) to December 31, 2017, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Green Rise Capital Corporation as at December 31, 2017 and its financial performance and its cash flows for the period from June 9, 2017 (date of incorporation) to December 31, 2017 in accordance with International Financial Reporting Standards.

(Signed) “PricewaterhouseCoopers LLP”

Chartered Professional Accountants, Licensed Public Accountants

Green Rise Capital Corporation

Statement of Financial Position

As at December 31, 2017

(expressed in Canadian dollars)

As at
December 31,
2017
\$

Assets

Current assets

Cash

625,203

Liabilities

Current liabilities

Accounts payable and accrued liabilities

150,424

Shareholders' Equity

Share capital (Note 4)

621,442

Contributed Surplus (Note 7 & 8)

24,050

Deficit

(170,713)

474,779

625,203

General Information (note 1)

Approved by the Board of Directors

Lal Narang, Director

Vincent Narang, Director

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

Green Rise Capital Corporation

Statement of Net Loss and Comprehensive Loss

For the period from June 9, 2017 (date of incorporation) to December 31, 2017

(expressed in Canadian dollars)

	Period Ended December 31, 2017 \$
Revenue	-
Expenses	
Professional fees	(160,600)
Share-based compensation (note 8)	(10,113)
Loss for the period	(170,713)
Provision for income taxes	-
Net loss and comprehensive loss for the period	(170,713)
Loss per share – basic and diluted	(0.02)
Weighted average number of shares outstanding	7,290,386

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

Green Rise Capital Corporation

Statement of Changes in Shareholders' Equity

For the period from June 9, 2017 (date of incorporation) to December 31, 2017

(expressed in Canadian dollars)

	Number of shares	Amount \$	Contributed Surplus \$	Deficit \$	Total \$
Balance - June 9, 2017	-	-	-	-	-
Issuance of shares (Note 4)	11,375,000	682,500	-	-	682,500
Transaction costs	-	(47,121)	-	-	(47,121)
Broker warrant issuance Note 7)	-	(13,937)	13,937	-	-
Share-based compensation (Note 8)	-	-	10,113	-	10,113
Net loss and comprehensive loss for the period	-	-	-	(170,713)	(170,713)
Balance - December 31, 2017	11,375,000	621,442	24,050	(170,713)	474,779

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

Green Rise Capital Corporation

Statement of Cash Flows

For the period from June 9, 2017 (date of incorporation) to December 31, 2017

(expressed in Canadian dollars)

	\$
Cash provided by (used in)	
Operating activities	
Net loss and comprehensive loss	(170,713)
Non-cash share-based compensation	10,113
Changes in non-cash working capital items	
Accounts payable and accrued liabilities	<u>150,424</u>
	(10,176)
Financing activities	
Issuance of shares for cash consideration	<u>635,379</u>
Increase in cash during the period	625,203
Cash - Beginning of period	<u>-</u>
Cash - End of period	<u><u>625,203</u></u>

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

Green Rise Capital Corporation

Notes to Financial Statements

December 31, 2017

(expressed in Canadian dollars)

1 Organization and nature of operations

Green Rise Capital Corporation (the Corporation or Green Rise) was incorporated on June 9, 2017 under the Business Corporations Act (Ontario) and is domiciled in Canada. The Corporation's head office is located at 199 Bay Street, Suite 400, Toronto, Ontario, Canada M5L 1A9. Its common shares are listed on the TSX Venture Exchange (the "Exchange") trading under the symbol "GRCC".

The principal business of the Corporation is the identification and evaluation of assets or businesses for the purpose of completing a qualifying transaction.

2 Basis of presentation

These financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and with interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook - Accounting. These financial statements were approved by the board of directors on April 30, 2018.

3 Summary of significant accounting policies

The significant accounting policies adopted by the Corporation in the preparation of its financial statements are set out below.

Basis of measurement

These financial statements have been prepared under the historical cost convention.

Foreign currency translation

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

Per share information

Basic earnings per share is computed by dividing the net earnings or loss attributable to shareholders of the Corporation by the weighted average number of shares outstanding during the period. Diluted earnings per share, where applicable, is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments by applying the treasury stock method.

Green Rise Capital Corporation

Notes to Financial Statements

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Accounting standards, interpretations and amendments to existing standards not yet effective

The Corporation does not believe that any recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

Cash and cash equivalents

Cash includes cash held in trust by the Corporation's legal counsel.

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period end. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Income taxes

The Corporation follows the asset and liability method of accounting for income taxes. Income tax is recognized in profit or loss except to the extent it relates to items recognized in equity, in which case the income tax is also recognized in equity. Current tax assets and liabilities are recognized at the amount expected to be paid or received from tax authorities using rates enacted or substantively enacted at the date of the statement of financial position. Deferred tax assets and liabilities are recognized at the tax rates enacted or substantively enacted at the date of the statement of financial position for the years that an asset is expected to be realized or a liability is expected to be settled. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be generated and available for the asset to be utilized against. As at December 31, 2017, no deferred tax asset has been recognized, as it is not probable that future taxable profit will be generated.

Share-based compensation

The fair value of warrants and stock options awarded are measured at the date granted using the Black-Scholes option pricing model and charged to the statement of net loss and comprehensive loss as they vest.

Share Capital

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

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Critical accounting judgments, estimates and assumptions

The preparation of these financial statements requires the Corporation to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the Corporation's reported amounts of assets, liabilities, revenues and other items in net earnings, and the related disclosure of contingent assets and liabilities, if any. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and other items in net earnings that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Future accounting policies

The following new standard has been issued but is not effective until financial years beginning on or after January 1, 2018 and have not been early adopted. Pronouncements that are not applicable to the Corporation have been excluded from those described below.

- IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Corporation has evaluated the change in the standard and there is no material impact from the adoption.

4 Share capital

The Corporation is authorized to issue an unlimited number of shares of one class designated as common shares, without nominal or par value.

Issued and outstanding

	Shares	Amount \$
Common shares issued at \$0.05 per share	9,100,000	455,000
Common shares issued at \$0.10 per share	2,275,000	227,500
Transaction costs on issuance, including broker warrants		(61,058)
	<u>11,375,000</u>	<u>635,379</u>

On June 9, 2017 and August 21, 2017, the Corporation issued 1 common share and 9,099,999 common shares respectively at \$0.05 per share for total consideration of \$455,000. On November 29, 2017, the Corporation completed its initial public offering and sold 2,275,000 common shares at a price of \$0.10 per share for gross proceeds of \$227,500, net of transaction costs of \$61,058, including broker warrants of \$13,937. All proceeds

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are held in trust. The proceeds raised may only be used to identify and evaluate assets or business for future investment, with the exception that not more than the lesser of 30% of the gross proceeds realized 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 may apply until completion of a qualifying transaction by the Corporation as defined under the policies of the TSX Venture Exchange.

5 Financial instruments

The Corporation's financial instruments consist of cash, which is classified as loans and receivables, and accounts payable and accrued liabilities. These amounts are recognized initially at fair value and subsequently measured at amortized cost. The fair value of these amounts approximates their carrying value.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risk consist of cash.

Liquidity risk

Liquidity risk is the risk the Corporation will not have the financial resources required to meet its financial obligations as they come due. The Corporation manages this risk by ensuring it has sufficient cash on hand to meet obligations as they come due by forecasting cash flows from operations, cash required for investing activities and cash from financing activities. As at December 31, 2017, the Corporation had cash of \$625,203, which pursuant to Policy 2.4 of the TSX Venture Exchange and subject to the exception described in Note 4, is restricted to settle liabilities arising from its activities related to the identification and evaluation of assets or businesses for the purpose of completing a qualifying transaction. The Corporation is not subject to significant liquidity risk.

6 Capital management

The Corporation's capital currently consists of common shares. The Corporation'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 assets or businesses. The Corporation does not have any externally imposed capital requirements to which it is subject except as described in note 4. The Corporation manages its 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 Corporation may attempt to issue new shares.

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7 Warrants

The movements in the number and estimated fair value of outstanding warrants are as follows:

	Number	Value \$
Warrants issued	182,000	13,937
Exercised during the year	-	-
Expired	-	-
	<u>182,000</u>	<u>13,937</u>

The warrants outstanding as at December 31, 2017 are set out below:

	Exercise Price \$	Number	Value \$
	0.10	182,000	13,937
	<u>0.10</u>	<u>182,000</u>	<u>13,937</u>

Pursuant to the completion of the initial public offer which closed on November 29, 2017, the Company issued to Haywood Securities Inc. a total of 182,000 share purchase warrants exercisable at a price of \$0.10 per share and expiring twenty-four months from the closing date of the offering. All warrants are exercisable upon issuance, as there are no vesting conditions attached. The fair value of these warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

- risk free interest rate of 1.43%
- expected dividend yield of 0%
- expected volatility of 100%; and
- expected term of 2 years,

which yielded an estimated weighted average fair value of \$0.08 per warrant.

8 Share-Based Compensation

The movements in the number and estimated fair value of outstanding options are as follows:

	Number	Value \$
Issued	100,000	10,113
Exercised	-	-
Expired	-	-
	<u>100,000</u>	<u>10,113</u>

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The options outstanding as at December 31, 2017 are set out below:

Exercise Price	Number	Value
\$		\$
0.10	100,000	10,113
0.10	100,000	10,113

Pursuant to the completion of the initial public offer which closed on November 29, 2017, the Company issued a director 100,000 share purchase options exercisable at a price of \$0.10 per share and expiring five years from the closing date of the offering. All options are exercisable upon issuance, as there are no vesting conditions attached. The fair value of these warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

- risk free interest rate of 1.43%
- expected dividend yield of 0%
- expected volatility of 100%; and
- expected term of 5 years,
- Expected forfeiture rate of 0%
-

which yielded an estimated weighted average fair value of \$0.10 per option. The Company recognized total stock-based compensation costs of \$10,113 in the year ended December 31, 2017.

9 Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of its Board of Directors.

The Company incurred the following compensation costs related to key management and directors in the normal course of business

	Amount
	\$
Salaries paid to officers	-
Fees paid to directors	-
Share-based compensation	10,113
	<u>10,113</u>