

# **RIDER INVESTMENT CAPITAL CORP.**

## **Management Discussion and Analysis**

**For the period from incorporation to December 31, 2018**

The following management discussion and analysis (“MD&A”), dated February 22, 2019, of Rider Investment Capital Corp. (the “Company”) prepared from the period of incorporation (January 30, 2018) to December 31, 2018 should be read in conjunction with the Company’s audited financial statements for the period ended December 31, 2018.

All figures contained in this MD&A are presented in Canadian dollars.

### **Forward-Looking Statements**

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company’s future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

The Company was incorporated under the Business Corporations Act (Alberta) on January 30, 2018 and is classified as a Capital Pool Company, as defined in the Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Company has not commenced operations and has no assets other than cash and prepaid expenses. The Company’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm’s length transaction, of the majority of the minority shareholders.

The Company’s head office is located at Suite 650, 816 – 7<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 1A1 and the registered head office is located at Suite 1000, 250 – 2nd Street Avenue SW, Calgary, Alberta, T2P 0C1.

### **Business Update**

On May 18, 2018, the Company completed its initial public offering (the “Offering”) of 2,500,000 common shares at a purchase price of \$0.10 per common share for aggregate gross proceeds of \$250,000. Canaccord Genuity Corp. (the “Agent”) acted as agent for the initial public offering. In connection with the offering, the Agent received a cash commission equal to 10% of the aggregate gross proceeds from the sale of the common shares and was paid for legal expense, a corporate finance fee and other disbursements totaling \$29,842.

In connection with the Offering, the Company also granted to the Agent warrants to acquire up to an aggregate of 250,000 common shares (the “Agent’s Warrants”). Each Agent’s Warrant is exercisable to acquire one common share at a price of \$0.10 for a period of 24 months following the date that the common

shares are listed on the Exchange. The Agent's Warrants were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, discount rate of 1.87%, expected volatility of 100%, and an expected life of two years. The value attributed the 250,000 Agent's Warrants was \$13,237.

On May 18, 2018, the Company granted 450,000 stock options to the directors and officers of the Company. Each option is exercisable to acquire one common share at a price of \$0.10 for a period of 5 years following the date of issuance. The options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, discount rate of 1.88%, expected volatility of 100%, and an expected life of five years. The value attributed the 450,000 stock options was \$33,687.

The Company's common shares commenced trading on the TSX Venture Exchange under the trading symbol RDR.H on May 23, 2018. As of May 23, 2018, the Company had 4,500,000 common shares outstanding, with 2,000,000 common shares held in escrow.

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 Company 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 Company as defined under the policies of the TSX Venture. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval.

### Summary of Quarterly Results

	<b>December 31, 2018</b>	<b>September 30, 2018</b>	<b>June 30, 2018</b>	<b>March 31, 2018</b>
Total assets	\$247,482	\$249,212	\$271,699	\$94,720
Total revenue	-	-	-	-
Total expenses	10,649	1,740	66,226	13,021
Net loss	(10,649)	(1,740)	(66,226)	(13,021)
Basic and diluted net loss per share	\$(0.00)	\$(0.00)	\$(0.03)	\$(0.01)

### Results of Operations

The Company recorded a net loss of \$10,649 during the three month period ended December 31, 2018 and \$91,636 from incorporation to December 31, 2018. The net loss for the periods are comprised of costs relating to the Company's listing on the exchange, professional fees and non-cash stock-based payments.

Since the Company has no revenue from operations the following is a breakdown of the significant expenses incurred in the periods:

	<b>December 31, 2018</b>	<b>September 30, 2018</b>	<b>June 30, 2018</b>	<b>March 31, 2018</b>
Dues and filings fees	\$ -	\$ -	\$11,029	\$5,250
General office costs	-	953	87	-
Professional fees	10,649	787	21,423	7,741
Stock-based payments	-	-	33,687	-

## **Cash Flow**

For the period from incorporation to December 31, 2018, the Company had negative cash flows from operations of \$47,676. This is primarily due to expenses relating to the Company's listing on the exchange and professional fees.

## **Liquidity and Capital Resources**

As at December 31, 2018, the Company had a working capital of \$237,209.

On May 18, 2018, the Company completed its initial public offering (the "Offering") of 2,500,000 common shares at a purchase price of \$0.10 per common share for aggregate gross proceeds of \$250,000. 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 Company in respect of the sale of its securities or \$210,000, may be used for purposes other than evaluating businesses or assets.

## **Outstanding Share Data**

On May 18, 2018, the Company completed its initial public offering (the "Offering") of 2,500,000 common shares at a purchase price of \$0.10 per common share for aggregate gross proceeds of \$250,000. Canaccord Genuity Corp. (the "Agent") acted as agent for the initial public offering. In connection with the offering, the Agent received a cash commission equal to 10% of the aggregate gross proceeds from the sale of the common shares and was paid for legal expense, a corporate finance fee and other disbursements totaling \$29,842 which have been recorded as share issue costs.

In connection with the Offering, the Company also granted to the Agent warrants to acquire up to an aggregate of 250,000 common shares (the "Agent's Warrants"). Each Agent's Warrant is exercisable to acquire one common share at a price of \$0.10 for a period of 24 months following the date that the common shares are listed on the Exchange. The Agent's Warrants were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, discount rate of 1.87%, expected volatility of 100%, and an expected life of two years. The value attributed to the 250,000 Agent's Warrants was \$13,237.

On May 18, 2018, the Company granted 450,000 stock options to the directors and officers of the Company. Each option vests immediately and is exercisable to acquire one common share at a price of \$0.10 for a period of 5 years following the date of issuance. The options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, discount rate of 1.88%, expected volatility of 100%, and an expected life of five years. The value attributed to the 450,000 stock options was \$33,687.

The Company's common shares commenced trading on the TSX Venture Exchange under the trading symbol RDR.H on May 23, 2018. As of the date of this report, the Company had 4,500,000 common shares outstanding, with 2,000,000 common shares held in escrow.

## **Off-Balance Sheet Arrangements**

The Company has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

## **Related Party Transactions**

No remuneration was paid to management personnel during the period ended December 31, 2018 other than stock based payments of \$33,687.

During the period ended December 31, 2018, the Company incurred legal costs of \$22,206 (three month period ended December 31, 2018 - \$Nil) with a law firm in which a director is a Partner. The legal costs incurred were in the normal course of operations and were based on the exchange value of the service provided. Of the legal services provided, \$Nil were included in trade and other payables at December 31, 2018.

## **Capital Management**

The Company's objective when managing capital is to maintain its ability to continue as a going concern, in order to provide returns for the shareholders and benefits for other stakeholders. The Company includes shareholders' equity, comprised of issued common shares, in the definition of capital.

The Company'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 a QT. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Company is subject to restrictions until completion of the QT by the Company as defined under the Exchange policy 2.4.

## **Risk Disclosures and Fair Values**

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

## **Critical Accounting Estimates**

The Company's significant accounting policies are summarized in Note 3 to the audited financial statements for the period ended December 31, 2018.

## **Future Changes in Accounting Policies**

The following standards have been issued but are not yet effective:

IFRS 16 Leases is effective for annual reporting periods beginning on or after January 1, 2019, with early application permitted. The most significant financial reporting impacts of the changes include: all leases will be on the Statement of Financial Position, except those that meet the limited exception criteria; the measurement and presentation of expenses will be significantly impacted as rent expense is removed and replaced by the recording of depreciation and financing expenses; the amount of profit (loss) recognized in a period will likely change as the timing of expenses is accelerated when applying the new standard which uses a finance lease model compared to a straight line operating lease expense; and key ratios may be impacted with the introduction of lease assets and liabilities on the Statement of Financial Position and changes to the timing of expenses. Management is currently evaluating the potential impact of IFRS 16 on the financial statements. The Company has no leases and therefore IFRS 16 has no immediate effect on its financial statements. However, the Company will continue to monitor any potential impact IFRS 16 may have on its financial statements in the future.

There may be additional new standards that have not been discussed as they are not expected to impact the Company.

## **Additional Information**

For further detail, see the Company's audited financial statements for the period ended December 31, 2018. Additional information about the Company can also be found on SEDAR.