

Terrace Global Inc.

(Formerly Apolo II Acquisition Corp., a Capital Pool Corporation)

Unaudited Condensed Interim Financial Statements

**For the three and nine month periods ended
September 30, 2019 and 2018**

(In Canadian Dollars)

Notice of No Auditor Review of the Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Terrace Global Inc. (formerly Apolo II Acquisition Corp., herein referred to as the “Corporation”) have been prepared by and are the responsibility of the Corporation’s management. The Corporation’s independent auditor has not performed a review of these financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity’s auditor.

Terrace Global Inc.
Unaudited Condensed Interim Statements of Loss and Comprehensive Loss
For the three and nine month periods ended September 30, 2019 and 2018
(in Canadian Dollars)

	Nine month period ended September 30, 2019	Nine month period ended September 30, 2018	Three month period ended September 30, 2019	Three month period ended September 30, 2018
Interest Income	\$ 4,400	\$ -	\$ -	\$ -
Expenses				
Stock-based compensation	-	89,297	-	-
Professional fees	51,285	71,411	19,772	3,166
Listing fees	15,906	18,150	-	-
Bank charges	90	104	21	51
Total expenses	67,281	178,962	19,793	3,217
Net loss and comprehensive loss	\$ (62,881)	\$ (178,962)	\$ (19,793)	\$ (3,217)
Net loss per share (basic and diluted)	\$ (0.01)	\$ (0.03)	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding (basic and diluted)	7,250,000	5,729,853	7,250,000	7,250,000

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

Terrace Global Inc.
Unaudited Condensed Interim Statements of Cash Flows
For the nine month periods ended September 30, 2019 and 2018
(in Canadian Dollars)

	Nine month period ended September 30, 2019	Nine month period ended September 30, 2018
Cash flows from operating activities		
Net loss for the period	\$ (62,881)	\$ (178,962)
Stock-based compensation	-	89,297
Change in short-term investments	-	-
Change in accrued liabilities	11,048	5,140
Net cash used in operating activities	(51,833)	(84,525)
Cash flows from financing activities		
Purchase of short-term investments	(4,400)	(400,000)
Share issuance	-	820,000
Cash issuance costs	-	(76,350)
Net cash provided by financing activities	(4,400)	343,650
Net change in cash	(56,233)	259,125
Cash, beginning of period	432,841	175,000
Cash, ending of period	\$ 376,608	\$ 434,125

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

Terrace Global Inc.
Unaudited Condensed Interim Statements of Changes in Shareholders' Equity
For the nine month periods ended September 30, 2019 and 2018
(in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Accumulated Deficit	Shareholders' Equity
Balance, January 1, 2018	1	\$ 172,000	\$ -	\$ (1,500)	\$ 170,500
Share cancellation	(1)	-	-	-	-
Share subscriptions (note 3)	6,900,000	320,000	-	-	320,000
Initial public offering (note 3)	5,000,000	500,000	-	-	500,000
Share issuance costs	-	(102,792)	26,442	-	(76,350)
Stock-based compensation	-	-	89,297	-	89,297
Net loss	-	-	-	(178,962)	(178,962)
Balance, September 30, 2018	11,900,000	\$ 889,208	\$ 115,739	\$ (180,462)	\$ 824,485

	Number of Shares	Share Capital	Contributed Surplus	Retained Earnings	Shareholders' Equity
Balance, January 1, 2019	11,900,000	\$ 889,208	\$ 115,739	\$ (195,996)	\$ 808,951
Net loss	-	-	-	(62,881)	(62,881)
Balance, September 30, 2019	11,900,000	\$ 889,208	\$ 115,739	\$ (258,877)	\$ 746,070

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

Terrace Global Inc.
Notes to the Unaudited Condensed Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018
(in Canadian Dollars)

1. INCORPORATION AND NATURE OF BUSINESS

Terrace Global Inc. (formerly Apolo II Acquisition Corp., herein referred to as the “Corporation”), was incorporated under the Business Corporations Act (Ontario) on December 15, 2017 and is classified as a Capital Pool Company, as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”) Corporate Finance Manual (the “Manual”).

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 operations and has no assets other than cash and short-term investments. The Corporation’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 proceeds raised from the issuance of share capital by the Corporation 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 as a Capital Pool Company.

The head office and the registered head office of the Corporation is located at 365 Bay Street, Suite 800, Toronto ON M5H 2V1.

On November 28, 2019, the Board of Directors approved the unaudited condensed interim financial statements for the three and nine month periods ended September 30, 2019 and 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These unaudited interim condensed financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent 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”).

These unaudited condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities. These unaudited condensed interim financial statements are presented in Canadian dollars, which is the corporation’s functional and presentation currency.

The accounting policies applied by the Corporation in these Unaudited Condensed Interim Financial Statements are the same as those applied by the Corporation in audited financial statements for the year ended December 31, 2018.

Terrace Global Inc.
Notes to the Unaudited Condensed Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018
(in Canadian Dollars)

3. SHARE CAPITAL

Authorized Unlimited common shares

Issued	#	\$
6,900,000 common shares (i)	6,900,000	\$ 495,000
5,000,000 common shares (ii)	5,000,000	500,000
Issuance cost (cash)	-	(79,350)
Issuance cost (share-based payment)	-	(26,442)
Balance, December 31, 2018 and September 30, 2019	11,900,000	\$ 889,208

(i) Escrowed Shares

During the year ended December 31, 2017, the Corporation completed its initial seed round private placement for 3,900,000 common shares at a price of \$0.05 per share for total proceeds of \$195,000. On February 9, 2018, the Corporation completed a second private placement for 3,000,000 common shares at a price of \$0.10 per share for total proceeds of \$300,000. Total issuance costs related to these private placements was \$3,000.

4,650,000 issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a QT, must also be deposited in escrow until the final exchange bulletin is issued. As a result, the escrow shares have not been contemplated in the weighted-average shares outstanding calculation.

All common shares of the Corporation acquired in the secondary market prior to the completion of a QT 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.

(ii) Initial Public Offering

On March 6, 2018, the Corporation completed its Initial Public Offering ("IPO") of 5,000,000 common shares at \$0.10 per share (\$500,000). The Corporation entered into an agreement with Richardson GMP Limited (the "Agent") to raise \$500,000 in connection with the Corporation's IPO. The Corporation paid a commission of 10% of the gross proceeds of the IPO to the Agent, and granted the Agent warrants to acquire such number of common shares equal to 10% of the common shares issued in the IPO 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 upon the closing of the offering and reimbursed the Agent for legal fees and other reasonable expenses incurred in connection with the IPO. Total issuance costs related to the IPO was \$102,792, of which \$26,442 relates to the Agent's warrants.

Terrace Global Inc.
Notes to the Unaudited Condensed Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018
(in Canadian Dollars)

3. SHARE CAPITAL - continued

(iii) Options and Agent Warrants

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 such number of common shares as is equal to 10% of the issued and outstanding common shares at such time. 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 ten years from the date of the grant. They are non-transferable and 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 one year thereafter.

Any shares issued upon exercise of the options prior to the Corporation entering into a QT will be subject to escrow restrictions. Unless otherwise stated, the options fully vest when granted.

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

	Number of Stock Options and Warrants	Weighted Average Exercise Price (\$)
Balance, January 1, 2018	-	-
Granted broker warrants (i)	500,000	\$0.10
Granted to directors and officers (ii)	1,190,000	\$0.10
Balance, December 31, 2018 and September 30, 2019	1,690,000	\$0.10

- i. On March 6, 2018, the Corporation granted 500,000 warrants to the Agent, which are exercisable to acquire common shares of the Corporation 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 1.75%, expected volatility of 100% and an expected life of two years. The value attributed to these options was \$26,442.
- ii. On March 6, 2018, the Corporation granted 1,190,000 options to directors and officers, which are exercisable to acquire common shares of the Corporation within ten 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 2.16%, expected volatility of 100% and an expected life of five years. The value attributed to these options was \$89,297.

The following table reflects the actual stock options and warrants issued and outstanding as of September 30, 2019:

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)
March 6, 2020	\$0.10	0.13	500,000	500,000
March 6, 2028	\$0.10	5.94	1,190,000	1,190,000
	\$0.10	6.07	1,690,000	1,690,000

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, contributed surplus 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 QT by the Corporation as defined under Exchange Policy 2.4.

Risk Disclosures and Fair Values

The Corporation's financial instruments, consisting of cash, short-term investments 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 nine month period ended September 30, 2019, the Corporation incurred legal fees of approximately \$39,345 (2018 - \$47,660) for services provided by a law firm whose partner is an officer of the Corporation. As at September 30, 2019, an amount of \$25,684 (2018 - \$7,265) is included in accrued liabilities in respect of these services.

There were no other related party transactions and no remuneration was paid to key management personnel during the three and nine month periods ended September 30, 2019 or September 30, 2018.

6. SUBSEQUENT EVENT

On November 8, 2019, the Corporation announced the filing of the final non-offering prospectus with Terrace Inc. On November 14, 2019 the Company completed the qualifying transaction with Terrace Inc.