

Cluny Capital Corp.
(A Capital Pool Company)

Financial Statements

(in Canadian dollars)

**For the Years Ended December 31, 2015 and
2014**

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Cluny Capital Corp. (A Capital Pool Company)

We have audited the accompanying financial statements of Cluny Capital Corp. which comprise the statements of financial position as at December 31, 2015 and 2014 and the statements of comprehensive loss, changes in equity and cash flows for the years then ended and 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 audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cluny Capital Corp. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Collins Barrow Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants
April 27, 2016
Toronto, Ontario

Cluny Capital Corp.
(A Capital Pool Company)
Statements of Financial Position
(in Canadian dollars)
As at December 31, 2015 and 2014

	2015	2014
Assets		
Current		
Cash (Note 4)	\$ 303,153	\$ 365,374
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 37,959	\$ 21,402
Shareholders' Equity		
Share Capital (Note 5)	456,722	456,722
Stock Options (Note 6)	117,139	117,139
Accumulated Deficit	(308,667)	(229,889)
	265,194	343,972
	\$ 303,153	\$ 365,374

Approved on behalf of the Board

"Simon Yakubowicz"
Director (Signed)

"Peter Simeon"
Director (Signed)

Cluny Capital Corp.
(A Capital Pool Company)
Statement of Comprehensive Loss
(in Canadian dollars)
Years Ended December 31, 2015 and 2014

	2015	2014
Interest revenue	\$ 578	\$ -
Expenses		
Professional fees	66,797	22,619
Share-based payments	-	84,839
Listing fees	12,559	13,809
	79,356	121,267
Net loss and comprehensive loss	\$ 78,778	\$ 121,267

Net loss per common share

Basic and diluted	\$ (0.04)	\$ (0.15)
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Weighted average number of common shares outstanding

Basic and diluted	2,233,700	813,924
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Cluny Capital Corp.
(A Capital Pool Company)
Statement of Changes in Equity
(in Canadian dollars)
Years Ended December 31, 2015 and 2014

	Share Capital Number of Shares	Amount	Option Reserves	Stock Accumulated Deficit	Total
Balance, January 1, 2014	1,500,001	\$ 150,001	\$ -	\$ (108,622)	\$ 41,379
Issuance of common shares	2,233,700	446,740	-	-	446,740
Share issuance costs	-	(140,019)	32,300	-	(107,719)
Share-based payments	-	-	84,839	-	84,839
Net loss and comprehensive loss	-	-	-	(121,267)	(121,267)
Balance, December 31, 2014	3,733,701	\$ 456,722	\$ 117,139	\$ (229,889)	\$ 343,972
Net loss and comprehensive loss	-	-	-	(78,778)	(78,778)
Balance, December 31, 2015	3,733,701	\$ 456,722	\$ 117,139	\$ (308,667)	\$ 265,194

Cluny Capital Corp.
(A Capital Pool Company)
Statement of Cash Flows
(in Canadian dollars)
Years Ended December 31, 2015 and 2014

	2015	2014
Cash provided by (used in)		
Operations		
Net loss	\$ (78,778)	\$ (121,267)
Items not affecting cash		
Share based payments	-	84,839
	(78,778)	(36,428)
Net changes in non-cash working capital		
Accounts payable and accrued liabilities	16,557	5,841
	(62,221)	(30,587)
Financing		
Net proceeds from issuance of common stock (Note 5)	-	339,021
Net change in cash	(62,221)	308,434
Cash, beginning of year	365,374	56,940
Cash, end of year	\$ 303,153	\$ 365,374

1. NATURE OF THE CORPORATION

Cluny Capital Corp. (the "Company") was incorporated under the Business Corporations Act (Ontario) on August 11, 2011 and is classified as a Capital Pool Company ("CPC") as defined by the TSX Venture Exchange Inc. (the "Exchange"). The Company has no significant assets other than cash and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction, as defined in Exchange policy 2.4.

There is no assurance that the Company will identify a Qualifying Transaction within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Company's shares from trading.

The head office, principal address, registered address and records office of the Company are located at 1 First Canadian Place, 100 King Street West, Suite 1600, Toronto, Ontario Canada M5X 1G5.

On April 27, 2016, the Board of Directors approved the financial statements for the years ended December 31, 2015 and 2014.

2. BASIS OF PRESENTATION

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 IFRS Interpretations Committee ("IFRIC").

Basis of Preparation

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

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Significant estimates and judgments include the assumptions used for determining the amount of deferred income taxes and deferred income tax assets and liabilities including deferred income tax rate, the estimates of accounts payable and accrued liabilities, and as more fully described in Note 6, calculation of the fair value of stock options issued, as it requires the use of estimates in determining inputs in the stock option valuation models.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

Financial Instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available for sale, FVTPL liabilities or other financial liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivables, and other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available for sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities

The Company's financial instruments measured at fair value on the statement of financial position consist of cash. Cash is measured using level 1 of the fair value hierarchy. There are three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

Stock-Based Compensation

The Company accounts for stock options using the fair value method. Under this method, compensation expense for stock options granted to employees is measured at fair value at the grant date using the Black Scholes option pricing model and recognized over the vesting period of the options granted.

Compensation expense for stock options granted to non-employees is measured at the fair of the goods or services received. However, if the fair value cannot be estimated reliably, the share based payment transaction is measured at the fair value of the stock options granted at the date the Company received the goods or the services using the Black Scholes option pricing model.

Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options outstanding that may add to the total number of common shares.

Outstanding ordinary shares that are contingently returnable (including escrowed shares) are not treated as outstanding and are excluded from the calculation of basic earnings per share until the date the shares are no longer subject to recall.

Deferred Taxes

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Deferred Taxes (Cont'd)

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Share Issuance Costs

Professional fees, consulting fees and other costs that are directly attributable to financial transactions are charged to share capital when the related shares are issued.

Future Changes in Accounting Policies

The Company is currently evaluating the impact of the below standard on its financial performance and financial statement disclosures but expects that such impact will not be material.

The following standard has been issued but is not yet effective:

- (a) IFRS 9 Financial Instruments was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions.

The effective date of IFRS 9 was deferred to years beginning on or after January 1, 2018. Earlier application is permitted.

4. CASH RESTRICTION

The proceeds raised from the issuance of common shares, prior to completion of the Qualifying Transaction, 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 and \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under Exchange policy 2.4. The Company has exceeded this limit but has not yet completed its Qualifying Transaction (Note 10). The impact of this violation is unknown and is ultimately dependent on the Exchange.

5. SHARE CAPITAL

Authorized
unlimited common shares without par value

Issued and outstanding

	Number	Amount
Balance at January 1, 2014	1,500,001	\$ 150,001
Common shares issued for cash	2,233,700	446,740
Share issuance costs	-	(140,019)
Balance at December 31, 2015 & 2014	3,733,701	\$ 456,722

On August 20, 2014 the corporation completed its initial public offering. The Corporation issued 2,233,700 common shares at a price of \$0.20 per share for gross proceeds to the Corporation of \$446,740. As a result of this issuance, the Corporation has 3,733,701 common shares issued and outstanding, of which 1,500,001 common shares are held in escrow. Share issue costs incurred with regards to this share issuance exclusive of the agent's options amounted to \$107,719.

The above seed shares are held in Escrow, and under the CPC Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin, which is the Exchange Bulletin issued following the closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange Acceptance of the Qualifying Transaction (the "Initial Release"). An additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

Cluny Capital Corp.
(A Capital Pool Company)
Notes to Financial Statements
(in Canadian dollars)
December 31, 2015 and 2014

6. STOCK OPTIONS

The following summarizes the stock option activities during the year:

	Number of Options	Weighted Average Exercise Price
Outstanding, January 1, 2014	-	\$ -
Granted ^{(a)(b)}	596,740	0.20
Outstanding, December 31, 2014	596,740	\$ 0.20
Granted	-	-
Outstanding, December 31, 2015	596,740	\$ 0.20

The Company had the following stock options outstanding as of December 31, 2015:

Number of Options	Exercisable	Exercise Price	Expiry Date
373,370	373,370	\$0.20	August 20, 2024
223,370	223,370	\$0.20	August 20, 2016
596,740	596,740		

(a) Agent options

On August 20, 2014, the Company granted 223,370 stock options to its agent. These options vested immediately. Each option entitles the holder to purchase one common share at \$0.20 per share at any time on or before August 20, 2016. As the fair value of the services received from the agents was not determinable, the stock options granted were measured using the fair value of the equity instruments provided. The fair value of these stock options was estimated to be \$32,300 at the grant date based on the Black Scholes pricing model, using the following weighted average assumptions:

Share price	\$0.25
Expected dividend yield	Nil
Risk free interest rate	1.09%
Expected life	2.0 years
Expected volatility ⁽ⁱ⁾	100%

(i) As historical volatility of the Company's common shares is not available, expected volatility is based on the historical performance of the common shares of other similar companies.

6. STOCK OPTIONS (Cont'd)

(b) Directors' and officers' options

On August 20, 2014, the Company granted 373,370 stock options to directors. These options vested immediately. Each option entitles the holder to purchase one common share at \$0.20 per share at any time on or before August 20, 2024. The fair value of these stock options was estimated to be \$84,839 at the grant date based on the Black Scholes pricing model, using the following weighted average assumptions:

Share price	\$0.25
Expected dividend yield	Nil
Risk free interest rate	2.10%
Expected life	10.0 years
Expected volatility ⁽ⁱ⁾	100%

- (i) As historical volatility of the Company's common shares is not available, expected volatility is based on the historical performance of the common shares of other similar companies.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

7. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the year ended December 31, 2015, nil (2014 - 373,370) stock options were granted to directors and officers which were valued at \$nil (2014 - \$84,839 (Note 6(b))). There was no further compensation to key management personnel.

During the period ended December 31, 2015, the Company incurred \$57,464 (2014 - \$74,001) in legal and agent fees to a law firm where a director of the Company was a partner. As at December 31, 2015, \$6,157 (2014 - \$12,146) was payable to the firm.

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 shareholders and benefits for other stakeholders.

The Company includes 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 ongoing operations and the identification and evaluation of potential acquisitions. 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 not subject to externally imposed capital requirements other than the cash restriction disclosed in Note 4.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash and accrued liabilities, approximate fair values due to the relatively short term maturities 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.

As at December 31, 2015, the Company has accounts payable and accrued liabilities of \$37,959 (2014 - \$21,402) due within 12 months and has cash of \$303,153 (2014 - \$365,374), subject to restrictions (Note 4), to meet its current obligations. As a result the Company has minimal liquidity risk.

9. INCOME TAXES

(a) Income Tax Expense

The following table reconciles income taxes calculated at combined Canadian federal and provincial tax rates with the income tax expense in these financial statements:

	2015	2014
Loss before income taxes	\$ (78,778)	\$ (121,267)
Statutory rate	26.5%	26.5%
Expected income tax recovery	(20,877)	(32,136)
Stock based compensation and other non-deductible items	-	21,941
Share issuance costs	-	(28,546)
Change in deferred tax assets not recognized	20,877	38,741
Income tax expense	\$ -	\$ -

Cluny Capital Corp.
(A Capital Pool Company)
Notes to Financial Statements
(in Canadian dollars)
December 31, 2015 and 2014

9. INCOME TAXES (Cont'd)

(b) Deferred Income Taxes

The temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

	2015	2014
Loss carryforward	\$ 70,733	\$ 44,147
Share issuance costs	17,127	22,836
	21,941	66,983
Less: Deferred tax asset not recognized	(87,860)	(66,983)
Deferred income tax assets	\$ -	\$ -

(c) Non-Capital Losses

The Company has non-capital losses of approximately \$266,000 to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

2033	\$ 108,000
2034	58,000
2034	100,000
	\$ 266,000

The potential tax benefit relating to these losses has not been reflected in these financial statements.

10. QUALIFYING TRANSACTIONS

On September 11 2015 the Company entered into a letter of intent with Active ImageNation Inc. (DBA Cap That) ("Cap That"). Subsequent to year end the Company mutually agreed with Cap That, to terminate the letter of intent with respect to a proposed transaction.

The Company entered into a letter of intent dated January 7, 2016 with Pizza Couture Inc. ("Pizza Couture"), a corporation incorporated under the *Business Corporations Act* (Ontario) (the "OBCA"), pursuant to which Cluny and Pizza Couture intend to complete a transaction (the "Proposed Transaction") currently anticipated to be by way of a "three-cornered" amalgamation under the amalgamation provisions of the OBCA. The Proposed Transaction, if completed, will constitute Cluny's "Qualifying Transaction" under Policy 2.4 – *Capital Pool Companies* of the TSX Venture Exchange (the "TSX-V"). The Proposed Transaction will be an arm's length transaction.

As part of the Proposed Transaction, the Company will complete a concurrent financing for aggregate gross proceeds of a minimum of \$1,200,000 and a maximum of \$2,000,000.

Subject to TSX-V approval, Cluny will advance to Pizza Couture, as a secured loan, up to \$225,000 pursuant to subsection 8.5(a) of TSX-V Policy 2.4.

11. SUBSEQUENT EVENTS

On April 26, 2016 the Company amended the stock options granted on August 20, 2014 to a director of the company to purchase up to 186,685 Common Shares at a purchase price of \$0.20 per Common Share instead of 212,870 Common Shares at a purchase price of \$0.20.