



# **Royalty Streams Corp.**

Focused on cash flowing streams

## **CONSOLIDATED FINANCIAL STATEMENTS**

**For The Years Ended  
December 31, 2019 and 2018**

(Expressed in US Dollars)

(UNAUDITED- PREPARED BY MANAGEMENT)

**ROYALTY STREAMS CORP.**  
**CONSOLIDATED BALANCE SHEETS**  
**(Unaudited - Expressed in U.S. Dollars)**

	Note	December 31, 2019	December 31, 2018
<b>ASSETS</b>			
Cash		\$ 13,579	\$ -
Green royalty receivable	4	51,189	-
Dividend receivable	5	5,819	-
Subscription receivable	6	736,452	759,693
Green royalties	4	5	-
Music royalties	3	55,100	44,750
Private investment	5	115,367	115,367
<b>TOTAL ASSETS</b>		<b>\$ 977,511</b>	<b>\$ 919,810</b>
<b>LIABILITIES</b>			
Other payable		\$ 4,796	\$ 2,592
Current tax payable	2	12,666	-
<b>TOTAL LIABILITIES</b>		<b>\$ 17,462</b>	<b>\$ 2,592</b>
<b>EQUITY</b>			
100,000,000 shares authorized			
Common stock, par value \$.0001	8	\$ 1,500	\$ 1,310
Additional paid in capital	8	918,500	918,500
Retained earnings (loss)		(2,592)	-
Net income (loss)		42,641	(2,592)
<b>TOTAL EQUITY</b>		<b>\$ 960,049</b>	<b>\$ 917,218</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 977,511</b>	<b>\$ 919,810</b>

ON BEHALF OF THE BOARD:

"Frank Boglev", Director

"Tim Gallagher", Director

See accompanying notes to the consolidated financial statements.

**ROYALTY STREAMS CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited - Expressed in US Dollars)**

	Note	Year ended December 31, 2019	Year ended December 31, 2018
<b><u>INCOME</u></b>			
Music royalty revenue	3	\$ 13,579	\$ -
Green royalty revenue	4	51,189	-
Music equity dividends	5	5,819	-
<b><u>TOTAL INCOME</u></b>		<u>70,587</u>	<u>-</u>
Music royalty amortization	3	6,750	-
<b><u>GROSS PROFIT</u></b>		<u>63,837</u>	<u>-</u>
<b><u>EXPENSES</u></b>			
Annual franchise tax (DE)		2,250	1,350
Annual registered agent		277	-
Bank fees		-	177
Organization costs		412	1,065
Tax prep and fees		329	-
Web hosting and design		5,262	-
<b><u>TOTAL EXPENSES</u></b>		<u>8,530</u>	<u>2,592</u>
<b><u>INCOME (LOSS) FROM OPERATIONS</u></b>		<b>55,307</b>	<b>(2,592)</b>
<b><u>OTHER INCOME (LOSS)</u></b>		<u>-</u>	<u>-</u>
<b><u>TOTAL OTHER INCOME (LOSS)</u></b>		<u>-</u>	<u>-</u>
<b><u>INCOME OR (LOSS) BEFORE TAXES</u></b>		55,307	(2,592)
Current tax	2	12,666	-
<b><u>NET INCOME OR (LOSS)</u></b>		<u>\$ 42,641</u>	<u>\$ (2,592)</u>

See accompanying notes to the consolidated financial statements.

**ROYALTY STREAMS CORP.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(Unaudited - Expressed in US Dollars)**

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	<b>Number of Shares</b>	<b>Common Stock Par Value</b>	<b>Paid-in Capital in excess of Par</b>	<b>Retained Earnings (Deficit)</b>	<b>Total</b>
<b><u>AT DECEMBER 5, 2018 (INCEPTION)</u></b>	-	\$ -	\$ -	\$ -	\$ -
Shares issued upon incorporation	100,000	10	8,500		8,510
Shares issued for Royalty Music	5,000,000	500	210,000		210,500
Shares issued for Royalty Gold	8,000,000	800	700,000		700,800
Net loss				(2,592)	(2,592)
<b><u>AT DECEMBER 31, 2018</u></b>	<b>13,100,000</b>	<b>\$ 1,310</b>	<b>\$ 918,500</b>	<b>\$ (2,592)</b>	<b>\$ 917,218</b>
Shares issued for Royalty Green	1,500,000	150	-		150
Shares issued for Royalty Franchise	400,000	40	-		40
Net income				42,641	42,641
<b><u>AT DECEMBER 31, 2019</u></b>	<b>15,000,000</b>	<b>\$ 1,500</b>	<b>\$ 918,500</b>	<b>\$ 40,049</b>	<b>\$ 960,049</b>

See accompanying notes to the consolidated financial statements.

**ROYALTY STREAMS CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
**(Unaudited - Expressed in US Dollars)**

	Year ended December 31, 2019	Year ended December 31, 2018
<b><u>OPERATING ACTIVITIES</u></b>		
Net income (loss)	42,641	\$ (2,592)
Add back non-cash items:		
Amortization	6,751	-
Changes in:		
Accounts receivable	(33,767)	(759,693)
Accounts payable	14,869	2,592
	<u>30,494</u>	<u>(759,693)</u>
<b><u>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u></b>	<b><u>\$ 30,494</u></b>	<b><u>(759,693)</u></b>
<b><u>INVESTING ACTIVITIES</u></b>		
Investment in private company	-	(115,367)
Acquisition of green royalties	(5)	
Purchase of music equities	(17,100)	(44,750)
	<u>(17,105)</u>	<u>(160,117)</u>
<b><u>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</u></b>	<b><u>(17,105)</u></b>	<b><u>(160,117)</u></b>
<b><u>FINANCING ACTIVITIES</u></b>		
Common stock par value	190	1,310
Additional pic	-	918,500
	<u>190</u>	<u>919,810</u>
<b><u>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</u></b>	<b><u>190</u></b>	<b><u>919,810</u></b>
<b><u>NET INCREASE (DECREASE) IN CASH</u></b>	<b><u>13,579</u></b>	<b><u>-</u></b>
<b><u>CASH, BEGINNING OF YEAR</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b><u>CASH, END OF YEAR</u></b>	<b><u>\$ 13,579</u></b>	<b><u>\$ -</u></b>

See accompanying notes to the consolidated financial statements.

# **ROYALTY STREAMS CORP.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2019 and 2018**

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### **1. NATURE OF BUSINESS AND OPERATIONS**

Royalty Streams Corp. (“Royalty Streams” or the “Company”), was incorporated in the state of Delaware on December 5, 2018. The Company seeks investments in diversified royalties and streams, gold and silver stockpiles, marketable securities with a focus on precious metals, and investments in private companies.

The registered agent office of the Company is located at 919 North Market Street, Suite 950, Wilmington, DE 19801. The principle office of the Company is located at 4 Jacobs Way, Chadds Ford, PA 19317.

In December 2018, the Company issued 100,000 shares upon incorporation, along with issuing 5,000,000 shares for Royalty Music Corp., and 8,000,000 shares for Royalty Gold Corp. In February 2019, the Company issued 1,500,000 shares for Royalty Green Corp., and 400,000 shares for Royalty Franchise Corp.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of presentation***

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), with Article 8 of Regulation S-X, and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Royalty Music Corp., Royalty Gold Corp., Royalty Green Corp., and Royalty Franchise Corp. Collectively, they are referred to herein as “the Company”. Inter-company accounts and transactions have been eliminated.

#### ***Risks and Uncertainties***

The Company is subject to US dollar devaluation risk given the unprecedented money printing in recent years. The Company is subject to additional risks and uncertainties due to the COVID-19 pandemic. The Company cannot reasonably estimate with any degree of certainty the future impact COVID-19 may have on the Company’s results of operations, financial position and liquidity, other than

## **ROYALTY STREAMS CORP.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2019 and 2018**

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noticing a temporary decline in music royalties, as they relate to public performances, given there have been significantly less concert performances worldwide.

#### ***Cash and Cash Equivalents***

The Company considers all investment instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

#### ***Physical Bullion***

Investments in physical bullion are measured at fair value determined by reference to published price quotations, with unrealized and realized gains and losses recorded in other income based on the International Accounting Standards 40.

#### ***Marketable Securities***

Equity investments with readily determinable fair values are measured at fair value. Equity investments without readily determinable fair values are measured using the equity method or measured at costs with adjustments for observable changes in price or impairments (referred to as the measurement alternative).

#### ***Foreign Currency Translation***

The Company's functional currency and reporting currency is the U.S. dollar. Monetary items denominated in foreign currency are translated to U.S. dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates in effect when the assets were acquired, or obligations incurred. Revenue and expenses are translated at rates in effect at the time of the transactions.

#### ***Concentration of Credit Risk***

The Company maintains cash and cash equivalents at reputable financial institutions and is not currently exposed to significant credit risk.

#### ***Income per Share***

Basic earnings per share is computed by dividing the net income by the weighted average number of shares outstanding during the period.

## **ROYALTY STREAMS CORP.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2019 and 2018

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#### ***Stock Options***

The Company does not currently have any outstanding stock options.

#### ***Stock-based Compensation***

The Company has not paid any stock-based compensation.

#### ***Warrants***

The Company has not issued any warrants.

#### ***Fair Value of Financial Instruments***

Financial assets and liabilities recorded at fair value on the consolidated balance sheets are categorized based upon a fair value hierarchy established by GAAP, which prioritizes the inputs used to measure fair value into the following levels:

Level 1 – Quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable and can be corroborated by observable market data.

Level 3 – Inputs reflecting management’s best estimates and assumptions of what market participants would use in pricing assets or liabilities at the measurement date. The inputs are unobservable in the market and significant to the valuation of the instruments.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

#### ***Related Party Transactions***

A related party is generally defined as (i) any person who holds 10% or more of the Company’s securities and their immediate families, (ii) the Company’s management, (iii) an entity or person who directly or indirectly controls, is controlled by or is under common control with the Company, or (iv) anyone who can significantly influence the financial and operating decisions of the



## **ROYALTY STREAMS CORP.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2019 and 2018

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Company. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

#### ***Income tax***

Due to the enactment of the Tax Reform Act of 2018, the corporate tax rate for those tax years beginning with 2018 has been reduced to 21%.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The benefits from net operating losses carried forward may be impaired or limited in certain circumstances. In addition, a valuation allowance can be provided for deferred tax assets when it is more likely than not that all or some portion of the deferred tax asset will not be realized.

The Company files a consolidated U.S. income tax return and a tax return in Delaware, and is current on all its corporate tax filings.

#### ***Recent Accounting Pronouncements***

The Company has implemented all new accounting pronouncements that are in effect. New pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

### **3. MUSIC ROYALTIES**

Songs typically have two copyrights including musical composition and sound recording, which allows rights to specified rightsholders, thereby creating multiple royalty rights issued on a single song.

The musical composition includes sync royalties played in film, mechanical royalties when sold or streamed, and performance royalties when played on the radio, directed toward publishers and songwriters.

## ROYALTY STREAMS CORP.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 and 2018

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Sound recording includes sync royalties licensed for film, tv, etc, reproduction royalties when sold or streamed, and performance royalties when played in public, directed toward performers, record labels and musicians and singers.

The Company utilized an online marketplace for purchasing music royalties which revert to the original royalty holder upon ending term date. The royalties cover musical composition royalties generated from public performance through internet streaming, AM/FM & satellite radio, TV/film/commercial performances, etc.

#	Royalty Term	Notable Artists	Cost 1/1/19	Additions	Disposals	Amortization	Accumulated Amortization	NAV @ 12/31/19
1	10 year	Tyga	36,200			4,222	4,222	31,978
2	10 year	Matoma	8,550			961	961	7,589
3	10 year	IDWK		17,100		1,567	1,567	15,533
			\$ 44,750	17,100	-	6,750	6,750	\$ 55,100

Net asset value – December 31, 2018           \$44,750

#### 4. GREEN ROYALTIES

The Company issued 1,500,000 shares for Royalty Green Corp, which included a portfolio of royalties.

The royalty terms are for 3 years beginning January 1, 2019 until January 1, 2022, and may be extended based upon agreeable terms.

The royalties cover 10% gross revenue on early stage window film companies listed below, that provide solar and security film installation for climate and glare control, as well as mitigating intrusion.

- Northeast Film Crew, LLC
- Midwest Film Crew, LLC
- Southwest Film Crew, LLC
- West Coast Film Crew, LLC
- Southeast Film Crew, LLC

Green royalty receivables at 12/31/19 totaled \$51,189.

## ROYALTY STREAMS CORP.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019 and 2018

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The owner of these Companies is a related party. Accordingly, the Company decided to use a conservative nominal value consideration of \$5.

#### 5. PRIVATE INVESTMENT

The Company made an investment in Music Royalties Inc., (MRI) a private company that provides direct exposure to music revenue from the recent streaming growth by acquiring LOA+ 70-year song royalties. MRI plans to publicly list on a national exchange in due course, and currently pays a monthly dividend. Dividends earned in 2019 totaled \$5,819.

Company	Purchase Year	Quantity	Cost per share CAD	Cost per share US	Total Cost US	Fair Value US	Unrealized gain US
MRI	2018	1,000,000	0.15	0.115	\$ 115,367	\$ 115,367	\$ -

#### 6. SUBSCRIPTION RECEIVABLE

The Company recorded subscription receivable in connection with issuing shares for the incorporation of Royalty Streams Corp. for \$9,810, of which \$3,669 remained a receivable at 12/31/19, Royalty Gold Corp. for \$700,000 and Royalty Music Corp. for \$210,000, of which \$32,783 remained a receivable at 12/31/19.

#### 7. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, we may be exposed to claims and threatened litigation, and would use various methods to resolve these matters in a manner that we believe serves the best interest of our shareholders and other constituents. There are currently no claims or litigation toward the Company.

#### 8. SHARE CAPITAL

##### *Authorized share capital*

The Company may issue up to 100,000,000 voting shares with \$.0001 par value common stock. There is no authorized preferred stock.

## **ROYALTY STREAMS CORP.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2019 and 2018

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#### ***Issued share capital***

During the year ended December 31, 2018, the Company completed the following transactions;

- Issued 100,000 shares upon incorporation
- Issued 5,000,000 shares for Royalty Music Corp.
- Issued 8,000,000 shares for Royalty Gold Corp.

During the year ended December 31, 2019, the Company completed the following transactions;

- Issued 1,500,000 shares for Royalty Green Corp.
- Issued 400,000 shares of Royalty Franchise Corp.

As of December 31, 2019, the Company had 15,000,000 issued and outstanding voting shares.

#### ***Normal Course Issuer Bid (NCIB)***

The Company believes in having a tight share structure, and will obtain approval to utilize a NCIB when appropriate.

## **9. SUBSEQUENT EVENTS**

No events occurred subsequent to December 31, 2019