

## Grenville Strategic Royalty Corp.

Three Months Ended December 31, 2017

2017 Q4 Update

February 15, 2018

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This corporate presentation contains certain “forward-looking information” within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company’s beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company’s control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or may contain statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “will continue”, “will occur” or “will be achieved”. The forward-looking information contained herein may include, but is not limited to, information with respect to: prospective financial performance; including the Company’s opinion regarding the current and future performance of its portfolio, expenses and operations; anticipated cash needs and need for additional financing; anticipated funding sources; future growth plans; royalty acquisition targets and proposed or completed royalty transactions; estimated operating costs; estimated market drivers and demand; business prospects and strategy; anticipated trends and challenges in the Company’s business and the markets in which it operates; the Company’s ability to pay dividends in the future and the amount and timing of those dividends; the Company’s ability to successfully manage its joint venture relationships; and the Company’s financial position. By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such information and statements.

An investment in securities of the Company is speculative and subject to a number of risks including, without limitation, risks relating to: the need for additional financing; the Company’s ability to pay dividends in the future and the timing and amount of those dividends; the relative speculative and illiquid nature of an investment in the Company; the volatility of the Company’s share price; the Company’s limited operating history; the Company’s ability to generate sufficient revenues; the Company’s ability to manage future growth; the limited diversification in the Company’s existing investments and the concentration of a significant amount of the Company’s invested capital in a small number of investments; the Company’s ability to negotiate additional royalty purchases from new investee companies; the Company’s dependence on the operations, assets and financial health of its investee companies; the Company’s limited ability to exercise control or direction over investee companies; potential defaults by investee companies and the unsecured nature of the Company’s investments; the Company’s ability to enforce on any default by an investee company; competition with other investment entities; tax matters, including the potential impact of the Foreign Account Tax Compliance Act on the Company; the potential impact of the Company being classified as a Passive Foreign Investment Company (“PFIC”); reliance on key personnel, particularly the Company’s founders; dilution of shareholders’ interest through future financings; changes to the Company’s accounting policies and methods; and general economic and political conditions; as well as the risks discussed under the heading “Risk Factors” on pages 23 to 25 of the Annual Information Form of the Company dated February 15, 2015 and the risks discussed herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information and forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

In connection with the forward-looking information and forward-looking statements contained in this corporate presentation the Company has made certain assumptions. Assumptions about the performance of the Canadian and U.S. economies over the next 24 months and how that will affect the Company’s business and its ability to identify and close new opportunities with new investees are material factors that the Company considered when setting its strategic priorities and objectives, and its outlook for its business.

Key assumptions include, but are not limited to: assumptions that the Canadian and U.S. economies relevant to the Company’s investment focus will remain relatively stable over the next 12 to 24 months; that interest rates will not increase dramatically over the next 12 to 24 months; that the Company’s existing investees will continue to make royalty payments to the Company as and when required; that the businesses of the Company’s investees will not experience material negative results; that the Company will continue to grow its portfolio in a manner similar to what has already been established; that tax rates and tax laws will not change significantly in Canada and the U.S.; that more small to medium private and public companies will continue to require access to alternative sources of capital; and that the Company will have the ability to raise required equity and/or debt financing on acceptable terms. The Company has also assumed that access to the capital markets will remain relatively stable, that the capital markets will perform with normal levels of volatility and that the Canadian dollar will not have a high amount of volatility relative to the U.S. dollar. In determining expectations for economic growth, the Company primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies. Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements.

The forward-looking information and forward-looking statements contained in this corporate presentation are made as of the date of this corporate presentation, and the Company does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice.

## NON-IFRS MEASURES

This corporate presentation refers to certain key performance indicators, including EBITDA, Adjusted EBITDA, Free Cash Flow, weighted average royalty rate and Cash returned from royalty payments and Contract Buyouts to assist in assessing the Company’s financial performance. EBITDA, Adjusted EBITDA, weighted average royalty rate and Cash returned from royalty payments and Contract Buyouts (the “**Non-IFRS Measures**”) are financial measures used in this presentation that are not standard measures under IFRS. The Company’s method of calculating the Non-IFRS Measures may differ from the methods used by other issuers. Therefore, the Company’s Non-IFRS measures may not be comparable to similar measures presented by other issuers. See section “**Definition of Non-IFRS Measures**” for an explanation on how they are calculated. These Non-IFRS measures should only be interpreted in conjunction with the most audited consolidated financial statements of the Company for the year December 31, 2017, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## Leading Royalty Investor

- » Leading royalty investor focused on funding small and medium sized public and private businesses across Canada and the U.S.
- » Non-dilutive capital servicing gap between traditional debt and equity sources of capital
- » Target payback of 3-5 years, 25% IRR base pricing level, with upside due to company growth and Contract Buyouts

## Royalty Partners

- » Focus on businesses requiring capital primarily for growth, acquisitions, ownership transitions related to succession planning or refinancing debt or equity
- » Investing in companies with the emphasis on strong growth, recurring/predictable revenues and the ability to raise capital from multiple sources
- » Gross margins in excess of 30%

## Diversified Portfolio

- » Highly diversified portfolio of revenue-based royalties
- » \$70.0 Million invested as of February 15, 2018
- » Across 41 companies of which 7 have exited and 4 have been permanently written-off
- » In select cases blend royalty with equity kicker

Three months ended December 31, 2017

## Financial Highlights

- » Q4 Royalty Payment and Interest Income of \$1,133,229 down 28% compared to \$1,573,171 in the same quarter in 2016
- » Adjusted Q4 EBITDA<sup>(1)</sup> of \$65,313 compared to \$699,407 in the same quarter in 2016
- » Free Cash Flow<sup>(1)</sup> of \$701,050 for the quarter compared to \$(170,083) in Q4 2016
- » Non-cash unrealized foreign exchange gain of \$93,948 for the quarter compared to a loss of \$(690,206) in Q3 2017
- » Non-cash change in fair value of royalty and promissory notes investments and of \$(3,438,424) for the quarter compared to \$(1,382,619) in Q3 2017
- » Non-cash change in fair value of equity securities in investee companies of \$(729,864) for the quarter compared to \$(364,932) in Q3 2017.

## Portfolio Highlights

- » As of December 31, 2017 portfolio has since inception generated \$43,911,352 through royalty payments and Contract Buyouts<sup>(1)</sup> representing 63% of the capital deployed
- » From January 1, 2017 to December 31, 2017, total cash generated through royalty payments and Contract Buyouts<sup>(1)</sup> was \$10,966,739
- » \$1,350,788 was the total cash generated through royalty payments and Contract Buyouts<sup>(1)</sup> during Q4 2017
- » Royalty and follow-on investments were \$5,048,298 for the twelve months ended December 31, 2017

<sup>(1)</sup> Adjusted EBITDA, Free Cash Flow and Cash returned from royalty payments and Contract Buyouts are non-IFRS measures. Refer to section Definition of Non-IFRS Measures in the MD&A for further explanation and definitions.

## Key Financial Metrics

- » Positive EBITDA<sup>(1)</sup> since the start of 2015 on the back of a diversified portfolio.
- » Positive Cash Flow<sup>(1)</sup> since Q2 2016 except for one quarter (Q4 2016)

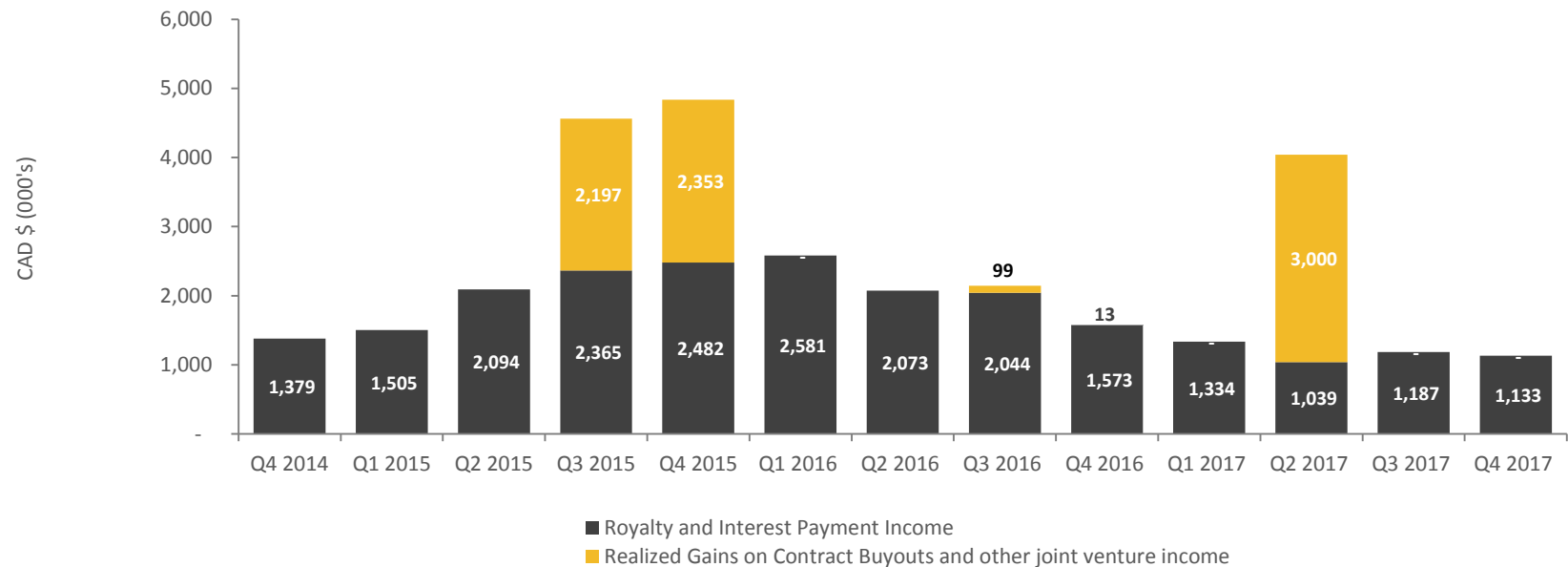
	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
<b>Revenue</b>								
Royalty payment income and interest on promissory notes	1,133,229	1,187,141	1,025,534	1,333,640	1,573,171	2,044,058	2,072,520	2,581,429
Realized gain on Contract Buyouts (including FX gains)	-	-	3,000,000	-	-	98,679	-	-
Realized loss on investments written off	(155,000)	-	(2,149,669)	(5,144,600)	-	(1,840,936)	-	-
Unrealized gain from investment derecognized	-	-	922,284	-	-	-	-	-
Non-cash foreign exchange and fair value changes	(3,869,340)	(2,437,757)	(4,907,983)	351,765	(7,237,004)	(1,173,343)	(806,146)	(5,451,255)
Other	20,178	27,995	42,426	16,937	32,112	17,039	24,198	36,559
<b>Revenues</b>	<b>(2,870,933)</b>	<b>(1,222,621)</b>	<b>(2,067,408)</b>	<b>(3,442,258)</b>	<b>(5,631,721)</b>	<b>(854,503)</b>	<b>1,290,572</b>	<b>(2,833,267)</b>
Profit/(Loss)	(3,339,862)	(1,763,068)	(2,456,208)	(3,792,281)	(5,140,581)	(1,690,843)	(633,250)	(3,190,773)
EBITDA/EBITDA (Loss) <sup>(1)</sup>	(4,053,740)	(1,926,152)	(2,861,351)	(4,683,865)	(6,542,870)	(1,720,599)	(356,232)	(3,881,133)
Adjusted EBITDA <sup>(1)</sup>	65,313	555,776	3,371,884	157,101	699,407	1,376,396	507,700	1,586,562
Free Cash Flow <sup>(1)</sup>	701,050	166,068	3,517,919	52,232	(170,083)	163,992	340,161	(590,857)
Basic Earnings/(Loss) per share	(0.0288)	(0.0166)	(0.0231)	(0.0357)	(0.0484)	(0.0159)	(0.0060)	(0.0306)
Diluted Earnings/(Loss) per share	(0.0288)	(0.0166)	(0.0231)	(0.0357)	(0.0484)	(0.0159)	(0.0060)	(0.0306)

<sup>(1)</sup> EBITDA, Adjusted EBITDA and Free Cash Flow are non-IFRS measures. Refer to section Definition of Non-IFRS Measures in the MD&A for further explanation and definitions.

## Quarterly Revenue

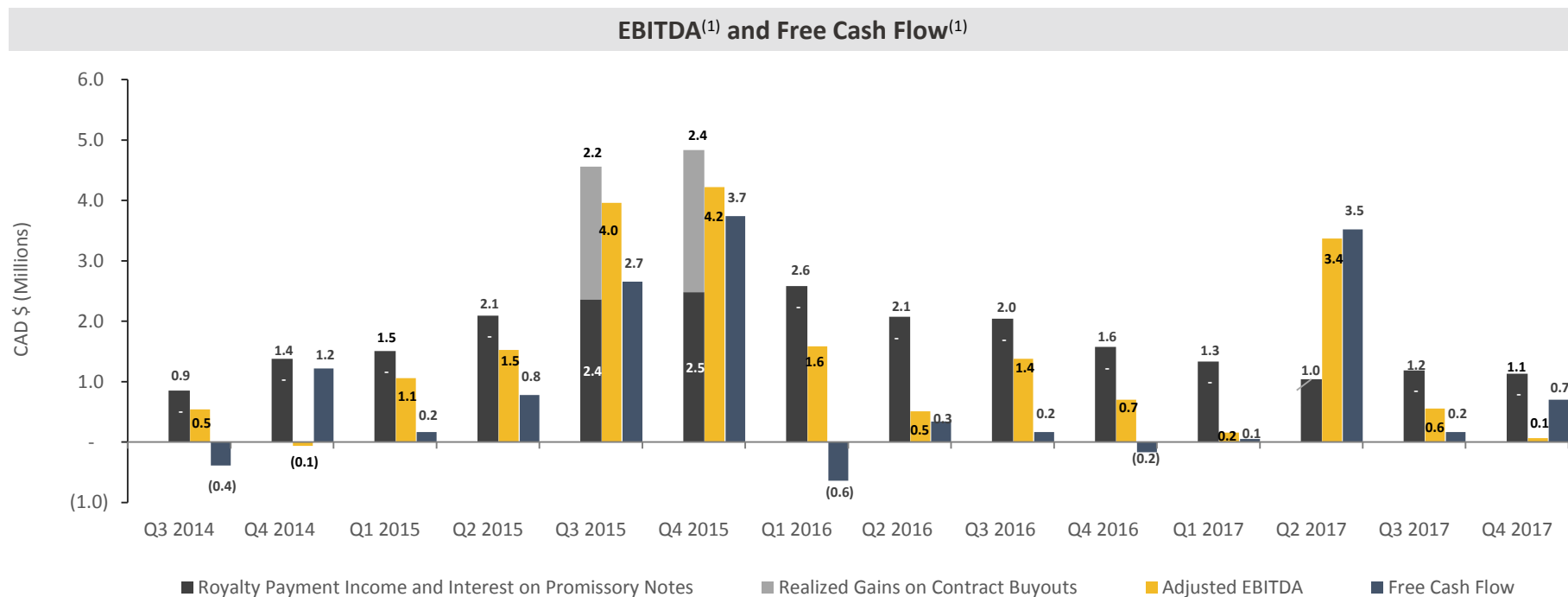
- » The Core of the portfolio’s revenue stream, Royalty and Interest payment income slightly decreased for Q4 2017
- » \$1.1 million of royalty and interest payment income represents 28% decrease year-over-year in Q4.
- » \$349,745 of royalty and interest income in January 2018

Key Quarterly Revenue Drivers



## Adjusted EBITDA and Free Cash Flow

- » Adjusted EBITDA<sup>(1)</sup> of \$65,303 compared to \$699,407 in Q4 2016
- » Free Cash Flow<sup>(1)</sup> of \$701,050 compared to \$(170,073) in Q4 2016
- » Positive Free Cash Flow<sup>(1)</sup> for each quarter since Q2 2016 except for one quarter (Q4 2016).



<sup>(1)</sup> Adjusted EBITDA and Free Cash Flow are non-IFRS measures. Refer to section Definition of Non-IFRS Measures in the MD&A for further explanation and definitions.

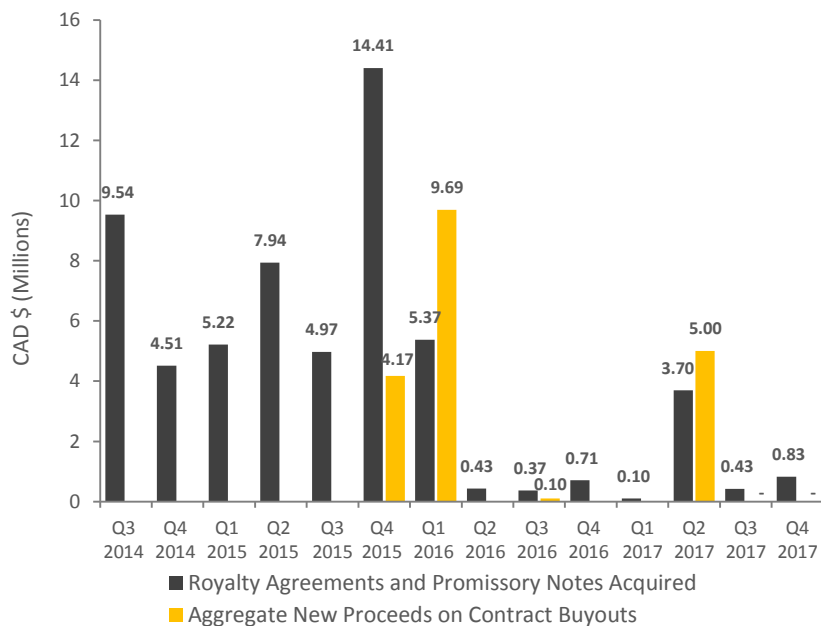
# PORTFOLIO HIGHLIGHTS

TSXV: GRC

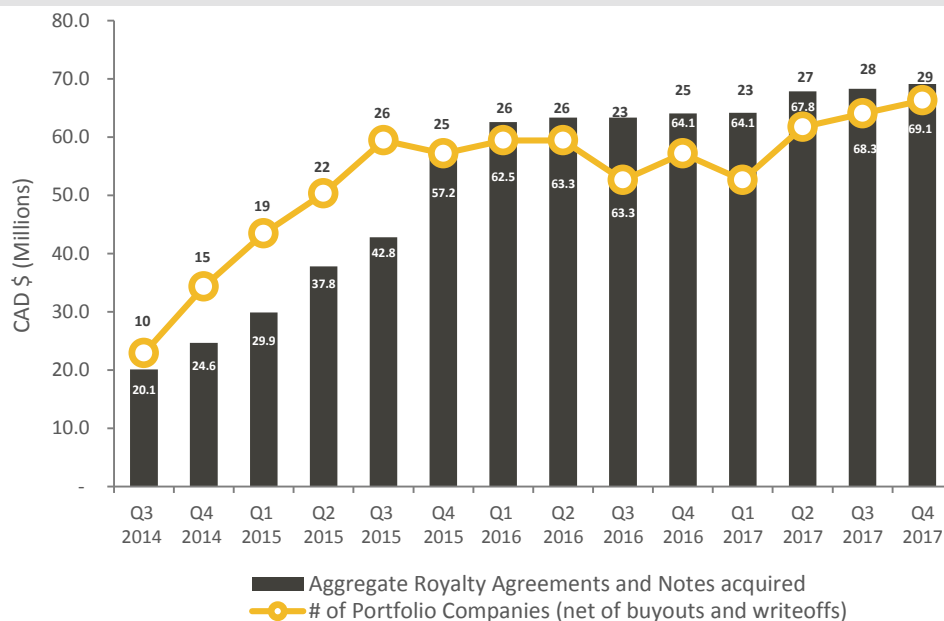
## Portfolio Activity for Q4 2017

- » Total investment of \$829,665 for Q4 2017
- » \$6.0 million of investments made from the start of 2017 to today.
- » \$70.0 million invested since inception to today.
- » Portfolio has generated cash inflows of \$43.9 million up to the end of December 2017 representing a 63% cash return on capital deployed
- » \$1.3 million cash generated by the portfolio in the quarter and \$10.9 million throughout 2017.

### New Investments/Buyouts Quarterly



### Portfolio Growth over Time

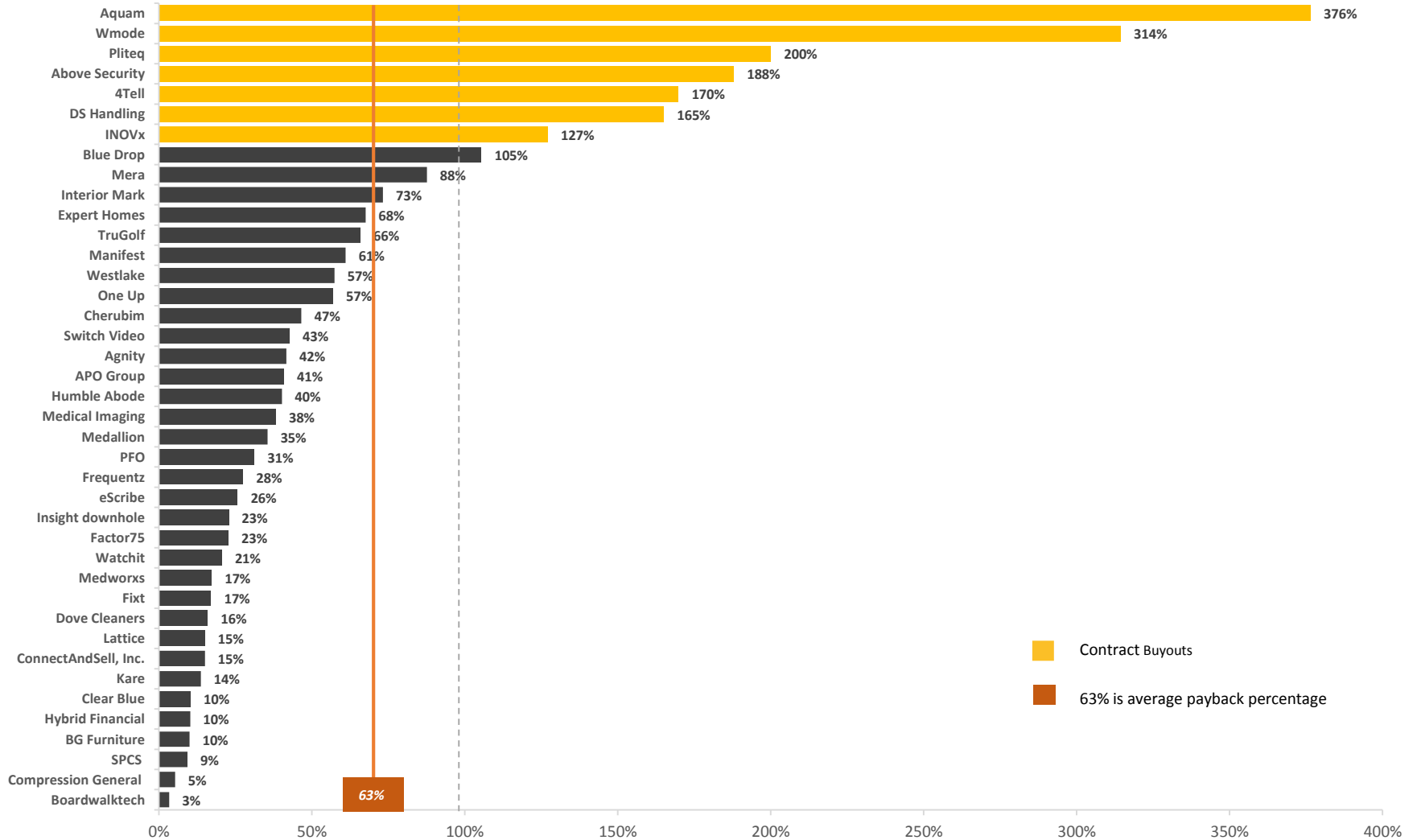




# PORTFOLIO CASH RETURNS

TSXV: GRC

Portfolio Payback By Company, December 2017



## Fine-tuning the strategy

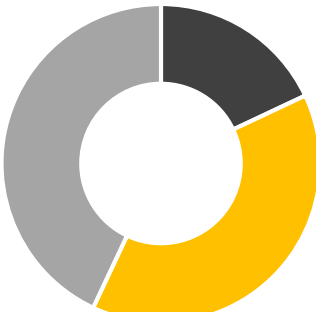
### Performance by Sector

- » Portfolio diversified across the industrial, industrial tech, tech, retail, and services sectors
- » Top performers all higher growth companies located in the tech, industrial tech sectors
- » Service-sector companies rank middle of the pack
- » Focus on higher-growth tech and industrial tech companies going forward, including service companies selectively

### Current Portfolio Mix



- Industrial - 36%
- Industrial/Tech - 3%
- Tech - 29%
- Services - 16%
- Retail - 16%



- High growth - 18%
- Stable growth - 49%
- Hybrid growth - 43%



- Cyclical - 36%
- Neutral - 47%
- Defensive - 17%



- CAD - 23%
- USD - 77%

# HISTORICAL BALANCE SHEET

TSXV: GRC

	Q4 2017 (Audited)	Q3 2017 (unaudited)	Q2 2017 (unaudited)	Q1 2017 (unaudited)	Q4 2016 (audited)	Q3 2016 (unaudited)	Q2 2016 (unaudited)	Q1 2016 (unaudited)	Q4 2015 (audited)	Q3 2015 (unaudited)	Q2 2015 (unaudited)	Q1 2015 (unaudited)	Q4 2014 (audited)
<b>Assets</b>													
<b>Current Assets</b>													
Cash and cash equivalents	\$ 7,534	\$ 8,611	\$ 7,985	6,610	6,202	7,786	7,503	10,103	16,897	20,710	20,383	15,653	9,749
Current portion of Royalty Agreements and loans	1,099	899	998	7,857	3,596	4,625	5,238	4,279	3,978	6,614	1,919	768	160
Other Current Assets	563	197	701	576	461	526	732	807	71	1,514	1,338	612	840
<b>Total Current Assets</b>	<b>9,196</b>	<b>9,707</b>	<b>9,684</b>	<b>15,043</b>	<b>10,259</b>	<b>12,937</b>	<b>13,473</b>	<b>15,189</b>	<b>20,947</b>	<b>28,838</b>	<b>23,641</b>	<b>17,033</b>	<b>10,749</b>
<b>Long-term Assets</b>													
Royalty agreements acquired and loans	20,091	22,749	24,379	24,705	33,967	38,915	41,694	42,547	42,471	36,008	36,372	30,504	24,077
Other long-term assets	10,105	10,175	9,622	6,555	5,200	3,319	2,603	2,534	1,127	144	641	354	368
<b>Total Assets</b>	<b>39,392</b>	<b>42,631</b>	<b>43,685</b>	<b>46,303</b>	<b>49,426</b>	<b>55,171</b>	<b>57,770</b>	<b>60,269</b>	<b>64,545</b>	<b>64,990</b>	<b>60,654</b>	<b>47,891</b>	<b>35,194</b>
<b>Liabilities</b>													
<b>Total Current Liabilities</b>	900	971	420	753	259	1,072	830	1,323	3,021	1,865	918	1,066	364
<b>Long-term Liabilities</b>													
Convertible Debenture	16,330	16,225	16,132	16,032	15,943	15,848	15,765	15,674	15,595	15,509	15,435	15,353	15,283
Other long-term liabilities	4	4	6	5	8	7	8	9	11	218	11	13	13
<b>Total Liabilities</b>	<b>17,234</b>	<b>17,200</b>	<b>16,558</b>	<b>16,790</b>	<b>16,210</b>	<b>16,927</b>	<b>16,603</b>	<b>17,006</b>	<b>18,627</b>	<b>17,592</b>	<b>16,364</b>	<b>16,431</b>	<b>15,659</b>
<b>Shareholder's Equity</b>													
Share Capital	50,261	50,261	50,261	50,261	50,260	50,252	50,252	50,252	47,318	46,367	46,115	32,539	21,211
Warrants	-	-	-	-	-	-	-	-	618	815	815	917	1,030
Contributed Surplus	1,011	944	877	807	719	614	520	479	418	440	369	329	301
Equity component of convertible debenture	559	559	559	559	559	559	559	559	559	559	559	559	559
Accumulated deficit	(29,673)	(26,333)	(24,570)	(22,114)	(18,322)	(13,181)	(10,164)	(8,027)	(2,995)	(783)	(3,569)	(2,885)	(3,567)
<b>Total Shareholder's Equity</b>	<b>22,158</b>	<b>25,431</b>	<b>27,127</b>	<b>29,513</b>	<b>33,216</b>	<b>38,244</b>	<b>41,167</b>	<b>43,262</b>	<b>45,918</b>	<b>47,398</b>	<b>44,290</b>	<b>31,460</b>	<b>19,535</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>39,392</b>	<b>42,631</b>	<b>43,685</b>	<b>46,303</b>	<b>49,426</b>	<b>55,171</b>	<b>57,770</b>	<b>60,269</b>	<b>64,545</b>	<b>64,990</b>	<b>60,654</b>	<b>47,891</b>	<b>35,194</b>

# HISTORICAL INCOME STATEMENT

TSXV: GRC

As of

	Q42017 (audited)	Q32017 (unaudited)	Q2 2017 (unaudited)	Q1 2017 (unaudited)	Q4 2016 (audited)	Q3 2016 (unaudited)	Q2 2016 (unaudited)	Q1 2016 (unaudited)	Q4 2015 (audited)	Q3 2015 (unaudited)	Q2 2015 (unaudited)	Q1 2015 (unaudited)
<b>Quarterly Operating Results</b>												
<b>Revenue</b>												
Royalty Payment Income	1,113,715	1,049,836	1,025,534	1,333,228	1,573,171	1,953,656	1,970,639	2,505,602	2,359,048	2,342,052	2,072,567	1,500,635
Interest income on loans	19,514	137,305	13,363	412	-	90,402	101,881	75,827	122,780	22,756	21,004	4,405
Realized gains on contract buyout	-	-	3,000,000	-	-	98,679	-	-	2,353,457	2,196,642	-	-
Realized/Unrealized foreign exchange (loss) gain	93,948	(690,206)	(528,646)	(684,533)	570,031*	-	-	-	710,137	508,002	-	-
Realized loss on investments written off	(155,000)	-	(2,149,669)	(5,144,600)	-	(1,840,936)	-	-	-	-	-	-
Unrealized foreign exchange gains (loss)	-	-	-	-	-	545,418	(194,806)	(2,532,284)	444,950	1,518,461	(209,645)	1,235,347
Unrealized loss from changes in fair value (loss)	(3,963,288)	(1,747,551)	(4,379,337)	1,036,298	(7,807,035)	(1,718,761)	(611,340)	(2,918,971)	(5,088,119)	-	(187,672)	-
Unrealized gain from investment derecognized	-	-	922,284	-	-	-	-	-	-	-	-	-
Joint venture income	-	-	(600)	472	128	-	-	13,216	-	-	-	-
Fee Income	(2,571)	6,218	6,829	813	-	-	-	-	-	-	-	-
Other interest income/other income	22,749	21,777	22,834	15,652	31,984	17,039	24,198	23,343	62,545	43,125	57,173	37,529
<b>Total Revenues</b>	<b>(2,870,933)</b>	<b>(1,222,621)</b>	<b>(2,067,408)</b>	<b>(3,442,258)</b>	<b>(5,631,721)</b>	<b>(854,503)</b>	<b>1,290,572</b>	<b>(2,833,267)</b>	<b>964,798</b>	<b>6,631,038</b>	<b>1,753,427</b>	<b>2,777,916</b>
Impairment Provision (recovery)	-	-	-	-	1,000,000	-	-	-	-	-	-	-
Operating Expenses	1,196,338	712,933	802,726	1,251,373	1,019,595	875,861	1,656,570	1,058,234	1,468,561	721,082	672,130	520,731
<b>Operating Profit</b>	<b>(4,067,271)</b>	<b>(1,935,554)</b>	<b>(2,870,134)</b>	<b>(4,693,631)</b>	<b>(6,651,316)</b>	<b>(1,730,364)</b>	<b>(365,998)</b>	<b>(3,891,501)</b>	<b>(503,763)</b>	<b>5,909,956</b>	<b>1,081,297</b>	<b>2,257,185</b>
Finance Expense	450,379	438,467	445,120	433,347	443,916	424,714	436,356	422,950	428,098	422,371	427,634	414,459
<b>Profit/(Loss) Before Income Tax</b>	<b>(4,517,650)</b>	<b>(2,374,021)</b>	<b>(3,315,254)</b>	<b>(5,126,978)</b>	<b>(7,095,232)</b>	<b>(2,155,078)</b>	<b>(802,354)</b>	<b>(4,314,451)</b>	<b>(931,861)</b>	<b>5,487,585</b>	<b>653,663</b>	<b>1,842,726</b>
<b>Income Taxes</b>												
Current income tax expense/(recovery)	(694,418)	294,981	26,527	28,783	(265)	296,919	(90,073)	283,405	937,921	818,382	223,469	158,353
Deferred tax/(recovery)	(483,370)	(905,935)	(885,573)	(1,363,480)	(1,855,700)	(761,154)	(79,031)	(1,407,083)	(1,198,165)	648,104	(38,697)	335,461
Total Income Tax	(1,177,788)	(610,954)	(859,046)	(1,334,697)	(1,855,965)	(464,235)	(169,104)	(1,123,678)	(260,244)	1,466,486	184,772	493,814
<b>Profit/(Loss) and Total Comprehensive Income/(Loss)</b>	<b>(3,339,862)</b>	<b>(1,763,067)</b>	<b>(2,456,208)</b>	<b>(3,792,281)</b>	<b>(5,140,581)</b>	<b>(1,690,843)</b>	<b>(633,250)</b>	<b>(3,190,773)</b>	<b>(671,617)</b>	<b>4,021,099</b>	<b>468,891</b>	<b>1,348,912</b>
Basic earnings/(loss) per share	(0.0288)	(0.0166)	(0.0231)	(0.0357)	(0.0484)	(0.0159)	(0.0060)	(0.0306)	(0.0067)	0.0407	0.0051	0.0200
Diluted earnings/(loss) per share	(0.0288)	(0.0166)	(0.0231)	(0.0357)	(0.0484)	(0.0159)	(0.0060)	(0.0306)	(0.0067)	0.0330	0.0051	0.0168

\*Includes a foreign exchange loss of \$98,679 that relates to Q3 2016 and therefore is a reconciling item when comparing to the 2016 annual revenues.

For more information, please contact:

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