



REGAL HOLDINGS CANADA, INC.

OFFERING MEMORANDUM
CONFIDENTIAL

Regal Holdings Canada, Inc.
1 King Street West
48th Floor
Toronto, ON M5C 1T4
Canada

Email: prosper@regalinvestments.ca
Website: www.regalinvestments.ca

Regal Investments
250 Yonge St.
Suite 2201
Toronto, ON M5B 2L7
Canada

Email: prosper@regalinvestments.ca
Website: www.regalinvestments.ca

140,000 COMMON SHARES
OFFERING PRICE OF \$40 PER SHARE

JOINT GLOBAL COORDINATORS

Julius Bär



 BNP PARIBAS

SHORT FORM IPO PROSPECTUS

KEYS TO ANALYZING
THE MARKET IN ORDER
TO FIND AND PICK WINNERS.

You are reminded that this Offering Memorandum has been delivered to you or accessed by you on the basis that you are a person into whose possession this Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of this Offering Memorandum to any other person. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.

2019

Regal Holdings Canada, Inc.
Corporate Analysis

Version: v4.16 // 2019



TABLE OF CONTENTS



| | |
|-----|---|
| 05. | SUMMARY |
| 06. | RISK FACTORS |
| 08. | USE OF PROCEEDS |
| 09. | DIVIDENDS AND DIVIDEND POLICY |
| 10. | DILUTION |
| 11. | CAPITALIZATION |
| 15. | FINANCIAL INFORMATION |
| 25. | REGULATION |
| 26. | MANAGEMENT/BOARD OF DIRECTORS |
| 27. | MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION |
| 28. | LEGAL MATTERS |
| 29. | INDEPENDENT ACCOUNTANTS |
| F-1 | INDEX TO FINANCIAL STATEMENTS |

IMPORTANT NOTICE

THIS IS A CONFIDENTIAL DOCUMENT THAT MAY NOT BE REPRODUCED IN ANY MANNER.

DISCLAIMER

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

SUMMARY

Potential investors should read the following summary together with the more detailed information (including the information set forth under “Risk Factors”) and the Audited Consolidated Financial Statements (including the notes thereto) included elsewhere in this offering memorandum.

Overview

We are a holding company whose primary business activity is buying and selling shares of publicly listed and privately held companies. We implement innovative financial technologies in order to seek and find the best possible investment opportunities. Our research and development processes includes establishing relationships with the directors and managers of the companies we invest in, this paired with our technologies gives us a significant competitive edge in the investment industry. We have substantial investments in biotechnology, pharmaceuticals, big data, and space exploration which are projected to be high growth sectors.

We are the owners and managers of Regal Investments - a wealth management and investment firm which caters primarily to high net-worth individuals. In addition to wealth management, Regal Investments offers educational materials and courses that generate sizable revenues. We are also the major shareholders in

Among our intangible assets is intellectual property and patented stock trading technologies (namely software) and strategies, all of which we are the sole proprietors of. Our software is leased to select global banks, and wealth management firms in our sphere of influence. The Regal Masterboard is our lead product for institutional customers, the Regal Masterboard is a stock-picking software still in its test phases. Our year over year growth has been exponential and is expected to continue growing in the same way for the foreseeable future. In 2018, we generated revenues of \$61.4 million, adjusted EBITDA of \$46.4 million, and pre-tax income from operating activities of \$44.1 million.

RISK FACTORS

You should carefully consider the following risk factors and the other information contained in this offering memorandum before making an investment decision. The risks described below are not the only ones we face. Additional risks not presently known to us that we currently believe to be immaterial may also adversely affect our business. If any of the following risks actually occur, our business, financial condition and results of operations could be materially adversely affected. The trading price of our shares could decline due to any of these risks and, as a result, you may lose all or part of your investment. This offering memorandum also contains forward-looking statements that involve risks and uncertainties. The actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this offering memorandum.

Risks Related to Our Industry

Substantially most of our revenue is derived from directly buying and selling shares on global stock markets and aspects that can negatively impact the global economy can have material adverse effects on our business, prospects, financial condition and result of operation.

The global economy is considerably intertwined and sensitive to the performances of any key players such as China, the European Union and the United States of America. As many economies are still recovering from the 2008 financial crisis, the performance of global markets is highly susceptible to:

- global security issues, political instability, acts or threats of terrorism, hostilities or war and other political issues;
- world commodity prices;
- trade conflicts;
- changes in the laws and regulations governing or otherwise affecting trade between nations;
- new capital gains taxes on financial speculation;
- tighter regulation of derivatives trading;
- policy uncertainty
- corporate debt;
- exchange rate volatility;

as well as other factors affecting the performance of individual companies such as the decreasing supply of key skilled workers, populism and cyber threats were considered top risks among CEOs in the first half of 2019.

USE OF PROCEEDS

We will sell newly-issued shares in the offering and the selling shareholders will sell existing shares in the offering.

We expect to obtain gross sale proceeds from this offering of CA\$5.6 million. We intend to use the net proceeds received by us, plus cash on hand, to complete our acquisition of ZukunfTech, a private research and development company, to further enhance the performance of our stock trading software.

At its board meeting on July 7, 2019, ZukunfTech agreed to be acquired for €6 million, or CA\$8.8 million. ZukunfTech agreed to sell all of its shares at a discounted rate, pending the receipt of funds. This company does not have any long-term debts and is the proprietor of big data and artificial intelligence patents pertaining to financial technologies. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” below for further details on the significance of the acquisition and expected returns on investment.

DIVIDENDS AND DIVIDEND POLICY

Dividend Policy

It is our current intention to target a total dividend payout amounting to approximately 25% to 35% of our reported consolidated net income for a given financial year beginning in 2021. The amount of future dividends we decide to pay, if any, and our future dividend policy will, however, depend upon a number of factors, including, but not limited to, our earnings, financial condition, debt service obligations, cash requirements (including capital expenditure and investment plans), prospects, market conditions and such other factors as we may deem relevant at the time. The amount of dividends will be proposed by our Board of Directors and determined by our shareholders at general shareholders' meetings.

Any dividends paid in the future will be subject to tax under Canadian law. See "Regulation—Canadian Tax Considerations—Taxation of Dividends" below.

DILUTION

Our net equity book value at December 31, 2018 was a positive amount of CA\$36.7 million, or a positive amount of CA\$36.70 per share. Our net equity book value per share is determined by dividing our net equity book value at December 31, 2018 by 1,000,000 shares, which is the number of Class A shares outstanding on such date and immediately before the offering. Net equity book value, which represents total assets minus total liabilities, has been calculated based upon our audited consolidated statement of financial position as of December 31, 2018 prepared in accordance with IFRS included elsewhere in this offering memorandum.

Based on the initial offering price of CA\$40 per share and after:

- giving effect to our sale of 140,000 newly-issued shares in the offering; and
- deducting taxes, underwriting discounts and commissions and other estimated expenses payable by us in connection with the offering in an aggregate amount of CA\$0.250 million (on an after-tax basis),

our as adjusted net equity book value at December 31, 2018 would have been CA\$42.050 million, or CA\$42.050 per share. This represents an immediate increase in as adjusted net equity book value to existing shareholders of CA\$4.693 per share and an immediate dilution to new investors of CA\$3.114 per share. Dilution is determined by subtracting as adjusted net equity book value per share immediately after this offering from the initial offering price per share

The following table illustrates dilution on a per share basis after the offering based on the offering price. Our as adjusted net equity book value is not affected by the sale of shares by the selling shareholders in the offering.

| | As of December 31, 2018 |
|--|-------------------------------|
| | Per ordinary share |
| | (in CA\$) |
| Initial offering price | 40.00 |
| Net equity book value at December 31, 2018 | 36.70 |
| Increase in net equity book value attributable to new investors | 4.693 |
| As adjusted net equity book value immediately after the offering | 36.886 |
| Dilution to new investors | 3.114 |

CAPITILIZATION

The following table sets forth our capitalization on (i) an actual basis as of December 31, 2018 derived from our audited consolidated statement of financial position as of December 31, 2018 prepared under IFRS and included elsewhere in this offering memorandum, and (ii) on an as adjusted basis at such date to reflect:

- the sale by us of newly-issued shares in the offering for total gross proceeds of CA\$5.6 million;
- the acquisition of ZukunfTech for €6 million;

FINANCIAL REPORTS 2016-2018

The selected audited financial information as of and for the years ended December 31, 2016, 2017, and 2018 prepared in accordance with IFRS.

These reports presented below have been derived from, and should be read together with, our Audited Consolidated Financial Statements included elsewhere in this offering

memorandum. See “Management’s Discussions And Analysis of Financial Condition and Results of Operation” for further information on our Audited Financial Statements.

STATEMENT OF OUR COMPANY STATEMENT OF INCOME AND EXPENSE RECOGNIZED IN EQUITY

BIG RISKS, BIG REWARDS.



We have seen considerable and consistent growth over the course of our operations. By meticulously targeting companies in sectors we

are familiar with and leveraging our investments with derivatives, we have a “home-run” approach to investing. Rather than diversifying,

the bulk of our funds are invested into select securities. Big risks, equal big rewards.

| Balance sheet in CA\$ | | 2018 | 2017 | 2016 |
|-----------------------|---|-------------------|-------------------|-------------------|
| Assets | | | | |
| 1. | Cash & Short-Term Investments | 30,576,900 | 15,091,452 | 10,119,483 |
| 2. | Cash | 26,016,745 | 4,606,362 | 2,585,944 |
| 3. | Short-Term Investments | 4,560,155 | 10,485,090 | 7,533,539 |
| 4. | Total Accounts Receivable | 3,427,945 | 2,826,788 | 33,049 |
| 5. | Accounts Receivable, Net | 3,020,140 | 2,525,238 | 11,049 |
| 6. | Accounts Receivable, Gross | 3,227,945 | 2,549,238 | 11,049 |
| 7. | Bad Debt/Doubtful Accounts | (207,805) | (24,000) | -- |
| 8. | Other Receivables | 407,805 | 301,550 | 22,000 |
| 9. | Total Current Assets | 34,004,845 | 17,918,240 | 10,152,532 |
| 10. | Net Property, Plant & Equipment | 3,405,400 | 2,403,970 | 1,719,726 |
| 11. | Property, Plant & Equipment - Gross | 3,970,220 | 2,895,117 | 2,134,600 |
| 12. | Machinery & Equipment | 2,722,768 | 2,215,000 | 1,812,600 |
| 13. | Other Property, Plant & Equipment | 1,247,452 | 680,117 | 322,000 |
| 14. | Accumulated Depreciation | (564,820) | (491,147) | (414,874) |
| 15. | Total Assets | 37,410,245 | 20,322,210 | 11,872,258 |
| 16. | Accounts Payable | 732,870 | 120,855 | 1,056 |
| 17. | Total Liabilities | 732,870 | 120,855 | 1,056 |
| 18. | Retained Earnings | 34,598,898 | 15,102,468 | 7,116,443 |
| 19. | Unrealized Gain/Loss Marketable Securities | 1,078,477 | 4,098,887 | 3,754,759 |
| 20. | Capital Stock | 1,000,000 | 1,000,000 | 1,000,000 |
| 21. | Total Shareholders' Equity | 36,677,375 | 20,201,355 | 11,871,202 |
| 22. | Liabilities & Shareholders' Equity | 37,410,245 | 20,322,210 | 11,872,258 |
| | Net Worth | 36,677,375 | 20,201,355 | 11,871,202 |

COMPANY INCOME STATEMENT

| Consolidated Statement of Income (CA\$) | | December 31, 2018 | December 31, 2017 |
|---|-----------------------------------|-------------------|-------------------|
| 1. | Revenue | 61,415,212 | 28,266,973 |
| 2. | COGS incl. D&A | (9,557,792) | (6,022,557) |
| 3. | Gross Income | 51,857,421 | 22,244,416 |
| Operating Expenses | | | |
| 6. | Managers' Salaries | (320,000) | (320,000) |
| 7. | Sales Personnel Salaries | (120,000) | (80,000) |
| 8. | Accounting Personnel Salaries | (300,000) | (300,000) |
| 9. | IT Personnel Salaries | (150,000) | (225,000) |
| 10. | Payroll Taxes | (65,575) | (68,154) |
| 11. | Utilities | (87,550) | (105,970) |
| 10. | Telephone, Internet, Cellphones | (16,151) | (14,323) |
| 11. | Administrative & General Supplies | (32,880) | (28,700) |
| 14. | Travel Expenses | (4,362,606) | (2,606,107) |
| 15. | Total SG&A Expense | (5,454,762) | (3,748,244) |
| 16. | EBIT | 46,402,659 | 18,496,162 |
| 19. | Unusual Expense | (2,266,147) | (226,900) |
| 20. | Pre-tax Income | 44,136,512 | 18,269,262 |
| 21. | Income Tax | (9,537,614) | (3,166,794) |
| 21. | Consolidated Net Income | 34,598,898 | 15,102,468 |

+129%

Regal Holdings Canada, Inc. experienced growth in year over year income of 129% by the end of 2018.

This growth was mainly driven by commission and fees collected by Regal Investments' portfolio management endeavours.