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# Scaling Capital 1 Corp.

**(A Capital Pool Company)**

## **Interim Condensed Financial Statements**

For the three and nine months ended September 30, 2022

**(Stated in Canadian Dollars) (unaudited)**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL RESULTS Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim condensed financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying interim condensed financial statements of the Company have been prepared in accordance with IFRS and are the responsibility of the Company's management. The interim condensed financial statements and related financial reporting matters have been reviewed and approved by the Audit Committee. The Company's independent auditor has not performed a review of these interim condensed financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim condensed financial statements by an entity's auditor.

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**Scaling Capital 1 Corp.**  
**Interim Condensed Statements of Financial Position**  
*As at September 30, 2022*  
*(in Canadian Dollars) (unaudited)*

	September 30, 2022		December 31, 2021
<b>Assets</b>			
<b>Current</b>			
Cash	\$	625,000	\$ 625,000
Deferred share issue costs		22,273	-
<b>Total Assets</b>	<b>\$</b>	<b>647,273</b>	<b>\$ 625,000</b>
<b>Liabilities</b>			
<b>Current</b>			
Accrued liabilities	\$	42,885	\$ 15,612
<b>Total Liabilities</b>	<b>\$</b>	<b>42,885</b>	<b>\$ 15,612</b>
<b>Shareholders' Equity</b>			
Share capital (note 5)	\$	625,000	\$ 625,000
Deficit		(20,612)	(15,612)
<b>Total Shareholders' Equity</b>	<b>\$</b>	<b>604,388</b>	<b>\$ 609,388</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$</b>	<b>647,273</b>	<b>\$ 625,000</b>

Nature of operations and going concern (note 1)  
Subsequent event (note 9)

Approved on behalf of the Board of Directors of Scaling Capital 1 Corp.

(signed) "James Fox"  
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Director

(signed) "John Wilson"  
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Director

*The accompanying notes are an integral part of these financial statements*

**Scaling Capital 1 Corp.**  
**Interim Condensed Statement of Loss and Comprehensive Loss**  
*For the three and nine months ended September 30, 2022*  
*(in Canadian Dollars) (unaudited)*

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<b>Expenses</b>	<b>Three months ended September 30, 2022</b>	<b>Nine months ended September 30, 2022</b>
Professional fees	\$ 0	5,000
<b>Total Expenses</b>	<b>0</b>	<b>5,000</b>
Net loss and comprehensive loss	\$ 0	(5,000)
<b>Net loss per share (note 8)</b>		
Basic and diluted	\$ 0.00	(0.00)

*The accompanying notes are an integral part of these financial statements*

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**Scaling Capital 1 Corp.**  
**Interim Condensed Statement of Changes in Shareholders' Equity**  
*For the period from January 1, 2022 to September 30, 2022*  
*(in Canadian Dollars) (unaudited)*

	Number of shares	Share capital (\$)	Deficit	Total (\$)
Issuance of common shares on incorporation (note 5)	12,500,000	\$ 625,000	\$ -	\$ 609,388
Net loss and comprehensive loss	-	-	(15,612)	(15,612)
Balance as at December 31, 2021	<b>12,500,000</b>	<b>\$ 625,000</b>	<b>\$ (15,612)</b>	<b>\$ 609,388</b>
Net loss and comprehensive loss	-	-	(5,000)	(5,000)
Balance at September 30, 2022	<b>12,500,000</b>	<b>\$ 625,000</b>	<b>\$ (20,612)</b>	<b>\$ 604,388</b>

*The accompanying notes are an integral part of these financial statements*

**Scaling Capital 1 Corp.**  
**Interim Condensed Statement of Cash Flows**  
*For the period from January 1, 2022 to September 30, 2022*  
*(in Canadian Dollars) (unaudited)*

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<b>Operating activities</b>		
Net loss for the period	\$	(5,000)
Changes in non-cash working capital:		
Increase in accrued liabilities related to operating activities		5,000
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<b>Cash provided by (used in) operating activities</b>	<b>\$</b>	<b>-</b>
<hr/>		
<b>Financing activities</b>		
Deferred share issuance costs		(22,273)
Increase in accrued liabilities related to financing activities		22,273
<hr/>		
<b>Cash provided by (used in) financing activities</b>	<b>\$</b>	<b>-</b>
<hr/>		
<b>Net change in cash</b>	<b>\$</b>	<b>-</b>
<hr/>		
<b>Cash, beginning of period</b>		<b>625,000</b>
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<b>Cash, end of period</b>	<b>\$</b>	<b>625,000</b>
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*The accompanying notes are an integral part of these financial statements*

# Scaling Capital 1 Corp.

## Notes to Interim Condensed Financial Statements

For the period from January 1, 2022 to September 30, 2022  
(in Canadian Dollars) (unaudited)

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### 1. Nature of Organization

Scaling Capital 1 Corp. (the "Corporation") is a capital pool company (CPC) incorporated under the *Business Corporations Act* (Alberta) on November 1, 2021.

The Corporation's head office is located at 800-333 7 Ave SW, Calgary, Alberta, T2P 2Z1.

The global outbreak of COVID-19 (coronavirus) and the war in Ukraine have had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The pandemic and war in Ukraine could continue to have a negative impact on the stock market. These factors, among others, could have a significant impact on the Company's operations. At this time, it is unknown the extent of the impact the COVID-19 outbreak and the war in Ukraine may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, the duration of the war and corresponding duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries.

#### Going Concern

These financial statements have been prepared in accordance with International Financial Reporting Standards applied on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. There are material uncertainties that cast significant doubt on the validity of this assumption. As at September 30, 2022, the Company has not completed their initial public offering which is required to become a Capital Pool Company. The Company incurred a net loss of \$5,000 for the period ended September 30, 2022, and as of that date, the Company's deficit was \$20,612. The Company's ability to continue as a going concern is dependent upon its ability to fund its future operations, complete its initial public offering, and complete a qualifying transaction in accordance with TSX Exchange Policy 2.4

These financial statements do not reflect adjustments in the carrying value of the assets and liabilities, the reported revenues and expenses and the statement of financial position classifications that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

### 2. Basis of Presentation

#### Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared in compliance with IAS 34 – Interim Financial Reporting.

The Board of Directors approved the issuance of these financial statements on November 29, 2022.

#### Basis of Presentation

The financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The financial statements are prepared on a historical cost basis. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

**Scaling Capital 1 Corp.**  
**Notes to Interim Condensed Financial Statements**

*For the period from January 1, 2022 to September 30, 2022*  
*(in Canadian Dollars) (unaudited)*

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*Use of Estimates and Significant Assumptions*

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments are made by management to determine the likelihood of whether deferred tax assets will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an adjustment in the deferred tax assets as well as an income impact in the period in which the change occurs.

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded by management.

**3. Significant Accounting Policies**

*Cash and cash equivalents*

Cash is comprised of amounts held in trust with DS Lawyers Canada LLP. There are no cash equivalents as at September 30, 2022.

*Income Taxes*

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

*Financial Instruments*

*Recognition*

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

# Scaling Capital 1 Corp.

## Notes to Interim Condensed Financial Statements

For the period from January 1, 2022 to September 30, 2022  
(in Canadian Dollars) (unaudited)

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### *Classification*

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss, and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

Cash is classified as an asset at amortized cost.

Accrued expenses are classified as a liability at amortized cost.

### *Measurement*

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

### *Measurement Uncertainty*

The preparation of financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates used in the financial statements. The Corporation does not have any significant estimates as of September 30, 2022.

**Scaling Capital 1 Corp.**  
**Notes to Interim Condensed Financial Statements**  
*For the period from January 1, 2022 to September 30, 2022*  
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**4. Future Accounting Pronouncements**

Future accounting standards, amendments and interpretations:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023 and are not expected to have a material impact on the Company.

**5. Share Capital**

*a) Authorized and Issued*

The Corporation is authorized to issue an unlimited number of Common Shares (as defined herein).

Issued and outstanding Common shares	Number	Amount (\$)
Issuance of Common shares – November 1, 2021	<b>12,500,000</b>	<b>625,000</b>
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Balance, September 30, 2022	<b>12,500,000</b>	<b>625,000</b>

**6. Income taxes**

The financial statements do not reflect potential tax reductions available through the application of losses carried forward against future years' earnings otherwise subject to income taxes. These losses amounting to \$20,612 may be carried forward and expire in 2041 and 2042.

A deferred tax asset has not been recognized as the Company does not consider it probable that it will be recovered.

**7. Financial instruments**

The Company's financial instruments consist of cash and accounts payable.

Financial risk management

The Company's activities are exposed to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets (note 1) and seeks to minimize potential adverse effects on the Company's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance.

Credit risk

Credit risk is the risk of loss associated with the counterparty's ability to fulfil its payment obligations. The Company is not susceptible to significant credit risk as cash is held at a major financial institution.

Liquidity risk

The Company's exposure to liquidity risk is dependent on purchasing commitments and obligations and ability to raise funds to meet commitments and sustain operations. As at September 30, 2022, the Company has cash of \$625,000 to settle financial liabilities of \$42,885.

**Scaling Capital 1 Corp.**  
**Notes to Interim Condensed Financial Statements**  
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**8. Net Loss per Share**

The weighted average number of shares for the purpose of the net loss per share calculations was as follows:

	<b>September 30, 2022</b>
<b>Weighted average number of shares outstanding</b>	
Basic and diluted	<b>12,500,000</b>

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**9. Related Party Transactions and Balances**

Related Party Transactions

The Company's key management personnel include Directors and Officers with the responsibility of planning, directing and controlling activities of the Company. The Company did not pay any compensation to its key management personnel during the year.

Related Party Balances

Related party balances relate to payables to Ninepoint Partners LP. All balances are non-interest bearing and carry no specific terms of repayment. Related party payables as at September 30, 2022 were \$15,612.

**10. Capital Management**

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include identifying and evaluating potential acquisitions. The Company includes shareholders' equity of \$604,388 in the definition of capital.

In managing capital, the Company estimates its future cash requirements by preparing a budget. The budget establishes the activities for the upcoming year and estimates the costs associated with these activities.

The Company's plan is to raise capital through the issuance of additional common shares. There are no assurances that funds will be made available to the Company when required.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used to cover prescribed costs of issuing common shares or administrative and general expenses of the Company. These restrictions may apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

**11. Subsequent Event**

On November 14, 2022, the Corporation filed a long form prospectus (the "Prospectus") for the purposes of completing a Canadian initial public offering (the "Offering") to raise gross proceeds of \$450,000 on the TSX Venture Exchange by issuing 4,500,000 common shares at a purchase price of \$0.10 per share. The proceeds of the Offering will be used by the Corporation, as a capital pool company, to fund its search for a Qualifying Transaction and in accordance with Exchange Policy 2.4.

The Corporation has agreed to pay the Agents (Canaccord Genuity) a commission equal to ten percent (10.0%) of the gross proceeds of the Offering, payable in cash, plus ten percent (10.0%) Agent's warrants, each whole warrant exercisable into one common share for a period of 5 years from closing of the Offering at a price of \$0.10. The Agent will also be paid a Corporate Finance Fee of \$15,000 and be reimbursed for all legal fees and other reasonable expenses regardless of whether the Offering is completed.

**Scaling Capital 1 Corp.**  
**Notes to Interim Condensed Financial Statements**

*For the period from January 1, 2022 to September 30, 2022*  
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The Corporation has adopted an incentive stock option plan in accordance with the policies of the Exchange (the "Stock Option Plan") for the benefit of directors and officers, and where permitted pursuant to Exchange policies, employees, and consultants of the Company. A maximum of ten percent (10%) of the issued and outstanding common shares of the Company upon completion of the initial public offering may be reserved for issuance pursuant to the exercise of stock options to be granted to directors and officers, and where permitted pursuant to Exchange policies employees and consultants, of the Company. In addition, subject to the policies of the Exchange, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) and for consultants and employees conducting investor relations activities shall not exceed two percent (2%) of the issued and outstanding common shares. The Stock Option Plan provides that the terms of the options and the option price shall be fixed by the directors, subject to the price restrictions and other requirements imposed by TSX Venture.

Stock options granted under the Stock Option Plan may not be exercisable for a period longer than ten (10) years and the exercise price must be paid in full upon exercise of the option.

The Corporation also proposes to grant options to purchase an aggregate of 1,700,000 common shares once the Offering is completed, at a price of \$0.10 per common share for a period of 10 years from the date of the grant.