
Scaling Capital 1 Corp.

(A Capital Pool Company)

Interim Condensed Financial Statements

For the three and nine months ended September 30, 2023

(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.

Scaling Capital 1 Corp.
Statements of Financial Position
As at
(in Canadian Dollars)

	September 30, 2023	December 31, 2022
Assets		
Current		
Cash	\$ 841,765	\$ 611,757
Deferred issuance costs	-	56,743
Total Assets	841,765	668,500
Liabilities		
Current		
Accounts payable and accrued liabilities	212	85,847
Total Liabilities	-	85,847
Shareholders' Equity		
Share capital (note 6)	938,252	625,000
Deficit	(96,699)	(42,347)
Total Shareholders' Equity	841,553	582,653
Total Liabilities and Shareholders' Equity	\$ 841,765	\$ 668,500

Nature of operations and going concern (note 1)

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

(s) "James Fox"
 Director

(s) "Kirstin McTaggart"
 Director

The accompanying notes are an integral part of these financial statements

Scaling Capital 1 Corp.
Statements of Loss and Comprehensive Loss
(in Canadian Dollars)

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Expenses				
Professional fees	\$ 2,970	\$ -	\$ 54,352	\$ 5,710
Stock options expense (note 6)	4,215	-	32,450	-
Total Expenses	7,185	-	86,802	5,710
Net loss and comprehensive loss	\$ 7,185	\$ -	\$ 86,802	\$ 5,710
Net loss per share (note 9)				
Basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)

The accompanying notes are an integral part of these financial statements

Scaling Capital 1 Corp.
Statements of Changes in Equity
(in Canadian Dollars)

	Number of shares	Share capital (\$)	Deficit	Total (\$)
Balance as at December 31, 2021	12,500,000	\$ 625,000	(15,612)	\$ 609,388
Net loss and comprehensive loss	-	-	(5,710)	(5,710)
Balance as at September 30, 2022	12,500,000	\$ 625,000	(21,322)	\$ 603,678
Balance as at December 31, 2022	12,500,000	625,000	(42,347)	\$ 582,653
Issuance of common shares on IPO	4,500,000	450,000	-	\$ 450,000
Stock options expense	-	-	32,450	32,450
Deferred issuance costs	-	(136,748)	-	(136,748)
Net loss and comprehensive loss	-	-	(86,802)	(86,802)
Balance as at September 30, 2023	17,000,000	\$ 938,252	(96,699)	\$ 841,553

The accompanying notes are an integral part of these financial statements

Scaling Capital 1 Corp.
Statements of Cash Flows
For the Nine Months Ended September 30
(in Canadian Dollars)

	2023	2022
Operating activities		
Net loss for the period	\$ (86,802)	(5,710)
Items not involving cash:		
Stock options expense	32,450	-
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	(85,635)	5,710
Cash provided by (used in) operating activities	\$ (139,987)	-
Financing activities		
Issuance of Common shares (note 6)	\$ 450,000	-
Deferred issuance costs	(80,005)	(22,273)
Increase in accrued liabilities related to financing activities	\$	22,273
Cash provided by (used in) financing activities	\$ 369,995	-
Net change in cash	\$ 230,008	-
Cash, beginning of period	611,757	625,000
Cash, end of period	\$ 841,765	625,000

The accompanying notes are an integral part of these financial statements

Scaling Capital 1 Corp.

Notes to Financial Statements

For the three and nine months ended September 30, 2023
(in Canadian Dollars)

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.

Initial Public Offering

On February 10, 2023, the Corporation completed 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.

Going Concern

These financial statements have been prepared in accordance with International Financial Reporting Standards applied on a going concern basis, which assumes the Corporation 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. On February 10, 2023, the Corporation completed their initial public offering which is required to become a CPC.

The Corporation incurred a net loss of \$7,185 (2022 - \$0) for the three months ended September 30, 2023, and as of that date, the Corporation's deficit was \$96,699 (2022 - \$21,322). The Corporation's ability to continue as a going concern is dependent upon its ability to fund its future operations 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 Board of Directors approved the issuance of these financial statements on November 29, 2023.

Basis of Measurement and Functional Currency

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.

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.

Scaling Capital 1 Corp.

Notes to Financial Statements

For the three and nine months ended September 30, 2023
(in Canadian Dollars)

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 Corporation'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 on deposit. There are no cash equivalents as at September 30, 2023.

Stock options expense

The Corporation applies a fair value-based method of accounting to all share-based payments. Stock options are measured at the fair value of each tranche on the grant date and recognized over their respective vesting period. The value of the stock options is presented as an expense when applicable with a corresponding credit to contributed surplus. On the exercise of stock options, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Corporation uses the Black-Scholes option pricing model to estimate the fair value of these stock options.

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.

Net Loss Per Common Share

Net loss per common share has been calculated based on the weighted average number of common shares outstanding during the period using the treasury stock method.

Scaling Capital 1 Corp.

Notes to Financial Statements

For the three and nine months ended September 30, 2023
(in Canadian Dollars)

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.

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.

Accounts payable and accrued liabilities 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.

Scaling Capital 1 Corp.

Notes to Financial Statements

For the three and nine months ended September 30, 2023
(in Canadian Dollars)

Deferred Issuance Costs

Professional, consulting, regulatory and other costs directly attributable to the financing transaction were recorded as deferred issuance costs until the financing transaction was completed. These costs were then netted against share capital upon closing of the Offering.

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, 2023.

4. New Accounting Pronouncements

New accounting standards, amendments and interpretations:

The adoption of the accounting pronouncements, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

Amendments to IAS 8 – Definition of Accounting Estimates

These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

These amendments are effective for reporting periods beginning on or after January 1, 2023.

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

The amendments to IAS 1 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 Corporation.

Scaling Capital 1 Corp.

Notes to Financial Statements

For the three and nine months ended September 30, 2023
(in Canadian Dollars)

5. Restriction on Use of Proceeds

The proceeds raised from the issuance of common shares in the capital of the Company (the "common shares") may only be used to identify and evaluate businesses or assets and to obtain shareholder approval for a proposed Qualifying Transaction, other than for reasonable general and administrative expenses of the Company which are limited to \$3,000 per month. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy 2.4.

6. Share Capital

a) Authorized and Issued

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

	Number	Amount (\$)
Issued and outstanding Common Shares		
Issuance of Common shares – November 1, 2021	12,500,000	625,000
Balance, December 31, 2022 and September 30, 2022	12,500,000	625,000
Issuance of Common Shares – February 10, 2023	4,500,000	450,000
Balance, September 30, 2023	17,000,000	1,075,000

b) Stock Options

On February 10, 2023, directly following closing of the Offering, the Corporation issued to its directors and officers an aggregate of 1,700,000 options to purchase 1,700,000 common shares in the capital of the Corporation at an exercise price of \$0.10 per Common Share, expiring February 10, 2033.

The Corporation also issued an Agent's option to Canaccord Genuity to purchase 450,000 common shares in relation to the Offering at a price of \$0.10 per Common Share, expiring February 10, 2028. Not more than 50% of the Common Shares received on the exercise of the Agent's Option may be sold by the Agent prior to the Completion of the Qualifying Transaction.

7. Income taxes

The income tax provision reported differs from the amount computed by applying the combined Canadian federal and provincial rate to income before income taxes. The reasons for the difference and the related tax effects are as follows:

	September 30, 2023	September 30, 2022
Loss before income taxes	\$ (86,802)	(5,000)
Expected rate	23%	23%
Expected tax recovery	(19,964)	(1,150)
Tax effected adjustments		
Unused tax losses not recognized	(19,964)	(1,150)
Income tax expense	\$ -	\$ -

Scaling Capital 1 Corp.

Notes to Financial Statements

For the three and nine months ended September 30, 2023
(in Canadian Dollars)

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 may be carried forward and expire as follows:

2041	\$	15,612
2042	\$	26,735
2043	\$	86,802

The Company has a deferred tax asset of approximately \$10,000 which consists of non-capital tax losses. A deferred tax asset has not been recognized as the Corporation does not consider it probable that it will be recovered.

8. Financial instruments

The Corporation's financial instruments consist of cash as well as accounts payable and accrued liabilities.

Financial risk

The Corporation's activities are exposed to a variety of financial risks: credit risk and liquidity risk. The Corporation'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 Corporation'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 Corporation is not susceptible to significant credit risk as cash is held at a major financial institution.

Liquidity risk

The Corporation's exposure to liquidity risk is dependent on purchasing commitments and obligations and the ability to raise funds to meet commitments and sustain operations. As at September 30, 2023, the Corporation has cash of \$841,765 (2022 - \$625,000) to settle financial liabilities of \$0 (2022 - \$43,595).

9. Net Loss per Share

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

	September 30, 2023	September 30, 2022
Weighted average number of shares outstanding		
Basic	16,340,659	12,500,000
Diluted	18,175,641	12,500,000

10. Related Party Transactions and Balances

Related Party Transactions

The Corporation's key management personnel include Directors and Officers with the responsibility of planning, directing and controlling activities of the Corporation. The Corporation's management includes its shareholders, who are also employees and controlling shareholders of a non-arms length entity – Ninepoint Partners LP. The Corporation recorded an expense of \$32,450 with respect to stock options provided to its key management personnel during the year.

Scaling Capital 1 Corp.

Notes to Financial Statements

For the three and nine months ended September 30, 2023
(in Canadian Dollars)

Related Party Balances

Related party balances relate to professional services fees paid by Ninepoint Partners LP on behalf of the Corporation. All balances are non-interest bearing and carry no specific terms of repayment. Related party payables as at September 30, 2023 were \$0 (2022 - \$31,322).

11. Capital Management

The Corporation's objective when managing capital is to maintain adequate cash resources to support planned activities which include identifying and evaluating potential acquisitions. The Corporation includes shareholders' equity of \$841,765 (2022 - \$603,678) in the definition of capital.

In managing capital, the Corporation 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 Corporation plans to raise capital through the issuance of additional common shares. There are no assurances that funds will be made available to the Corporation when required.

The Company is not subject to externally imposed capital requirements other than the restriction on the use of proceeds disclosed in Note 5.

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 Corporation. These restrictions may apply until completion of a Qualifying Transaction by the Corporation as defined under the policies of the Exchange.

12. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation classifications in the current period. The changes did not impact net loss.