

Proton Capital Corp.
(A Capital Pool Company)
Condensed Interim Financial Statements
For the three and nine months ended September 30, 2023 and 2022
(expressed in Canadian dollars)

Proton Capital Corp.
Condensed Interim Statements of Financial Position

As at:

| | September 30, 2023 (Unaudited) | December 31, 2022 (Audited) |
|---|--------------------------------------|-----------------------------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents <i>(Note 4)</i> | \$ 2,531,725 | \$ 2,733,379 |
| Total assets | \$ 2,531,725 | \$ 2,733,379 |
| | | |
| Liabilities | | |
| Current | | |
| Accounts payable and accruals | \$ 41,206 | \$ 16,465 |
| | | |
| Shareholders' Equity | | |
| Share capital <i>(Note 5)</i> | \$ 2,798,865 | \$ 2,743,185 |
| Contributed surplus | 488,792 | 516,632 |
| Accumulated Deficit | (797,138) | (542,903) |
| Total shareholders' equity | \$ 2,490,519 | \$ 2,716,914 |
| Total liabilities and shareholders' equity | \$ 2,531,725 | \$ 2,733,379 |

Approved on behalf of the Board of Directors

Signed "Kim Carroll"

Director

Signed "Alan Simpson"

Director

The accompanying notes are an integral part of these condensed interim financial statements

Proton Capital Corp.
Condensed Interim Statements of Loss and Comprehensive Loss
(Unaudited)

| | <i>For the three months ended September 30, 2023</i> | <i>For the three months ended September 30, 2022</i> | <i>For the nine months ended September 30, 2023</i> | <i>For the nine months ended September 30, 2022</i> |
|---|--|--|---|---|
| Revenue | | | | |
| Interest income | \$ 28,662 | \$ 18,521 | \$ 81,373 | \$ 24,516 |
| Total revenue | 28,662 | 18,521 | 81,373 | 24,516 |
| Expenses | | | | |
| Professional fees | \$ 129,414 | \$ (2,184) | \$ 335,141 | \$ 152,373 |
| Share-based compensation | - | - | - | 386,280 |
| General and administrative | 111 | 118 | 467 | 362 |
| Total expenses | 129,525 | (2,066) | 335,608 | 539,015 |
| Loss and comprehensive loss | \$ (100,863) | \$ 20,587 | \$ (254,235) | \$ (514,498) |
| Loss per share | | | | |
| Basic and diluted | \$ (0.00) | \$ (0.00) | \$ (0.01) | \$ (0.02) |
| Weighted average number of shares <i>(Note 5)</i> | 40,278,400 | 40,000,000 | 40,211,481 | 30,036,630 |

The accompanying notes are an integral part of these condensed interim financial statements

Proton Capital Corp.
Condensed Interim Statements of Changes in Shareholders' Equity
For the nine months ended September 30, 2023 and 2022
(Unaudited)

| | Share capital (\$) | Contributed surplus (\$) | Accumulated deficit (\$) | Total shareholders' equity (\$) |
|---|--------------------------|--------------------------------|--------------------------------|--|
| As at December 31, 2022 | 2,743,185 | 516,632 | (542,903) | 2,716,914 |
| Exercise of agents warrants <i>(Note 5)</i> | 55,680 | (27,840) | - | 27,840 |
| Loss and comprehensive loss | - | - | (254,235) | (254,235) |
| As at September 30, 2023 | 2,798,865 | 488,792 | (797,138) | 2,490,519 |
| As at December 31, 2021 | 1,000,000 | - | (25,818) | 974,182 |
| Issuance of common shares | 2,000,000 | - | - | 2,000,000 |
| Share issuance costs | (126,463) | - | - | (126,463) |
| Issuance of agents warrants | (130,352) | 130,352 | - | - |
| Share based compensation | - | 386,280 | - | 386,280 |
| Loss and comprehensive loss | - | - | (514,498) | (514,498) |
| As at September 30, 2022 | 2,743,185 | 516,632 | (540,316) | 2,719,501 |

The accompanying notes are an integral part of these condensed interim financial statements

Proton Capital Corp.
Condensed Interim Statements of Cash Flows
For the nine months ended September 30, 2023 and 2022
(Unaudited)

| | Note | 2023 | 2022 |
|---|------|---------------------|---------------------|
| Cash flows from operating activities: | | | |
| Operating activities | | | |
| Net loss | | \$ (254,235) | \$ (514,498) |
| Adjustments for non-cash items: | | | |
| Share based compensation | | - | 386,280 |
| Change in non-cash working capital items: | | | |
| Accounts payable and accruals | | 24,741 | (18,170) |
| Deferred financing charges | | - | 20,500 |
| Cash flows used in operating activities | | (229,494) | (125,888) |
| Cash flows from financing activities: | | | |
| Proceeds from share issuance | 5 | 27,840 | 2,000,000 |
| Share issuance costs | 5 | - | (126,463) |
| Cash flows provided by financing activities | | 27,840 | 1,873,537 |
| (Decrease) Increase in cash | | (201,654) | 1,747,649 |
| Cash and cash equivalents, beginning of period | | 2,733,379 | 980,025 |
| Cash and cash equivalents, end of period | | \$ 2,513,725 | \$ 2,727,674 |

The accompanying notes are an integral part of these condensed interim financial statements

Proton Capital Corp.
Notes to the Condensed Interim Financial Statements
For the nine months ended September 30, 2023 and 2022
(unaudited)

1. Incorporation and operations

Proton Capital Corp. (the "Company" or "Proton") was incorporated on September 1, 2021 by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta). The Company is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange's rules.

The head office and registered office of the Company is located at 3603 Selinger Crescent, Regina, SK S4V 2H7.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

Pursuant to a final prospectus dated March 31, 2022, the Company completed an initial public offering ("IPO") of the Company's common shares ("Common Shares"). The IPO closed on May 16, 2022 with 20,000,000 Common Shares being issued at a price of \$0.10 per Common Share. The Company's Common Shares commenced trading on the Exchange on May 18, 2022 under the symbol PTN.

On April 20, 2023, Proton announced the signing of a Letter of Intent ("LOI") with PharmaChoice Canada Inc., a company incorporated in Canada, that operates in the pharmacy industry. The LOI contemplates terms and conditions subject to: (i) the negotiation and finalization of definitive agreements between the parties and (ii) the acquisition and operation by Proton of an independently owned PharmaChoice brand pharmacy or pharmacies pursuant to the terms of the Definitive Agreements, both of which together will constitute the qualifying transaction of Proton pursuant to the policies of the TSX Venture Exchange. On August 31, 2023, definitive agreements in relation to the strategic alliance agreement with PharmaChoice Canada Inc. were executed. In addition, the Strategic Alliance Agreement includes, but is not limited to, the following schedules which have been executed but are being held in escrow until the completion of the Qualifying Transaction: a license agreement, a right-of-first-refusal agreement and a master membership agreement. Further information is in the press releases available on the SEDAR+ website sedarplus.ca.

2. Basis of preparation

Statement of compliance

The unaudited condensed interim financial statements ("interim financial statements") of the Company have been prepared in accordance with International Accounting Standards 34 ("IAS 34") "Interim Financial Reporting". These interim financial statements do not include all of the information required of full annual financial statements and it should be read in conjunction with the annual financial statements for the year ended December 31, 2022.

These interim financial statements were authorized for issue in accordance with a resolution of the Board of Directors on November 9, 2023.

Basis of measurement

These interim financial statements were prepared on a going concern basis, under the historical cost basis.

Functional and presentation currency

These interim financial statements are stated in Canadian dollars which is the Company's functional currency.

Proton Capital Corp.
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2. Basis of preparation (continued from previous page)

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. These condensed interim financial statements have been prepared using the same judgments, estimates and assumptions as reported in the Company's December 31, 2022 audited annual financial statements.

3. Significant accounting policies

These condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as the annual financial statements for the year ended December 31, 2022 and should be read in conjunction with those annual financial statements and the notes thereto.

4. Cash

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.

5. Share capital

Authorized:

Unlimited number of common shares and preferred shares which are issuable in series.

Issued:

| Common Shares | Number of Shares | \$ |
|---|-------------------|------------------|
| Balance, December 31, 2022 (i) | 40,000,000 | 2,743,185 |
| Warrants exercised at \$0.10 per share (ii) | 278,400 | 27,840 |
| Share issue cost | | 27,840 |
| Balance, September 30, 2023 | 40,278,400 | 2,798,865 |

Issued:

| Common Shares | Number of Shares | \$ |
|-------------------------------------|-------------------|------------------|
| Balance, December 31, 2021 | 20,000,000 | 1,000,000 |
| Issued for cash at \$0.10 per share | 20,000,000 | 2,000,000 |
| Share issue cost | | (256,815) |
| Balance, September 30, 2022 | 40,000,000 | 2,743,185 |

- (i) All common shares issued will be held in escrow until completion of a Qualifying Transaction. 25% of these common shares will be released on the issuance of the Final Exchange Bulletin and an additional 25% will be released on each 6-month anniversary from the initial release.
- (ii) 100,000 warrants were exercised on each of February 3 and 21, 2023 at \$0.10 each for total proceeds of \$20,000. 40,000 warrants were exercised on April 25, 2023 and 38,400 were exercised on May 12, 2023 at \$0.10 each for total proceeds of \$7,840.

Proton Capital Corp.
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For the nine months ended September 30, 2023 and 2022
(unaudited)

5. Share Capital *(continued)*

Stock options

The Company has adopted an incentive stock option plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and technical consultants to the Company and Eligible Charitable Organizations, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares as at the date of grant of any such option, and that the exercise period does not exceed 10 years from the date of grant.

The number of Common Shares issuable to any individual director or officer will not exceed 5% of the issued and outstanding Common Shares of the Company as at the date of grant of such option. The number of Common Shares issuable at any given time to all technical consultants in aggregate will not exceed 2% of the issued and outstanding Common Shares of the Company as at the date of grant of such option.

A summary of the Company's stock option activity is as follows:

| | Number of Options | Weighted Average Exercise price |
|------------------------------------|-------------------|---------------------------------|
| Balance, December 31, 2022 | 4,000,000 | \$0.10 |
| Granted | - | - |
| Balance, September 30, 2023 | 4,000,000 | \$0.10 |

| | Number of Options | Weighted Average Exercise price |
|------------------------------------|-------------------|---------------------------------|
| Balance, December 31, 2021 | - | - |
| Granted | 4,000,000 | \$0.10 |
| Balance, September 30, 2022 | 4,000,000 | \$0.10 |

A summary of the Company's warrant activity is as follows:

| | Number of Warrants | Weighted Average Exercise price | Weighted Average years to Expiry |
|------------------------------------|--------------------|---------------------------------|----------------------------------|
| Balance, December 31, 2022 | 2,000,000 | \$0.10 | 1.38 |
| Granted | - | - | - |
| Exercised | (278,400) | \$0.10 | - |
| Balance, September 30, 2023 | 1,721,600 | \$0.10 | 0.63 |

| | Number of Warrants | Weighted Average Exercise price | Weighted Average years to Expiry |
|------------------------------------|--------------------|---------------------------------|----------------------------------|
| Balance, December 31, 2021 | - | - | - |
| Granted | 2,000,000 | \$0.10 | 2.00 |
| Balance, September 30, 2022 | 2,000,000 | \$0.10 | 1.63 |

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5. Share Capital *(continued)*

As of September 30, 2023, 1,721,600 (September 30, 2022 – 2,000,000) warrants were outstanding. On February 3, 2023, 100,000 warrants were exercised at a price of \$0.10 each for proceeds of \$10,000. On February 21, 2023, 100,000 warrants were exercised at a price of \$10,000. On April 25, 2023, 40,000 warrants were exercised for proceeds of \$4,000 and on May 12, 38,400 warrants were exercised for proceeds of \$3,840.

Loss per share

Basic per share amounts are calculated using the weighted average number of shares outstanding of 40,278,400 and 40,211,481 during the three and nine months ended September 30, 2023, (40,000,000 and 30,036,630 during the three and nine months ended September 30, 2022). The effect of outstanding options and warrants have not been included in the weighted average calculation as the impact is anti-dilutive.

6. Capital disclosures

The Company's capital consists of shareholders' equity. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at period-end.

7. Financial instruments

The Company, as part of its operations, carries financial instruments consisting of cash and cash equivalents and accounts payable and accruals. It is management's opinion that the Company is not exposed to significant credit, liquidity or market risks arising from these financial instruments except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
- Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).
- Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of cash and cash equivalents and account payable and accruals approximates its fair value due to the short-term maturities of these items.

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7. Financial instruments *(continued)*

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk as its cash and cash equivalents is held in an account with a major Canadian financial institution.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2023, the Company had a cash and cash equivalents balance of \$2,513,725 (December 31, 2022 - \$2,733,379) to settle liabilities of \$41,206 (December 31, 2022 - \$16,465).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company has no market risks.

8. Related party transactions

Key management personnel consist of officers and directors of the Company. No compensation was paid to key management personnel during the three and nine month periods ending September 30, 2023 and September 30, 2022.

There are no related party transactions in this period.

9. Subsequent events

On October 10, 2023, Proton Capital Corp. engaged iA Private Wealth Inc. for a brokered public offering of up to 100,000,000 common shares in the capital of the Corporation at a price of \$0.40 per Common Share, for gross proceeds of up to \$40,000,000. The Offering is being conducted in connection with the Corporation's proposed "Qualifying Transaction" within the meaning of TSXV Policy 2.4 – Capital Pool Companies as previously announced.