



STACK CAPITAL GROUP INC.

INTERIM FINANCIAL STATEMENTS FROM THE PERIOD FROM APRIL 1, 2021

(INCORPORATION) TO SEPTEMBER 30, 2021

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Stack Capital Group Inc.

Unaudited Interim Statement of Financial Position
(Expressed in Canadian Dollars)

As at	September 30, 2021
Assets	
Cash	\$ 82,283,831
Investments, at fair value (note 5)	20,615,389
Prepaid expenses	206,125
Total Assets	\$ 103,105,345
Liabilities	
Accounts payable and accrued liabilities (note 8)	\$ 554,190
Amounts due to Manager (note 8)	289,540
Total Liabilities	843,730
Equity	
Share capital (note 6)	95,401,161
Warrant reserve (note 7)	7,538,624
Deficit	(678,170)
Total Equity	102,261,615
Total Equity and Liabilities	\$ 103,105,345

See accompanying notes.

Business Operations (note 1)

Approved on Behalf of the Board:

“Jeff Parks”

Director

“John Bell”

Director

Stack Capital Group Inc.

Unaudited Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three months ended September 30, 2021	Period from April 1, 2021 (Incorporation) to September 30, 2021
Revenue		
Interest income	\$ 97,971	\$ 97,971
Unrealized foreign exchange gain on investments	144,000	144,000
	241,971	241,971
Expenses		
Management fees	434,730	505,646
Professional fees	153,857	241,391
Insurance	163,468	190,712
Administrative and general	13,091	28,766
	765,146	966,515
Loss Before Other Items	(523,175)	(724,544)
Gain on foreign exchange	46,374	46,374
Net Loss and Comprehensive Loss for the Period	\$ (476,801)	\$ (678,170)
Basic and Diluted Loss per Share (notes 1 and 8)	\$ (0.05)	\$ (0.13)
Weighted Average Number of Common Shares Outstanding	9,080,019	5,275,926

See accompanying notes.

Stack Capital Group Inc.

Unaudited Interim Statements of Cash Flows (Expressed in Canadian Dollars)

	Three months ended September 30, 2021	Period from April 1, 2021 (Incorporation) to September 30, 2021
Operating Activities:		
Net loss for the period	\$ (476,801)	\$ (678,170)
Changes in non-cash operating items:		
Interest income from convertible debenture	(2,932)	(2,932)
Acquisition of investments and convertible debentures	(20,468,457)	(20,468,457)
Foreign exchange gain on investments	(144,000)	(144,000)
Changes in non-cash working capital items:		
Prepaid expenses	(190,873)	(206,125)
Accounts payable and accrued liabilities	(221,932)	554,190
Amounts due to Manager	13,913	289,540
Net Cash Used in Operating Activities	(21,491,082)	(20,655,954)
Financing activities		
Proceeds from initial public offering	-	100,020,000
Proceeds from management private placement	-	7,000,008
Proceeds from over-allotment in initial public offering	2,686,400	2,686,400
Cost of issue	(288,966)	(6,766,623)
Net Cash Provided by Financing Activities	2,397,434	102,939,785
Net Change in Cash	(19,093,648)	82,283,831
Cash and cash equivalents, beginning of period	101,377,479	-
Cash and cash equivalents, end of period	\$ 82,283,831	\$ 82,283,831

See accompanying notes.

Stack Capital Group Inc.

Unaudited Interim Statement of Changes in Equity (Expressed in Canadian Dollars)

	Common Shares (#)	Common Shares (\$)	Warrants	Deficit	Total
Opening Balance, April 1, 2021	-	\$ -	\$ -	\$ -	-
Initial public offering	8,335,000	93,463,689	6,556,311	-	100,020,000
Cost of issue	-	(6,766,623)	-	-	(6,766,623)
Management private placement	583,334	6,541,157	458,851	-	7,000,008
Exercise of over-allotment option	175,000	2,162,938	523,462	-	2,686,400
Net loss for the period	-	-	-	(678,170)	(678,170)
Balance, September 30, 2021	9,093,334	\$ 95,401,161	\$ 7,538,624	\$ (678,170)	\$ 102,261,615

See accompanying notes.

Stack Capital Group Inc.

Unaudited Interim Schedule of Investment Portfolio

As at September 30, 2021

(Expressed in Canadian Dollars)

	Investment Type	Portfolio Weight at Period End	Cost	Fair Value
Investments				
Varo Money, Inc.	Common shares	6.31%	\$ 6,450,835	\$ 6,450,835
FNEX Ventures LLC - Series 103 (SpaceX)	LP units	6.36%	6,503,628	6,503,628
Bolt Financial Inc.	Series D preference shares	2.50%	2,561,594	2,561,594
Bolt Financial Inc. 3% Sept. 24, 2023	Convertible debentures	4.99%	5,099,332	5,099,332
		20.16%	\$ 20,615,389	\$ 20,615,389
Cash		80.46%		
Prepaid expenses		0.20%		
Accounts payable and accrued liabilities		-0.54%		
Amounts due to Manager		-0.28%		
Total		100.00%		

Stack Capital Group Inc.

Notes to Unaudited Interim Financial Statement

For the Period from April 1, 2021 (Incorporation) to September 30, 2021

(Expressed in Canadian Dollars)

1. Business Operations

Stack Capital Group Inc. (the “Company”) is an investment holding company. Its business objective is to invest in equity, debt and/or other securities of growth-to-late-stage private businesses. On June 16, 2021, the Company completed its initial public offering, at which time, the Company's common shares commenced trading on the Toronto Stock Exchange (“TSX”) under the symbol “STCK”, pursuant to the TSX Sandbox initiative for the listing of new issuers.

SC Partners Ltd. (the “Manager”) has taken the initiative in creating the Company and acts as the Company's administrator and is responsible to source and advise with respect to all investments for the Company. The Company is federally incorporated and domiciled in Ontario, Canada. The registered office of the Company and the Manager is located at 155 Wellington St. W, Suite 3140, Toronto, ON, M5V 3H1.

2. Basis of Presentation

The interim financial statement of the Company was prepared in accordance with International Financial Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), applicable to the preparation of the interim financial statement, including International Accounting Standard 34 Interim Financial Reporting. The statement of financial position of the Company is presented on a non-classified basis. Except for Investments, all other assets expected to be realized and liabilities expected to be settled within the Company's normal operating cycle of one year are considered current.

The interim financial statement as at September 30, 2021 was approved for issue by the Company's Board of Directors on November 10, 2021.

3. Summary of Significant Accounting Policies

The principal accounting policies applied to the preparation of the interim financial statement is applied consistently during the period presented.

Determination of investment entity status

An entity that meets the IFRS 10 Consolidated Financial Statements (“IFRS 10”) definition of an investment entity is required to measure its investments in subsidiaries at fair value through profit or loss (“FVTPL”) rather than consolidate them (other than those subsidiaries that provide services to the company).

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all its investments on a fair value basis. An investment entity may provide investment-related services, either directly or through a subsidiary, to third parties as well as to its investors, even if those activities are substantial to the entity, subject to the entity continuing to meet the definition of an investment entity. The company meets the definition of an investment entity, as its strategic objective is to invest in private equity investments to provide investors with returns in the form of long-term capital appreciation.

Functional and presentation currency

The interim financial statement is presented in Canadian dollars, which is the Company's functional and presentation currency.

Stack Capital Group Inc.

Notes to Unaudited Interim Financial Statement

For the Period from April 1, 2021 (Incorporation) to September 30, 2021

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

Classification and measurement of investments

In classifying and measuring financial instruments held by the Company, the Company is required to make significant judgements about its business model for managing its financial instruments, and whether or not the business of the Company is to manage the financial assets with the objective of realizing cash flows through the sale of the assets for the purpose of classifying certain financial instruments at FVTPL.

Valuation of investments

Investments are measured at fair value in accordance with IFRS 13, Fair Value Measurement. Investments for private issuers for which reliable quotations are not readily available, or for which there is no closing bid price, are valued at fair value using management's best estimates. Several valuation methodologies may be considered in arriving at fair value, including comparable company transactions, earnings multiples, the price of a recent investment, net assets, discounted cash flows and industry valuation benchmarks. During the initial period after an investment has been made, cost may represent the most reasonable estimate of fair value. Unrealized gains and losses on investments are recognized in the Statement of Comprehensive Income.

Revenue

Interest revenues are calculated using amortized cost and are recognized through FVTPL in the Company's Statement of Comprehensive Income.

Equity

Common stock issued by the Company is classified as equity when there is no contractual obligation to transfer cash or other financial assets to the holder of the shares. Incremental costs directly attributable to the issue or purchase for cancellation of equity instruments are recognized in equity, net of tax.

Dividends and other distributions to holders of the Company's equity instruments are recognized directly in equity.

Cash

Cash comprises cash on deposit and is stated at fair value.

Stack Capital Group Inc.

Notes to Unaudited Interim Financial Statement

For the Period from April 1, 2021 (Incorporation) to September 30, 2021

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

Warrants

The Company used the Black-Scholes model to calculate the value of warrants issued as part of the Company's initial public offering on June 16, 2021 (the "Offering"). The Black-Scholes model requires six key inputs to determine a value for a warrant: risk-free interest rate, exercise price, market price at date of issuance, expected yield, expected life and expected volatility. Certain of the inputs are estimates, which involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. Proceeds from the Offering, net of issuance costs, were allocated between Share Capital and Warrants issued according to their fair value.

Income Taxes

Income taxes relating to uncertain tax positions are recognized based on the expected value of the tax settlement with the related tax authority. Judgment is required to determine the amount of tax provision relating to these uncertain tax positions.

4. Financial Instruments

The carrying value of cash and cash equivalents, and accounts payable and accrued liabilities, approximate their fair values due to the relatively short-term maturities of these financial instruments.

The Company is exposed to the following risks by virtue of its activities:

Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has convertible debentures outstanding owed by Bolt Financial at a fixed interest rate of 3% which expires on September 24, 2023. The Company has no debt outstanding, and the credit risk is considered limited. The Company's only exposure to variable rates is with the interest derived from its bank balance.

Impact of COVID-19

The outbreak of the novel Corona Virus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The full impact of COVID-19 is unknown, and it is not possible to reliably estimate the severity of these developments as well as the impact on financial results. To date, the Company has not experienced a material impact related to the COVID-19 outbreak.

Stack Capital Group Inc.

Notes to Unaudited Interim Financial Statement

For the Period from April 1, 2021 (Incorporation) to September 30, 2021

(Expressed in Canadian Dollars)

5. Investments

Fair value measurements of the investments are classified based on a three-level hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

All Level 3 investments are measured at fair value. The fair values of private investments cannot be derived from an active market and accordingly, are determined using industry accepted valuation techniques and models. Market observable inputs are used where possible, with unobservable inputs used where necessary. Use of unobservable inputs can involve significant judgment and may materially affect the reported fair value of these investments. The Company's investments are focused on private issuers which were classified as Level 3 in the fair value hierarchy. The transaction value is an approximation of fair value and all movements in Level 3 financial instruments are reflective of purchases of investments. All foreign currency gains and losses are recognized as gain on foreign exchange on the Statement of Comprehensive Income.

A summary of changes in the fair value of the Company's Level 3 investments from April 1, 2021 (incorporation) to September 30, 2021 is as follows:

	Transaction Value as of April 1, 2021 (Incorporation)	Purchases	Sales	Net Realized Gains on Investments	Net Change in Unrealized Gains on Investments	Net Unrealized Foreign Currency Gains (Losses)	Transaction Value as of September 30, 2021
Equity:							
Varo Money, Inc. ¹	\$ -	\$ 6,337,335	\$ -	\$ -	\$ -	113,500	\$ 6,450,835
FNEX Ventures LLC - Series 103 (SpaceX) ²	-	6,464,128	-	-	-	39,500	\$ 6,503,628
Bolt Financial Inc. ³	-	2,564,594	-	-	-	(3,000)	\$ 2,561,594
Convertible Debentures:							
Bolt Financial Inc. 3% Sept. 24, 2023 ³	-	5,102,400	-	2,932	-	(6,000)	\$ 5,099,332
	\$ -	\$ 20,468,457	\$ -	\$ 2,932	\$ -	\$ 144,000	\$ 20,615,389

Stack Capital Group Inc.

Notes to Unaudited Interim Financial Statement

For the Period from April 1, 2021 (Incorporation) to September 30, 2021

(Expressed in Canadian Dollars)

5. Investments (continued)

- (1) During the quarter ended September 30, 2021, the Company invested in common shares of Varo Money, Inc. ("Varo") which has a fair value of \$6,450,835. Varo, based in San Francisco, California, is the first all-digital bank in the United States to secure a national bank charter allowing it to offer more products, including loans, to its clients. Due to Varo's national bank charter, all class of shares were converted to common shares and only common shares were issued related to the Series E financing that the Company invested in.

Varo's mobile-first structure with no physical branches, lowers the cost to serve and enables the company to operate without charging its clients overdraft fees, or requiring minimum monthly balances, representing a competitive advantage over traditional financial service providers.

- (2) During the quarter ended September 30, 2021, the Company invested in limited partnership units in FNEX Ventures LLC – Series 103 which has substantially all of its value derived from Space Exploration Technologies Corp. ("SpaceX"). This investment has a fair value of \$6,503,628.

Led by entrepreneur Elon Musk, SpaceX is one of the largest private technology companies in the world and holds a leadership position in the emerging space economy. SpaceX currently has three main lines of business which include Space Transportation, Space Tourism, and Starlink.

- (3) During the quarter ended September 30, 2021, the Company invested in Series D preference shares of Bolt Financial Inc. ("Bolt") which has a fair value of \$2,561,594 as well as Bolt's convertible debenture which yields 3% per annum with an expiry of September 24, 2023 and has a fair value of \$5,099,332 at September 30, 2021. The interest from the convertible debenture will be payable at the earlier of September 24, 2023 or in the event of default pursuant to the terms of the convertible promissory note. The convertible debenture may also convert at a subsequent financing done by Bolt over \$50,000,000 pursuant to the terms of the convertible promissory note.

Headquartered in San Francisco, California, Bolt is a global leader in the one-click checkout process for online retailers. Bolt has developed a platform that connects retailers with millions of shoppers in a unified network, simplifying the online buying process for both. With Bolt accounts, all purchases are more efficient with no repeat logins and passwords required. Bolt has also successfully integrated leading fraud protection into its solution; in fact, the company has the ability to cover all chargebacks for each retailer on its platform, highlighting the confidence it has in its fraud prevention capabilities.

Stack Capital Group Inc.

Notes to Unaudited Interim Financial Statement

For the Period from April 1, 2021 (Incorporation) to September 30, 2021

(Expressed in Canadian Dollars)

6. Share Capital

a. Authorized share capital

At September 30, 2021, the authorized share capital consisted of an unlimited number of common shares.

b. Common shares issued

At September 30, 2021, the issued share capital was as follows:

	Number of Common Shares	Amount
Balance, April 1, 2021 (Incorporation)	-	\$ -
Issued on initial public offering	8,335,000	93,463,689
Cost of issue	-	(6,766,623)
Issued on private placement	583,334	6,541,157
Exercise of overallotment option	175,000	2,162,938
Balance, September 30, 2021	9,093,334	\$ 95,401,161

- i) On June 16, 2021, the Company completed an initial public offering of 8,335,000 units of ("Units") at a price of \$12.00 per Unit (the "Offering Price") for aggregate gross proceeds of \$100,020,000. Each Unit consisted of one common share and one-half of a common share purchase warrant. Each warrant entitles the holder to acquire, subject to adjustment in certain circumstances, one common share of the Company at an exercise price per share of \$15.00 until June 16, 2024. Cash costs of issue were \$6,618,871.

The resulting 4,167,500 warrants issued in conjunction with the initial public offering were valued at \$6,152,983, estimated using relative value method, using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 30%; a risk-free interest rate of 0.54% and an expected life of three years. The difference between the value assigned to the warrants and the total amount of proceeds was allocated to common shares.

- ii) Concurrent with the closing of the Company's initial public offering on June 16, 2021, certain directors and officers of the Manager (the "Management Investors") purchased an aggregate of 583,334 Units, for total gross proceeds of \$7,000,008, on a non-brokered, private placement basis at the Offering Price (the "Management Investment"). As part of the terms of the Management Investment, each Management Investor agreed to a five-year voluntary lock-up and will retain all of the Units acquired in the Offering and the Management Investment during such period, subject to certain customary exceptions.

The resulting 291,667 warrants issued in conjunction with this concurrent private placement were valued at \$430,623, estimated using relative value method, using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 30%; a risk-free interest rate of 0.54% and an expected life of three years. The difference between the value assigned to the warrants and the total amount of proceeds was allocated to common shares.

Stack Capital Group Inc.

Notes to Unaudited Interim Financial Statement

For the Period from April 1, 2021 (Incorporation) to September 30, 2021

(Expressed in Canadian Dollars)

6. Share Capital (continued)

- iii) On July 7, 2021, the Company issued 175,000 common shares and 454,000 common share purchase warrants pursuant to the partial exercise of the over-allotment option granted to a syndicate of agents in connection with the Company's recent initial public offering. Pursuant to the partial exercise of the over-allotment option, the agents purchased an additional 175,000 common shares at a price of \$11.20 per common share and an additional 454,000 warrants at a price of \$1.60 per warrant, for total gross proceeds of \$2,686,400. Cash costs of issue were \$147,752.

The resulting 454,000 warrants issued in conjunction with this over-allotment exercise were valued at \$523,462, estimated using relative value method, using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 30%; a risk-free interest rate of 0.66% and an expected life of 2.95 years. The difference between the value assigned to the warrants and the total amount of proceeds was allocated to common shares.

7. Warrants

The following table reflects the continuity of warrants for the period April 1, 2021 (incorporation) to September 30, 2021:

	Number of Warrants	Amount
Opening Balance, April 1, 2021 (Incorporation)	-	\$ -
Issued	4,913,167	7,538,624
Balance, September 30, 2021	4,913,167	\$ 7,538,624

The following table reflects the warrants outstanding and exercisable as of September 30, 2021:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (Years)	Number of Warrants Outstanding
June 16, 2024	15.00	2.71	4,913,167

Stack Capital Group Inc.

Notes to Unaudited Interim Financial Statement

For the Period from April 1, 2021 (Incorporation) to September 30, 2021

(Expressed in Canadian Dollars)

8. Related Party Transactions

During the period from April 1, 2021 (incorporation) to September 30, 2021, the Company expensed \$594,430 to related parties consisting of both accruals for director fees of \$88,784 and management fees of \$505,646 which are payable to the Manager, which is the Company's administrator. As at September 30, 2021, there was \$289,540 in relation to management fees due to Manager, and \$88,784 pertaining to director fees included in accounts payable and accrued liabilities. In addition, during the period, the Company reimbursed the Manager \$204,711 for expenses paid on its behalf. See also Note 6(ii).

Management Agreement

At the time of the Company's initial public offering on June 16, 2021, the Company entered into a Management Agreement with the Manager to provide administration and investment services to the Company (the "Management Agreement"). As compensation for the provision of these services, the Company pays a management fee, and if applicable, a performance fee. As compensation for the provision of the services to be provided to the Company by the Manager, the Company will pay the Management Fee and, if applicable, the Performance Fee, in each case, together with any applicable sales taxes thereon, to the Manager. The Management Fee is a monthly amount equal to 1/12 of 1.5% of the total assets less the total liabilities, excluding any deferred taxes, plus any sales taxes thereon (defined in the Management Agreement as "Book Value").

The Performance Fee is 15% of the Book Value on a per share basis using the time-weighted average common shares outstanding (defined in the Management Agreement as "Book Value per Share") that exceeds the high- watermark. The Performance Fee is calculated and paid for after the Company's year-end results have been filed each calendar year. The Performance Fee will be payable in cash, or at the option of the Manager, in Common Shares.

9. Loss per Share

The calculation of basic and diluted loss per share for the period from April 1, 2021 (incorporation) to September 30, 2021, was based on the loss attributable to common shareholders of \$678,170 and the weighted average number of common shares outstanding of 5,275,926. Diluted loss per share did not include the effect of warrants as they are anti-dilutive.