

**ESG Capital 1 Inc.**  
**Condensed Interim Financial Statements**  
*For the three and nine months ended September 30, 2022*  
*(Unaudited)*  
*(Expressed in Canadian Dollars)*

**ESG Capital 1 Inc.**  
**Condensed Interim Statement of Financial Position**  
*(Unaudited)*  
*(Expressed in Canadian Dollars)*  
*As at:*

	Note		September 30, 2022		December 31, 2021 (audited)
<b>Assets</b>					
<b>Current</b>					
Cash	5	\$	302,689	\$	326,993
Deposits			-		1,578
<b>Total assets</b>		<b>\$</b>	<b>302,689</b>	<b>\$</b>	<b>328,571</b>
<b>Liabilities and Shareholders' Equity</b>					
<b>Current Liabilities</b>					
Accounts payable and accruals		\$	340	\$	9,532
<b>Total liabilities</b>			<b>340</b>		<b>9,532</b>
<b>Shareholders' Equity</b>					
Share capital	6	\$	384,450	\$	384,450
Contributed surplus			71,438		71,438
Deficit			(153,539)		(136,849)
Total shareholders' equity			302,349		319,039
<b>Total liabilities and shareholders' equity</b>		<b>\$</b>	<b>302,689</b>	<b>\$</b>	<b>328,571</b>

Approved on behalf of the Board of Directors

Signed "Robert Pollock"

Director

Signed "David Guebert"

Director

**ESG Capital 1 Inc.**  
**Condensed Interim Statement of Loss and Comprehensive Loss**  
*(Unaudited)*  
*(Expressed in Canadian Dollars)*

	Note	For the three months ended Sept. 30, 2022	For the three months ended Sept. 30, 2021	For the nine months ended Sept. 30, 2022	For the period from the date of incorp. Sept. 30, 2021	
<b>Expenses</b>						
Professional fees	\$	136	\$	1,745	\$	35,897
Regulatory and shareholder communications		685		16,385		12,748
Stock-base compensation		-		59,328		-
<b>Loss and comprehensive loss</b>	<b>\$</b>	<b>821</b>	<b>\$</b>	<b>126,700</b>	<b>\$</b>	<b>16,690</b>
<b>Loss per share</b>						
Basic and Diluted	\$	(0.00)	\$	(0.03)	\$	(0.05)
Weighted average number of shares	6	3,650,000		2,823,913		3,650,000
						2,727,295

**ESG Capital 1 Inc.**  
**Condensed Interim Statement of Changes in Shareholders' Equity**  
*(Unaudited)*  
*(Expressed in Canadian Dollars)*  
For the three months ended September 30, 2022

	Share Capital (#)	Share Capital (\$)	Contributed Surplus (\$)	Deficit (\$)	Shareholders' Equity (\$)
<b>Balance at December 31, 2021</b>	<b>3,650,000</b>	<b>384,450</b>	<b>71,438</b>	<b>(136,849)</b>	<b>319,039</b>
<b>Loss and comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,690)</b>	<b>(16,690)</b>
<b>Balance at September 30, 2022</b>	<b>3,650,000</b>	<b>384,450</b>	<b>71,438</b>	<b>(153,539)</b>	<b>302,349</b>
<b>At incorporation date March 8, 2021 (Note 6)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Issuance of common shares</b>	<b>3,650,000</b>	<b>465,000</b>	<b>-</b>	<b>-</b>	<b>465,000</b>
<b>Share issue costs</b>	<b>-</b>	<b>(82,129)</b>	<b>12,110</b>	<b>-</b>	<b>(70,019)</b>
<b>Stock based compensation</b>	<b>-</b>	<b>-</b>	<b>59,328</b>	<b>-</b>	<b>59,328</b>
<b>Loss and comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(126,700)</b>	<b>(126,700)</b>
<b>Balance September 30, 2021</b>	<b>3,650,000</b>	<b>382,871</b>	<b>71,438</b>	<b>(126,700)</b>	<b>327,609</b>

**ESG Capital 1 Inc.**  
**Condensed Interim Statement of Cash Flows**  
*(unaudited)*  
*(Expressed in Canadian Dollars)*  
*For the nine months ended September 30, 2022 and 2021*

	Note	Sept. 30, 2022	Sept. 30, 2021
<b>Cash flows used in operating activities:</b>			
Loss and comprehensive loss	\$	(16,690)	\$ (126,700)
Change in non-cash working capital:			
Accounts payable and accruals		(9,192)	59,328
Deposits		1,578	12,190
<b>Cash flows used in operating activities</b>		<b>(24,304)</b>	<b>(55,182)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from share issuance (net of share issue costs)	6	-	394,981
<b>Cash flows from financing activities</b>		<b>-</b>	<b>394,981</b>
<b>(Decrease) Increase in cash</b>		<b>(24,304)</b>	<b>339,799</b>
Cash beginning of period		326,993	-
Cash end of period	\$	302,689	\$ 339,799

**ESG Capital 1 Inc.**  
**Notes to the Condensed Interim Financial Statements**  
*(Unaudited)*  
*(Expressed in Canadian Dollars)*  
*For the three and nine months ended September 30, 2022*

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**1. INCORPORATION AND NATURE OF OPERATIONS**

ESG Capital 1 Inc. (the "Company") was incorporated on March 8, 2021 by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Ontario). 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 rules.

The head office and registered office of the Company is located at Suite 902, 18 King Street East, Toronto, ON, M5C 1C4.

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 August 12, 2021, the Company completed an initial public offering ("IPO") of the Company's common shares. The IPO closed on September 14, 2021 with 1,000,000 common shares being issued at price of \$0.20 per common share. The Company's shares commenced trading on September 15, 2021 under the symbol ESGO.P.

The novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

**2. BASIS OF PRESENTATION**

**Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") in effect for the fiscal period beginning January 1, 2022.

These unaudited condensed interim financial statements have been prepared on a historical basis and compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. These unaudited condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's December 31, 2021 audited annual financial statements.

These condensed interim financial statements were authorized for issue in accordance with a resolution of the directors October 13, 2022.

**Basis of measurement**

These condensed interim financial statements are stated in Canadian dollars which is the Company's functional currency and were prepared on a going concern basis, under the historical cost convention except for certain financial instruments that have been measured at fair value.

**ESG Capital 1 Inc.**  
**Notes to Financial Statements**  
*(Unaudited)*  
*(Expressed in Canadian Dollars)*

*For the three and nine months ended September 30, 2022 and 2021*

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**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 described in Note 3 to the Financial Statements for the fiscal year ended December 31, 2021.

**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. The cash is currently held in a trust account by the Company's counsel.

**5. SHARE CAPITAL**

*Authorized*  
Unlimited number of common shares.

*Issued*  
Common Shares

	<b>Number of Shares</b>	<b>\$</b>
As at September 30, 2022 and December 31, 2021	<b>3,650,000</b>	<b>384,450</b>

- (i) 2,650,000 common shares issued are 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 the dates 6 months, 12 months and 18 months following the initial release. These common shares, which are considered contingently issuable until the Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

**6. 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.

Upon completion of the IPO, the Company granted 360,000 stock options to its directors and officers at an exercise price of \$0.20 per share for a period of five years from the date of the grant. These options were valued at the date of issue using the Black Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free rate of 0.82%, expected volatility of 120% and an expected life of five years. The value attributed to these options was \$59,328 and is recognized as stock-based compensation.

The remaining contractual life of the agent and directors' options is 1.0 and 4.0 years, respectively.

**7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

The Company, as part of its operations, carries financial instruments consisting of cash and accounts payable and accruals. It is management's opinion that the Company is not exposed to significant credit, interest, or currency 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 account payable and accruals approximates its fair value due to the short-term maturities of these items.

**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 balance is held in a lawyer's trust account with a reputable Canadian law firm.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. As at September 30, 2022, the Company has cash of \$302,689 to satisfy obligations of \$340, as such, is not exposed to significant liquidity risk.

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**Notes to Financial Statements**

*(Unaudited)*

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*For the three and nine months ended September 30, 2022 and 2021*

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**7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT** *(continued)*

**Market risk**

Market risk is the risk of loss that results from changes in market prices, market risk is comprised of foreign currency risk, interest rate risk and other price risks.

- i. Currency risk - The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.
- ii. Interest rate risk - The Company's cash is held in an account with a Canadian law firm and is non-interest bearing.
- iii. Commodity risk - The Company is not exposed to commodity price risk.

**8. CAPITAL MANAGEMENT**

The Company's capital consists of share capital. 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 apart from the requirements of the Exchange.

**9. RELATED PARTY TRANSACTION**

Key management personnel consists of officers and directors of the Company. Apart from the options issued to directors no compensation was paid to management during the period.

Transaction with related parties are in the normal course of business and initially recorded at fair value.