Condensed Consolidated Interim Financial Statements
(Expressed in U.S. dollars)

VM HOTEL ACQUISITION CORP.

Three and six months ended June 30, 2023
(Unaudited)

VM HOTEL ACQUISITION CORP.

Condensed Consolidated Interim Statement of Financial Position
(Expressed in U.S. dollars)
(Unaudited)

		June 30, 2023		December 31, 2022
Assets				
Current:				
Cash	$	145,782	$	97,499
Amounts receivable		72,894		285,474
Restricted cash held in escrow (note 3)		919,599		17,529,312
	$	1,138,275	$	17,912,285
Liabilities and Shareholders' Deficiency				
Current liabilities:				
Accounts payable and accrued liabilities	$	3,556,264	$	3,624,543
Note payable due to a related party (note 10)		1,202,497		1,141,731
Note payable (note 11)		134,011		122,831
Income taxes payable		141,239		368,152
Class A restricted voting shares subject to redemption (note 4)		475,602		16,562,602
Class A and Class B warrant liabilities (note 4)		51,750		724,500
		5,561,363		22,544,359
Shareholders' deficiency:				
Share capital (note 5)		3,457,963		3,457,963
Deficit		(7,881,051)		(8,090,037)
		(4,423,088)		(4,632,074)
Going concern (note 2(b))				
Subsequent event (note 13)				
	$	1,138,275	$	17,912,285

See accompanying notes to condensed consolidated interim financial statements.

VM HOTEL ACQUISITION CORP.

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in U.S. dollars, except for number of shares outstanding)
(Unaudited)

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Revenue:				
Interest	$ 11,792	$ 191,473	$ 172,416	$ 221,496
Expenses and other gains:				
Interest	47,912	222,022	103,122	279,777
Net unrealized gain on change in value of warrant liability	–	(983,250)	(672,750)	(2,225,250)
General and administrative (note 9)	102,017	52,241	244,281	165,056
Foreign exchange gain (loss)	29,000	–	(27,000)	–
Amortization of issuance costs on Class A Shares	–	663,700	–	1,322,800
Transaction costs	6,682	26,111	174,538	241,793
	185,611	(19,176)	(177,809)	(215,824)
Income (loss) before taxes	(173,819)	210,649	350,225	437,320
Income taxes	–	–	141,239	–
Net income (loss) and comprehensive income (loss)	$ (173,819)	$ 210,649	$ 208,986	$ 437,320
Income (loss) and comprehensive income (loss) per share:				
Basic and diluted	$ (0.06)	$ 0.07	$ 0.07	$ 0.15
Weighted average number of Class B shares outstanding:				
Basic and diluted	2,937,500	2,937,500	2,937,500	2,937,500

See accompanying notes to condensed interim financial statements.

VM HOTEL ACQUISITION CORP.

Condensed Consolidated Interim Statements of Shareholders' Deficiency
(Expressed in U.S. dollars, except for number of shares outstanding)
(Unaudited)

Six months ended June 30, 2023	Number of shares	Share capital	Deficit	Total
Balance, January 1, 2023	2,937,500	$ 3,457,963	$ (8,090,037)	$ (4,632,074)
Net income and comprehensive income	–	–	208,986	208,986
Balance, June 30, 2023	2,937,500	$ 3,457,963	$ (7,881,051)	$ (4,423,088)

Six months ended June 30, 2022	Number of shares	Share capital	Deficit	Total
Balance, January 1, 2022	2,937,500	$ 3,457,963	$ (6,856,168)	$ (3,398,205)
Net income and comprehensive income	–	–	437,320	437,320
Balance, June 30, 2022	2,937,500	$ 3,457,963	$ (6,418,848)	$ (2,960,885)

See accompanying notes to condensed consolidated interim financial statements.

VM HOTEL ACQUISITION CORP.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in U.S. dollars)
(Unaudited)

	Six months ended June 30, 2023	Six months ended June 30, 2022
Operating activities		
Net income	$ 208,986	$ 437,320
Adjustments for:		
Net unrealized gain on change in value of warrant liabilities	(672,750)	(2,225,250)
Amortization of issuance costs on Class A shares	–	1,322,800
Change in non-cash working capital:		
Prepaid expenses	–	37,184
Deposits	–	385,000
Amounts receivable	212,580	(27,934)
Accounts payable and accrued liabilities	(68,279)	(47,258)
Income taxes payable	(226,913)	–
Cash flows used in operating activities	(546,376)	(118,138)
Investing activities		
Restricted cash held in escrow	16,609,713	(221,497)
Financing activities		
Note payable (note 11)	11,180	–
Note payable due to related party (note 10)	60,766	418,281
Redemption of Class A restricted voting shares	(16,087,000)	–
Cash flows from (used in) financing activities	(16,015,054)	418,281
Net change in cash	48,283	78,646
Cash, beginning of period	97,499	192,905
Cash, end of period	$ 145,782	$ 271,551

See accompanying notes to condensed consolidated interim financial statements.

VM Hotel Acquisition Corp. (the "Corporation") is a special purpose acquisition corporation ("SPAC") incorporated under the laws of the Province of British Columbia for the purpose of effecting, directly or indirectly, an acquisition of one or more businesses or assets, by way of a merger, amalgamation, arrangement, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination involving the Corporation (a "qualifying acquisition").

The Corporation was incorporated on November 16, 2020 under the Business Corporations Act (British Columbia), and is domiciled in Canada. The registered office of the Corporation is located at 1600-925 West Georgia Street, Vancouver, BC V6C 3L2.

The condensed consolidated interim financial statements were authorized for issuance by the Board of Directors of the Corporation on August 10, 2023.

1. Significant events:

On March 1, 2021, the Corporation closed its initial public offering (the "Offering") of 10,000,000 Class A restricted voting units (each, a "Class A Restricted Voting Unit") at an offering price of $10.00 per Class A Restricted Voting Unit for gross proceeds of $100,000,000 pursuant to the Corporation's prospectus dated February 23, 2021 (the "Prospectus") and the Class A Restricted Voting Units commenced trading on the Toronto Stock Exchange (the "Exchange") under the symbol "VMH.V".

1. Significant events (continued):

Each Class A Restricted Voting Unit consisted of one Class A restricted voting share (each, a "Class A Restricted Voting Share" and one-half of a share purchase warrant (each whole share purchase warrant, a "Warrant"). On April 12, 2021, the Class A Restricted Voting Shares and the Warrants comprising the Class A Restricted Voting Units, commenced trading separately on the Exchange under the symbols "VMH.U" and "VMH.WT.U", respectively. On or immediately following the closing of the Corporation's qualifying acquisition, each Class A Restricted Voting Share (unless previously redeemed) will be automatically converted into one common share (a "Common Share") and each Class B share of the Corporation (each a "Class B Share") will be automatically converted on a 100-for-1 basis into proportionate voting shares of the Corporation (the "Proportionate Voting Shares"), as set forth in the notice of articles and articles of the Corporation. The Warrants will become exercisable, at an exercise price of $11.50, commencing 65 days after the completion of the Corporation's qualifying acquisition and will expire at 5:00 p.m. (Toronto time) on the day that is five years after the completion of a qualifying acquisition or earlier, as described in the Prospectus. Once the Warrants become exercisable, the Corporation may accelerate the expiry date of the outstanding Warrants (excluding the Warrants held by the Sponsors (as defined below) issued as part of the Class B units of the Corporation (the "Class B Units"), as described in the Prospectus) by providing 30 days' notice, if and only if, the closing price of the Common Shares equals or exceeds $18.00 per Common Share (as adjusted for stock splits or combinations, stock dividends, extraordinary dividends, reorganizations and recapitalizations and the like) for any 20 trading days within a 30-trading day period. If the Corporation accelerates the expiry of the Warrants, the board of directors of the Corporation has the option to require all holders that wish to exercise their Warrants to do so, in whole or in part, on a cashless basis.

Simultaneously with the closing of the Offering (the "Closing"), VM HA Sponsor Corp. and VM HA Sponsor LP (together, the "Sponsors"), the Sponsors, along with certain third parties purchased 350,000 Class B Units at an offering price of $10.00 per Class B Unit (for an aggregate purchase price of $3,500,000). Each Class B Unit consisted of one Class B share of the Corporation (each a "Class B Share") and one-half of a Warrant. On April 12, 2021, the Class B Units separated into underlying Class B Shares and Warrants.

1. Significant events (continued):

On February 23, 2021, the Sponsors and certain of the independent directors, John Andrew, Tracy Sherren and Charles Suddaby, referred to as the "Founders" in such capacity, along with certain third parties, purchased 2,970,000 Class B Shares, also referred to as the "Founders' Shares", for an aggregate price of $25,000, or approximately $0.0084 per Founders' Share. On May 6, 2021, the Sponsors relinquished 382,500 of the Founders' Shares without compensation. The Founders' Shares outstanding represent 20% of the issued and outstanding shares of the Corporation (including all Class A Restricted Voting Shares and Class B Shares).

If the Corporation is unable to consummate a qualifying acquisition within the permitted timeline of 18 months from the Closing (or 21 months from the Closing if the Corporation has executed a letter of intent, agreement in principle or definitive agreement for a qualifying acquisition within 18 months from the Closing but has not completed the qualifying acquisition within such 18-month period) (the "Permitted Timeline"), subject to any extension as described below, the Corporation will be required to redeem each of the outstanding Class A Restricted Voting Shares, for an amount per share, payable in cash, equal to the pro-rata portion (per Class A Restricted Voting Share) of: (a) the escrowed funds available in the escrow account, including any interest and other amounts earned thereon, less (b) an amount equal to the total of (i) any applicable taxes payable by the Corporation on such interest and other amounts earned in the escrow account, (ii) any taxes of the Corporation (including under Part VI.1 of the Income Tax Act (Canada) arising in connection with the redemption of the Class A Restricted Voting Shares, and (iii) up to a maximum of $50,000 of interest and other amounts earned from the proceeds in the escrow account to pay actual and expected winding-up expenses and certain other related costs, each as reasonably determined by the Corporation. The underwriters for the Offering (the "Underwriters") will have no right to the Deferred Underwriting Commission (as defined below) held in the escrow account in such circumstances.

Such Permitted Timeline, however, could be extended to up to 36 months with shareholder approval of only the holders of Class A Restricted Voting Shares, by ordinary resolution, with approval by the Corporation's board of directors. If such approvals are obtained, holders of Class A Restricted Voting Shares, irrespective of whether such holders vote for or against, or do not vote on, the extension of the Permitted Timeline, would be permitted to deposit all or a portion of their Class A Restricted Voting Shares for redemption as described in the Prospectus.

1. Significant events (continued):

The Class A Restricted Voting Shares may be considered "restricted securities" within the meaning of such term under applicable Canadian securities laws. Prior to the completion of a qualifying acquisition, holders of the Class A Restricted Voting Shares will not be entitled to vote at (or receive notice of or meeting materials in connection with) meetings held only to consider the election and/or removal of directors and auditors. The holders of the Class A Restricted Voting Shares will, however, be entitled to vote on and receive notice of meetings on all other matters requiring shareholder approval (including the proposed qualifying acquisition, if required under applicable law, and any proposed extension to the Permitted Timeline) other than the election and/or removal of directors and auditors prior to closing of a qualifying acquisition. In lieu of holding an annual meeting prior to the closing of the qualifying acquisition, the Corporation is required to provide an annual update on the status of identifying and securing a qualifying acquisition by way of a press release.

Upon closing of the qualifying acquisition, the Class B Shares will convert on a 100-for-1 basis into Proportionate Voting Shares. Prior to the closing of the qualifying acquisition, the Corporation will not issue any Common Shares or Proportionate Voting Shares. Following the closing of the qualifying acquisition, the Corporation will not issue any Class A Restricted Voting Shares or Class B Shares.

The Founders (including the Sponsors) have agreed pursuant to an exchange agreement and undertaking not to transfer any of their Founders' Shares or Class B Units (or any Class B Shares or Warrants forming part of the Class B Units) until after the closing of the qualifying acquisition, in each case other than transfers required due to the structuring of the qualifying acquisition or unless otherwise permitted by the Exchange. Any Class A Restricted Voting Shares purchased by the Founders would not be subject to the restrictions set out in such agreement.

The Founders' Shares purchased by the Founders and certain third parties and Class B Shares, which formed part of the Class B Units (or any shares acquired upon exercise of the Warrants which formed part of the Class B Units) purchased by the Sponsors and certain third parties, will not be subject to relinquishment based on performance.

1. Significant events (continued):

Upon the Closing on March 1, 2021, an aggregate of $100,000,000 from the sale of the Class A Restricted Voting Units, or $10.00 per Class A Restricted Voting Unit sold to the public, was deposited with TSX Trust Company, as escrow agent, in an escrow account in Canada at a Canadian chartered bank or subsidiary thereof, in accordance with an escrow agreement. Subject to applicable law and payment of certain taxes, permitted redemptions and certain expenses, as further described in the Prospectus, none of the funds held in the escrow account will be released to the Corporation prior to the closing of a qualifying acquisition.

Following the closing of the Corporation's potential qualifying acquisition, the Corporation will use the balance of the non-redeemed Class A Restricted Voting Shares' portion of the escrow account (less tax liabilities on amounts earned on the escrowed funds and certain expenses directly related to redemptions) (subject to availability, failing which any shortfall shall be made up from other sources) to pay the Underwriters the Deferred Underwriting Commission (as defined below). The per share amount the Corporation will distribute to holders of Class A Restricted Voting Shares who properly redeem their shares will not be reduced by the Deferred Underwriting Commission (as defined below) the Corporation will pay to the Underwriters.

As 100% of the gross proceeds of the Offering and any additional equity raised pursuant to a rights offering are held by the escrow agent in the escrow account, shareholder approval of a qualifying acquisition is not required pursuant to the Exchange rules. As such, and unless shareholder approval is otherwise required under applicable law, we will: (a) prepare and file with applicable securities regulatory authorities a prospectus containing disclosure regarding the Corporation and its proposed qualifying acquisition; (b) mail a notice of redemption to the holders of the Class A Restricted Voting Shares and make the final prospectus publicly available; and (c) send by prepaid mail or otherwise deliver the prospectus to the holders of the Class A Restricted Voting Shares, as described in the Prospectus.

1. Significant events (continued):

The escrowed funds are held to enable the Corporation to (a) satisfy redemptions made by holders of Class A Restricted Voting Shares (including in the event of a qualifying acquisition or an extension to the Permitted Timeline, or in the event a qualifying acquisition does not occur within the Permitted Timeline), (b) fund the qualifying acquisition with the net proceeds following payment of any such redemptions and Deferred Underwriting Commission (as defined below), and/or (c) pay taxes on amounts earned on the escrowed funds and certain permitted expenses. Such escrowed funds and all amounts earned thereon, subject to such obligations and applicable law, will be assets of the Corporation. These escrowed funds will also be used to pay the Deferred Underwriting Commission (as defined below), which (subject to availability, failing which any shortfall shall be made up from other sources) will be payable by the Corporation to the Underwriters upon the closing of the Corporation's qualifying acquisition provided that a discretionary portion of the Deferred Underwriting Commission (as defined below) may be used to pay other parties of the Corporation's choosing, as described in the Prospectus.

Consummation of the qualifying acquisition will require approval by a majority of the Corporation's directors unrelated to the qualifying acquisition. In connection with seeking to complete a qualifying acquisition, the Corporation will provide holders of Class A Restricted Voting Shares with the opportunity to redeem all or a portion of their Class A Restricted Voting Shares, provided that they deposit their shares for redemption prior to the deadline specified by the Corporation, following public disclosure of the details of the qualifying acquisition and prior to the closing of the qualifying acquisition, of which prior notice had been provided to the holders of the Class A Restricted Voting Shares by any means permitted by the Exchange, not less than 21 days nor more than 60 days in advance of such deadline, in each case, with effect, subject to applicable law, immediately prior to the closing of a qualifying acquisition, for an amount per share, payable in cash, equal to the pro-rata portion (per Class A Restricted Voting Share) of: (a) the escrowed funds available in the escrow account at the time immediately prior to the redemption deposit deadline, including interest and other amounts earned thereon; less (b) an amount equal to the total of (i) any applicable taxes payable by the Corporation on such interest and other amounts earned in the escrow account, and (ii) actual and expected expenses directly related to the redemption, each as reasonably determined by the Corporation, subject to the limitations described in the Prospectus.

1. Significant events (continued):

Notwithstanding the foregoing redemption rights, each holder of Class A Restricted Voting Shares, together with any affiliate of such holder or other person with whom such holder or affiliate is acting jointly or in concert, will not be permitted to redeem a number of Class A Restricted Voting Units that is more than 15% of the aggregate number of Class A Restricted Voting Shares issued and outstanding following the Closing. This limitation will not apply in the event a qualifying acquisition does not occur within the Permitted Timeline, or in the event of an extension to the Permitted Timeline. If approval of the qualifying acquisition by shareholders is otherwise required under applicable law, holders of Class A Restricted Voting Shares shall have the option to redeem their Class A Restricted Voting Shares irrespective of whether they vote for or against, or do not vote on, the qualifying acquisition. Holders of Class A Restricted Voting Shares will be given not less than 21 days' notice of the shareholders meeting (if such meeting is required under applicable law) and of the corresponding redemption deposit deadline if such meeting is required. Participants through CDS Clearing and Depositary Services Inc. ("CDS") may have earlier deadlines for beneficial holders to make deposits of Class A Restricted Voting Shares for redemption. If a CDS participant's deadline is not met by a holder of Class A Restricted Voting Shares, such holder's Class A Restricted Voting Shares may not be eligible for redemption.

Following completion of the qualifying acquisition, the Proportionate Voting Shares into which the Founders' Shares and Class B Shares which formed part of the Class B Units are convertible, the Warrants which formed part of the Class B Units, and the shares issuable on exercise of such Warrants may be subject to certain sale or transfer restrictions in accordance with applicable securities laws.

The Founders (including the Sponsors) and other holders of the Founders' Shares and/or Class B Shares will not be entitled to redeem the Founders' Shares or Class B Shares in connection with a qualifying acquisition or an extension to the Permitted Timeline or entitled to access the escrow account should a qualifying acquisition not occur within the Permitted Timeline, as further described in the Prospectus. The Founders (including the Sponsors) and other holders of the Founders' Shares and/or Class B Shares will, however, participate in any liquidation distribution with respect to any Class A Restricted Voting Shares they may acquire in connection with or following this Offering through possible purchases on the secondary market.

1. Significant events (continued):

On December 7, 2021, the Corporation announced a proposed qualifying acquisition (the "Former Proposed Qualifying Acquisition") of a portfolio of five hotels consisting of 2,079 keys in four cities and two countries - (1) the Battery Wharf in Boston, Massachusetts, (2) the Hyatt Regency in Cleveland, Ohio, (3) the Renaissance in Cleveland, Ohio, (4) the Sheraton Centre in Montreal, Quebec and (5) the Sheraton Golf & Spa in Panama City Beach, Florida - to create an initial cross-border North American portfolio of hotel properties (the "Former Proposed Initial Portfolio"), which was to constitute the Corporation's qualifying acquisition.

On February 23, 2022, the Corporation announced that it had determined not to proceed with the acquisition of the Battery Wharf and the Sheraton Centre hotels. Subsequently, on March 14, 2022, the Corporation also terminated its agreement with respect to the Sheraton Golf & Spa hotel. On May 30, 2022, the Corporation announced that it had determined not to proceed with the acquisition of the remaining assets comprising the Former Proposed Initial Portfolio, being the Hyatt Regency and the Renaissance hotels.

On September 22, 2022, the Corporation announced that it had entered into a business combination agreement (the "Business Combination Agreement") with The Pyure Company Inc. ("Pyure"), HGI Industries, Inc. ("HGI"), a predecessor entity and majority shareholder of Pyure, and TCPI Mergersub, Inc. ("Merger Sub"), a wholly owned subsidiary of the Corporation, pursuant to which the Corporation intends to acquire, through a series of transactions, all of the issued and outstanding shares of Pyure (the "Business Combination").

In connection with the Business Combination, the Corporation filed a preliminary prospectus dated November 11, 2022 (the "QA Preliminary Prospectus"). As of February 12, 2023, the QA Preliminary Prospectus had lapsed. Accordingly, a notice of withdrawal of the QA Preliminary Prospectus was filed with the Ontario Securities Commission on behalf of the Corporation. The Corporation intends to re-file a preliminary prospectus in connection with the Business Combination in due course.

On November 28, 2022, the Corporation held a special meeting of Class A Restricted Voting Shareholders to vote on a resolution to approve an extension of the Corporation's Permitted Timeline to consummate the qualifying acquisition from November 30, 2022 to March 31, 2023 (the "First Extension"). The First Extension was approved by affirmative vote of 87.32%. In connection with the First Extension, 8,344,658 Class A Restricted Voting Shares were deposited for redemption for approximately $10.05 per Class A Restricted Voting Share, representing redemption levels of 83.4% of the Class A Restricted Voting Shares and 82.8% of funds in the escrow account at the time.

1. Significant events (continued):

On March 16, 2023, the Corporation held an additional special meeting of Class A Restricted Voting Shareholders to vote on a resolution to approve an extension of the Corporation's Permitted Timeline to consummate the qualifying acquisition from March 31, 2023 to September 30, 2023 (the "Second Extension"). The Second Extension was approved by affirmative vote of 100%. In connection with the Second Extension, 1,608,700 Class A Restricted Voting Shares were deposited for redemption for approximately $10.11 per Class A Restricted Voting Share, representing redemption levels of 97.1% of the Class A Restricted Voting Shares and 93.9% of funds in the escrow account at the time. There can be no assurance that the Business Combination will be completed.

Following the redemption of Class A Restricted Voting Shares in March 2023, an affiliate of one of the Sponsors, VM Hotel Sponsor Corp., owns 57% of the remaining outstanding Class A Restricted Voting Shares of the Corporation.

On April 5, 2023, in connection with the expiry of the outside date under the Business Combination Agreement, the Corporation entered into an amending agreement (the "Amendment") to amend the Business Combination Agreement to allow the parties to appropriately renegotiate its terms. The Business Combination Agreement was amended to, among other things, allow Pyure to seek alternative financing arrangements with third parties that are not listed on a recognized stock exchange. In addition, the Amendment also provides that the parties will continue negotiations to come to mutually agreeable amendments to the financial terms of the Business Combination Agreement in order to reduce the aggregate consideration payable to Pyure's shareholders under the agreement. Unless revised terms are successfully negotiated, the Business Combination Agreement may be terminated by either party at their discretion.

On August 10, 2023, the Corporation announced that it intends to seek approval for an extension of the Corporation’s Permitted Timeline from September 30, 2023 to February 29, 2024 (the “Third Extension”). If an extension is approved, the Corporation will have until February 29, 2024 to consummate its qualifying acquisition, which may include the closing of the Business Combination. A meeting of the holders of the Class A Restricted Voting Shares to consider the approval of the Third Extension has not yet been scheduled.

There can be no assurances that the Corporation will successfully negotiate appropriate amendments to the Business Combination Agreement or that the transactions under the Business Combination or another qualifying acquisition will be completed within the term of the Second Extension or the Third Extension if approved by the holders of Class A Restricted Voting Shares.

2. Significant accounting policies:

(a) Basis of preparation:

These condensed consolidated interim financial statements of the Corporation have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements meet the requirements of International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

(b) Going concern:

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Corporation is in the process of identifying its qualifying acquisition, and as such, does not have any sources of cash inflows, other than financing and support from its Sponsors or obtaining additional financing from other parties. As of June 30, 2023, the Corporation had accumulated losses of $7,881,051 (December 31, 2022 - $8,090,037) since inception and a working capital deficiency of approximately $3,500,000 (December 31, 2022 - $3,600,000). The Corporation's ability to fund its working capital requirements and repayments of the notes payable is uncertain and alternative liquidity sources will be required.

The Corporation's ability to continue as a going concern is dependent upon the continued support of its Sponsors and the completion of a qualifying acquisition, as defined in note 1 above. There are no assurances that the Sponsors will provide continued support and that the Corporation will be successful in completing a qualifying acquisition.

These conditions indicate a material uncertainty that may cast significant doubt as to the Corporation's ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be inappropriate. Such adjustments could be material.

2. Significant accounting policies (continued):

(c) Basis of measurement:

The condensed consolidated interim financial statements of the Corporation have been prepared on a historical cost basis except for certain financial assets and financial liabilities which are carried at fair value and more fully described in note 4. The Corporation's functional and presentation currency is the U.S. dollar.

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(e) The condensed consolidated interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS. These condensed consolidated interim financial statements follow the same accounting policies as described in the Corporation's financial statements for the year ended December 31, 2022.

3. Restricted cash held in escrow:

Cash balances totalling $919,599 were held in escrow at a Canadian chartered bank as at June 30, 2023 (December 31, 2022 - $17,529,312). For the six-month periods ended June 30, 2023 and June 30, 2022, the Corporation accrued and received interest of $172,416 and $221,496, respectively. For the three-month periods ended June 30, 2023 and June 30, 2022, the Corporation accrued and received interest of $11,792 and $191,473, respectively.

4. Class A Restricted Voting Shares subject to redemption:

(a) Authorization:

The Corporation is authorized to issue an unlimited number of Class A Restricted Voting Shares. The holders of Class A Restricted Voting Shares have no pre-emptive rights or other subscription rights and there are no sinking fund provisions applicable in these shares.

(b) Voting rights:

The holders of the Class A Restricted Voting Shares are entitled to vote on and receive notice of meetings on all matters requiring shareholder approval (including any proposed extension to the permitted timeline and approval of a qualifying acquisition if otherwise required under applicable law) other than the election and/or removal of directors and auditors prior to closing of a qualifying acquisition. Prior to a qualifying acquisition, holders of the Class A Restricted Voting Shares are not entitled to vote at (or receive notice of or meeting materials in connection with) meetings held only to consider the election and/or removal of directors and auditors.

(c) Redemption rights:

Only holders of Class A Restricted Voting Shares are entitled to have their shares redeemed and receive the escrow proceeds (net of applicable taxes and other permitted deductions) in the event a qualifying acquisition does not occur within the permitted timeline, in connection with seeking to complete a qualifying acquisition, and in the event of an extension to the permitted timeline.

(d) Classification:

The Corporation has classified its Class A Restricted Voting Shares as financial liabilities within the condensed consolidated interim statement of financial position. Gross proceeds of $100,000,000 from the Offering were allocated between Class A Restricted Voting Shares - $98,750,000 and Warrants - $1,250,000, based on the market price of the respective security on the first day of trading.

(Expressed in U.S. dollars, except for number of shares outstanding)

4. Class A Restricted Voting Shares subject to redemption (continued):

The Class A Restricted Voting Shares were discounted by $2,727,718 (note 6), representing the transaction costs associated with the Class A Restricted Voting Shares and by the value of the Warrants, being an aggregate of $3,977,718. This aggregate discount was amortized over 18 months using the effective interest rate method. For the three months ended June 30, 2023 and 2022, the Corporation recorded nil and $663,700, respectively, of amortization in connection with these costs attributed to the Class A Restricted Voting Shares. For the six months ended June 30, 2023 and 2022, the Corporation recorded nil and $1,322,800, respectively, of amortization in connection with these costs attributed to the Class A Restricted Voting Shares.

The following table summarizes the Warrants attached to Class A and B Shares:

	Number of Warrants	Amount
Issuance of Warrants:		
Warrants attached to Class B Shares	175,000	$ 43,750
Warrants attached to Class A Shares	5,000,000	1,250,000
	5,175,000	1,293,750
Issuance costs		(35,540)
Net unrealized loss (gain) on change in value of warrant liabilities:		
For the year ended December 31, 2021		1,588,040
For the year ended December 31, 2022		(2,121,750)
For the six months ended June 30, 2023		(672,750)
		(1,206,460)
		$ 51,750

5. Shareholders' deficiency

The Corporation is authorized to issue an unlimited number of Class B Shares without nominal or par value. The holders of Class B Shares have no pre-emptive rights or other subscription rights and there are no sinking fund provisions applicable to these shares.

(a) Voting rights:

The holders of the Class B Shares are entitled to vote at all meetings of shareholders and on all matters requiring a shareholder vote, with the exception of an extension of the permitted timeline, which will only be voted upon by holders of Class A Restricted Voting Shares.

(b) Redemption rights:

Holders of Class B Shares do not have access to, and cannot benefit from, any proceeds held in the escrow account, and as such, do not have any redemption rights with respect to their Class B Shares. The Founders (including the Sponsors) will, however, be entitled to such redemption rights using proceeds from the escrow account with respect to any Class A Restricted Voting Shares they may acquire pursuant to or following the Offering.

6. Financial instruments:

All financial instruments for which fair value is recognized or disclosed are categorized within a fair value hierarchy, described as follows:

- Level 1 - quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 - valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.
- Level 3 - valuation techniques with significant unobservable market inputs.

The cash and restricted cash balance held in escrow are measured using Level 1 inputs.

7. Financial risk management:

(a) Market risk:

Market risk is the risk that a material loss arises from fluctuations in a financial instrument's fair value. For purposes of this disclosure, the Corporation segregates market risk into two categories: fair value risk and interest rate risk.

(b) Fair value risk:

Fair value risk is the potential for loss from an adverse movement in market prices. The Corporation has minimal fair value risk as the only financial instruments carried at fair value are cash and cash and securities held in escrow and Class A and Class B warrant liabilities (note 4).

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in interest rates. The Corporation's exposure to interest rate risk is nominal because all of the assets are short-term in nature.

(d) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. To the extent that the Corporation requires additional to meet its financial obligations including funding for general ongoing expenses or in connection with a qualifying acquisition, the Corporation may seek funding by way of unsecured loans from the Sponsors and/or its affiliates or third parties. The lender under the loans would not have recourse against the funds held in the escrow account, and thus the loans will not reduce the value thereof. Such loans will collectively be subject to a maximum aggregate principal amount equal to 10% of the initially escrowed funds as part of the Offering and may only be repayable in cash no earlier than the closing of the qualifying acquisition. Such loans may be convertible into shares and/or Warrants in connection with the closing of a qualifying acquisition.

7. Financial risk management (continued):

(e) Credit risk:

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The maximum exposure to credit risk is the full carrying value of the financial instrument. The Corporation is exposed to credit risk with respect to amounts receivables. As at June 30, 2023, amounts receivables were $72,894. As at December 31, 2022, amounts receivable were $285,474.

(f) Other risk:

Other risks including the residual impacts of the COVID-19 pandemic, as well as, national and international political and economic circumstances, may have a negative impact on the market and general economic conditions such as interest rates, availability of credit, inflation rates, economic uncertainty which may negatively impact the Corporation with completing a qualifying acquisition.

8. Capital management:

The Corporation defines the capital that it manages as its cash and restricted cash held in escrow.

The Corporation's primary objective in managing capital is to ensure capital preservation in order to benefit from acquisition opportunities as they arise and to fund redemptions should they occur. As a result, the Corporation will make adjustments to its capital based on these economic conditions as and when they arise.

The Corporation may also seek to raise additional funds through a rights offering in respect of shares available to its shareholders, in accordance with the requirements of applicable securities legislation and the Exchange's rules, and subject to the consent of the Underwriters, subject to the conditions outlined further in the Prospectus.

(Expressed in U.S. dollars, except for number of shares outstanding)

9. General and administrative expenses

The Corporation had the following general and administrative expenses for the three and six months ended June 30, 2023 and 2022:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Retainer and administrative fees	$ 30,000	$ 30,000	$ 60,000	$ 60,000
Fees to escrow agent	–	–	5,476	2,588
Professional fees	25,680	5,349	90,304	47,505
Other	46,337	16,892	88,501	54,963
	$ 102,017	$ 52,241	$ 244,281	$ 165,056

10. Related party transactions:

The Corporation is obligated to pay $10,000 (plus applicable taxes) per month to an affiliate of one of our Sponsors for administrative and related services. The Corporation further reimburses an affiliate of one of our Sponsors for any out-of-pocket expenses incurred which relate to certain activities on the Corporation's behalf, including identifying and negotiating a qualifying acquisition.

For the three months ended June 30, 2023 and for the three months ended June 30, 2022, the Corporation accrued $30,000 and $30,000, respectively, and for the six months ended June 30, 2023 and for the six months ended June 30, 2022, the Corporation accrued $60,000 and $60,000, respectively, for administrative and related services, all of which was paid except for $20,000 as at June 30, 2023. The Sponsors incurred regulatory, filing, and other fees, in the normal course, on behalf of the Corporation prior to the successful completion of the Offering in the amount of $1,037, which was repaid during the year ended December 31, 2022.

10. Related party transactions:

The grant of Founder Shares by the Corporation to the Founders is in the scope of IFRS 2, Share-based Payment. These shares have been designated as equity-classified awards and measured at fair value at the grant date, with the associated value to be recognized over the requisite service period. These Founder Shares were granted subject to a non-market performance condition. Compensation expense related to these Founder Shares is recognized only when the performance condition is deemed probable of occurrence. As of June 30, 2023 the Corporation determined that the performance condition was not considered probable, and, therefore, no share-based compensation expense has been recognized for the three months and the six months ended June 30, 2023 and for the three months and six months ended June 30, 2022. Unrecognized share-based compensation expense of approximately $23,000,000 would be recognized at the date a qualifying acquisition is considered probable, which is expected to be at or close to completion of the transaction.

On October 20, 2021, an affiliate of one of the Sponsors and a related party of the Corporation (the "Lender") agreed to provide unsecured loan advances, pursuant to the note payable to a related party, to the Corporation to satisfy obligations related to general ongoing expenses and expenditures incurred in connection with the Corporation's sourcing of a qualifying acquisition. The loan advances bear interest of 12% per annum and the Lender has no recourse against the restricted cash held in an escrow account by the Corporation. The loan advances and accrued interest are payable in cash or may be converted into shares and/or warrants as agreed upon by the Corporation and the Lender, however, no such payment or conversion shall occur prior to the closing of a qualifying acquisition. On October 26, 2021, November 15, 2021, and January 21, 2022, the Corporation received loan advances of $250,000, $400,000 and $360,000, respectively. For the three months ended June 30, 2023 and 2022, the Corporation accrued interest of $30,549 and $30,549, respectively. For the six months ended June 30, 2023 and 2022, the Corporation accrued interest of $60,766 and $58,281, respectively.

11. Note payable:

On September 23, 2022, two affiliates of one of the Sponsors and indirect holders of Class B shares and Class B warrants agreed to provide an unsecured note payable to the Corporation. The loan is denominated in Canadian dollars with a principal amount of 150,000 Canadian dollars. The loan advance bears interest of 20% per annum and a 2% origination fee is payable. The Lender has no recourse against the restricted cash held in an escrow account by the Corporation. The loan advances and accrued interest are payable in cash or may be converted into shares and/or warrants as agreed upon by the Corporation and the Lender however no such payment or conversion shall occur prior to the closing of a qualifying acquisition, except that the principal amount and accrued interest is payable in cash on September 23, 2023. For the three months ended June 30, 2023 and 2022, the Corporation accrued interest of $5,571 and nil, respectively. For the six months ended June 30, 2023 and 2022, the Corporation accrued interest of $11,180 and nil, respectively.

12. Income taxes:

The income taxes recognized for the six months ended June 30, 2023 are representative of taxes payable under Part VI.1 of the Income Tax Act attributable to a deemed dividend component of the redemption proceeds paid to those shareholders of the Class A Restricted Voting Shares who redeemed such shares in March 2023 (note 1). Deferred tax assets are only recognized if management has determined that it is probable that such deferred tax assets may be recovered. The recoverability of deferred tax assets is dependent in part on the nature, terms, and conditions of any completed qualifying acquisition. As such, management believes that the deductible temporary differences, which include non-capital tax losses carry forward and other deductible temporary differences, do not currently meet the criteria for recognition as at June 30, 2023 and December 31, 2022.

12. Subsequent event:

On August 10, 2023, the Corporation announced that it intends to seek approval for an extension of the Corporation's Permitted Timeline from September 30, 2023 to February 29, 2024 (the "Third Extension"). If an extension is approved, the Corporation will have until February 29, 2024 to consummate its qualifying acquisition, which may include the closing of the Business Combination. A meeting of the holders of the Class A Restricted Voting Shares to consider the approval of the Third Extension has not yet been scheduled. There can be no assurances that the Corporation will successfully negotiate appropriate amendments to the Business Combination Agreement or that the transactions under the Business Combination or another qualifying acquisition will be completed within the term of the Second Extension or the Third Extension if approved by the holders of Class A Restricted Voting Shares.