Florence One Capital Inc.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended October 31, 2024, and 2023

(Unaudited)

(Stated in Canadian dollars)

NOTE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of interim financial statements, they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of management. The Company's independent auditor has not performed a review of these condensed interim financial statements.

Florence One Capital Inc.
Condensed Interim Statements of Financial Position
As of October 31, 2024, and January 31, 2024
(Stated in Canadian dollars)

As at	Note		October 31, 2024 (Unaudited)		January 31, 2024 (Audited)
ASSETS					
Current assets					
Cash and cash equivalents	4	$	870,984	$	912,073
Prepaid expenses			2,665		288
Total assets		$	**873,649**	$	**912,361**
LIABILITIES AND SHAREHOLDERS EQUITY					
Current liabilities					
Account payables and accrued liabilities	5	$	13,653	$	52,081
Total liabilities			**13,653**		**52,081**
Shareholders' Equity					
Share capital	6		1,068,725		1,068,725
Reserves	6		199,215		199,215
Accumulated deficit			(407,944)		(407,660)
Total shareholders' equity			**859,996**		**860,280**
Total liabilities and shareholders' equity		$	**873,649**	$	**912,361**

Going Concern (Note 2)

Authorized on behalf of the board of directors on December 20, 2024

"James Tworek", Director   *"Mohammad Fazil"*, Director

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

Florence One Capital Inc.
Condensed Interim Statements of Loss and Comprehensive Loss
For the three and nine months ended October 31, 2024, and 2023
(Unaudited)
(Stated in Canadian dollars, except for the number of shares)

	Note	For the three months ended October 31, 2024	For the three months ended October 31, 2023	For the nine months ended October 31, 2024	For the nine months ended October 31, 2023
Expenses					
Filing fees		$ 1,743	$ 3,375	$ 7,210	$ 9,649
General and administrative		259	1,274	5,439	1,491
Professional fees	7	7,081	2,642	23,625	38,954
Transfer agent fees		929	2,605	3,110	4,632
Net loss before other items		**(10,012)**	**(9,896)**	**(39,384)**	**(54,726)**
Other income:					
Interest earned	4	10,046	9,332	29,321	28,096
Reversal of previous legal fees accrued	5	-	-	9,779	10,971
Net and comprehensive income (loss)		**$ 34**	**$ (564)**	**$ (284)**	**$ (15,659)**
Weighted average number of common shares – basic and diluted		16,042,000	16,042,000	16,042,000	16,042,000
Basic and diluted earnings (loss) per share		$ 0.00	$ (0.00)	$ (0.00)	$ (0.00)

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

Florence One Capital Inc.
Condensed Interim Statements of Changes in Shareholders' Equity
For the nine months ended October 31, 2024, and 2023
(Unaudited)
(Stated in Canadian Dollars, except for the number of shares)

	Number of shares		Share capital		Reserves		Deficit		Total
Balance, February 1, 2023	**16,042,000**	**$**	**1,068,725**	**$**	**199,215**	**$**	**(367,190)**	**$**	**900,750**
Net loss for the period	-		-		-		(15,659)		(15,659)
Balance, October 31, 2023	**16,042,000**	**$**	**1,068,725**	**$**	**199,215**	**$**	**(382,849)**	**$**	**885,091**
Balance, February 1, 2024	**16,042,000**	**$**	**1,068,725**	**$**	**199,215**	**$**	**(407,660)**	**$**	**860,280**
Net loss for the period	-		-		-		**(284)**		**(284)**
Balance, October 31, 2024	**16,042,000**		**1,068,725**		**199,215**		**(407,944)**		**859,996**

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

Florence One Capital Inc.
Condensed Interim Statements of Cash Flows
For the nine months ended October 31, 2024 and 2023
(Unaudited)
(Stated in Canadian Dollars)

		For the nine months ended October 31, 2024		For the nine months ended October 31, 2023
Operating activities				
Net loss	$	(284)	$	(15,659)
Non-cash working capital items:				
Accounts payable and accrued liabilities		(38,428)		5,002
Prepaid expenses		(2,377)		(1,767)
Net cash used in operating activities		**(41,089)**		**(12,424)**
Change in cash and cash equivalents		(41,089)		(12,424)
Cash and cash equivalents, beginning		912,073		925,276
Cash and cash equivalents, ending	**$**	**870,984**	**$**	**912,852**
Cash and cash equivalents consist of the following:				
Cash held in banks		1,055		5,157
Guaranteed investment certificate		869,929		907,695
	$	**870,984**	**$**	**912,852**

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

1. Nature of Operations

Florence One Capital Inc. (the "Company") was incorporated under the Business Corporations Act of Alberta on January 4, 2021. The Company is a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange (the "Exchange") Policy 2.4. On September 12, 2022, the Company completed of its initial public offering ("the IPO") of 2,542,000 common shares at a price of $0.10 per common share.

The Company commenced trading on September 14, 2022, under the trading symbol "FONC". The principal business of the Company is the identification and evaluation of assets or business with a view to potentially acquire them or an interest therein by an option or any concomitant transaction. The purpose of such acquisition is to satisfy the related conditions of a qualifying transaction under the policies of the Exchange ("Qualifying Transaction").

The principal address and registered office of the Company are located at #1250, 639 – 5th Avenue SW, Calgary, Alberta T2P 0M9.

2. Going Concern

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The proposed business of the Company, and the completion of a Qualifying Transaction, involves a high degree of risk. There is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative, and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

These condensed interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material.

3. Basis of Presentation

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") IAS 34 Interim Financial Reporting. The condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the audited annual financial statements of the Company for the year ended January 31, 2024, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and interpretations by the IFRS Interpretations Committee.

The condensed interim financial statements were approved and authorized for issuance on December 20, 2024, by the Board of Directors.

3. Basis of Presentation (Continued)

Basis of Presentation

The condensed interim financial statements of the Company have been prepared on a historical cost basis and are presented in Canadian dollars which is the functional currency of the Company, except where otherwise indicated. All amounts are rounded to the nearest dollar. The condensed interim financial statements of the Company have been prepared on an accrual basis, except for cash flow information.

Critical Accounting Estimates and Judgements

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Material Accounting Policies

The Company applies the same accounting policies and methods of computation in its condensed interim financial statements as in its audited annual financial statements for the year ended January 31, 2024. None of the new standards, interpretations and amendments, effective for the first time from February 1, 2024, have had a material effect on the financial statements.

4. Cash and Cash Equivalents

		October 31, 2024		**January 31, 2024**
Deposit at bank	$	1,055	$	5,399
Guaranteed Investment Certificate (“GIC”)		869,929		906,674
	$	**870,984**	**$**	**912,073**

As of October 31, 2024, the Company held a cashable GIC with a principal balance of $840,000 (January 31, 2024 – $905,000), which had accrued interest of $29,929 (January 31, 2024 – $1,674). The GIC earns interest at a rate of 4.50% per annum, and matures on January 16, 2025.

5. Accounts Payable and Accrued Liabilities

		October 31, 2024		**January 31, 2024**
Accounts payable	$	2,403	**$**	14,827
Accrued liabilities		11,250		37,254
	$	**13,653**	**$**	**52,081**

During the nine months ended October 31, 2024, an amount of $9,779 (2023 – $10,971) relating to an accrual for legal fees made in the prior year was reversed.

(Stated in Canadian dollars)

6. Share Capital

a) Authorized

The Company is authorized to issue unlimited common shares without par value.

b) Issued

There was no share capital activity during the nine months ended October 31, 2024 and 2023.

c) Agent Compensation Options

A summary of agent compensation option activity for the nine months ended October 31, 2024, and year ended January 31, 2024 is as follows:

	Number of agent compensation options	Weighted average exercise price
Balance, January 31, 2023	949,200	$0.10
Granted	-	-
Balance, January 31, 2024	949,200	$0.10
Expired	(695,000)	$0.10
Balance, October 31, 2024	254,200	$0.10

Details of agent compensation options outstanding and exercisable as of October 31, 2024, are as follows:

Number of agent compensation options outstanding and exercisable	Exercise price	Expiry date	Remaining life (years)
254,200	$0.10	September 14, 2025	0.87

On September 14, 2024, 695,000 agent compensation options granted on January 26, 2022 expired unexercised.

d) Stock Options

The Company has adopted an incentive stock option plan that grants directors, officers, employees, and consultants' non-transferable options to purchase common shares. The number of common shares reserved for issuance will not exceed 10% of the common shares issued and outstanding as of the date of grant of any options. The options will be exercisable for a period of up to 10 years from the grant date.

A summary of stock option activity for the nine months ended October 31, 2024, and the year ended January 31, 2024 is as follows:

	Number of stock options outstanding	Weighted average exercise price
Balance, January 31, 2023	1,604,201	$0.10
Granted	-	-
Balance, January 31, 2024 and October 31, 2024	1,604,201	$0.10

(Stated in Canadian dollars)

6. Share Capital (Continued)

d) Stock Options (Continued)

Details of stock options outstanding and exercisable as of October 31, 2024, are as follows:

Number of stock options outstanding and exercisable	Exercise price	Expiry date	Remaining life (years)
1,604,201	$0.10	September 12, 2032	7.87

e) Common Shares Held in Escrow

As at October 31, 2024, 6,550,000 common shares were held in escrow and restricted from trading. 25% of the escrowed common shares will be released on the date on which the Exchange issues the bulletin following the closing of the Qualifying Transaction (the "Final QT Exchange Bulletin"). An additional 25% of the escrowed common shares will be released on each of the dates which are 6 months, 12 months and 18 months following the date of the Final QT Exchange Bulletin. The Qualifying Transaction had not closed as of October 31, 2024, therefore the date on which the common shares are to be released has not been determined.

7. Related Party Transactions

Key management consists of the Officers and Directors who are responsible for planning, directing, and controlling the activities of the Company. All related party transactions are carried out in the normal course of operation.

During the three and nine months ended October 31, 2024, the Company incurred $181 (2023 – recovered $4,258) and $1,983 (2023 – $12,312), respectively, in professional fees from a legal firm affiliated with a director of the Company.

As at October 31, 2024, accounts payable and accrued liabilities include $181 (2023 – $13,302) due to a legal firm affiliated with a director of the Company for legal services provided. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

8. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity which is comprised of issued share capital. The Company manages its capital structure and adjusts it in light of economic conditions.

The Company's primary source of capital is through the issuance of common shares. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control.

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 $3,000 per month may be used to cover 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.

9. Financial Instruments and Risk Management

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. Cash is measured at FVTPL. Accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments and liabilities measured at amortized cost are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk, and maturities.

Fair value hierarchy

As at October 31, 2024, the Company held the following financial instruments measured at fair value: cash and cash equivalents (level 1).

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are unobservable.

During the nine months ended October 31, 2024, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

Credit risk

Credit risk 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's financial assets consist of cash and cash equivalents and accrued interest receivable thereon. The Company's maximum exposure to credit risk, as at period-end, is the carrying value of its financial assets. The Company mitigates credit risk by holding financial instruments within financial institutions of high creditworthiness.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they come due. The Company currently settles its financial obligations with cash. The ability to do this relies on the Company raising equity financing in a timely manner and maintaining sufficient cash in excess of anticipated needs. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As of October 31, 2024, the Company had a cash and cash equivalents balance of $870,984 and accounts payable and accrued liabilities of $13,653.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any significant interest rate risk.