Stack Capital Group Inc.

Financial Statements

December 31, 2021
(Expressed in Canadian Dollars)

Independent auditor's report

To the Shareholders of Stack Capital Group Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Stack Capital Group Inc. (the Company) as at December 31, 2021, and its financial performance and its cash flows for the period from April 1, 2021 (incorporation) to December 31, 2021 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's financial statements comprise:

- the statement of financial position as at December 31, 2021;
- the statement of loss and comprehensive loss for the period from April 1, 2021 (incorporation) to December 31, 2021;
- the statement of cash flows for the period from April 1, 2021 (incorporation) to December 31, 2021;
- the statement of changes in equity for the period from April 1, 2021 (incorporation) to December 31, 2021; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the period from April 1, 2021 (incorporation) to December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investments *Refer to note 3 – Summary of Significant Accounting Policies, note 4 – Investments, at fair value and note 9 − Financial Instruments to the financial statements.* The Company had investments of $26,443,195 as at December 31, 2021 which are measured at fair value through profit or loss. 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 determining the fair value estimate, including reviewing recent transactions, earnings multiples for comparable companies, relevant industry data, the transaction price of the investment and its underlying assets, where available, discounted cash flow analysis and industry valuation benchmarks. During the initial period after an investment has been made, transaction price may be an appropriate estimate of fair value. Management assesses the reasonability of this judgment by considering relevant industry information and, to the extent available, information from the underlying companies, and/or through observations of public or non-public information which may be relevant to the estimated fair value of the investments. In the current period, management used the initial transaction price or estimated the fair value of the investments using more recent transactions, where available, to determine the fair value of the investments.	Our approach to addressing the matter included the following procedures, among others: • Evaluated how management determined the fair value of the investments, which included the following: – Tested the transaction price executed on the initial purchase of the investments and any subsequent market transactions by agreeing the transaction price to the purchase agreements and payment records. – Evaluated the appropriateness of management's use of the initial transaction price or a more recent transaction price, where available. – Evaluated management's assessment of the information that could impact the fair value of the investments by considering relevant industry information and, to the extent available, information from the underlying companies and public or non-public information of the underlying companies. – Searched for indicators that the initial transaction price may not be representative of fair value by considering publicly available information. • Evaluated the sufficiency of the disclosures in the financial statements with respect to the fair value of the investments.

Key audit matter	How our audit addressed the key audit matter
We considered this a key audit matter due to the magnitude of the investments balance, management's judgment in assessing the relevant industry information and, to the extent available, information from the underlying companies, and/or through observations of public or non-public information which may be relevant to the estimated fair value of the investments and the auditor judgment and subjectivity in performing procedures to evaluate management's assessment of the fair value of the investments.	

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Christina Fox.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 9, 2022

Stack Capital Group Inc.

Statement of Financial Position
(Expressed in Canadian Dollars)

As at December 31,	Note		2021
Assets			
Cash		$	76,338,241
Investments, at fair value	4		26,443,195
Prepaid expenses			203,581
Total Assets		**$**	**102,985,017**
Liabilities			
Accounts payable and accrued liabilities	8	$	477,943
Amounts due to Manager	8		144,559
Total Liabilities			**622,502**
Equity			
Share capital	5		95,401,161
Warrant reserve	6		7,538,624
Deficit			(577,270)
Total Equity			**102,362,515**
Total Equity and Liabilities		**$**	**102,985,017**

General Information (Note 1)

Subsequent Events (Note 12)

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

Approved on Behalf of the Board:

"Signed, Jeff Parks"
Jeff Parks, Director

"Signed, John Bell"
John Bell, Director

Stack Capital Group Inc.

Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	Period from April 1, 2021 (Incorporation) to December 31, 2021
Income		
Interest income	4, 7	$ 222,931
Unrealized gain on investments, at fair value	4	918,837
Unrealized foreign exchange gain on investments, at fair value	4	8,711
		1,150,479
Expenses		
Management fees	8	940,133
Professional fees	8	415,177
Insurance		354,178
General and administrative		59,855
Gain on foreign exchange		(41,594)
		1,727,749
Net Loss and Comprehensive Loss for the Period		**$ (577,270)**
Basic and Diluted Loss per Share	10	**$ (0.09)**
Weighted Average Number of Common Shares Outstanding		**6,557,683**

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

Stack Capital Group Inc.

Statement of Cash Flows
(Expressed in Canadian Dollars)

	Notes	Period from April 1, 2021 (Incorporation) to December 31, 2021
Operating Activities		
Net loss for the period		$ (577,270)
Changes in non-cash operating items:		
Accrued interest on convertible debenture	4, 7	(41,210)
Unrealized gain on investments, at fair value	4	(918,837)
Acquisition of investments and convertible debenture	4	(25,474,437)
Unrealized foreign exchange gain on investments	4	(8,711)
Gain on foreign exchange		(41,594)
Changes in non-cash working capital items:		
Prepaid expenses		(203,581)
Accounts payable and accrued liabilities	8	477,943
Amounts due to Manager	8	144,559
Net Cash Used in Operating Activities		**(26,643,138)**
Financing Activities		
Proceeds from initial public offering	5, 7	100,020,000
Proceeds from management private placement	5, 7	7,000,008
Proceeds from over-allotment in initial public offering	5, 7	2,686,400
Share issuance costs	5	(6,766,623)
Net Cash Provided by Financing Activities		**102,939,785**
Net Change in Cash		**76,296,647**
Cash, beginning of period		-
Effect of foreign exchange changes		41,594
Cash, end of period		**$ 76,338,241**

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

Stack Capital Group Inc.

Statement of Changes in Equity
(Expressed in Canadian Dollars)

	Notes	Common Shares (#)	Common Shares ($)	Warrants	Deficit	Total
Opening Balance, April 1, 2021		**-**	**$ -**	**$ -**	**$ -**	**$ -**
Initial public offering	5, 6	8,335,000	93,463,689	6,556,311	-	100,020,000
Share issuance costs	5	-	(6,766,623)	-	-	(6,766,623)
Management private placement	5, 6	583,334	6,541,157	458,851	-	7,000,008
Exercise of over-allotment option	5	175,000	2,162,938	523,462	-	2,686,400
Net loss for the period		-	-	-	(577,270)	(577,270)
Balance, December 31, 2021		**9,093,334**	**$95,401,161**	**$7,538,624**	**$ (577,270)**	**$ 102,362,515**

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

Stack Capital Group Inc.

Schedule of Investment Portfolio as at December 31, 2021

(Expressed in Canadian Dollars)

Investments	Investment Type	Portfolio Weight at Period End	Cost	Fair Value
Varo Money, Inc.	Common shares	6.27%	$ 6,335,194	$ 6,417,763
FNEX Ventures LLC – Series 103 (SpaceX)	LP Units	7.24%	6,464,128	7,408,834
Bolt Financial Inc.	Series D Preferred shares	2.49%	2,567,923	2,552,480
Bolt Financial Inc. 3% Sept. 24, 2023	Convertible debenture	4.99%	5,102,400	5,112,464
Prove Identity Inc.	Common shares	1.05%	1,083,556	1,072,052
Prove Identity Inc.	Series E1 Preferred shares	3.79%	3,921,236	3,879,602
		25.83%	**$ 25,474,437**	**$ 26,443,195**
Cash		74.58%		$ 76,338,241
Other assets and liabilities		(0.41%)		(418,921)
Total		**100.00%**		**$ 102,362,515**

1. General Information

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.

The financial statements were approved for issue by the Company’s Board of Directors on March 10, 2022.

2. Basis of Presentation

a. Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

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.

b. Historical Cost Convention

These financial statements have been prepared using the historical cost convention except for certain financial instruments, which are measured at fair value.

3. Summary of Significant Accounting Policies

The principal accounting policies applied to the preparation of the financial statements 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.

3. Summary of Significant Accounting Policies *(Continued)*

Functional and Presentation Currency

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

Foreign Currency Translation

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains and losses are recognized through profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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 determining the fair value estimate, including reviewing recent transactions, earnings multiples for comparable companies, relevant industry data, the transaction price of the investment and its underlying assets, where available, discounted cash flow analysis and industry valuation benchmarks. During the initial period after an investment has been made, transaction price may represent the most reasonable estimate of fair value. Management assesses the reasonability of this judgment by analysis of relevant industry information, and to the extent available information from the underlying portfolio companies, and/or through observations of public or non-public information which may be relevant to the impairment of or estimated fair value of the investment.

Management evaluates the fair value of investments taking into account various valuation methodologies, which may include observations from underlying portfolio companies, through examination of trading multiples of comparable public and non-public companies, examination of discounted cash flows, where available, and/or recent market transactions. Unrealized gains and losses on investments are recognized in the Statement of Loss and Comprehensive Loss.

Revenue Recognition

Interest income amounts on financial assets at amortized cost are recognized on a time-proportionate basis using the effective interest method in the Statement of Loss and Comprehensive Loss.

3. Summary of Significant Accounting Policies *(Continued)*

Equity

Common shares issued by the Company are 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 cash held in prime brokerage accounts, and is stated at fair value.

Income Taxes

The income tax expense or recovery for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax expense or recovery is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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.

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies *(Continued)*

Critical Accounting Estimates and Assumptions *(Continued)*

i) Determination of Functional Currency

An entity's functional currency is the currency of the primary economic environment in which the entity operates. When the functional currency of an entity is not evident, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the entity's underlying transactions, events, and conditions. The primary activity of the Company is to invest in late-growth stage private issuers in the North America. The Company's net proceeds pursuant to the Company's initial public offering on June 16, 2021 (the "Offering"), and significant expenses (including management fees, and performance fees, if any) are denominated in the Canadian dollar. The performance and liquidity of the Company are measured and reported to the investors in the Canadian dollar. Accordingly, management has determined that the Canadian dollar is the functional currency of the Company.

ii) Warrants

The Company used the Black-Scholes model to calculate the value of warrants issued as part of 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.

iii) Fair Value of Investments

The fair value of investments requires significant estimation, assumptions and may include use of unobservable inputs, as discussed above.

4. Investments, at Fair Value

A summary of changes in the fair value of the Company's investments from April 1, 2021 (incorporation) to December 31, 2021 is as follows:

	Balance as of April 1, 2021 (Incorporation)	Purchases	Accrued Interest	Unrealized Gain on Investments	Unrealized Foreign Currency Gains (Losses)	Balance as of December 31, 2021
Equities:						
Varo Money Inc.[i]	$ -	$ 6,335,194	$ -	$ -	$ 82,569	$ 6,417,763
FNEX Ventures LLC – Series 103 (SpaceX)[ii]	-	6,464,128	-	918,837	25,869	7,408,834
Bolt Financial Inc.[iii]	-	2,567,923	-	-	(15,443)	2,552,480
Prove Identity Inc. common shares[iv]	-	1,083,556	-	-	(11,505)	1,072,051
Prove Identity Inc. preferred E-1 shares[iv]	-	3,921,236	-	-	(41,633)	3,879,603
Convertible Debenture:						
Bolt Financial Inc. 3% Sept. 24, 2023[iii]	-	5,102,400	41,210	-	(31,146)	5,112,464
	$ -	**$ 25,474,437**	**$ 41,210**	**$ 918,837**	**$ 8,711**	**$ 26,443,195**

(Expressed in Canadian Dollars)

4. Investments, at Fair Value *(Continued)*

i) Varo Money, Inc. ("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.

During the quarter ended September 30, 2021, the Company invested in Common shares of Varo, which has a fair value of $6,417,673.

ii) FNEX Ventures, LLC – Series 103 ("FNEX") is a special purpose vehicle, which has the primary objective of investing into the target company, Space Exploration Technologies Corp. ("SpaceX"). As such, substantially all of FNEX's value derived from SpaceX. SpaceX, based in Hawthorne, California, is a designer of rockets and spacecraft intended to realize the goal of making life multi-planetary.

During the quarter ended September 30, 2021, the Company invested in limited partnership units in FNEX, which has a fair value of $7,408,834. During the quarter ended December 31, 2021, SpaceX completed secondary offering at approximately a $100 billion USD valuation. The Company recognized unrealized gain on the investment of $918,837 on the Statement of Loss and Comprehensive Loss.

iii) Bolt Financial Inc. ("Bolt"), based in San Francisco, California, is a software developer of the one-click checkout process and fraud protection for online retailers.

During the quarter ended September 30, 2021, the Company invested in Series D Preferred shares of Bolt, which has a fair value of $2,552,480 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 $5,112,464. The interest from the convertible debenture will be payable at the earlier of September 24, 2023, a subsequent financing done by Bolt over $50,000,000, or in the event of default pursuant to the terms of the convertible promissory note. As at December 31, 2021, the accrued interest on the convertible promissory note is $41,210.

iv) Prove Identity Inc. ("Prove"), based in New York City, New York, is a software developer of an identity-verification software designed to protect against identity theft and social engineering attacks from professional attackers.

During the quarter ended December 31, 2021, the Company invested in Common shares and Series E1 Preferred shares of Prove, which has a fair value of $1,072,052 and $3,879,602, respectively.

5. Share Capital

a. Authorized Share Capital

As at December 31, 2021, the authorized share capital consisted of an unlimited number of common shares.

b. Common Shares Issued

As at December 31, 2021, the issued share capital was as follows:

	Number of Common Shares		Amount
Balance, April 1, 2021 (Incorporation)	**-**	**$**	**-**
Issued on initial public offering	8,335,000		93,463,689
Share issuance costs	-		(6,766,623)
Issued on private placement	583,334		6,541,157
Exercise of over-allotment option	175,000		2,162,938
Balance, December 31, 2021	**9,093,334**	**$**	**95,401,161**

5. Share Capital *(Continued)*

b. Common Shares Issued *(Continued)*

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 payments made for share issuance costs were $6,618,871.

The resulting 4,167,500 warrants issued in conjunction with the initial public offering were valued at $6,556,311, 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 $458,851, 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.

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 payments made for share issuance costs 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.

c. Capital Management

The Company actively manages capital to maintain a strong and efficient capital base to maximize risk-adjusted returns to shareholders and to invest in future growth opportunities, while ensuring there is available capital to fund the Company's operation. The Company's capital consists of share capital and warrants.

(Expressed in Canadian Dollars)

6. Warrants

The following table reflects the continuity of warrants for the period April 1, 2021 (incorporation) to December 31, 2021:

	Number of Warrants		Amount
Balance, April 1, 2021 (Incorporation)	**-**	**$**	**-**
Issued	4,913,167		7,538,624
Balance, December 31, 2021	**4,913,167**	**$**	**7,538,624**

The following table reflects the warrants outstanding and exercisable as of December 31, 2021:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (Years)	Number of Warrants Outstanding
June 16, 2024	15.00	2.46	4,913,167

7. Interest Income

Interest income comprises of the followings:

		2021
Interest on bank deposit	$	181,721
Accrued interest on convertible debentures (See Note 4)		41,210
	$	**222,931**

8. Related Party Transactions

During the period from April 1, 2021 (incorporation) to December 31, 2021, the Company invoiced $1,106,421 to related parties consisting of both accruals for director fees of $166,288 and management fees of $940,133 which are payable to the Manager, which is the Company's administrator.

As at December 31, 2021, included in accounts payable and accrued liabilities are $166,288 pertaining to director fees. Included in amounts due to Manager are $144,559 in relation to management fees. In addition, during the period, the Company reimbursed the Manager $204,711 for expenses paid on its behalf. See also Note 5(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 a 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").

(Expressed in Canadian Dollars)

8. Related Party Transactions *(Continued)*

Management Agreement *(Continued)*

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 amount of Book Value per Share at any time which must be achieved before any performance fee would be payable. This amount of Book Value per Share is sometimes referred to as 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.

For the period ended December 31, 2021, there was no Performance Fee incurred to the Manager.

9. Financial Instruments

a. Fair Value Estimation

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

The following table presents the Company's assets and liabilities that are measured at fair value as at December 31, 2021:

	Level 1	*Level 2*	*Level 3*	*Total*
Assets				
Financial assets at fair value through profit or loss				
Cash	$ 76,338,241	$ -	$ -	$ 76,338,241
Investments, at fair value	-	-	26,443,195	26,443,195
Total Financial assets	**$ 76,338,241**	**$ -**	**$ 26,443,195**	**$ 102,781,436**

The fair value of financial instruments traded in active markets is determined using the quoted prices where they represent those at which regularly and recently occurring transactions take place.

Level 1 instrument includes cash deposit in Canadian chartered banks.

Level 3 instrument includes investments 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 has unobservable inputs. In the current year, the Company used the initial transaction price or estimated the fair value of the investments using more recent transactions, where available.

9. Financial Instruments *(Continued)*

a. Fair Value Estimation *(Continued)*

The following table presents changes in level 3 instruments for the period ended December 31, 2021.

		Amount
Balance, April 1, 2021 (Incorporation)	**$**	**-**
Purchase of investment		25,474,437
Interest accrual		41,210
Unrealized gain on investment recognized in profit of loss (See Note 4)		918,837
Unrealized foreign exchange gain on investments, at fair value		8,711
Balance, December 31, 2021	**$**	**26,443,195**

There were no transfers into or out of level 1 and level 2 during the period ended December 31, 2021.

b. Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. In the normal course of business, the Company manages these risks as they arise as a result of its use of financial instruments.

Market Risk

Market risk is the risk of a financial loss resulting from adverse changes in underlying market factors, such as foreign exchange rate, interest rates, and equity and commodity prices.

i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument or another asset or liability will fluctuate due to changes in exchange rates.

As at December 31, 2021, substantially all of the Company's investments, at fair value are denominated in U.S. dollars. The impact of fluctuations in foreign currency on investments primarily to fluctuations between the U.S. dollar and the Canadian dollar. A 10% change in the value of the Canadian dollar relative to the U.S. dollar would affect the value of investments as at December 31, 2021 by approximately $2,644,000.

ii) 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 market interest rates. Typically, as interest rates rise, the fair values of fixed income investments decline and, conversely, as interest rates decline, the fair values of fixed income investments rise. In each case, the longer the maturity of the financial instrument, the greater the consequence of a change in interest rates.

The Company has exposure to the risk related to changes in interest rates on floating-rate debt and cash balances. The Company does not have exposure to interest rate risk for the period ended December 31, 2021 as the Company does not have any outstanding long-term debt.

9. Financial Instruments *(Continued)*

b. Financial Risk Factors *(Continued)*

Market Risk *(Continued)*

iii) Price Risk

Price risk is the risk that the fair value or future cash flows of an equity investment or limited partnership investment will fluctuate due to changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual investment or its issuer, or other factors affecting all similar investments in the market.

The Company is not exposed to commodity price risk. The Company is exposed to equity securities and convertible debenture price risk on investments. The Company's investments that have price risk include investments in private issuers of $21,166,248 as at December 31, 2021. The effect of a 10% decline or increase in the value of investments would affect the value of investments as at December 31, 2021 by approximately $2,096,000.

iv) 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.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a counterparty to honour its financial obligations to the company and arises predominantly with respect to cash and cash equivalents, restricted cash deposits, term deposits, short term investments and investments in debt instruments.

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.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining sufficient liquid assets to enable settlement of financial commitments on their respective due dates. All accounts payable and accrued liabilities are due within three months, and income taxes payable must be remitted to the tax jurisdiction as they are due. There were no significant changes to the Company's exposure to liquidity risk or the framework used to monitor, evaluate and manage liquidity risk as at December 31, 2021.

The undeployed cash and investments at December 31, 2021 provide adequate liquidity to meet the Company's remaining known significant commitments over the next twelve months, which are principally comprised of the management fees and operating expenses. The Company has adequate working capital to support its operations.

As at December 31, 2021, there were no performance fee obligations (See Note 8).

(Expressed in Canadian Dollars)

10. Loss per Share

The calculation of basic and diluted loss per share for the period from April 1, 2021 (incorporation) to December 31, 2021, was based on the net loss attributable to common shareholders of $577,270 and the weighted average number of common shares outstanding of 6,557,683. Diluted loss per share did not include the effect of warrants as they are anti-dilutive.

11. Income Taxes

The difference between income tax expense and the income taxes as computed based on the statutory rate is as follows:

		2021
Net Loss before Income Taxes	**$**	**(577,270)**
Statutory Tax Rate		26.5%
Expected taxes recovery based on statutory rate		**(152,977)**
Adjustments to expected income taxes recovery:		
Unrealized (gain) on investments, at fair value		(243,492)
Share issuance costs		(264,157)
Unrealized (gain) on foreign exchange		(13,331)
Non-deductible expenses and other		409
Tax benefits not recognized		673,547
Provision for (recovery of) Income Taxes	**$**	**-**

Deferred tax assets and liabilities have not been recognized in respect of the following deductible temporary differences:

		2021
Share issuance costs	$	1,489,844
Non-capital loss carry forward		673,547
Taxable portion of unrealized (gain) on investments, at fair value		(121,746)
Taxable portion of unrealized (gain) on foreign exchange		(6,665)
Deferred income tax asset not recognized		(2,034,980)
Deferred income tax asset (liability)	**$**	**-**

As at December 31, 2021, the Company had non-capital losses of approximately $2,542,000 available to reduce future taxable income, which expires in 20 years. Deferred tax assets have not been recognized in respect of these items because it is not probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the tax benefits can be utilized.

12. Subsequent Events

On January 25, 2022, Bolt completed US$355 million in Series E1 financing, which increased the Company's position on the investment by $7,691,099. Per the terms of the convertible promissory note, the note held by the Company was converted to Series E1 preferred shares of US$4,031,233, including accrued interest.

On January 31, 2022, the Company committed to invest US$6 million in Class A1 preferred shares of Hopper Inc. ("Hopper"). Hopper, based in Montreal, Quebec, is a mobile focused application that uses predictive analytics to make travel recommendations and assist with travel bookings.

In February 2022, Russian forces entered the Ukraine and armed conflict commenced. Economic sanctions have been placed on Russia and certain of its citizens, including the exclusion of Russia from the SWIFT global payments network. Price volatility, trading restrictions, including the potential for extended halting of Russian market trading, and general default risk related to Russian securities have all increased substantially since December 31, 2021. It is uncertain how long the conflict, economic sanctions and market instability will continue and whether they will escalate further. These current geopolitical tensions, together with international sanctions being imposed by many countries, may have a significant economic impact, not only on those with interest or exposures within Russia and Ukraine, but may also affect global market risk and could result in greater volatility and uncertainty globally and across many sectors. While there is no current or direct exposure identified for the Company, the ultimate impacts which could be seen are unknown, and management will continue to monitor these events closely to manage risk to the Company.