

Solid Impact Investments Corp.

INTERIM FINANCIAL STATEMENTS

For the Three Months Ended August 31, 2022

(Unaudited)

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of these condensed consolidated interim financial statements. Readers are cautioned that these statements may not be appropriate for their intended purposes.

October 17, 2022

Solid Impact Investments Corp.
Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	Note	August 31, 2022	May 31, 2022
<u>Assets</u>			
Current assets			
Cash		\$ 257,666	\$ 280,134
Total assets		\$ 257,666	\$ 280,134
<u>Liabilities and Shareholders' Equity</u>			
Current liabilities			
Accounts Payable		\$ 517	\$15,365
Accrued liabilities		9,633	\$ 7,501
		10,150	22,866
Shareholders' Equity			
Share capital	3	377,420	377,420
Option Reserve	3	64,729	64,729
Accumulated deficit		(194,633)	(184,881)
Total shareholders' Equity		247,516	257,268
Total liabilities and shareholders' Equity		\$ 257,666	\$ 280,134

Going concern (Note 1)

These financial statements were approved for issue by the Board of Directors on October 17, 2022 and signed on its behalf by:

"Itamar David"
Director

" Meghan Brown"
Director

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

Solid Impact Investments Corp.
Interim Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Three Months ended August 31, 2022	Three Months ended August 31, 2021
Expenses			
Financing fees		\$ -	\$ 15,000
Professional fees	6	7,318	8,364
Filing and other fees		2,365	-
Bank Charges		69	22
Total expenses		(9,752)	(23,386)
Loss and comprehensive loss		(9,752)	\$ (23,386)
Basic and diluted loss per common share		(0.002)	\$ (0.009)
Weighted average number of common shares outstanding – basic and diluted		5,600,000	2,600,000

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

Solid Impact Investments Corp.
Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital							
	Number of Shares	Amount	Shares to be issued	Reserve	Deficit	Total Shareholders' Equity		
Balance, May 31, 2021	1	\$	\$ 125,000	\$ -	\$ (4,454)	\$ 120,546		
Shares issued (Note 3)	2,600,000	130,000	(125,000)	-	-	5,000		
Share cancelled	(1)	-	-	-	-	-		
Net loss and comprehensive loss for the period	-	-	-	-	(23,386)	(23,386)		
Balance, August 31, 2021	2,600,000	\$ 130,000	\$ -	-	\$ (27,840)	\$ 102,160		
Shares issued (Note 3)	3,000,000	300,000	-	-	-	300,000		
Share issuance costs (Note 3)	-	(52,580)	-	22,580	-	(30,000)		
Share-based payment (Note 3)	-	-	-	42,149	-	42,149		
Net loss and comprehensive loss for the period	-	-	-	-	(157,041)	(157,041)		
Balance, May 31, 2022	5,600,000	\$ 377,420	\$ -	\$ 64,729	\$ (184,881)	\$ 257,268		
Net loss and comprehensive loss for the year	-	-	-	-	(9,752)	(9,752)		
Balance, August 31, 2022	5,600,000	\$ 377,420	\$ -	\$ 64,729	\$ (194,633)	\$ 247,516		

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

Solid Impact Investments Corp.
Interim Statements of Cash Flow
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months ended August 31, 2022	Three Months ended August 31, 2021
Cash flows from operating activities		
Loss for the period	\$ (9,752)	\$ (23,386)
Change in non-cash working capital item		
Accounts payable and accrued liabilities	(12,716)	2,822
Net cash used by operating activities	(22,468)	(20,564)
Cash flows from financing activities		
Proceeds from shares issued	-	5,000
Net cash provided by financing activities	-	5,000
Decrease in cash	\$ (22,468)	(15,564)
Cash, beginning	280,134	125,000
Cash, ending	\$ 257,666	109,436

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

Solid Impact Investments Corp.
Notes to the Interim Financial Statements
For the Three Months Ended August 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Solid Impact Investments Corp. (the "Company") was incorporated on March 15, 2021 under the Business Corporations Act (British Columbia). The Company is a capital pool company ("CPC") as defined in TSX Venture Exchange ("TSX-V") Policy 2.4. 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 concurrent transaction ("Qualifying Transaction"). The purpose of such acquisition is to satisfy the related conditions of a Qualifying Transaction under the policies of the Exchange.

On April 12, 2022, the Company announced the completion of its initial public offering (the "IPO") of 3,000,000 common shares at the price of \$0.10 per common share. The common shares of the Company commenced trading on April 14, 2022 under the trading symbol SOLIP. The head office, principal address and registered office of the Company are located at Suite 501-3292 Production Way, Burnaby, Canada.

The Company has incurred losses since inception and has an accumulated deficit of \$194,633 as at August 31, 2022. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon finding and completing a Qualifying Transaction, obtaining additional financing or maintaining continued support from its shareholders and creditors and generating profitable operations in the future. The March 2020 pandemic outbreak of COVID-19 could result in delays in finding and completing a Qualifying Transaction and continue to have a negative impact on the Company's ability to raise new capital. Although these financial statements have been prepared and presented on a going concern basis, the factors outlined above indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern, in which case this basis of presentation will not be appropriate. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements and such adjustments could be material.

NOTE 2 – STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim financial statements, including the comparative statements, have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). IFRS comprises IFRSs, International Accounting Standards ("IAS"), and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These condensed interim financial statements have been prepared in accordance with IFRS standards and interpretations effective as of August 31, 2022.

Basis of presentation

These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Solid Impact Investments Corp.
Notes to the Interim Financial Statements
For the Three Months Ended August 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

NOTE 2 – STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. 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.

a) *Estimates*

The most significant accounts that require estimates as the basis for determining the stated amounts are as follows:

Deferred income tax

The Company recognizes the deferred tax benefit of deferred tax assets to the extent their recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions from deferred tax assets.

b) *Judgements*

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Going Concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.

NOTE 3 – SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

The Company has 5,600,000 common shares issued and outstanding as at August 31, 2022 (August 31, 2021 – 2,600,000).

During the year ended May 31, 2022 the Company issued 2,600,000 common shares at a price of \$0.05 per share for gross proceeds of \$130,000, all of which were issued to the directors and officers of the Company. \$125,000 of the gross proceeds had been received in 2021. All of the 2,600,000 common shares are held in escrow. On April 12, 2022, the Company announced the completion of its IPO of

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NOTE 3 – SHARE CAPITAL (continued)

3,000,000 common shares at the price of \$0.10 per common share for gross proceeds of \$300,000. A cash commission of \$30,000 was paid from the gross proceeds and were classified as share issuance costs. In addition, the Company issued one non-transferable warrants to acquire up to 300,000 warrants at a price of \$0.10 per share for a period of 60 months from the date the Company's common shares were listed on the TSX-V (April 14, 2022). The fair value of the warrants of \$22,580 was estimated using the Black-Scholes Pricing Model with the following assumptions: no expected dividends to be paid; volatility of 100% based on industry standard for comparable companies without a historical volatility; risk-free interest rate of 2.52%; and expected life of 5 years.

Stock Options

As at August 31, 2022, the Company has the following stock options outstanding:

	August 31, 2022	
	Number of Stock options	Weighted average exercise price \$
Outstanding, beginning	560,000	0.10
Issued	-	-
Outstanding, ending	560,000	0.10
Exercisable, ending	560,000	0.10

	Options outstanding	Weighted average remaining contractual life (in years)
Expiry date		
April 12, 2027	560,000	4.62

During the year ended May 31, 2022, the Company adopted a stock option plan providing for the grant to the Company's officers, directors, employees and permitted consultants and management company employees of options to purchase common shares of the Company. Under the Stock Option Plan, the Company may grant options to purchase up to 10% of the issued and outstanding shares of the Company.

On April 12, 2022, the Company granted incentive stock options to its directors and officers to acquire up to an aggregate of 560,000 shares with an exercise price of \$0.10 per share and expiry date of April 12, 2027. The fair value of the options was estimated using the Black-Scholes Pricing Model the following assumptions: no expected dividends to be paid; volatility of 100% based on comparable companies without a historical volatility; risk-free interest rate of 2.52%; and expected life of 5 years. During the year ended May 31, 2022, the Company recognized \$42,149 of share-based payment expense.

Warrants

As at August 31, 2022, the Company has the following warrants outstanding:

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NOTE 3 – SHARE CAPITAL (continued)

	August 31, 2022	
	Number of Warrants	Weighted average exercise price \$
Outstanding, beginning	300,000	0.10
Issued	-	-
Outstanding, ending	300,000	0.10

Reserve

The reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. Amounts recorded for forfeited or expired unexercised options and warrants are transferred to deficit.

NOTE 4 – CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the completion of a Qualifying Transaction as defined in TSX-V Policy 2.4. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include all components of shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms and approved by the TSX-V.

As a CPC, the Company will be subject to externally imposed capital requirements as outlined in the TSX-V Policy 2.4 and summarized below:

- i. No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a Qualifying Transaction;
- ii. Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a Qualifying Transaction;
- iii. No more than \$3,000 per month may be used for purposes other than to identify and evaluate a Qualifying Transaction; and
- iv. After the completion of its IPO and until the completion of a Qualifying Transaction, a CPC may not issue any securities unless written acceptance of the TSX-V is obtained before the issuance of the securities.

There were no changes in the Company's approach to capital management during the period ended August 31, 2022.

NOTE 5 – FINANCIAL INSTRUMENTS

a) Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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NOTE 5 – FINANCIAL INSTRUMENTS
(continued)

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's cash approximate their carrying amounts due to the short-term nature of these instruments. Cash is measured using level 1 inputs.

b) Financial risk management

Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company has cash that is subject to credit risk. Credit risk is assessed as low.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company plans to manage liquidity risk by maintaining adequate cash balances to meet liabilities as they become due.

As at August 31, 2022, the Company had \$257,666 cash held on hand and has accrued liabilities of \$10,150. All accrued liabilities are current. The Company will need to obtain additional financing through the issuance of equity or other means.

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. The Company's financial asset is not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to any significant interest rate risk.

Foreign currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to foreign currency risk.

NOTE 6– RELATED PARTY TRANSACTIONS

During the three-month period ended August 31, 2022, the Company had the following transaction with related parties:

- The company paid \$3,675 (2021: \$nil) in consulting fees to a company owned by one of its officers