



STRATEGEM CAPITAL

Strength Through Strategy

STRATEGEM CAPITAL CORPORATION

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2024

Suite 210 – 240 11 Ave. SW, Calgary, Alberta T2R 0C3

TSX-V: SGE

NOTICE OF NO AUDITOR'S REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Strategem Capital Corporation (the "Company") have been prepared by the management and approved by the Company's Audit & Corporate Governance Committee and by the Company's Board of Directors.

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

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements.

STRATEGEM CAPITAL CORPORATION
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)
(UNAUDITED)

	Notes	March 31 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents		\$ -	\$ 231
Short-term investments	6	11,592	9,583
Total current assets		11,592	9,814
TOTAL ASSETS		\$ 11,592	\$ 9,814
LIABILITIES			
Current liabilities			
Cash overdraft		\$ 444	\$ -
Accounts payable and accrued liabilities		23	29
Due to related parties	9	5	2
Total current liabilities		472	31
TOTAL LIABILITIES		\$ 472	\$ 31
EQUITY			
Share capital	7	11,503	11,508
Deficit		(383)	(1,725)
Total equity		11,120	9,783
TOTAL EQUITY AND LIABILITIES		\$ 11,592	\$ 9,814

These financial statements were authorized for issue by the Board of Directors on May 8, 2024.

These financial statements are signed on the Company's behalf by:

(signed) "Hon. Stockwell Day"
Director

(signed) "Desmond Balakrishnan"
Director

STRATEGEM CAPITAL CORPORATION
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
 (EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE DATA)
 (UNAUDITED)

		For the Three Months	
		March 31	
	Notes	2024	2023
Revenues			
Interest, dividends and other income		\$ 108	\$ 112
Net gain on sale of investments		94	-
Net unrealized gain on investments		1,234	1,253
Total revenues		1,436	1,365
Expenses			
Management fees	9	58	58
Salaries	9	-	80
Director and committee fees	9	5	64
Professional fees	9	10	8
Office and general		10	7
Interest expense		8	-
Shareholder information and filing fees		-	7
Commission expense		13	-
Total expenses		104	224
Other items			
Foreign exchange gain		10	-
Income before income taxes		1,342	1,141
Net income and comprehensive income for the period			
		\$ 1,342	\$ 1,141
Earnings per share - basic and diluted	8	\$ 0.15	\$ 0.12

STRATEGEM CAPITAL CORPORATION
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
 (EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)
 (UNAUDITED)

	Class A Number of Shares	Class A Share Capital	Class B Number of Shares	Class B Share Capital	Retained Earnings (Deficit)	Total Equity
Issued and outstanding						
Balance as at January 1, 2023	9,309,528	\$ 11,597	220	\$ 1	\$ 4	\$ 11,602
Net income for the period	-	-	-	-	1,141	1,141
Normal course issuer bid	(80,000)	(73)	-	-	-	(73)
Balance as at March 31, 2023	9,229,528	11,524	220	1	1,145	12,670
Net loss for the period	-	-	-	-	(2,870)	(2,870)
Normal course issuer bid	(28,500)	(17)	-	-	-	(17)
Balance as at December 31, 2023	9,201,028	\$ 11,507	220	\$ 1	\$ (1,725)	\$ 9,783
Net income for the period	-	-	-	-	1,342	1,342
Normal course issuer bid	(9,500)	(5)	-	-	-	(5)
Balance as at March 31, 2024	9,191,528	\$ 11,502	220	\$ 1	\$ (383)	\$ 11,120

STRATEGEM CAPITAL CORPORATION
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
 (EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)
 (UNAUDITED)

	For the Three Months Ended	
	March 31	
	2024	2023
Cash flow from operating activities		
Net income	\$ 1,342	\$ 1,141
Adjustments to reconcile to net cash flows from operating		
Gain on sale of investments	(94)	-
Unrealized gain on investments	(1,234)	(1,253)
Interest income	(39)	(21)
Foreign exchange gain	(10)	-
	(35)	(133)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	(6)	4
Due to related parties	3	(2)
	(3)	2
Changes in other items:		
Proceeds from sale of investments	1,544	26
Purchase of investments	(2,176)	-
	(632)	26
Net cash used in operating activities	(670)	(105)
Cash flow from financing activities		
Normal course issuer bid	(5)	(73)
Net cash used in financing activities	(5)	(73)
Net change in cash and cash equivalents	(675)	(178)
Cash and cash equivalents, beginning of the period	231	1,780
Cash overdraft, end of the period	\$ (444)	\$ 1,602
Supplemental cash flow information		
Dividends received	\$ 68	\$ 81
Interest received	\$ 25	\$ 10

1. Nature of operations and continuance of operations

Strategem Capital Corporation (the “Company” or “Strategem”) invests in resource exploration and development opportunities, mining, energy production and agricultural protein products and is listed on the TSX Venture Exchange (the “TSX-V” or the “Exchange”). The Company’s objective since inception in December 1994 is to own and manage operating businesses. The Company’s head office is: Suite 210, 240 11 Avenue SW, Calgary, Alberta, Canada, T2R 0C3. The Company’s Class A shares trade under the symbol “SGE” on the TSX Venture Exchange.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the three months ended March 31, 2024, the Company reported income of \$1,342 (three months ended March 31, 2023 – \$1,141). As at March 31, 2024, the Company had a cash overdraft of \$444 (December 31, 2023 – cash and cash equivalents of \$231) and working capital of \$11,120 (December 31, 2023 - \$9,783).

2. Basis of preparation

These condensed interim financial statements are prepared in accordance with IFRS, including International Accounting Standard (“IAS”) 34 Interim Financial Reporting, as issued by the IASB. These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS and include information necessary or useful to understanding the Company’s business and financial statement presentation.

These financial statements have been prepared on a historical cost basis (other than investments which are valued using fair value basis). In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

These financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

3. Material accounting policies

The accounting policies applied in these condensed interim financial statements are consistent with those applied in the preparation of the Company’s annual financial statements. These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2023. Areas of judgement that have the most significant effect on the amounts recognized in the interim financial statements are disclosed in Note 3(a) of the Company’s financial statements for the year ended December 31, 2023. There have been no significant changes to the areas of estimation and judgement during the three months ended March 31, 2024.

In the opinion of management, all adjustments considered necessary for fair presentation of the Company’s financial position, results of operations and cash flows have been included. Operating results for the three months ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

4. Management of capital

The Company manages its common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue suitable equity investments and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. The Company does not have any externally imposed capital requirements.

5. Financial risk factors

In the normal course of business, the Company's activities expose it to a variety of financial risks that may affect its operating performance. These risks are credit risk and market risk (including interest rate risk, currency risk and other price risk). The level of risk to which the Company is exposed depends on the type of investments the Company holds. The value of investments can fluctuate daily as a result of changes in prevailing interest rates, economic and market conditions and company specific news.

These condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements. These statements should be read in conjunction with the annual financial statements as at December 31, 2023. There have been no changes in the risk management or any risk management policies since year end.

6. Short-term Investments

The Company held the following short-term investments as at March 31, 2024:

	Cost	Fair Market Value
Public company securities	\$ 18,570	\$ 9,040
Term deposits	2,105	2,151
Private company	302	401
Total Investments	\$ 20,977	\$ 11,592

The Company held the following short-term investments as at December 31, 2023:

	Cost	Fair Market Value
Public company securities	\$ 16,766	\$ 5,918
Term deposits	3,234	3,273
Private company	302	392
Total Investments	\$ 20,302	\$ 9,583

Short-term investments in public company securities are held for trading and are classified as Level 1 Financial Instruments. Short-term investments in term deposits are held for a minimum of 90 days and are classified as Level 1 Financial Instruments. Short-term investments in private companies are classified as Level 3 Financial Instruments.

7. Share capital

(a) Authorized:

- Unlimited Class A voting common shares without par value;
- Unlimited Class B voting common shares without par value; and
- Unlimited Class A non-voting preference shares without par value.

(b) Issued and outstanding

Class A Shares	Number of Shares	Value
Balance, December 31, 2023	9,201,028	\$ 11,507
Normal Course Issuer Bid	(9,500)	(5)
Balance, March 31, 2024	9,191,528	\$ 11,502

Class B Shares	Number of Shares	Value
Balance, March 31, 2024 and December 31, 2023	220	\$ 1

As at March 31, 2024, the Company had 9,191,528 Class A common shares and 220 Class B common shares issued and outstanding. Each Class B common share can be exchanged for one Class A common share. Upon exchange, the Class B voting common shares will be cancelled by the Company.

(c) Warrants

The Company's warrants as at March 31, 2024 are:

	Number of Warrants	Weighted-Average Exercise Price
Balance, March 31, 2024 and December 31, 2023	5,191,229	\$ 2.75

Each warrant entitles the holder to purchase one common share of the Company at a price of \$2.75 per share on or before May 17, 2024. If at any time the closing price of the Company's common shares are equal to or greater than \$10.00 per share for a period of 15 consecutive trading days, the Company may accelerate the expiry date of the warrants by giving notice to the holders and in such case, the warrants will expire on the 30th business day after the date on which notice is given by the Company in accordance with its terms.

(d) Normal Course Issuer Bid

On October 13, 2023, the Company obtained an approval from the Exchange to undertake a Normal Course Issuer Bid to allow the Company to purchase up to 461,326 of its Class A common shares, representing approximately 5% of its issued and outstanding shares. Purchases may be made on the open market through the facilities of the Exchange by the designated broker until October 11, 2024.

During the three months ended March 31, 2024, 9,500 Class A common shares (three months ended March 31, 2023 – 80,000 Class A common shares) were purchased for \$5 (three months ended March 31, 2023 – \$73) under the Normal Course Issuer Bid. These common shares were returned to treasury and cancelled.

(e) Stock options

There were no options outstanding as of March 31, 2024 and December 31, 2023.

8. Earnings per share

	Three months ended March 31,	
	2024	2023
Income attributable to common shareholders	\$ 1,342	\$ 1,141
Weighted average shares outstanding - basic and diluted	9,207,424	9,285,278
Earnings per share - basic and diluted	\$ 0.15	\$ 0.12

9. Key management compensation and related party expenses

	Three months ended March 31,	
	2024	2023
Management fees	\$ 58	\$ 58
Salaries	-	80
Director fee & committee fees	5	64
Legal fees	5	3
	\$ 68	\$ 205

At March 31, 2024, key management personnel includes five directors and four members of the management executive team (December 31, 2023 - five directors and four members of the management executive team). For the three months ended March 31, 2024, two of the four members of the management executive team waived their compensation. For the three months ended March 31, 2024, four of the five directors waived their director fees. One director is a partner of McMillan LLP, a firm which provides legal services to the Company. For the three months ended March 31, 2024, legal fees paid to this related party were \$5 (three months ended March 31, 2023 - \$3). One director is the Head of Private Client Group, Canada for Canaccord Genuity Wealth Management. For the three months ended March 31, 2024, commission paid to a related party was \$nil (three months ended March 31, 2023 - \$nil).

At March 31, 2024, \$5 payable to McMillan LLP was included in due to related parties (December 31, 2023 - \$2 payable to McMillan LLP).



Strength Through Strategy

Board of Directors

Honourable Stockwell Day, Chairman
Desmond Balakrishnan
Matthew C Ricci, CFA
Gordon Flatt
Dickson Gould

Executive Officers

Jo-Anne O'Connor, President & Chief Executive Officer
Carol Fozo, CPA, CMA, Chief Financial Officer and Secretary
Gordon Flatt, Managing Partner & Chief Investment Strategist
Dr. John Waterer, Chief Science Officer & Director of Life Science

Legal

McMillan LLP

Auditor

DeVisser Gray LLP, Chartered Professional Accountants
Vancouver, British Columbia, Canada

Committees

Audit & Corporate Governance Committee

Desmond Balakrishnan, Chairman
Matthew C Ricci
Honourable Stockwell Day

Office of the President

Gordon Flatt, Chairman
Jo-Anne O'Connor

Science and Technology Advisory Committee (STAC)

Graydon Flatt, Chairman
Dr. John Waterer, PhD
Gordon Flatt

Global Investment Advisory Committee (GIAC)¹

Honourable Stockwell Day – Canada
Gordon Flatt – Bermuda
Angelina Ho – Hong Kong
William Molson – USA / Canada
Lars Rodert – Sweden
Pablo Vizcaino – Argentina

¹ Countries of residency