
Icarus Capital Corp.

Financial Statements

For the period from February 2, 2021 (date of incorporation)

to December 31, 2021

(Expressed in Canadian Dollars)



Independent Auditor's Report

To the Shareholders of Icarus Capital Corp.

Opinion

We have audited the financial statements of Icarus Capital Corp. (the "Company"), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive loss, statement of changes in equity and statement of cash flows for the period from incorporation on February 2, 2021 to December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the period from incorporation on February 2, 2021 to December 31, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in 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.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 International Financial Reporting Standards, 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 Canadian generally accepted auditing standards 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 Canadian generally accepted auditing standards, 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, related safeguards.

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

Vancouver, B.C.
February 2, 2022

"D&H Group LLP"
Chartered Professional Accountants

Icarus Capital Corp.

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Icarus Capital Corp.

Statement of Financial Position

As at December 31, 2021

(Expressed in Canadian Dollars)

\$

ASSETS

Current assets

Cash	34,487
Deferred financing costs	58,536
Total assets	93,023

LIABILITIES

Current liabilities

Accounts payable and accrued liabilities	1,500
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SHAREHOLDERS' EQUITY

Share capital	100,000
Deficit	(8,477)
Total equity	91,523
Total liabilities and equity	93,023

Approved on behalf of the Board of Directors on February 2, 2022:

/s/ "Garry Yuill"
Garry Yuill, Director

/s/ "Kenneth Wall"
Kenneth Wall, Director

The accompanying notes are an integral part of these financial statements

Icarus Capital Corp.

Statement of Comprehensive Loss

For the period from February 2, 2021 (date of incorporation) to December 31, 2021

(Expressed in Canadian Dollars)

	\$
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EXPENSES	
Banking fees	152
Professional services	8,325
Net and comprehensive loss	8,477
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Loss per share – basic and diluted	0.00
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Weighted average number of common shares outstanding	2,000,000
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The accompanying notes are an integral part of these financial statements

Icarus Capital Corp.

Statement of Changes in Equity

For the period from February 2, 2021 (date of incorporation) to December 31, 2021

(Expressed in Canadian Dollars)

	Common shares		Deficit \$	Total \$
	Number of shares	Amount \$		
Balance, February 2, 2021 (date of incorporation)				
Issued upon incorporation	1	1		1
Shares issued for cash	2,000,000	100,000		100,000
Shares redeemed by Company and cancelled	(1)	(1)		(1)
Net loss for the period	-	-	(8,477)	(8,477)
Balance, December 31, 2021	2,000,000	100,000	(8,477)	91,523

The accompanying notes are an integral part of these financial statements

Icarus Capital Corp.

Statement of Cash Flows

For the period from February 2, 2021 (date of incorporation) to December 31, 2021

(Expressed in Canadian Dollars)

	\$
Cash provided by (used in)	
Operating activities	
Net loss	(8,477)
Changes in non-cash working capital items:	
Deferred financing costs	(58,536)
Accounts payable and accrued liabilities	1,500
	<hr/> (65,513)
Financing activities	
Issuance of common shares	100,000
	<hr/>
Increase in cash	34,487
Cash, beginning of period	-
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Cash, end of period	34,487

The accompanying notes are an integral part of these financial statements

Icarus Capital Corp.

Notes to Financial Statements

For the period from February 2, 2021 (date of incorporation) to December 31, 2021

(Expressed in Canadian Dollars)

1. Nature of operations

Icarus Capital Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 2, 2021. The Company is a capital pool company (“CPC”), on the TSX Venture Exchange (the “Exchange”). The Company also intends to conduct an initial public offering of 2,000,000 common shares at \$ 0.10 per share for gross cash proceeds of \$ 200,000. The Company has paid a retainer of \$ 7,500 relating to the corporate finance fee of \$ 15,000 in connection with this financing and has agreed to pay the agent a commission equal to 10% of the gross proceeds, being a maximum of \$ 20,000 and to grant the agent warrants to acquire 200,000 common shares, exercisable at \$ 0.10 per share for 5 years from the date of listing of the common shares on the Exchange. The Company has also agreed to pay all costs and expenses relating to the financing.

In addition, incentive stock options to purchase up to 400,000 common shares are to be granted at the closing of the offering to directors and officers of the Company, exercisable at \$ 0.10 per share for 10 years from the date of grant.

As at December 31, 2021, the Company had no business operations. As a CPC, the Company’s business objective will be to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction (as defined in Exchange Policy 2.4) subject, in certain cases, to shareholder approval and acceptance by the Exchange. The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to pay dividends or enjoy earnings in the immediate or foreseeable future. There is no assurance that the Company will identify and successfully acquire businesses or assets that will produce a profit. Moreover, if a potential business or asset is identified which warrants acquisition or participation, additional funds may be required to complete the acquisition or participation and the Company may not be able to obtain such financing on terms which are satisfactory to the Company.

Under the policies of the Exchange, the Company must identify and complete a Qualifying Transaction within 24 months from the date the Company’s shares are listed for trading on the Exchange. There is no assurance that the Company will be able to complete a Qualifying Transaction within 24 months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange may suspend or de-list the Company’s shares from trading should it not meet these requirements.

The head office of the Company is located at 1125 Howe Street, Vancouver, British Columbia, Canada, V6Z 2K8.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee (“IFRIC”).

These financial statements are prepared on a going concern basis.

The preparation of financial statements requires the use of estimates and the exercise of judgment in applying the Company’s accounting policies.

Income taxes

Deferred income taxes are provided in full, using the liability method, on temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes is determined using income tax rates and income tax laws that have been enacted at 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 income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

Share-based payments

The fair value, at the grant date, of equity-settled share awards is charged to comprehensive loss over the period from which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in the share award reserve. The fair value of awards is calculated using an option pricing model which considers the following factors:

- Exercise price
- Expected volatility
- Risk-free interest rate
- Expected life of the award
- Current market price of the underlying shares
- Expected forfeitures

Deferred financing costs

Costs relating to the Company’s planned initial public offering have been recorded as deferred financing costs. On completion of the initial public offering, these costs will be accounted for as share issue costs.

Financial instruments

Financial assets

All financial assets are initially measured at fair value and subsequently re-measured either at amortized cost or fair value either through profit and loss or through other comprehensive income based on the classification of the financial asset. The classification of financial assets within each measurement category is based on the Company's business model and the cash flow characteristics of the instrument.

Cash is classified as fair value through profit or loss.

Financial liabilities

All financial liabilities are initially measured at fair value and subsequently re-measured either at amortized cost or fair value through profit and loss.

Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Loss per share

Basic and diluted loss per share is determined by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is not separately presented, as the effect of securities exercisable into common shares would reduce the amount presented as loss per share.

3. Capital and reserves

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of special shares, issuable in series, without par value.

Pursuant to an escrow agreement, the 2,000,000 issued common shares will be held in escrow to be released over an eighteen month period commencing upon completion of a Qualifying Transaction. The escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the securities regulatory authorities.

Stock options may be awarded to directors, officers, employees, and consultants at the discretion of the Board of Directors. The maximum number of stock options that may be issued may not exceed 10% of the issued and outstanding common shares of the Company on the date of grant. Stock options awarded may be exercisable for up to ten years at exercise prices determined by the Board of Directors at the time of award. The exercise prices shall not be less than market value.

4. **Financial instruments**

Cash is measured at fair value through profit and loss. Accounts payable and accrued liabilities is measured at amortized cost.

Fair value

IFRS 7 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

Level 1 - applied to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 - applies to assets or liabilities for which there are unobservable market data.

Pursuant to IFRS 7, the fair value of cash is measured on a recurring basis based on Level 1 inputs.

Credit risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations to the Company. The Company's credit risk is primarily attributable to cash, which is held on deposit with a major Canadian bank.

5. **Capital risk management**

The Company manages, as capital, the components of shareholders' equity and its cash. The Company's objectives, when managing capital, are to safeguard its ability to complete a qualifying transaction as discussed in Note 1.

The Company intends to manage its capital structure, and make adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue common shares or borrow. The Company does not anticipate the payment of dividends in the foreseeable future.

6. **Cash restriction**

Under Exchange Policy 7.1, proceeds raised from the sale of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than \$ 3,000 per month may be used to fund reasonable general and administrative expenses not related to the identification and evaluation of a Qualifying Transaction.

7. Income taxes

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% to income before income taxes. The reasons for the difference are as follows:

Loss for the year	\$	(8,477)
Statutory income tax rate		27.00%
Expected income tax recovery		(2,289)
Unrecognized benefit of deferred tax assets		2,289
Income tax expense	\$	-

The Company recognizes a deferred tax asset on unused tax losses or other deductible amounts only when the Company expects to have future taxable profit against which the amounts could be utilized. The Company's deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following unrecognized asset amounts:

Non-capital losses		2,289
Valuation allowance		(2,289)
Unrecognized deductible temporary differences	\$	-