
Icarus Capital Corp.

Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2023 and September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

Icarus Capital Corp.

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For the nine months ended September 30, 2023 and September 30, 2022

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(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor. 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 auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Icarus Capital Corp.

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Icarus Capital Corp.

Condensed Consolidated Interim Statement of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	As at September 30, 2023	As at December 31, 2022
ASSETS		
Current assets		
Cash	\$219,510	\$49,070
Accounts receivable	471	-
Employee advance	5,000	-
Inventory	12,387	-
Security deposit	10,388	-
	<u>248,256</u>	<u>49,070</u>
Goodwill	327,264	-
Right-of-use-asset (Note 6)	48,560	-
Total assets	<u>624,080</u>	<u>49,070</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$1,843	\$32,133
Current portion of loans payable (Note 5)	70,729	-
Current portion of lease liability (note 7)	41,934	-
	<u>114,505</u>	<u>32,133</u>
Long-term loans payable (Note 5)	300,000	-
Long-term lease liability (Note 7)	10,448	-
Total liabilities	<u>424,953</u>	<u>32,133</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	324,635	100,000
Convertible debenture (Note 9)	79,000	-
Share-based payments reserve	58,450	58,450
Deficit	(262,957)	(165,318)
Total equity	<u>199,127</u>	<u>16,937</u>
Total liabilities and equity	<u>624,080</u>	<u>49,070</u>

Approved on behalf of the Board of Directors on November 29, 2023:

/s/ "Garry Yuill"

Garry Yuill, Director

/s/ "Kenneth Wall"

Kenneth Wall, Director

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

Icarus Capital Corp.

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2023
EXPENSES				
Agency fees	\$5,092	\$1,355	\$16,170	\$4,528
Banking charges	100	\$2,023	159	2,051
Office	-	-	-	692
Dues and subscriptions	148	-	862	542
Professional services	25,613	22,090	71,692	30,421
Commissions	6,000	-	6,000	-
Interest expense	1,512	-	3,074	-
	-	-	-	38,970
Share-based compensation (Note 8)	-	-	-	-
Net loss and comprehensive loss	38,465	25,647	97,640	77,204
Loss per share – basic and diluted	0.01	0.01	0.02	0.00
Weighted average number of common shares outstanding	4,423,332	4,000,000	4,423,332	3,333,333

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

Icarus Capital Corp.

Condensed Consolidated Interim Statement of Changes in Equity

For the period from January 1, 2022 to September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

	Common shares		Debt	Share-based payments reserve \$	Deficit \$	Total \$
	Number of shares	Amount \$	Amount \$			
Balance, December 31, 2021	2,000,000	100,000		-	-8,477	91,523
Shares issued for cash	2,000,000	200,000		-	-	200,000
Share issuance costs	-	(156,715)		-	-	(156,715)
Issuance of broker warrants (Note 8)	-	(19,480)		19,480	-	-
Stock based compensation (Note 8)	-	-		38,970	-	38,970
Net loss for the period	-	-		-	(156,841)	(156,841)
Balance, December 31, 2022	4,000,000	123,805		58,450	(165,318)	16,937
Shares issued for cash	1,807,545	200,830		-	-	200,830
Convertible debenture (Note 9)			79,000			79,000
Net and comprehensive loss	-	-		-	(97,640)	(97,640)
Balance, September 30, 2023	5,807,545	324,635	79,000	58,450	(262,958)	199,127

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

Icarus Capital Corp.

Condensed Consolidated Interim Statement of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Cash provided by (used in)		
Operating activities		
Net loss	\$(97,640)	\$(77,204)
Adjustments for:		
Share-based compensation	-	38,970
Goodwill on qualifying transaction	(327,264)	-
Changes in non-cash working capital items:		
Deferred financing costs	-	58,536
Accounts payable and accrued liabilities	(31,447)	9,709
	<u>(456,350)</u>	<u>30,011</u>
Financing activities		
Issuance of common shares	200,830	200,000
Proceeds from convertible debenture	79,000	-
Increase in loans payable	300,000	-
Share issuance costs	-	(156,715)
	<u>579,830</u>	<u>43,285</u>
Investing activities		
Retained earnings in excess of share capital on qualifying transaction	27,264	-
Cash received on qualifying transaction	19,697	-
Increase in cash	170,440	73,296
Cash, beginning of period	49,070	34,487
Cash, end of period	<u>219,510</u>	<u>107,783</u>

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

Icarus Capital Corp.

Notes to Condensed Interim Financial Statements

September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of operations

Icarus Capital Corp. (the “Company”), through its wholly owned subsidiary 1401935 Alberta Ltd. (“YYC”), operates a Yuk Yuk’s franchise comedy club in the Elbow River Casino in Calgary, Alberta. On September 29, 2023 Icarus completed its qualifying transaction which included the acquisition of 1401935 (refer to Filing Statement for further information). For the period ending September 30, 2023 the qualifying transaction and acquisition of 1401935 has been consolidated into Icarus' Statement of Financial Position, Statement of Changes in Equity, and Statement of Cash Flows; however, it had minimal impact to the Statement of Loss and Comprehensive Loss for the reporting period.

On March 14, 2022, the Company completed its Initial Public Offering (the “Offering”) of 2,000,000 common shares at \$0.10 per share for gross cash proceeds of \$200,000. The Company’s common shares are traded on the TSX Venture Exchange under the symbol ICRS. The head office of the Company is located at 4988 Duncliff Rd Richmond BC, V7E 3N1.

2. Summary of significant accounting policies

Basis of presentation

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretation of the International Financial Reporting Interpretations Committee (“IFRIC”). The Company prepare its financial statements in accordance with generally accepted accounting principles (“GAAP”).

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.

Basis of Measurement

These financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. These financial statements are presented in Canadian dollars unless otherwise stated. Critical judgments and sources of estimation uncertainty The preparation of these financial statements 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 reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is

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Notes to Condensed Interim Financial Statements

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revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in comprehensive income (loss) in the period in which they arise.

Financial assets and liabilities carried at FVOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in other comprehensive income (loss) in the period in which they arise.

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2. Summary of significant accounting policies – continued

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the nine month expected credit losses. Regardless of whether credit risk has increased significantly, the loss allowance for trade receivables without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. The Company shall recognize in the statements of comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive income (loss).

Accounts receivable

Receivables are recognized initially at fair value and classified as amortized cost. Receivables are subsequently measured at amortized cost using the effective interest method, less expected credit losses. At each reporting date, the Company records a credit loss at an amount equal to the lifetime expected credit losses using a present value and probability weighted model.

Accounts payable and accrued liabilities

Payables are obligations to pay for materials or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Payables are classified as amortized cost initially at fair value and are subsequently measured at amortized cost using the effective interest method.

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2. Summary of significant accounting policies – continued

Revenue recognition

Revenue is recognized when services are provided, and collection is reasonably assured. Revenue is measured at the fair value of the consideration received or receivable.

Inventory

Inventory consists of purchased beverage products. Inventory is recorded at the lower of cost and net realizable value.

Current and deferred income taxes

The tax expense comprises current and deferred tax. Tax is recognized in the statement of comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the tax is also recognized in other comprehensive loss or directly in equity, respectively.

(a) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax

Deferred income tax is recognized using the liability method on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is 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 substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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2. Summary of significant accounting policies – continued

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Leases

The Company recognizes a right-of-use asset and a lease liability for its leases. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is re-measured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in profit or loss.

2. Financial Instruments

Cash is measured at fair value through profit and loss. Accounts payable and accrued liabilities and loans payable are 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:

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3. Financial Instruments – continued

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.

The fair values of accounts receivable and accounts payable and accrued liabilities are approximated by the carrying amount due to their short-term nature.

The fair value of due to related party and loans payable is not readily determinable, and therefore have been classified under amortized cost and are carried at the amounts required to settle the balances on a current basis.

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.

Liquidity risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. All of the Company's financial liabilities, except loans payable, are classified as current and the Company has a practice of paying their outstanding payables within 30 days.

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company does not have any variable interest-bearing loans, therefore the exposure to interest rate risk is considered minimal.

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4. Capital risk management

The Company manages, as capital, the components of shareholders' equity and its cash.

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.

5. Loans payable

a. Canada Emergency Business Account

During the year ended December 31, 2020, the Company received a \$60,000 loan under the Canada Emergency Business Account program created by the Government of Canada in response to the CoVID-19 pandemic. The loan is non-interest bearing, and is repayable by December 31, 2023. If the Company repays \$40,000 of the loan before January 18, 2024, the remaining balance of \$20,000 will be forgiven. If the loan is not repaid in full by January 18, 2024, the remaining balance will be converted to a 2-year loan at 5% annual interest, paid monthly, effective January 18, 2024, with payment in full due on December 31, 2025.

b. Highly Affected Sector Credit Availability Program

The Company qualified for the Highly Affected Sector Credit Availability Program ("HASCAP Canada"). This is a term loan with the Royal Bank of Canada ("RBC") that bears interest at the rate of 4.00% per annum and is collateralized by a pledge of the Company's assets. The Company may borrow up to \$50,000 under this credit facility. The Company fully utilized the term loan, drawing the allowable \$50,000 amount in May 2021.

c. BDC Bank Loan

\$200,000 bank loan with the BDC payable in monthly instalments of \$2,778 plus interest (at BDC's Floating Base Rate plus 5.00% per year) over 72 months and to be repaid in 2029.

d. Vendor Financing

\$100,000 loan payable to prior owner of YYC with an annual interest rate of 5% to be repaid in 2029.

Icarus Capital Corp.

Notes to Condensed Interim Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

6. Right-of-use assets

The Company has lease contracts for a comedy club and equipment.

	2023	2022
	\$	\$
Balance beginning of year	103,510	170,368
Less: amortization	(54,950)	(54,950)
	48,560	115,418

7. Lease liability

Lease liabilities have been measured by discounting future lease payments using the Company's incremental borrowing rates at September 30, 2023 and 2022. As at September 30, 2023, lease liabilities have a remaining lease term of approximately 2 years or less and were determined using an effective interest rate of 4%.

	2023	2022
	\$	\$
Balance, beginning of year	106,195	178,150
Less: principal payments	(54,950)	(55,403)
Balance, end of year	52,382	122,747
Less: current portion of lease liability	41,934	(80,376)
Long-term lease liability	10,448	42,371

8. Shareholders' equity

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

Icarus Capital Corp.

Notes to Condensed Interim Financial Statements

September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

8. Shareholders' equity - continued

Initial public offering

On March 14, 2022, the Company closed the IPO of 2,000,000 of its common shares at a price of \$0.10 per share for \$200,000 in gross proceeds. The Company paid a commission of 10% of gross proceeds to the Agent and granted the Agent stock options to acquire 10% of the common shares issued in the offering exercisable for a period ending 60 months from the date the Company's common shares are listed on the TSX Venture Exchange exercisable at \$0.10 per share. The Company also paid a corporate finance fee upon the closing of the offering and reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering. Cash share issuance costs of \$156,715 were incurred for legal, agency and TSX-V, of which \$58,536 were incurred or accrued for and deferred as at December 31, 2021.

Stock options

The Company has established a rolling share option plan (the "Plan") in which the maximum number of common shares which can be reserved for issuance under the Plan which is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the

Company's closing share price on the day before the grant date, less allowable discounts. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

On March 14, 2022, the Company granted 400,000 options to directors and officers, which are exercisable within ten years from the date of grant at an exercise price of \$0.10 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 2.40%, expected volatility of 100% and an expected life of five years. The value attributed to these options was \$38,970.

The weighted average grant date fair value of all share options granted during the nine months ended September 30, 2023 was \$0.10 per share option. A summary of the Company's share options at September 30, 2023 and the changes for the nine months ended on those dates, is as follows:

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Notes to Condensed Interim Financial Statements

September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

8. Shareholders' equity - continued

	Number of stock options	Weighted average exercise price
		\$
Stock options granted to Directors and Officers	400,000	0.10
Balance September 30, 2023	400,000	0.10

Expiry date	Exercise price	Weighted average remaining contractual life (years)	Number of options outstanding
March 11, 2032	\$0.10	8.5	400,000
Balance Septembers 30, 2023	\$0.10	8.5	400,000

Warrants

On March 14, 2022, the Company granted 200,000 warrants to the Agent, which are exercisable within 60 months from the date of grant at an exercise price of \$0.10 per share. These warrants were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 2.40%, expected volatility of 100% and an expected life of five years. The value attributed to these options was \$19,480

	Number of stock options	Weighted average exercise price
		\$
Warrants granted to Agent	200,000	0.10
Balance September 30, 2023	200,000	0.10

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8. Shareholders' equity - continued

Expiry date	Exercise price	Weighted average remaining contractual life (years)	Number of options and warrants outstanding
March 13, 2027	\$0.10	3.5	200,000
Balance September 30, 2023	\$0.10	3.5	200,000

9. Convertible debenture

\$79,000 in convertible debentures were issued to a related party convertible at the option of the holder at a conversion price of \$0.25 or repayable in August 2025.