Icarus Capital Corp.

Condensed Consolidated Interim Financial Statements

For the three months and nine months ended September 30, 2024

(Expressed in Canadian Dollars)

(Unaudited)

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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, 2024	As at December 31, 2023
ASSETS		
Current assets		
Cash	33,864	$239,135
Accounts receivable	-	34,769
Inventory	12,238	9,814
	46,102	283,718
Deposit	10,500	10,500
Licenses (Note 4)	56,768	67,817
Right-of-use-asset (Note 6)	294,054	327,273
Goodwill (Note 12)	345,846	250,819
Total assets	753,270	940,127
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	29,551	$41,662
Unearned revenue		3,462
GST/HST payable		11,541
Income taxes payable		3,396
Due to related parties (Note 10)		57,000
Current portion of loans payable (Note 5)	74,176	104,915
Current portion of lease liability (note 7)	52,854	46,646
	156,581	268,622
Convertible debenture (Note 8)	64,191	64,191
Due to related parties (Note 10)	102,000	
Long-term loans payable (Note 5)	310,560	226,953
Long-term lease liability (Note 7)	241,200	285,070
Total liabilities	874,532	844,836
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	382,342	382,342
Share-based payments reserve	58,450	58,450
Equity portion of convertible debenture	14,809	14,809
Retained earnings (deficit)	(576,863)	(360,310)
Total equity	(121,262)	95,291
Total liabilities and equity	753,270	940,127

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

Approved on behalf of the Board of Directors on November 8, 2024:

/s/ "Garry Yuill"
Garry Yuill, Director

/s/ "Thomas Bell"
Thomas Bell, Director

Icarus Capital Corp.

Condensed Consolidated Interim Statement of Income (Loss)

(Expressed in Canadian Dollars)

(Unaudited)

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
REVENUES				-
Sales	193,837	-	769,824	-
Cost of goods sold	144,141	-	501,215	
Gross margin	49,696	-	268,608	-
Other Income (note 5)	-	-	20,000	-
Adjusted gross margin	49,696	-	288,608	-
EXPENSES				
Advertising	15,481		34,697	
Amortization	22,154		88,833	
Agency and filing fees	5,963	5,092	21,025	16,170
Commissions	-	6,000	-	6,000
Interest and bank charges	12,317	1,612	30,911	3,233
Management and consulting fees	37,409		71,185	
Office expenses	5,315	148	13,141	862
Professional services	20,405	25,613	80,817	71,692
Property related costs and event spaces	19,840		94,479	
Royalty fees	19,435		57,705	
Travel and meals	246		4,956	
Net income (loss)	(108,868)	(38,465)	(209,139)	(97,957)
Gain (loss) per share – basic and diluted	(0.02)	(0.01)	(0.03)	(0.02)
Weighted average number of common shares outstanding	6,567,827	4,423,332	6,567,827	4,423,332

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

Icarus Capital Corp.

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Common shares					
	Number of shares	Amount $	Convertible Debenture $	Share-based payment reserve $	Gain (Deficit) $	Total $
Balance December 31, 2023	6,367,827	382,342	14,809	58,450	(360,310)	95,291
Shares issued for contracts acquisition	200,000	-				
Net income (loss) for the period					692	
Balance March 31, 2024	6,567,827	382,342	14,809	58,450	(359,618)	95,983
Shares issued	-	-				
Net income (loss) for the period					(104,942)	
Balance June 30, 2024	6,567,827	382,342	14,809	58,450	(464,560)	(8,959)
Shares issued	-	-	-	-	-	-
Net income (loss) for the period					(108,868)	
Balance September 30, 2024	6,567,827	382,342	14,809	58,450	(576,863)	(121,262)

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

Icarus Capital Corp.

Consolidated Statement of Cash Flows

(Expressed in Canadian Dollars)
(Unaudited)

	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Cash provided by (used in)		
Operating activities		
Net income (loss) excluding other income	(209,139)	(97,640)
Other Income	(20,000)	
Amortization	92,156	
Goodwill	95,027	(327,264)
Changes in working capital	(166,431)	(31,477)
	(208,027)	(456,350)
Financing activities		
Issuance of common shares for cash	-	200,830
Convertible debentures issued	-	79,000
Increase (decrease) in long term loans and leases	39,105	300,000
Due to related parties	(57,000)	-
	(17,895)	579,830
Investing activities		
Retained earnings in excess of share capital on qualifying transaction	-	27,264
Cash received on qualifying transaction	-	19,697
		46,961
Increase (decrease) in cash	(225,922)	170,441
Cash, beginning of period	259,786	49,070
Cash, end of period	33,864	219,511

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

1. **Nature of operations and going concern**

Icarus Capital Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on February 2, 2021. 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, the Company completed its qualifying transaction which included the acquisition of YYC. On July 1, 2024 the non-arm's length acquisition of all the outstanding shares of Yuichi Inc. from Garry Yuill, CFO was completed; which added Yuk Yuk's Comedy Club in Surrey, BC ("YYS") to Icarus Capital Corp.'s operations. The Company shares trade on the TSX-V under the trading symbol "ICRS".

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they come due. For the three months ended September 30, 2024 the Company had a net loss of $108,868 (2023 loss of $38,465) and loss of $209,139 for the 9 months ended September 2024 (9 months to September 30, 2023 loss of $97,640) all of which casts significant doubt about the Company's ability to continue as a going concern. The Company's ongoing operations and ability to continue as a going concern are dependent on Icarus' future operations, its ability to improve operations to generate positive operating cash flow, and to potentially raise additional capital to fund ongoing business operations and repay indebtedness as they come due. Additional capital may be sought from existing shareholders and creditors and from the sale of additional common shares or other equity or debt instruments. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern. Should the Company not be able to continue as a going concern, adjustments to the recorded amount and classifications of assets, liabilities and expenses will be required. Such adjustments could be material.

The head office of the Company is located at 4988 Duncliffe Road, Richmond BC, V7E 3N1.

2. **Summary of significant accounting policies**

Basis of presentation

These consolidated financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of measurement

These consolidated 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 consolidated financial statements are presented in Canadian dollars unless otherwise stated.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned YYC, YYS, and Icarus Media Inc. entities. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation.

Critical judgments and sources of estimation uncertainty

The preparation of these consolidated 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 consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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 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.

Critical judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

i. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

ii. The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards requires management to make judgments, estimates, and assumptions that affect the reported amount of the right-of-use assets and lease liabilities, and the resulting interest and depreciation expense. Actual results could differ significantly as a result of these estimates. Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include the incremental borrowing rate. The rates used to present value of future lease payments are based on judgments about the economic environment in which the Company operates and theoretical analyses about the security provided by the underlying leased asset, the amount of funds required to be borrowed in order to meet the future lease payments associated with the leased asset, and the term for which these funds would be borrowed.

iii. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Determining the fair value of such share-based awards requires judgment as to the appropriate valuation model and the inputs for the model require assumptions including the rate of forfeiture of options granted, the expected life of the option, the expected volatility of the Company's share price, the risk-free interest rate and expected dividends.

iv. The carrying values of goodwill and intangible assets are reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred. The Company tests for impairment of goodwill and intangible assets by comparing the carrying amount of the CGU to its recoverable amount, which is the greater of estimated fair value less costs to sell and value-in-use calculations that use a discounted cash flow model. The determination of the Company's CGUs is based on management's judgement.

    Estimates of fair value less costs to sell are based on the best information available to reflect the amount that could be obtained from the disposal of the CGU in an arm's length transaction between knowledgeable and willing parties, net of estimates of the costs of disposal. Fair value less costs to sell calculations may encompass an income approach, market approach, or cost approach, as prescribed in IFRS 13, Fair value.

    Value-in-use calculations employ key assumptions regarding future cash flows, growth prospects, economic risks, and estimates of the Company's ability to achieve key operating metrics, among other items. The cash flows are derived from the Company's budget for the future and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested.

    The recoverable amount is sensitive to several items, including the discount rate applied in the discounted cash flow model (if applicable) and expectations regarding growth rates and future cash flows. The estimated fair value less costs to sell may also be based upon an assessment of comparable company multiples and precedent transaction multiples.

Critical estimates

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

a) Provisions for income taxes
   Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

b) Measurement of convertible debenture
Measurement of fair value of convertible loans on inception is based on the estimated market rate of interest for similar debt facilities without an equity conversion option.

3. **Financial instruments and risk management**

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.

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 consolidated statements of income (loss) and 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.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of comedy club tickets and food and beverages in the ordinary course of business. Revenue is recognized upon completion of services to customers, and collection is reasonably assured.

Inventory

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

Licenses

Licenses acquired separately or in a business combination that qualify for separate recognition are recognized as intangible assets at their fair values. The licenses are amortized over their useful lives of 5 years. The remaining useful life of the licenses is 4 years.

Goodwill

Goodwill represented the future economic benefits arising for a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses.

Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell or the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amounts of the assets in the CGU. Any goodwill impairment loss is recognized in the consolidated statements of loss and comprehensive loss in the period in which the impairment is identified. Impairment losses that have been recognized in respect of goodwill are not subsequently reversed.

Income taxes

Deferred income taxes are provided in full, using the liability method, on temporary differences arising between the income tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income taxes are 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 temporary differences can be utilized.

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.

Impairment of assets

At year end, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Equity financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance voting shares or units. Units typically comprise a certain number of voting shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional voting shares at a price prior to expiry as stipulated by the terms of the transaction. The

Company has adopted the residual value method with respect to the allocation of proceeds received on sale of units to the underlying voting shares and share purchase warrants issued as private placement units. The fair value of the share purchase warrants issued in equity financing transactions is determined by an option pricing model, calculated on the transaction date. The balance, if any, is allocated to the attached voting shares.

Share-based payments

The fair value, at the grant date, of equity-settled share awards is charged to comprehensive income (loss) over the period for 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

Share capital

Voting shares issued by the Company are classified as equity. Costs directly attributable to the issuance of voting shares are recognized as a deduction from equity. Cash received for voting shares yet to be issued is recorded as share subscriptions received when a legal obligation to issue the shares exists.

Financial instruments
The Company's financial instruments include cash, accounts receivable and accounts payable and accrued liabilites.

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

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 lease liabilities, long-term loans payable and convertible debenture, 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. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. One of the Company's long-term loans payable bears interest at a variable rate. The long-term loan payable is therefore subject to interest rate price risk as fluctuations in the market rates of interest may increase or decrease their fair value. If the market rate of interest increased by 1%, the Company would be obligated to pay approximately $ 1,772 in additional annual interest.

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 sustain business operations.

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.

4. **Licenses**

	2024
	$
Balance beginning of period	60,451
Additions to licenses	-
Less: amortization	(3,683)
	56,768

5. **Loans payable**

The following loans were outstanding as at September 30, 2024:

a. **Canada Emergency Business Account**

During the year ended December 31, 2020, YYC 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 January 18, 2024. The Company repaid $40,000 of the loan on January 18, 2024 and the remaining balance of $20,000 was forgiven (recorded as "Other income"). The repayment was funded by issuance of a new $40,000 loan that bears interest at the lender's prime rate plus 1.95% per annum and is repayable over 5 years.

b. **Highly Affected Sector Credit Availability Program**

During the year ended December 31, 2021, YYC qualified for the Highly Affected Sector Credit Availability Program ("HASCAP Canada"). This a term loan that bears interest at the rate of 4% per annum, is collateralized by a pledge of the Company's assets and is repayable over 5 years. 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**

During the year ended December 31, 2023, the Company received a $200,000 term loan bearing interest at the lender's floating base rate plus 5% per annum. The loan principle is payable in monthly instalments of $2,770 over 72 months and is due in October 2029. The full amount of the debt is guaranteed by an officer of the Company and secured by a pledge of all the Company's assets.

d. **Vendor financing**

As part of the acquisition of YYC the vendor agreed to payment terms for $ 100,000 which will bear interest at the rate of 5% per annum. The loan is due in August 2029.

The following principal payments, are required in the following fiscal years:

	$
2024	120,601
2025	61,353
2026	53,810
2027	50,474
2028 and thereafter	93,226

e. **Canada Emergency Business Account**

At the time of the acquisition, YYS had a balance outstanding on a term loan of $36,000 that bears interest at the lender's prime rate plus 3.5% per annum. The loan principle is payable in monthly instalments of $667 over 60 to December 2028.

6. **Right-of-use assets**

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

	2024 $
Balance beginning of period	290,303
Additions to right-of-use assets	18,498
Less: amortization	(14,748)
	294,054

7. **Lease liabilities**

Lease liabilities have been measured by discounting future lease payments using the Company's incremental borrowing rates at December 31, 2023 and 2022. As at December 31, 2023, lease liabilities have a remaining lease term of approximately 2 years or less and were determined using an effective interest rate of 4%.

	2024 $
Balance, beginning of period	290,303
Additions to lease liabilities	
Less: principal payments (net addition due to extension)	3,751
Balance, as of June 30, 2024	294,054
Less: current portion of lease liability	52,584
Long-term lease liability	241,200

8. **Shareholders' equity**

During the three months ended September 30, 2024, the Company did not issue any additional common shares.

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.

Stock option plan

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.

A total of 250,000 new options have been awarded in accordance with Icarus' option plan on June 4, 2024. Together with the new grant, there are a total of 650,000 outstanding. The options will be exercisable for 10-years from the date of grant, at a price of $0.05 per share and are subject to a four-month hold period from the date of grant. The value attributed to these options was $12,500.

A summary of the Company's share options at September 30, 2024 is as follows:

	Number of stock options	Weighted average exercise price
Stock options awarded (IPO)	400,000	$0.10
Stock options awarded (June 2024)	250,000	0.05
Balance September 30, 2024	650,000	0.08

Expiry date	Exercise price	Weighted average remaining contractual life (years)	Number of options outstanding
March 11, 2032	$0.10	7. 5	400,000
June 4, 2034	$0.05	9.75	250,000
Balance June 30, 2024			650,000

Warrants

On March 14, 2022, the Company issued 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 issued	200,000	$0.10
Balance September 30, 2024	200,000	0.10

Expiry date	Exercise price	Weighted average remaining contractual life (years)	Number of options and warrants outstanding
March 13, 2027	$0.10	2.5	200,000
Balance September 30, 2024	$0.10	2.7	200,000

Convertible debenture

During the year ended December 31, 2023, the Company issued a $79,000 convertible debenture at an interest rate of 10% per annum to a director of the Company. The debenture has a maturity date of August 28, 2025 and is repayable upon maturity. At any time after 4 months of issuance the debenture, including accrued interest, may be converted at the option of the holder into 1 common share and 1 debenture warrant of the Company at a price of $0.25. A debenture warrant grants the ability to purchase 1 common share at $0.25 and expires 2 years from the date of conversion. No conversion occurred as of September 30, 2024.

As at September 30, 2024, $8,558 of interest was accrued on the debenture.

9. **Income taxes**

The significant components of the Company's deferred income taxes are as follows at December 31:

	2023	2022
Deferred income tax asset		
Non-capital losses	$ 101,000	$ 44,600
Equipment and leasehold improvements	(8,800)	-
Right-of-use assets	(75,300)	-
Lease obligation	76,300	-
Valuation allowance	(93,200)	(44,600)
	$ -	$ -

The combined Canadian federal and provincial statutory income tax rate for the Company is 27% and for YYC is 23%. The reconciliations of the combined Canadian federal and provincial statutory income tax rate on the net loss for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Loss before recovery of income taxes	$ (191,596)	-
Additional losses incurred in YYC before acquisition	(1,338)	-
Expected income tax recovery	(51,996)	(2,300)
Change in valuation allowance	48,600	2,300
Income tax expense reflected in the consolidated statements of loss and comprehensive loss	$ (3,396)	$ -

As at September 30, 2024, the Company has estimated non-capital losses of $577,000 that may be carried forward to reduce taxable income of future years. The non-capital losses expire in the tax years ending between December 31, 2041 and December 31, 2044.

10. **Related parties**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors.

During the year ended December 31, 2023, management and consulting fees of $57,000 (2022 - $nil) and $45,000 for the three months ending March 31, 2024 were accrued for key management personnel as compensation for their services. No additional accruals were made for the three month period ending September 30, 2024. As at September 30, 2024 management and consulting fees of $102,000 (September 30, 2023 - $nil) remain unpaid. During the period, management personnel have agreed to defer these fees for a period of more than one year so the balance has been reclassified to a long-term liability.

11. **Commitments**

The Company entered into license agreements for the use of trademarks and certain proprietary interests of various licensors. Under the terms of the agreements, Icarus is required to pay minimum annual royalty fees of $42,000 to the licensors. The agreements expire in September 2028.

12. **Acquisition of 1401935 Alberta Ltd. (dba Yuk Yuk's Calgary)**

On September 29, 2023 the Company closed the 100% acquisition of 1401935 Alberta Ltd. (dba Yuk Yuk's Calgary) ('YYC"). YYC operates a Yuk Yuk's franchise comedy club in the Elbow River Casino in Calgary, Alberta. The acquisition constituted the Company's qualifying transaction.

Goodwill of $250,819 was recognized on acquisition is attributable mainly to the expected future growth potential from operations. None of the goodwill recognized is expected to be deductible for income tax purposes. Goodwill arising on the acquisition of subsidiaries is measure at cost less accumulated impairment losses.

13. **Acquisition of Yuischi Inc. (dba Yuk Yuk's Surrey)**

On July 1, 2024 the Company closed the 100% acquisition of Yuischi Inc. (dba Yuk Yuk's Surrey) ("YYS"). YYS operates a Yuk Yuk's franchise comedy club in the Elements Casino in Surrey, BC. The acquisition constituted a non-arm's length acquisition with Garry Yuill, CFO which was approved at the June 28, 2024 Annual General Meeting.

Goodwill of $95,027 was recognized on acquisition is attributable mainly to the expected future growth potential from operations. None of the goodwill recognized is expected to be deductible for income tax purposes. Goodwill arising on the acquisition of subsidiaries is measure at cost less accumulated impairment losses.

14. **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.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

15. **Events Subsequent to Period End**

October 28, 2024 the Company announced a Listed Issuer Finance Exemption Offering (the "Offering"). The Offering will be for a minimum of 1,265,000 and maximum of 2,186,666 units of the Issuer (the "Units") at a price of $0.10 per Unit. Each Unit consists of one (1) common share of the Issuer (a "Unit Share") and one half (1/2) common share purchase warrant (a "Warrant"). Each Warrant is exercisable into one half (1/2) common share, or two warrants can be converted to one share at a price of $0.10 (a "Warrant Share" and collectively with the Units, the Units Shares and the Warrants, the "Securities") for a period of 36 months. The Offering document is available at www.sedarplus.ca. The Offering is available at www.icaruscapital.ca/invest for 45 days to December 12, 2024.

October 29, 2024 the Company announced that it has entered into a non-binding letter of intent (LOI) proposing a transaction and outlining the general terms whereby Icarus intends to acquire 100% of the shares of Yuk Yuk's Inc. and Funny Business Production Inc. The LOI does not constitute a comprehensive and binding agreement – such an agreement will arise only upon the negotiation, settlement and execution of a complete share purchase agreement following completion of due diligence procedures and securing adequate financing to complete the acquisition. The purchase and full terms will be finalized at the time a complete share purchase agreement is executed but is anticipated to be comprised primarily of cash consideration but may include issuance of shares of Icarus as well. Mark Breslin has agreed to stay on in a salaried position for a number of years to ensure a smooth transition. The full details of the announcement are available at www.sedarplus.ca.