

Financial Statements

Toronto Cleantech Capital Inc.

For the period ended July 31, 2023

Prepared on

September 27, 2023

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Profit and Loss

May - July, 2023

		Total
	May - Jul., 2023	May - Jul., 2022 (PY)
EXPENSES		
Bank Fees	99.50	34.50
Listing Fees	8,804.55	
Professional Fees		
Accounting	2,267.06	1,875.00
Legal	55,998.08	
Total Professional Fees	58,265.14	1,875.00
Total Expenses	67,169.19	1,909.50
OTHER INCOME		
Interest Income	6,478.41	2,204.39
Total Other Income	6,478.41	2,204.39
PROFIT	\$ -60,690.78	\$294.89

Balance Sheet

As of July 31, 2023

		Total
	As of Jul. 31, 2023	As of Jul. 31, 2022 (PY)
ASSETS		
Current Assets		
Cash and Cash Equivalent		
Chequing (0094)	310,187.19	71,276.43
GIC (4184)	400,000.00	640,000.00
Total Cash and Cash Equivalent	710,187.19	711,276.43
Total Current Assets	710,187.19	711,276.43
Total Assets	\$710,187.19	\$711,276.43
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable (A/P)		
Accounts Payable (A/P)	49,090.48	0.00
Total Accounts Payable (A/P)	49,090.48	0.00
Total Current Liabilities	49,090.48	0.00
Non-current Liabilities		
Accrued Expenses	9,767.06	9,375.00
Total Non-current Liabilities	9,767.06	9,375.00
Total Liabilities	58,857.54	9,375.00
Equity		
Options @.10 - July 2, 2026	107,977.00	107,977.00
Share Capital - IPO Round	250,000.00	250,000.00
Share Capital - Seed Round/PP	600,000.00	600,000.00
Share Issuance Costs	-105,432.25	-105,432.25
Warrants @ \$0.10	20,000.00	
Retained Earnings	-160,524.32	-150,938.21
Profit for the year	-60,690.78	294.89
Total Equity	651,329.65	701,901.43
Total Liabilities and Equity	\$710,187.19	\$711,276.43

Statement of Cash Flows

May - July, 2023

	Total
OPERATING ACTIVITIES	
Net Income	-60,690.78
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Accounts Payable (A/P)	49,090.48
Accrued Expenses	1,204.11
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	50,294.59
Net cash provided by operating activities	-10,396.19
FINANCING ACTIVITIES	
Warrants @ \$0.10	20,000.00
Net cash provided by financing activities	20,000.00
NET CASH INCREASE FOR PERIOD	9,603.81
Cash at beginning of period	700,583.38
CASH AT END OF PERIOD	\$710,187.19

Statement of changes in equity

As of July 31, 2023

	Total
Options @.10 - July 2, 2026	107,977.00
Retained Earnings	-160,524.32
Share Capital - IPO Round	250,000.00
Share Capital - Seed Round/PP	600,000.00
Share Issuance Costs	-105,432.25
Warrants @ \$0.10	20,000.00
Total Equity	712,020.43

Toronto Cleantech Capital Inc.

Notes to Financial Statements

(Expressed in Canadian Dollars)

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1. REPORTING ENTITY

Toronto Cleantech Capital Inc. (the "Company") was incorporated on April 14, 2021 by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). The Company is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules. The head office and registered office of the Company is located at 1200 Waterfront Centre, 200 Burrard Street, P.O. Box 48600, Vancouver, British Columbia, V7X 1T2. Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. Pursuant to a final prospectus dated June 3, 2021, the Company completed an initial public offering ("IPO") of the Company's common shares. The IPO closed on July 2, 2021, with 2,500,000 common shares being issued at a price of \$0.10 per common share. The Company's common shares commenced trading on the Exchange on July 6, 2021, under the symbol YAY.P.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") in effect for the fiscal year beginning May 1, 2023.

These financial statements were authorised for issue in accordance with a resolution of the directors on September 28, 2023.

Basis of measurement

These financial statements are stated in Canadian dollars which is the Company's functional currency and were prepared on a going concern basis, under the historical cost convention except for certain financial instruments that have been measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in Note 4.

Cash and cash equivalents

Cash consists of the proceeds generated from share issuances which are included in bank balances that are readily convertible into cash and guaranteed investment certificates readily convertible to cash.

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Share-based payments

The Company applies a fair value-based method of accounting to all share-based payments. Employee and director stock options are measured at the fair value of each tranche on the grant date and recognized over its respective vesting period. Non-employee stock options are measured based on the service provided to the reporting date and at their then-current fair values. The cost of stock options is presented as share-based compensation expense when applicable with a corresponding credit to contributed surplus. On the exercise of stock options, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

Taxes

Tax expense comprises current and deferred tax. Tax is recognized in the statement of loss and comprehensive loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred financing costs

Financing costs related to proposed financings are recorded as deferred financing costs. These costs are deferred until the financing is completed at which time the costs are charged against the proceeds received. If the financing does not close, the costs are charged to operations.

Financial Instruments

Classification and measurement of financial instruments

The Company measures its financial assets and financial liabilities at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification which in the case of financial assets, is determined by the context of the Company's business model and the contractual cash flow characteristics of the financial asset. Financial assets are classified into two categories: (1) measured at amortised cost and (2) fair value through profit and loss ("FVTPL").

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Financial liabilities are subsequently measured at amortised cost, other than financial liabilities that are measured at FVTPL or designated as FVTPL where any change in fair value resulting from an entity's own credit risk is recorded as other comprehensive income ("OCI"). The Company does not employ hedge accounting for its risk management contracts currently in place.

Amortised cost

The Company classifies its cash and cash equivalents and accounts payable and accruals as measured at amortised cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. These financial assets and financial liabilities are subsequently measured at amortised cost using the effective interest method.

Impairment of financial assets

The measurement of impairment of financial assets is based on expected credit losses. Accounts receivable that are considered collectible within one year or less are not considered to have a significant financing component and a lifetime expected credit loss ("ECL") is measured at the date of initial recognition of the receivable. The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Company will consider historical industry default rates as well as credit ratings of major customers. The Company does not currently have any financial assets subject to this approach.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

Estimates

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Taxes

Provisions for 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

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different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Judgments

The key areas of judgement that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Taxes

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available to utilise the Company's deductible temporary differences which are based on management's judgement on the degree of future taxable profits. To the extent that future taxable profits differ significantly from the estimates impacts the amount of the deferred tax assets management judges is probable.

Financial instruments

The Company is required to classify its various financial instruments into certain categories for the financial instruments' initial and subsequent measurement. This classification is based on management's judgement as to the purpose of the financial instrument and to which category is most applicable.

5. CASH

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used to cover prescribed costs of issuing common shares or administrative and general expenses of the Company. These restrictions may apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

6. SHARE CAPITAL

Authorised:

Unlimited number of common shares.

Issued:

Common shares

	Number of Shares	\$
As at April 20, 2021 (i)	9,000,000	600,000
Issued on IPO (ii)	2,500,000	250,000
Warrants Exercised - June 23, 2023	200,000	20,000
Share issue costs	-	(105,432)
As at July 31, 2023	11,700,000	764,568

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(i) All common shares issued are held in escrow until completion of a Qualifying Transaction. 25% of these common shares will be released on the issuance of the Final Exchange Bulletin and an additional 25% will be released on each of the dates 6 months, 12 months and 18 months following the initial release.

(ii) On July 2, 2021, the Company completed its initial public offering ("IPO") of 2,500,000 common shares at a purchase price of \$0.10 per common share for gross proceeds of \$250,000 (the "Offering"). Leede Jones Gable. (the "Agent") acted as agent in connection with the Offering. The Agent received a cash commission equal to 8.0% of the gross proceeds of the Offering, a corporate finance fee of \$10,000, reimbursed for legal fees and issued warrants to purchase up to 200,000 common shares at an exercise price of \$0.10 per common share, exercisable until the 2 years from the date of the listing of the common shares on the Exchange.

Stock options

The Company has adopted an incentive stock option plan (the "Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers and technical consultants to the Company and Eligible Charitable Organisations, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares as at the date of grant of any such option, and that the exercise period does not exceed 10 years from the date of grant.

The number of common shares issuable to any individual director or officer will not exceed 5% of the issued and outstanding common shares of the Company as at the date of grant of such option. The number of common shares issuable at any given time to all technical consultants in aggregate will not exceed 2% of the issued and outstanding common shares of the Company as at the date of grant of such option.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise price
As at July 31, 2023	900,000	\$0.10

The fair value of the options granted was determined to be \$90,214 using the Black-Scholes option pricing model under the following assumptions: Risk-free interest rate 0.94%, expected life – 5 years; expected volatility 174% and expected dividends – \$nil.

Loss per share

Basic per share amounts are calculated using the weighted average number of shares. The calculation of diluted loss per share equals basic loss per share as the effect of outstanding options and warrants are anti-dilutive.

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7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company, as part of its operations, carries financial instruments consisting of cash and cash equivalents and accounts payable and accruals. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of cash and cash equivalents and account payable and accruals approximates its fair value due to the short-term maturities of these items.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. The Company believes it has no significant credit risk as its cash and cash equivalents balance is held with a major Canadian financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. As at July 31, 2023, the Company has cash of \$710,187 to satisfy obligations of \$58,858 as they come due, as such, is not exposed to significant liquidity risk.

Market risk

Market risk is the risk of loss that results from changes in market prices, market risk is comprised of foreign currency risk, interest rate risk and other price risks.

(i) Currency risk

The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(ii) Interest rate risk

The Company's cash is held in an account with a major Canadian financial institution and is non-interest bearing.

(iii) Commodity risk

The Company is not exposed to commodity risk.

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8. CAPITAL MANAGEMENT

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1. The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. The Company's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimises the cost of capital at acceptable risk; and,
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at period-end apart from the requirements of the Exchange.

9. RELATED PARTY TRANSACTIONS

Key management personnel consist of officers and directors of the Company. No compensation was paid to key management personnel during the current period apart from the options issued to directors. Transactions with related parties are incurred in the normal course of business and initially recorded at fair value.