

# **Coco Pool Corp.**

## Financial Statements

For the year ended August 31, 2023 and the period from incorporation on

September 15, 2021 to August 31, 2022

(Expressed in Canadian dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Directors of  
Coco Pool Corp.

### *Opinion*

We have audited the accompanying financial statements of Coco Pool Corp. (the "Company"), which comprise the statements of financial position as at August 31, 2023 and 2022, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year ended August 31, 2023 and the period from incorporation on September 15, 2021 to August 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2023 and 2022, and its financial performance and its cash flows for the year ended August 31, 2023 and the period from incorporation on September 15, 2021 to August 31, 2022 in accordance with International Financial Reporting Standards ("IFRS").

### *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 in our audit is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 2 of the financial statements, which indicates factors that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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 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 Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 IFRS, 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

December 29, 2023

**Coco Pool Corp.**

Statements of Financial Position  
As at August 31, 2023 and 2022  
(Expressed in Canadian dollars)

	Notes	August 31, 2023	August 31, 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 79,498	\$ 91,800
Prepaid expenses	7	6,078	42,642
Deferred listing expense		57,593	11,481
<b>Total assets</b>		<b>\$ 143,169</b>	<b>\$ 145,923</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	\$ 38,310	\$ -
<b>Total liabilities</b>		<b>38,310</b>	<b>-</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	160,000	155,000
Reserves	10, 11	13,997	-
Deficit		(69,138)	(9,077)
<b>Total shareholders' equity</b>		<b>104,859</b>	<b>145,923</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 143,169</b>	<b>\$ 145,923</b>

Approved and authorized for issue by the Board of Directors on December 29, 2023:

/s/ "Sebastien Charles"

Sebastien Charles, Director

/s/ "Koby Smutylo"

Koby Smutylo, Director

The accompanying notes are an integral part of these financial statements

**Coco Pool Corp.****Statements of Loss and Comprehensive Loss**

For the year ended August 31, 2023 and the period from incorporation on September 15, 2021 to August 31, 2022  
(Expressed in Canadian dollars)

	Notes	Year ended August 31, 2023	Period from incorporation on September 15, 2021 to August 31, 2022
<b>Expenses</b>			
General and administrative		\$ 1,055	\$ 700
Interest expense		234	-
Professional fees		38,875	8,377
Filing Fees		5,900	-
Share-based payments	10, 11	13,997	-
<b>Loss and comprehensive loss</b>		<b>\$ 60,061</b>	<b>\$ 9,077</b>
<b>Loss per share, basic and diluted</b>		<b>\$ (0.02)</b>	<b>\$ (0.00)</b>
Weighted average number of common shares outstanding, basic and diluted		3,113,973	2,139,429

The accompanying notes are an integral part of these financial statements

**Coco Pool Corp.**

## Statements of Changes in Shareholders' Equity

For the year ended August 31, 2023 and the period from incorporation on September 15, 2021 to August 31, 2022

(Expressed in Canadian dollars)

	<b>Share Capital</b>							<b>Total Shareholders' Equity</b>
	<b>Number of Common Shares</b>		<b>Amount</b>		<b>Reserves</b>		<b>Deficit</b>	
Balance, September 15, 2021	-	\$	-	\$	-	\$	-	\$
Shares issued on incorporation	1		-		-		-	
Shares issued for cash	3,099,999		155,000		-		-	155,000
Loss for the period	-		-		-		(9,077)	(9,077)
Balance, August 31, 2022	3,100,000		155,000		-		(9,077)	145,923
Shares issued for cash	100,000		5,000		-		-	5,000
Share-based payments	-		-		13,997		-	13,997
Loss for the year	-		-		-		(60,061)	(60,061)
<b>Balance, August 31, 2023</b>	<b>3,200,000</b>	<b>\$</b>	<b>160,000</b>	<b>\$</b>	<b>13,997</b>	<b>\$</b>	<b>(69,138)</b>	<b>\$ 104,859</b>

The accompanying notes are an integral part of these financial statements

**Coco Pool Corp.**

## Statements of Cash Flows

For the year ended August 31, 2023 and the period from incorporation on September 15, 2021 to August 31, 2022  
(Expressed in Canadian dollars)

	Year ended August 31, 2023		Period from incorporation on September 15, 2021 to August 31, 2022	
<b>Cash flows from operating activities</b>				
Loss for the period	\$	(60,061)	\$	(9,077)
Non-cash transactions:				
Share-based payments		13,997		-
Changes in non-cash operating working capital:				
Prepaid expenses		36,564		(42,642)
Deferred listing expense		(46,112)		(11,481)
Accounts payable and accrued liabilities		38,310		-
<b>Net cash used in operating activities</b>		<b>(17,302)</b>		<b>(63,200)</b>
<b>Cash flows from financing activity</b>				
Proceeds from issuance of shares		5,000		155,000
<b>Net cash provided by financing activity</b>		<b>5,000</b>		<b>155,000</b>
Change in cash		(12,302)		91,800
Cash, beginning of period		91,800		-
<b>Cash, ending of period</b>	<b>\$</b>	<b>79,498</b>	<b>\$</b>	<b>91,800</b>
<b>Supplemental cash flow information</b>				
Interest paid	\$	-	\$	-
Income taxes paid	\$	-	\$	-

The accompanying notes are an integral part of these financial statements



# **Coco Pool Corp.**

## **Notes to the Financial Statements**

For the year ended August 31, 2023 and the period from incorporation on September 15, 2021 to August 31, 2022  
(Expressed in Canadian dollars)

---

### **1. NATURE OF BUSINESS**

Coco Pool Corp. (formerly Coco Capital Corp.) (the "Corporation") was incorporated on September 15, 2021 as Coco Capital Corp. under the Business Corporations Act (Ontario). On May 16, 2022, the Corporation was approved to continue as a corporation in the Province of British Columbia and changed its name to Coco Pool Corp. from Coco Capital Corp. The Corporation's head office, principal address and records office is located at Suite 480, 1500 West Georgia Street, Vancouver, British Columbia, Canada, V6G 2Z6.

The Corporation was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange ("Exchange") as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the Exchange. As a CPC, the Corporation's principal business is to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange ("Qualifying Transaction"). A CPC has 24 months from when the shares are listed on the Exchange to complete a Qualifying Transaction. Such a transaction will be subject to shareholder and regulatory approval. Until completion of the Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction.

The Corporation is in the early stages of organizing an IPO and has signed a letter of intent, dated for April 1, 2022, with Haywood Securities Inc., who is to serve as the Agent of the offering. See Note 14.

### **2. GOING CONCERN**

These financial statements have been prepared on a going concern basis which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge liabilities in its normal course of operations.

The proposed business of the Corporation, and the completion of a Qualifying Transaction, involves a high degree of risk. There is no assurance that the Corporation will identify an appropriate business asset or property for acquisition or investment, and even if so identified and warranted, the Corporation may not be able to finance such an acquisition or investment within the requisite time period. Additional funds may be required to enable the Corporation to pursue such an initiative, and the Corporation may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the Corporation will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Corporations' ability to continue as a going concern. Should the Corporation be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material.

# Coco Pool Corp.

## Notes to the Financial Statements

For the year ended August 31, 2023 and the period from incorporation on September 15, 2021 to August 31, 2022  
(Expressed in Canadian dollars)

---

### 3. 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").

These financial statements were authorized for issue by the Board of Directors on December 29, 2023.

#### Basis of presentation

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional and reporting currency of the Corporation.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial assets

##### *(i) Recognition and measurement of financial assets*

The Corporation recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

##### *(ii) Classification of financial assets*

The Corporation classifies financial assets at initial recognition as financial assets measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

##### *Financial assets measured at amortized cost*

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost: (1) The Corporation's business model for such financial assets is to hold the asset in order to collect contractual cash flows; and (2) The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

## Coco Pool Corp.

### Notes to the Financial Statements

For the year ended August 31, 2023 and the period from incorporation on September 15, 2021 to August 31, 2022  
(Expressed in Canadian dollars)

---

#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Financial instruments (continued)

###### *Financial assets measured at fair value through other comprehensive income ("FVTOCI")*

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

###### *Financial assets measured at fair value through profit or loss ("FVTPL")*

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is remeasured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

##### *(iii) Derecognition of financial assets*

The Corporation derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Corporation transfers substantially all the risks and rewards of ownership of the financial asset. Any interest in transferred financial assets that are created or retained by the Corporation are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

##### *(iv) Impairment of financial assets*

The Corporation assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

##### Financial liabilities

##### *(i) Recognition and measurement of financial liabilities*

The Corporation recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

##### *(ii) Classification of financial liabilities*

The Corporation classifies financial liabilities at initial recognition as financial liabilities: measured at amortized cost or measured at fair value through profit or loss.

###### *Financial liabilities measured at amortized cost*

A financial liability measured at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

# Coco Pool Corp.

## Notes to the Financial Statements

For the year ended August 31, 2023 and the period from incorporation on September 15, 2021 to August 31, 2022

(Expressed in Canadian dollars)

---

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### *Financial liability measured at fair value through profit or loss*

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is remeasured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

##### *(iii) Derecognition of financial liabilities*

The Corporation derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable including any non-cash assets transferred or liabilities assumed, is recognized in the statement of loss and comprehensive loss.

#### Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are substantively enacted by the end of the reporting date.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting. The change in the net deferred income tax asset or liability is included in income except for deferred income tax relating to equity items which is recognized directly in equity. The income tax effects of differences in the periods when revenue and expenses are recognized, in accordance with the Corporation's accounting practices, and the periods they are recognized for income tax purposes are reflected as deferred income tax assets or liabilities. Deferred income tax assets and liabilities are measured using the substantively enacted statutory income tax rates which are expected to apply to taxable income in the years in which the assets are realized or the liabilities settled. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity and are intended to be settled on a net basis.

#### Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Corporation. Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Corporation's common shares, stock options and share purchase warrants are classified as equity instruments. Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the fair value of the common shares at the time the units are priced, then to warrants on a residual value basis. The Corporation has no warrants outstanding.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

# **Coco Pool Corp.**

## **Notes to the Financial Statements**

For the year ended August 31, 2023 and the period from incorporation on September 15, 2021 to August 31, 2022  
(Expressed in Canadian dollars)

---

### **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Financial instruments (continued)**

##### **Loss per share**

Basic loss per share is calculated by dividing the net income or loss attributable to the common shareholders of the Corporation by the weighted average number of common shares outstanding and reduced by any shares held in escrow during the reporting period. Diluted loss per share is calculated by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding, all additional common shares that would have been outstanding if potentially dilutive instruments were converted and reduced by any shares held in escrow.

##### **Deferred listing expenses**

Costs related to the proposed IPO transaction (Note 16) are capitalized as incurred. Upon the completion of the transaction, these costs will be expensed.

##### **Share-based payments**

The stock option plan allows Corporation directors, officers, employees and consultants to acquire shares of the Corporation. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in shareholders' equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from share-based payment reserve to share capital.

In situations where equity instruments are issued to non-employees and some or all of the services received by the entity as consideration cannot be specifically identified, they are all measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the services received.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

##### **Accounting standards issued but not yet effective**

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Corporation has not early adopted any new standards and determined that there are no standards that are relevant to the Corporation.

## Coco Pool Corp.

### Notes to the Financial Statements

For the year ended August 31, 2023 and the period from incorporation on September 15, 2021 to August 31, 2022  
(Expressed in Canadian dollars)

---

## 5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Corporation's financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Judgements, estimates, and assumptions 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. However, actual outcomes can differ from the judgements, estimates and assumptions made. A summary of items involving management judgment, estimation, and assumptions include, but are not limited to:

### *Stock options*

Determining the fair value of stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Corporation's future operating results or on other components of shareholders' equity.

### *Income taxes*

The determination of current and deferred taxes requires interpretations of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

### *Going concern*

The application of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. Management of the Corporation is aware that material uncertainties related to events or conditions may cast significant doubt upon the Corporation's ability to continue as a going concern.

## 6. BASIS OF FAIR VALUE

As at August 31, 2023, the Corporation's financial instruments consist of cash and accounts payable and accrued liabilities. The fair value of the Corporation's accounts payable and accrued liabilities approximate the carrying value, which is the amount on the statements of financial position due to their short-term maturities or ability of prompt liquidation.

The Corporation's cash is measured at fair value under the fair value hierarchy based on level 1 quoted prices in active markets for identical assets.

Financial instruments that are measured subsequent to initial recognition at fair value are categorized using the fair value hierarchy. This hierarchy groups financial instruments in Levels 1 to 3 based on the degree to which the fair value, for that instrument, is observable:

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

Level 2: fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. 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 marker data (unobservable inputs).

## Coco Pool Corp.

### Notes to the Financial Statements

For the year ended August 31, 2023 and the period from incorporation on September 15, 2021 to August 31, 2022  
(Expressed in Canadian dollars)

---

#### 7. PREPAID EXPENSE

The Corporation's retainers reflect the remaining balances of payments made to a law firm and investment firm for future work to be performed related to the Corporation's proposed IPO and other legal services.

#### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2023		August 31, 2022	
Accounts payable	\$	36,564	\$	-
Accrued liabilities		1,746		-
	\$	38,310	\$	-

#### 9. SHARE CAPITAL

##### Authorized

The Corporation has authorized an unlimited number of common shares with no par value.

##### Issued and outstanding

As at August 31, 2023, there were 3,200,000 common shares issued and outstanding.

During the year ended August 31, 2023, the Corporation issued 100,000 common shares at a price of \$0.05 to a director of the Corporation for proceeds of \$5,000.

During the period from incorporation on September 15, 2021 to August 31, 2022, the Corporation issued 3,100,000 common shares at price of \$0.05 for proceeds of \$155,000 to related parties (Note 11).

As the Corporation is a CPC, there are restrictions imposed on the use of the proceeds raised from the issuance of shares. These proceeds may only be used to identify and evaluate assets or businesses for future investment, with a view of completing a Qualifying Transaction (see Note 13).

## Coco Pool Corp.

### Notes to the Financial Statements

For the year ended August 31, 2023 and the period from incorporation on September 15, 2021 to August 31, 2022  
(Expressed in Canadian dollars)

## 10. STOCK OPTIONS

In August 2023, the Corporation adopted an amended and restated stock option plan (the "Plan"). The Plan provides eligible directors, officers, employees and consultants of the Corporation with the opportunity to acquire an ownership interest in the Corporation (provided that while the Corporation is a CPC, employees are not eligible). The Board of Directors is responsible for the general administration of the Plan. The number of common shares reserved for issuance under the Plan shall not exceed 10% of the total number of issued common shares of the Corporation at the time options are granted. The Board of Directors shall establish the exercise price of options granted under the Plan, subject to a number of conditions.

Options granted under the Plan have a maximum term of ten years from the date the options are granted, and vesting periods are determined by the Board of Directors.

On September 30, 2022, the Corporation granted 310,000 stock options with an exercise price of \$0.05 and an expiry date of September 30, 2032, to directors of the Corporation. The stock options vested immediately.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at September 15, 2021 and August 31, 2022	-	\$ -
Granted	310,000	0.05
<b>Outstanding at August 31, 2023</b>	<b>310,000</b>	<b>\$ 0.05</b>

As at August 31, 2023, the following stock options were outstanding and exercisable:

Outstanding and Exercisable	Exercise Price	Remaining Life (Years)	Expiry Date
310,000	\$0.05	9.09	September 30, 2032
<b>310,000</b>			

During the year ended August 31, 2023, the Corporation recorded share-based payments of \$13,997 (period from incorporation on September 15, 2021 to August 31, 2022 – \$Nil) related to the fair value of options vested during the period.

### Fair Value Determination

Fair values were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	Year ended August 31, 2023	Period from incorporation on September 15, 2021 to August 31, 2022
Risk-free interest rate	3.16%	-
Expected life (years)	10	-
Annualized volatility	100%	-
Dividend yield	0%	-



## Coco Pool Corp.

### Notes to the Financial Statements

For the year ended August 31, 2023 and the period from incorporation on September 15, 2021 to August 31, 2022  
(Expressed in Canadian dollars)

## 11. RELATED PARTY TRANSACTIONS

The Corporation considers its related parties to be its key management. Key management consists of the officers and directors who are responsible for planning, directing, and controlling the activities of the Corporation. As at August 31, 2023, there were no balances owing to or from related parties.

Remuneration attributed to key management personnel is summarized in the table below.

	Year ended August 31, 2023	Period from incorporation on September 15, 2021 to August 31, 2022
<b>Share-based payments:</b>		
Directors	\$ 6,524	\$ -
Chief Executive Officer ("CEO")	2,491	-
Chief Financial Officer ("CFO")	2,491	-
Corporate Secretary	2,491	-
	<b>\$ 13,997</b>	<b>\$ -</b>

## 12. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the following data:

	Year ended August 31, 2023	Period from incorporation on September 15, 2021 to August 31, 2022
Issued common shares at the beginning of the period	3,100,000	1
Effective common shares issued during the period	13,973	2,139,428
	3,113,973	2,139,429
Net loss for the period	\$ (60,061)	\$ (9,077)
<b>Net loss per share – basic and diluted</b>	<b>\$ (0.02)</b>	<b>\$ (0.00)</b>

## **Coco Pool Corp.**

### Notes to the Financial Statements

For the year ended August 31, 2023 and the period from incorporation on September 15, 2021 to August 31, 2022  
(Expressed in Canadian dollars)

---

## **13. CAPITAL MANAGEMENT**

The Corporation's objectives when managing capital are to safeguard its ability to continue as a going concern and to identify, evaluate and complete a Qualifying Transaction and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk by monitoring its net debt position. In the management of capital, the Corporation considers capital to be the components of shareholders' equity.

The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Corporation may issue debt or equity. The Corporation is highly dependent on capital markets as its source of operating capital.

As a CPC, the Corporation is subject to externally imposed restrictions over its capital. As a CPC, and as outlined in Note 1, the Corporation must complete a Qualifying Transaction within 24 months of listing on the TSX Venture Exchange. Until completion of the Qualifying Transaction, the Corporation cannot carry on any business other than the identification and evaluation of businesses or assets with a view to complete a potential Qualifying Transaction.

As a CPC, the proceeds raised by the Corporation from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that no more than the lesser of 30% of the gross proceeds from the sale of securities issued by the Corporation and \$210,000 may be used to cover prescribed costs of issuing common shares or administrative and general expenditures of the Corporation. These restrictions apply until the completion of a Qualifying Transaction by the Corporation as defined under the policies of the Exchange.

The Corporation is not subject to any externally imposed capital requirements. There has been no change in the Corporation's approach to capital management during the year ended August 31, 2023.

## **14. FINANCIAL INSTRUMENT RISK MANAGEMENT**

The Corporation's financial instruments are exposed to the following risks:

### **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's cash is exposed to credit risk. The Corporation reduces its credit risk on cash by placing this instrument with an institution of high credit worthiness.

### **Liquidity risk**

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation manages liquidity risk by maintaining a sufficient cash balance to enable settlement of transactions on the due date. The Corporation addresses its liquidity through equity financing obtained through sale and issue of common shares. While the Corporation has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

### **Other risks**

Based on management's knowledge and experience pertaining to the Corporation and its operational environment, management does not believe that the Corporation is exposed to significant foreign exchange, interest rate, price, or other risk. The Corporation does not consider any of its financial assets to be impaired.

## Coco Pool Corp.

### Notes to the Financial Statements

For the year ended August 31, 2023 and the period from incorporation on September 15, 2021 to August 31, 2022  
(Expressed in Canadian dollars)

## 15. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	Year ended August 31, 2023	Period from incorporation on September 15, 2021 to August 31, 2022
Net loss	\$ (60,061)	\$ (9,077)
Statutory income tax rate	27%	27%
Expected income tax recovery	(16,216)	(2,451)
Non-deductible items	3,779	-
Unrecognized benefit from income tax losses	12,437	2,451
<b>Income tax recovery</b>	<b>\$ -</b>	<b>\$ -</b>

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amounts of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	August 31, 2023	August 31, 2022
Non-capital losses	\$ 14,888	\$ 2,451

As at August 31, 2023 the Corporation had non-capital loss carry forwards of \$55,000 which can be applied to reduce future Canadian taxable income and will expire between 2042 and 2043.

## 16. PROPOSED TRANSACTIONS

On April 1, 2022, the Corporation signed a letter of intent with an investment firm, who is to serve as the Agent of the Corporation's IPO. It is proposed that 3,000,000 common shares of the Corporation are to be offered at an offer price of \$0.10 per share. For the Agent's services, upon the closing date of the IPO, the Corporation will pay the Agent a cash commission equal to 10% of the gross proceeds the offering generates and a cash corporate finance fee of \$12,500. The Corporation will also issue a number of Agent's Warrants equal to 10% of the number of shares sold in the IPO, to be exercisable for 24 months following the closing date of the IPO at the offer price. In addition to the commission, corporate finance fee and warrants, the Corporation will pay the expenses of the Agent which will include reasonable fees of up to \$12,500 plus disbursements, searches, and taxes of the Agent's legal counsel. Such expenses incurred by the agent will be payable by the Corporation whether the offering is completed or not. As at August 31, 2023 and the approval date of the financial statements, the closing date of the IPO has not been determined.