# NU E Corp.

## CONSOLIDATED FINANCIAL STATEMENTS

(in Canadian dollars)

As at December 31, 2022 and 2021 and for the
year ended December 31, 2022 and 338 days ended December 31, 2021

KPMG LLP
205 5th Avenue SW, Suite 3100
Calgary AB  T2P 4B9
Tel 403-691-8000
Fax 403-691-8008
www.kpmg.ca

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of NU E Corp.

### *Opinion, including Qualified Opinion on the Comparative Period*

We have audited the consolidated financial statements of NU E Corp. (the Entity), which comprise:

- the consolidated statements of financial position as at end of December 31, 2022 and December 31, 2021
- the consolidated statements of loss and comprehensive loss for the year ended December 31, 2022 and for the 338 days ended December 31, 2021
- the consolidated statements of changes in shareholders' equity for the year ended December 31, 2022 and for the 338 days ended December 31, 2021
- the consolidated statements of cash flows for the year ended December 31, 2022 and for the 338 days ended December 31, 2021
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

### *Unmodified Opinion on the Current Period*

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2022 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### *Qualified Opinion on the Comparative Period*

In our opinion, except for the possible effects described on the comparative information of the matter described in the "**Basis for Opinions, including Basis for Qualified Opinion on the Comparative Period**" the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the 338 days ended December 31, 2021 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### *Basis for Opinions, including Basis for Qualified Opinion on the Comparative Period*

We were engaged as auditors of the Entity on September 28, 2022 and thus did not observe the counting of the physical inventories as at December 31, 2021. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at December 31, 2021. Since ending inventories enter into the determination of the consolidated financial performance and consolidated cash flows, we were unable to determine whether adjustments might have been necessary in respect of the inventory balance in the consolidated statement of financial position as at December 31, 2021, the net loss for the in the consolidated statement of loss and comprehensive loss for the 338 days ended December 31, 2021 and the cash flows used in operating activities in the statement of cash flows for the 338 days ended December 31, 2021.

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 auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 in the financial statements, which indicates the Entity has not yet generated revenue and will require additional capital to fund development of its solar power generation assets. As a result, the long- term viability of the Entity will depend on its ability to develop new power generation assets or other long-term sources of revenue which is depended on the Entity's access to additional financing.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

***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 Accounting Standards as issued by the International Accounting Standards Board (IASB), 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
November 3, 2023

**NU E CORP.**
**Consolidated Statements of Financial Position**
(in Canadian dollars)

| As at December 31, | Notes | 2022 | 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current** | | | |
| Cash | | 1,310,082 | 425,414 |
| Trade and other receivables | 7 | 51,372 | 226,055 |
| Prepaids and deposits | 8 | 6,009 | 22,076 |
| Loan receivable | 11 | 50,953 | - |
| Inventory | 9 | - | 167,096 |
| Total current assets | | 1,418,416 | 840,641 |
| **Non-current** | | | |
| Restricted cash | 10 | 95,000 | 95,000 |
| Loan receivable | 11 | 45,983 | - |
| Right-of-use assets | 12 | 149,110 | 261,509 |
| Property, plant and equipment | 13 | 1,356,028 | 1,386,490 |
| Development costs | 14 | 945,276 | 67,801 |
| Total non-current assets | | 2,591,397 | 1,810,800 |
| **Total assets** | | 4,009,813 | 2,651,441 |
| **LIABILITIES** | | | |
| **Current** | | | |
| Accounts payable and accrued liabilities | 15 | 274,024 | 298,599 |
| Shareholder loans | | 10,965 | 9,834 |
| Loans and borrowings | 16 | 48,180 | 66,178 |
| Leases | 12 | 59,744 | 101,794 |
| Total current liabilities | | 392,913 | 476,405 |
| **Non-current** | | | |
| Loans and borrowings | 16 | 856,918 | 905,097 |
| Leases | 12 | 76,276 | 149,010 |
| Total non-current liabilities | | 933,194 | 1,054,107 |
| **Total liabilities** | | 1,326,107 | 1,530,512 |
| **SHAREHOLDERS' EQUITY** | | | |
| Common shares | 17 | 4,578,012 | 1,443,097 |
| Warrants | 17 | 50,491 | 42,369 |
| Contributed surplus | | 254,277 | - |
| Deficit | | (2,199,074) | (364,537) |
| **Total shareholders' equity** | | 2,683,706 | 1,120,929 |
| **Total liabilities and shareholders' equity** | | 4,009,813 | 2,651,441 |

Going concern (note 1)
Discontinued operations (note 5)
Subsequent events (note 26)

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

**NU E CORP.**
**Consolidated Statements of Loss and Comprehensive Loss**
(in Canadian dollars)

| | Notes | Year ended December 31, 2022 | 338 days ended December 31, 2021 |
|---|---|---|---|
| **Expenses** | | | |
| General and administrative | | 1,080,900 | 281,501 |
| Development | | 32,049 | - |
| Share-based compensation | 17 | 244,557 | - |
| Depreciation and amortization | 12, 13 | 82,346 | 20,812 |
| Finance costs | 20 | 18,331 | 10,704 |
| | | 1,458,183 | 313,017 |
| **Net loss before taxes** | | (1,458,183) | (313,017) |
| Deferred taxes | 21 | - | - |
| **Net loss before discontinued operations** | | (1,458,183) | (313,017) |
| Discontinued operations | 5 | (376,354) | (51,520) |
| **Net loss and comprehensive loss** | | **(1,834,537)** | **(364,537)** |
| **Net loss per share attributable to shareholders** | | | |
| Basic and diluted, net loss per share from continuing operations | 17 | (0.03) | (0.03) |
| Basic and diluted, net loss per share from discontinued operations | 17 | (0.01) | (0.01) |
| Basic and diluted, net loss per share | 17 | (0.04) | (0.04) |

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

**NU E CORP.**
**Consolidated Statements of Changes in Shareholders' Equity**
(in Canadian dollars)

| | Notes | Share Capital | Warrants | Contributed Surplus | Deficit | Total |
|---|---|---|---|---|---|---|
| Opening balance, January 28, 2021 | | - | - | - | - | - |
| Loss for the period | | - | - | - | (364,537) | (364,537) |
| Issuance of common shares and warrants, net | 17 | 1,202,576 | 39,490 | - | - | 1,242,066 |
| Common shares and warrants subscribed, net | 17 | 97,121 | 2,879 | - | - | 100,000 |
| Settlement of pre-existing relationship with acquiree | 6 | (232,778) | - | - | - | (232,778) |
| Shares issued in the acquisition of Northern DC Solar Inc. assets | 17 | 181,778 | - | - | - | 181,778 |
| Shares issued in the acquisition of Helix Corporation Ltd. assets | 17 | 194,400 | - | - | - | 194,400 |
| **Balance, December 31, 2021** | | 1,443,097 | 42,369 | | (364,537) | 1,120,929 |
| Loss for the period | | - | - | - | (1,834,537) | (1,834,537) |
| Issuance of shares and warrant, net | 17 | 3,134,915 | 8,122 | - | - | 3,143,037 |
| Cancellation of shares | 17 | - | - | 9,720 | - | 9,720 |
| Share-based compensation | 17 | - | - | 244,557 | - | 244,557 |
| **Balance, December 31, 2022** | | **4,578,012** | **50,491** | **254,277** | **(2,199,074)** | **2,683,706** |

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

**NU E CORP.**
**Consolidated Statements of Cash Flows**
(in Canadian dollars)

| | Notes | Year ended December 31, 2022 | 338 days ended December 31, 2021 |
|---|---|---|---|
| **Operating activities** | | | |
| Net loss | | (1,834,537) | (364,537) |
| Non-cash items: | | | |
| Amortization | | 105,940 | 27,024 |
| Impairment loss on remeasurement of discontinued operations | | 35,063 | - |
| Settlement of pre-existing relationship with acquiree | | - | (232,778) |
| Share-based payments | | 244,557 | - |
| Allowance for doubtful accounts | | 1,500 | - |
| Shares issued for services | | - | 71,940 |
| Net change in non-cash working capital | 25 | 218,986 | 101,136 |
| **Cash flows used in operating activities** | | (1,228,491) | (397,215) |
| **Financing activities** | | | |
| Proceeds from mortgage | 16 | - | 956,250 |
| Repayment of mortgage | 16 | (46,075) | (5,077) |
| Repayment of term loan | 16 | (20,102) | (4,887) |
| Proceeds from private placements, net | 17 | 3,152,756 | 1,270,126 |
| Lease payments | 12 | (86,099) | (9,050) |
| Loans from shareholder | | 1,131 | (28,505) |
| Net change in non-cash working capital | 25 | 648 | (58,919) |
| **Cash flows from financing activities** | | 3,002,259 | 2,119,938 |
| **Investing activities** | | | |
| Purchase of land | | - | (1,275,000) |
| Acquisition of assets - North DC Solar Inc., net | | - | 100,168 |
| Acquisition of assets - Helix Corporation Ltd., net | | - | 32,138 |
| Disposal of Helix | 5 | (23,062) | - |
| Development costs | 14 | (877,475) | (67,801) |
| Additions to property, plant and equipment | 13 | (4,926) | (26,623) |
| Change in restricted cash | | - | (95,000) |
| Net change in non-cash working capital | 25 | 16,363 | 34,809 |
| **Cash flows used in investing activities** | | (889,100) | (1,297,309) |
| Net increase in cash and cash equivalents | | 884,668 | 425,414 |
| Cash and cash equivalents, beginning of period | | 425,414 | - |
| **Cash and cash equivalents, end of period** | | 1,310,082 | 425,414 |
| Interest paid on loans and borrowings, net | | 41,986 | 3,593 |

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

## 1. Incorporation and nature of business

NU E Corp. (the “Company” or “NU E”) was incorporated in Toronto, Ontario on January 28, 2021 and continued to Alberta on March 9, 2022. NU E is a private renewable energy company formed to develop, construct, and operate solar energy infrastructure in Alberta.

In March 2022, the Company entered into a share exchange Agreement to conduct a reverse take-over (“RTO”) of Vinza Capital Management Inc. (“Vinza”). Vinza is to acquire all of the issued and outstanding securities of NU E through a one for one common share and purchase warrant exchange with NU E shareholders. Additionally, Vinza is to provide $2.0 million in equity funding prior to completing the RTO and listing on the TSX Venture Exchange.

The primary office is located at 6404, 6A Street SE, Calgary, Alberta, Canada, T2H 2B7.

These consolidated financial statements were approved by the Board of Directors on November 3, 2023.

The Company has not yet generated revenue from the development of its solar power generation assets and has incurred a loss of $1.8 million for the year ended December 31, 2022 (2021 - $0.4 million). On July 1, 2022 the Company disposed of Helix Corporation Ltd. and no longer has a source of revenue. The Company will require additional capital to fund development of its solar power generation assets through its joint venture with Low Carbon (see note 26) and other corporate activities over the next year and beyond.

These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business. The long-term viability of the Company will depend on its ability to develop new power generation assets or other long-term sources of revenue which is dependent on the Company’s access to additional financing. These matters create a material uncertainty that may cast significant doubt as to the Company’s ability to continue as a going concern.

These consolidated financial statements do not include any adjustments to the carrying value or classification of recorded asset amounts and carrying value or classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

## 2. Accounting policies

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The Company has consistently applied the same accounting policies throughout the periods presented.

Certain information has been restated in the consolidated financial statements as a result of the discontinued operations for the periods presented, see note 5.

### (a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities which the Company controls by having the power to govern the entity’s financial and operating policies. The Company consolidates all of its wholly owned subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany balances, transactions and unrealized gains and losses from intercompany transactions are eliminated on consolidation. The consolidated financial statements of NU E include the following entities:

| Name of subsidiaries | Principal activity | Location | Ownership interest (%) December 31, 2022 | December 31, 2021 |
|---|---|---|---|---|
| Northern DC Solar Inc. (“NDC”) | Construction of solar infrastructure projects | Alberta, Canada | 100% | 100% |
| Helix Corporation Ltd. (“Helix”) | Design and assembly of variable frequency drives, control panel switch gear and motor control equipment | Alberta, Canada | 0%[1] | 100% |

(1) The Company disposed of Helix on July 1, 2022, see note 5.

**(b) Segmented information**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments’ operating results are reviewed regularly by the Company’s chief decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. As of December 31, 2022, the Company’s only segment was the Solar Development segment (2021 - Solar Development and Helix Electronics segments).

**(c) Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand, demand deposits with banks and other financial institutions, and highly liquid short-term investments with original maturities of less than or equal to ninety days. Cash deposits held as collateral to various counterparty agreements to secure credit are recorded separately as non-current restricted cash.

**(d) Inventory**

Parts and other consumables, principally all of which are consumed by the Company in the provision of its goods and services, are valued at the lower of cost and net realizable value. Cost includes the purchase price, transportation costs and other costs to bring the inventories to their present location and condition. The cost of any assembled inventory includes direct labour, materials and directly attributable overhead. The costs of inventory items that are interchangeable are determined on an average cost basis. For inventory items that are not interchangeable, cost is assigned using specific identification of their individual costs. Previous write-downs of inventories from cost to net realizable value can be fully or partially reversed if supported by economic circumstance.

**(e) Property, plant and equipment**

Property, plant and equipment (“PP&E”) is measured at cost less accumulated amortization, depreciation and impairment provisions.

The Company records PP&E at cost less accumulated depreciation and impairment losses. Cost includes expenditures to purchase and construct assets, and other costs associated with purchasing and preparing assets for their intended use. The costs associated with construction include material, labor, interest, and other direct costs required to bring the assets to their intended use.

Cost also includes the present value of an initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located to its original state.

NU E separates PP&E into identifiable components with different useful lives for depreciation purposes. Depreciation is based on the cost of the asset less its residual value. Depreciation of a component commences when the asset is first available for use and ceases when the asset is classified as held for sale or when the asset is derecognized.

*Depreciation*

The depreciation rates and expected useful lives of property, plant and equipment are reviewed on an annual basis, with changes in depreciation rates and useful lives accounted for prospectively.

The following rates and methods are used in the computation of depreciation expense:

| | |
|---|---|
| Equipment | 20% to 30% declining balance |
| Lease assets | straight-line 2 to 4 years |

Land and construction work in progress are not depreciated.

*Impairments*

The carrying value of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there are any indicators of impairment. NU E performs an impairment test on the cash-generating unit ("CGU") or asset if there are indicators of impairment present.

The impairment test compares the recoverable amount of the CGU or asset to its carrying amount. The recoverable amount is the higher of the CGU or asset's value in use (present value of the estimated future cash flows) and its estimated fair value less costs to sell. Management is required to make assumptions about future cash flows including production, fuel costs, operating expenses, power prices and capital programs. It is possible that future cash flow assumptions may change. This may impact the estimated fair value of the associated asset and may require a material adjustment to the carrying value of the asset including intangible assets.

The Company evaluates impairment losses for potential reversals when management has made the judgment that events or circumstances warrant such consideration.

**(f) Development costs**

Development costs and assets under construction are projects undertaken by the Company where the asset is not yet available for use. Project development costs are recorded at cost less any impairment losses. The Company capitalizes costs associated with development if it probable that the project will be completed and that it will generate future economic benefits to the Company. The Company considers various factors in making that determination, including:

- technical feasibility of completing the project for use or sale;
- rights of access to the required land have been secured or it is probable that they will be secured;
- acquisition or the probability of acquiring access to the power pool or customer, for distribution.

Development costs are transferred to PP&E or intangible assets at commencement of construction. If a development project no longer meets the above criteria, those deferred costs are expensed.

**(g) Business combinations**

Business combinations are accounted for using the acquisition method. Assets acquired and liabilities assumed in a business combination are recognized at their fair value at the date of the acquisition. Any excess of the consideration paid over the fair value of the net assets acquired is recognized as an asset. Any excess of the fair value of the net assets acquired over the consideration paid is recognized in net earnings.

**(h) Discontinued operations**

A discontinued operation is a component of the Corporation's business that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations and is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the consolidated statements of earnings (loss). Comparative figures are adjusted on the consolidated statements of earnings (loss) and on the consolidated statement of comprehensive income (loss) as if the operations had been discontinued from the beginning of the comparative period.

**(i) Asset acquisitions**

The Company accounts for asset acquisitions using the cost accumulation method when control is obtained. The individual identifiable assets are determined and the cost of the acquisition, including certain transaction costs, is allocated to the assets acquired on the basis of relative fair value. This allocation can result in the recognition of some assets at a value other than their fair market value.

**(j) Capitalized borrowing costs**

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

**(k) Leases**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date, the lease liability is recognized at the present value of the future lease payments and discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate. A corresponding lease asset will be recognized at the amount of the lease liability, adjusted for any lease incentives received and initial direct costs incurred. Over the term of the lease, financing expense is recognized on the lease liability using the effective interest rate method and charged to net income, lease payments are applied against the lease liability and depreciation on the lease asset is recorded by class of underlying asset.

The lease term is the non-cancellable period of a lease and includes periods covered by an optional lease extension option if reasonably certain the Company will exercise the option to extend. Conversely, periods covered by an option to terminate are included if the Company does not expect to end the lease during that time frame. Leases with a term of less than twelve months or leases for underlying low value assets are recognized as an expense in net income on a straight-line basis over the lease term.

A lease modification will be accounted for as a separate lease if it materially changes the scope of the lease. For a modification that is not a separate lease, on the effective date of the lease modification, the Company will remeasure the lease liability and corresponding lease asset using the interest rate implicit in the lease or the Company's incremental borrowing rate. Any variance between the remeasured lease asset and lease liability will be recognized as a gain or loss in net income to reflect the change in scope.

**(l) Provisions**

*Decommissioning costs*

Decommissioning costs are expected to be incurred at the end of the operating life of the facilities. A provision is recognized when there is a present obligation to restore the site, it is probable the expenditure will be required, and a reliable estimate of the costs can be determined. The ultimate cost to settle these obligations is uncertain due to timing and cost estimates that may vary in response to many different factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other facilities. As a result, there could be significant adjustments to the provisions established which could affect future financial results. Management bases these estimates on its best knowledge, experience in similar circumstances and in some cases reports from independent experts.

**(m) Foreign currency translation**

i. Foreign operations

The Company's subsidiaries' functional currencies are in Canadian dollars. Each subsidiary determines its functional currency based on the currency of the primary economic environment in which it operates.

ii. Foreign currency transactions

Foreign currency transactions of the Company and its subsidiaries are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation, at period end exchange rates, of monetary assets and liabilities denominated in currencies other than the Company's or subsidiaries' functional currency are recognized as finance costs in the statements of income or loss.

**(n) Revenue recognition**

Revenue is recognized as the Company satisfies its performance obligation which occurs, upon delivery of product or services to the customer, when it is virtually certain that the claim will be received.

**(o) Income tax**

Income taxes are comprised of current and deferred taxes. Current tax and deferred tax are recognized in the statements of income except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts used for taxation purposes. Deferred tax is not recognized for:

i. Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

ii. Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred 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 these deductions can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(p) Share-based compensation**

The Company records a compensation cost for all share options granted to employees, directors or officers over the vesting period of the options based on the fair value of the option at the grant date using the Black-Scholes option pricing model. Share-based compensation expense is recognized over the options vesting period, with a corresponding adjustment to contributed surplus. The number of awards expected to vest is reviewed each period, with the effect of any change being recognized immediately. Consideration paid by employees, directors or officers upon exercise of the share options and the amount previously recognized in contributed surplus are recorded as an increase to share capital.

**(q) Loss per share**

Basic earnings per share is calculated by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated on the treasury stock method, by dividing income available to common shareholders, adjusted for the effects of dilutive securities, by the weighted average number of common shares outstanding during the period and all additional common shares that would have been outstanding had all potential dilutive common shares been issued.

**(r) Financial instruments**

*Recognition*

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled or expires.

*Measurement and classification*

All financial instruments, including all derivatives, are measured at fair value or amortized cost upon initial recognition and are classified into one of the following three categories: financial assets and liabilities at amortized cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVTOCI"). The Company does not have any instruments classified as fair value through other comprehensive income.

*Financial assets at amortized cost*

A financial asset is classified in this category if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments from principal and interest on the principal amount outstanding. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of income or loss. Any gain or loss on derecognition is recognized in the statement of income or loss.

The Company's financial assets at amortized cost are comprised of cash, restricted cash, trade and other receivables, deposits, and loan receivable.

*Financial assets at fair value through profit or loss*

A financial asset is classified in this category if it does not meet the requirements of amortized cost, including derivative assets. Financial instruments in this category are recognized initially and subsequently at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of income or loss.

*Financial liabilities at amortized cost*

Financial liabilities include trade payables, shareholder loans, and loans and borrowings are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

*Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

*Impairment of financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimate future cash flows of the financial asset have occurred. For trade receivables the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the financial assets.

### (s) Share Capital

Common shares are classified as equity. Costs directly attributable to the issue of new shares or options are included in equity as a deduction from proceeds, net of tax.

## 3. Accounting Standards Issued But Not Yet Applied

In January 2020, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" to clarify that liabilities are classified as either current or non-current, depending on the existence of the substantive right at the end of the reporting period for an entity to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective January 1, 2023, with early adoption permitted. The amendments are required to be adopted retrospectively. The Company is assessing the impact of these amendments on its consolidated financial statements.

In February 2021 the IASB issued amendments to IAS 1 to require entities to disclose their material accounting policy information rather than their significant accounting policies. To support this amendment the IASB also amended IFRS Practice Statement 2 “Making Materiality Judgements”. The amendments are effective January 1, 2023, with earlier adoption permitted. The Company is assessing the impact of this amendment on its accounting policy disclosure.

In May 2021, the IASB issued amendments to IAS 12 "Income Taxes" to require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective January 1, 2023 with early adoption permitted. The amendments are required to be adopted retrospectively. The Company is assessing the impact of these amendments on its consolidated financial statements.

## 4. Critical Accounting Estimates and Judgements

The Company has made estimates, assumptions and judgements regarding certain assets, liabilities, revenues and expenses in the preparation of the consolidated financial statements, primarily related to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

*Impairment indicators*

At the end of each reporting period, management makes a judgment whether there are any indications of impairment of its PP&E at the lowest level at which there are separately identifiable cash flows. If there are indications of impairment, NU E performs an impairment test on the asset or CGU.

*Useful life and residual value of PP&E*

Useful lives over which costs should be depreciated may be impacted by changes in NU E’s strategy, processes and operations, and climate change initiatives. Each major component of PP&E is depreciated over its estimated useful life net of residual value. The estimated useful lives of the assets are based upon current conditions and management’s experience, which take into consideration specific contracts, agreements, condition of the asset, technology, production and use of the asset, and regular maintenance programs. The facilities are operated within equipment manufacturers’ specifications to realize the expected useful life of each asset. Notwithstanding these measures, the useful life of equipment may vary from that which is estimated by management.

Residual value is estimated by management to be the amount that NU E would receive from disposal of the asset after deducting the estimated costs of disposal if the asset was already of the age and in the condition expected at the end of its useful life. Actual amounts received may differ from estimated amounts.

*Share-based payment transactions*

The fair value of the employee share options are measured using the Black-Scholes model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility, expected term of the instrument, expected dividends, and the risk- free interest rate. Assumptions regarding employee turnover, and related forfeitures, are also considered in determining fair value.

*Income taxes*

The Company recognizes the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are dependent on generating taxable income in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded, if any, could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain estimated tax deductions in future periods.

## 5. Discontinued operations

*Disposition of Helix*

On July 1, 2022, the company sold its Helix Electronics segment for a note receivable consisting of 28 monthly payments of $4,643, totalling $130,000. The note receivable was valued at $115,020, based on the monthly cash flows discounted at 8.9%.

The comparative consolidated statements of loss have been restated to present the discontinued operation separately from continuing operations for the periods presented.

Helix was a company engaged in the assembly of industrial electrical equipment in Western Canada. The Company recognized the transaction as a business disposal.

The following provides a summary of the effect the disposal had on the Company's financial position.

| | |
|---|---|
| Cash | 41,147 |
| Trade and other receivables | 29,714 |
| Inventory | 143,082 |
| Lease assets | 79,219 |
| Plant, property and equipment | 12,877 |
| Accounts payable and accrued liabilities | (112,085) |
| Lease liability | (78,934) |
| | 115,020 |
| Consideration received, note receivable | 115,020 |

Discontinued operations included the following revenue and expenses that were reclassified from continuing operations for the periods presented.

| | Year ended December 31, 2022 | 338 days ending December 31, 2021 |
|---|---|---|
| **Revenue** | 234,557 | 235,096 |
| **Expenses** | | |
| Cost of goods sold | 271,527 | 171,299 |
| Operating | 79,402 | 30,918 |
| General and administrative | 199,115 | 77,234 |
| Depreciation and amortization | 23,594 | 6,212 |
| Impairment of assets | 35,064 | - |
| Finance costs | 2,208 | 953 |
| | 610,910 | 286,616 |
| Net loss for the period | (376,353) | (51,520) |

Cash flows from (used in) discontinued operations.

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|---|---|---|
| Net cash used in operating activities | (297,388) | 871 |
| Net cash used in financing activities | (25,191) | (1,500) |
| Net cash used in investing activities | (1,062) | (15,216) |
| | (323,641) | (15,845) |

## 6. Asset acquisitions

*Asset acquisition of Helix*

On September 1, 2021, the company completed the acquisition of all the outstanding shares of Helix Corporation Ltd. (“Helix”) for a purchase price of $194,400, paid in the Company’s shares (see note 17). The asset acquisition of Helix resulted in 2,000,000 common shares being issued at a fair market value of $0.0972 per common share.

Helix was a company engaged in the assembly of industrial electrical equipment in Western Canada. The Company recognized the transaction as an asset acquisition.

The following provides a summary of the net assets acquired relating to the asset acquisition:

| | |
|---|---|
| Cash | 32,138 |
| Trade and other receivables | 156,968 |
| Inventory | 246,241 |
| Accounts payable and accrued liabilities | (240,947) |
| | 194,400 |

*Asset acquisition of NDC*

On September 30, 2021 the company completed the acquisition of all the outstanding shares of Northern DC Solar Inc. (“NDC”), which was controlled by the Company’s CEO and primary shareholders. The asset acquisition of NDC resulted in 16,000,000 common shares being issued (see notes 17 and 24).

Additionally, there were pre-existing payable and receivable balances between the Company and NDC, which resulted in the settlement loss of $232,778 on acquisition, which has been recorded in share capital (see note 17).

NDC was a company with experience in construction of solar farms in Alberta. The Company recognized the transaction as an asset acquisition.

The following provides a summary of the net assets acquired relating to the asset acquisition:

| | |
|---|---|
| Cash | 100,168 |
| Trade and other receivables | 7,536 |
| Prepaids and deposits | 67,414 |
| Lease assets | 76,877 |
| Property, plant, and equipment | 92,710 |
| Accounts payable and accrued liabilities | (43,559) |
| Loans and borrowings | (24,989) |
| Leases | (56,040) |
| Shareholder loans | (38,339) |
| | 181,778 |

## 7. Trade and other receivables

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Trade receivables | 51,372 | 167,136 |
| Other receivables | - | 58,919 |
| | 51,372 | 226,055 |

## 8. Prepaids and deposits

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Security deposit | 6,009 | 6,000 |
| Funds in trust | - | 16,076 |
| | 6,009 | 22,076 |

At December 31, 2022, prepaids and deposits consisted of a security deposit for the Company’s head office.

## 9. Inventory

At December 31, 2022, the Company's inventory was $nil (December 31, 2021 - $167,096). The inventory consisted primarily of variable frequency drives and other electronic equipment parts for the Helix segment that was disposed on July 1, 2022, see note 5.

## 10. Restricted cash

The Company assigned guaranteed investment certificates in the amount of $95,000, as required for its collateral mortgage (see note 16), to the lender for the term of the borrowing.

## 11. Loan receivable

The Company provided the purchaser of Helix a payment plan that included $4,643 to be paid over 28 months commencing September 1, 2022, see note 5. The payment stream was valued at $115,020 based on an interest rate of 8.9% and the undiscounted amount was $130,000.

| | Total |
|---|---|
| At December 31, 2021 | - |
| Addition | 115,020 |
| Payments of principal | (18,084) |
| At December 31, 2022 | 96,936 |

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Loan receivable | 96,936 | - |
| Less: current portion | 50,953 | - |
| | 45,983 | - |

## 12. Leases

*Right-of-use assets*

| | Total |
|---|---|
| At January 28, 2021 | - |
| Acquisitions | 76,877 |
| Additions | 203,813 |
| Depreciation | (19,181) |
| At December 31, 2021 | 261,509 |
| Addition | 50,249 |
| Disposal | (79,219) |
| Depreciation | (83,429) |
| At December 31, 2022 | 149,110 |

During the year ended December 31, 2022, the Company leased an additional vehicle and disposed of an office lease. The office lease disposed was due to the sale of the Helix segment that included a two-year lease for the Edmonton operations which had been entered into on December 1, 2021. At December 31, 2021, the Company had an office lease and vehicle leases for continuing operations, and the Helix office lease in discontinued operations.

*Lease liabilities*

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Lease liabilities | 136,020 | 250,804 |
| Less: current portion | 59,744 | 101,794 |
| | 76,276 | 149,010 |

The lease liabilities consist of the vehicle leases and office leases described above.

Total lease cash outflows are provided below:

| | Year ended December 31, 2022 | 338 days ending December 31, 2021 |
|---|---|---|
| Total cash outflows for leases | 91,932 | 11,278 |

## 13. Property, plant and equipment

| | Property | Plant and equipment | Total |
|---|---|---|---|
| **Cost** | | | |
| At January 28, 2021 | - | - | - |
| Additions | 1,275,000 | 26,623 | 1,301,623 |
| Acquisition additions (1) | - | 92,710 | 92,710 |
| At December 31, 2021 | 1,275,000 | 119,333 | 1,394,333 |
| Additions | - | 4,926 | 4,926 |
| Disposal | - | (16,278) | (16,278) |
| At December 31, 2022 | 1,275,000 | 107,981 | 1,382,981 |
| **Accumulated depreciation** | | | |
| At January 28, 2021 | - | - | - |
| Depreciation | - | 7,843 | 7,843 |
| At December 31, 2021 | - | 7,843 | 7,843 |
| Depreciation | - | 22,511 | 22,511 |
| Disposal (2) | - | (3,401) | (3,401) |
| At December 31, 2022 | - | 26,953 | 26,953 |
| **Net book value** | | | |
| At December 31, 2021 | 1,275,000 | 111,490 | 1,386,490 |
| At December 31, 2022 | 1,275,000 | 81,028 | 1,356,028 |

(1) Includes property and equipment from the NDC acquisition, see note 6.
(2) Includes equipment from the disposal of the Helix segment, see note 5.

At December 31, 2022, the Company assessed the recoverability of its property, plant and equipment and determined the carrying amounts of all of its cash generating units to be recoverable.

## 14. Development costs

| | Total |
|---|---|
| At January 28, 2021 | - |
| Additions | 67,801 |
| At December 31, 2021 | 67,801 |
| Additions | 877,475 |
| At December 31, 2022 | 945,276 |

At December 31, 2022, the Company had capitalized $945,276 in development costs, including $41,430 (December 31, 2021 - $5,823) of capitalized interest related to its current solar infrastructure projects.

During the year ended December 31, 2022, the Company directly expensed $32,049 (2021 - $nil) of development costs for expenses that did not meet the criteria for capitalization.

## 15. Accounts payable and accrued liabilities

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Accounts payable | 204,308 | 286,893 |
| Accrued liabilities | 69,716 | 11,706 |
| | 274,024 | 298,599 |

## 16. Loans and borrowings

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Collateral mortgage | 905,098 | 951,173 |
| Term loan | - | 20,102 |
| | 905,098 | 971,275 |
| Less: current portion | 48,180 | 66,178 |
| | 856,918 | 905,097 |

On November 12, 2021, the Company entered into a five-year $956,250 collateral mortgage with a fixed interest rate of 4.46%. The collateral mortgage requires monthly payments of $7,297 and matures on November 12, 2026, requiring the repayment of the remaining balance. The funds were used to finance the purchase of Lethbridge 1 land. The collateral mortgage has a general charge over the Company assets and required term deposits and/or guaranteed investment certificates totalling $95,000 be assigned to the lender during the term of the collateral mortgage as collateral, see note 10.

On September 30, 2021, the Company acquired a term loan included in the NDC acquisition that had a $24,989 principal balance outstanding at that time, see note 6. The term loan had a fixed interest rate of 4.49% and required monthly payments of $1,716. The term loan was fully repaid at December 31, 2022.

## 17. Share capital

*Authorized*

The Company has authorized an unlimited number of common shares to be issued without par value.

Preferred shares are issuable in series with the number of shares and the designation, rights, privileges, restrictions, and conditions attached to the shares to be determined by the Board of Directors prior to issuance. No preferred shares had been issued as of December 31, 2022.

*Common shares*

| | Number of common shares | Amount |
|---|---|---|
| At January 28, 2021 | - | - |
| Issued at incorporation | 2,000,110 | 200 |
| Issued during private placement $0.05 | 2,000,000 | 97,121 |
| Issued during private placement $0.10 | 10,850,000 | 1,048,389 |
| Share issue costs, net of tax | - | (15,074) |
| Issued to acquire Helix (1) | 2,000,000 | 194,400 |
| Issued to acquire NDC (1) | 16,000,000 | 181,778 |
| Settlement of pre-existing relationship with NDC (1) | - | (232,778) |
| Issued for services | 700,000 | 71,940 |
| At December 31, 2021, issued | 33,550,110 | 1,345,976 |
| Common shares subscribed (2) | 2,000,000 | 97,121 |
| At December 31, 2021, Issued and subscribed | 35,550,110 | 1,443,097 |
| Issued during private placement $0.10 | 2,950,000 | 276,878 |
| Issued during private placement $0.25 | 5,064,000 | 1,266,000 |
| Issued during private placement $0.50 | 3,250,000 | 1,625,000 |
| Cancellation of common shares | (100,000) | (9,719) |
| Share issue costs, net | - | (23,244) |
| At December 31, 2022, issued | 46,714,110 | 4,578,012 |

(1) See note 5 for information regarding the common shares issued for the Helix and NDC asset acquisitions.
(2) The common shares subscribed are for 2,000,000 common shares and are not issued until the full amount of the funds are received. On December 31, 2022, $nil remained outstanding (December 31, 2021 - $56,040).

On October 31, 2022, the Company completed a multiple close private placement, issuing 3,250,000 common shares for $0.50. Share issue costs of $11,627 were recognized on the issuances.

On May 17, 2022, the Company raised funds through a private placement, issuing 5,064,000 common shares for $0.25. Share issue costs of $9,119 were recognized on the issuance.

On March 9, 2022, the Company raised funds through a private placement, issuing 2,850,000 units comprised of one common share and one-half common share purchase warrant for $0.10. Each full warrant gives the holder the right to purchase an additional common share at $0.25. The warrants expire four years after issuance on March 9, 2026. Share issue costs of $2,498 were recognized on the issuance.

On December 31, 2021, the Company raised funds through a private placement with multiple closings, issuing 10,850,000 units comprised of one common share and one-half common share purchase warrant for $0.10. Each full warrant gives the holder the right to purchase an additional common share at $0.25. The warrants expire four years after issuance on November 2, 2025. Share issue costs of $15,074 were recognized on the issuance.

On July 23, 2021, the Company raised funds through its seed round private placement issuing 4,000,000 units comprised of one common share and one-half common share purchase warrant for $0.05. Each full warrant gives the holder the right to purchase an additional common share at $0.15. The seed round private placement was not fully funded at December 31, 2021, resulting in half of the common shares and warrants being classified as subscription receivable. The seed round was fully funded subsequent to December 31, 2021. The warrants expire five years after issuance on July 23, 2026.

*Warrants*

| | Average exercise price | Number of warrants | Amount |
|---|---|---|---|
| At January 28, 2021 | - | - | - |
| Issued during private placements | 0.15 | 1,000,000 | 2,879 |
| Issued during private placements | 0.25 | 5,425,000 | 36,611 |
| At December 31, 2021, issued | 0.23 | 6,425,000 | 39,490 |
| Warrants subscribed (1) | 0.15 | 1,000,000 | 2,879 |
| At December 31, 2021, Issued and subscribed | 0.22 | 7,425,000 | 42,369 |
| Issued during private placements | 0.25 | 1,425,000 | 8,122 |
| At December 31, 2022, issued | 0.23 | 8,850,000 | 50,491 |

(1) On December 31, 2021, there were 1,000,000 warrants subscribed to purchase common shares. The subscribed warrants are not issued until the full amount of the funds are received. On December 31, 2022, $nil remained outstanding (December 31, 2021 - $2,879).

The warrants are measured at fair value using the Black-Scholes options pricing model. The fair value of warrants issued during the year ended December 31, 2022 and 338 days ended December 31, 2021 were estimated using the following assumptions:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Risk free interest rate | 1.58% | 1.84% |
| Expected life | 4 years | 4 to 5 years |
| Expected volatility | 35% | 35% |
| Fair value of warrant per unit | $0.0061 | $0.0029 to $0.0057 |

*Share-based payments*

On August 17, 2022, the Company adopted a long-term incentive plan “Option Plan” to provide common share purchase options to certain employees, consultants and directors, to purchase common shares.

On August 17, 2022, the Company granted 3,750,000 common share purchase options. The options granted vest equally in three tranches, with the first tranche vesting immediately, the second tranche on August 17, 2023 and the third tranche on August 17, 2024.

During the year ended December 31, 2022, the Company recognized a share-based compensation expense of $244,557.

At December 31, 2022, the Company has 3,750,000 options outstanding with a remaining life of 9.6 years and weighted average exercise price of $0.25.

Fair value is determined at the date of the grant and each tranche is recognized on a graded-vesting basis over the period during which the options vest and is measured using the Black-Scholes pricing model considering the terms and conditions upon which the options were granted.

The following assumptions were used to estimate the fair value of the options issued to grantees during the year.

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Risk free interest rate | 2.85% | - |
| Expected life | 10 years | - |
| Expected volatility | 35% | - |
| Fair value of option | $0.1257 | - |

*Net loss per share*

The net loss and weighted average number of common shares used in the calculation of basic and diluted net loss per share are as follows.

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Net loss from continuing operations | (1,458,183) | (313,017) |
| Net loss from discontinued operations | (376,354) | (51,520) |
| Net loss attributable to shareholders | (1,834,537) | (364,537) |
| | | |
| *Weighted average number of common shares* (1) | *42,158,571* | *9,949,358* |
| Basic and diluted, net loss per share from continuing operations | (0.03) | (0.03) |
| Basic and diluted, net loss per share from discontinued operations | (0.01) | (0.01) |
| Basic and diluted, net loss per share | (0.04) | (0.04) |

(1) The effect of any potential exercise of warrants and stock options is excluded from the calculation of diluted loss per share for the periods presented, as the effect would be anti-dilutive.

## 18. Revenue

During the year ended December 31, 2022 and 338 days ended December 31, 2021, the Company did not have revenues, except for the revenues included in its discontinued operations. The revenues from discontinued operations commenced on September 1, 2021, as part of the Helix acquisition and ceased on July 1, 2022, when Helix was disposed, see note 5.

## 19. General and administrative

| | Year ended December 31, 2022 | 338 days ended December 31, 2021 |
|---|---|---|
| Salaries and benefits | 146,125 | 19,549 |
| Consultants (1) | 540,888 | 162,000 |
| Administrative expenses | 180,710 | 67,468 |
| Professional fees | 179,201 | 24,601 |
| Property taxes and Insurance | 33,976 | 7,883 |
| | 1,080,900 | 281,501 |

(1) During the year ended December 31, 2022, consultants includes $442,405 of management fees (338 days ended December 31, 2021 – $88,500), see note 24.

## 20. Finance costs

| | Year ended December 31, 2022 | 338 days ended December 31, 2021 |
|---|---|---|
| Interest on collateral mortgage (1) | 41,430 | 5,823 |
| Interest on term loan | 417 | 337 |
| Interest on lease liabilities | 12,857 | 3,260 |
| Bank fees and other | 5,752 | 7,107 |
| Interest revenue | (695) | - |
| Capitalized interest (1) | (41,430) | (5,823) |
| | 18,331 | 10,704 |

(1) The Company capitalized interest on its collateral mortgage, see note 14.

## 21. Income taxes

The reconciliation of income tax expense, calculated using the statutory income tax rates prevailing in Canada, with the income tax expense reported in the financial statements is as follows:

| | Year ended December 31, 2022 | 338 days ended December 31, 2021 |
|---|---|---|
| Net loss before income taxes and discontinued operations | (1,458,183) | (313,017) |
| Combined basic Canadian and provincial income tax rate | 23.0% | 23.0% |
| Income tax recovery at the statutory rate | (335,382) | (71,994) |
| Increase (decrease) in income taxes arising from the following: | | |
| Non-deductible (non-taxable) items | 58,942 | 1,645 |
| Change in unrecognized deferred tax assets | 324,477 | 70,349 |
| Differences in statutory rate | (48,037) | - |
| Effective income tax expense before discontinued operations | - | - |

Under IFRS, deferred income tax assets may only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses and deductible temporary differences can be utilized. Accordingly, the Company has not recognized a total deferred income tax asset of approximately $411,145 at December 31, 2022 (December 31, 2021 - $81,875).

The changes in deferred taxes by nature are as follows:

| Outstanding | December 31, 2021 | Recognized through net profit/(loss) | December 31, 2022 |
|---|---|---|---|
| Lease assets | (36,865) | 2,570 | (34,295) |
| Plant, property and equipment and development costs | (4,299) | (5,887) | (10,186) |
| Lease liabilities | 33,770 | (2,485) | 31,285 |
| Non-capital losses | 7,394 | 5,802 | 13,196 |
| | - | - | - |

| Outstanding | January 28, 2021 | Recognized through net profit/(loss) | December 31, 2021 |
|---|---|---|---|
| Lease assets | - | (36,865) | (36,865) |
| Plant, property and equipment and development costs | - | (4,299) | (4,299) |
| Lease liabilities | - | 33,770 | 33,770 |
| Non-capital losses | - | 7,394 | 7,394 |
| | - | - | - |

The components of the Company's unrecognized deductible temporary differences are as follows.

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Share issuance costs | 27,639 | 12,059 |
| Non-capital losses | 1,553,499 | 343,919 |
| Capital losses | 206,448 | - |

The balance of the Company's non-capital losses will begin to expire in the year 2041.

## 22. Financial instruments

*Fair values*

The Company classifies and measures its cash, restricted cash, trade and other receivables, prepaids and deposits, trade and other payables, shareholder loans at amortized cost and their fair values are not materially different from their carrying amounts due to their short-term nature.

*Fair value hierarchy*

FRS 13, Fair value measurement, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities,
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs that are not based on observable market data.

Financial assets valued at amortized cost are cash, restricted cash, trade and other receivables, prepaids and deposits, and loan receivable. The Company has no financial assets valued at FVTPL or FVTOCI.

The Company's financial liabilities measured at amortized costs are accounts payables and accrued liabilities, shareholders loans, and loans and borrowings.

The Company has exposure to credit, foreign exchange, liquidity, and interest rate risk as follows:

*Credit risk*

Credit risk is the risk of that a counterparty to a financial asset will default, resulting in the Company incurring a financial loss. The Company is exposed to credit risk on its cash and accounts receivable to a maximum of the varying value of the items at the reporting date.

The Company mitigates its exposure to credit risk by maintaining its bank accounts with major Canadian financial institutions with strong investment-grade ratings by a primary ratings agency.

Accounts receivable is comprised of the following:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Trade receivables | 51,372 | 170,160 |
| Allowance for doubtful accounts | - | (3,024) |
| Net trade receivable | 51,372 | 167,136 |
| Other receivables | - | 58,919 |
| | 51,372 | 226,055 |

An analysis of the age of trade and other receivables at December 31, 2022 is as follows:

| Outstanding | Gross trade and other receivables | Allowance for doubtful accounts | Net trade and other receivables |
|---|---|---|---|
| Less than 30 days | 758 | - | 758 |
| 30 days to 90 days | 32,613 | - | 32,613 |
| Greater than 90 days | 18,001 | - | 18,001 |
| | 51,372 | - | 51,372 |

An analysis of the age of trade and other receivables at December 31, 2021 is as follows:

| Outstanding | Gross trade and other receivables | Allowance for doubtful accounts | Net trade and other receivables |
|---|---|---|---|
| Less than 30 days | 85,609 | - | 85,609 |
| 30 days to 90 days | 138,934 | - | 138,934 |
| Greater than 90 days | 4,536 | 3,024 | 1,512 |
| | 229,079 | 3,024 | 226,055 |

*Foreign exchange risk*

The Company incurs certain operating expenses and capital expenditures in U.S. dollars. Accordingly, the fluctuations in the exchange rate between the U.S. and Canadian dollar can impact the Company's reported results.

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations.

The Company's monitors its ability to meet its short-term operating expenditures by raising additional funds through share issuances when required. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market or other alternative forms of financing is hindered, whether as a result of a downturn in stock market conditions generated or related to matters specific to the Company (see note 1).

The following summarizes the principal payments required for financial instrument liabilities at December 31, 2022.

| Outstanding | Less than 1 year | Between 1 year and 5 years | Over 5 years | Total |
|---|---|---|---|---|
| Accounts payable and accrued liabilities | 274,024 | - | - | 274,024 |
| Shareholder loans | 10,965 | - | - | 10,965 |
| Loans and borrowings | 48,180 | 856,918 | - | 905,098 |
| Leases | 59,744 | 76,276 | - | 136,020 |
| | 392,913 | 933,194 | - | 1,326,107 |

## 23. Capital management

The Company defines its capital as follows:

- shareholders' equity, comprising of issued common shares, reserves and deficit;
- long term debt, including any current portion; and
- short term borrowing

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the funding of its marketing and operational plans and any joint venture and project commitments extending beyond one year. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements.

## 24. Related party transactions

These transactions were in the normal course of operations and were valued in these consolidated financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

On September 30, 2021, the Company purchased all of the assets and liabilities of NDC, which was controlled by the Company's CEO and primary shareholders. The fair value of the shares issued of $1,555,200 based on fair market value of $0.0972 per common share was $1,373,422 in excess of the value of the net assets acquired, however the share consideration has been valued based on the net assets acquired. The excess fair value is attributable to the change in the value of the shares from initial negotiation of the purchase to close of the transaction.

The company had the following shareholders loan balances with related parties.

| | Year ended December 31, 2022 | 338 days ended December 31, 2021 |
|---|---|---|
| Executives [1] | (54,109) | (36,334) |
| Non-executive director | 3,000 | 3,000 |
| | (51,109) | (33,334) |

(1) Balances include shareholder loans from the CEO and management and consulting fees payable to executives.

The following is a summary of the key management compensation, with discontinued operations excluded.

| | Year ended December 31, 2022 | 338 days ended December 31, 2021 |
|---|---|---|
| Wages and benefits | 92,045 | - |
| Management and consulting fees [1] | 442,405 | 88,500 |
| Share-based compensation [2] | 244,557 | - |
| | 779,007 | 88,500 |

(1) Management and consulting fees are paid to companies owned by executives of the Company providing management and consulting services.

(2) Share-based compensation relates to the Company's Option Plan to purchase common shares, see note 17. No share purchase options were exercised as at the date of this report.

## 25. Supplemental disclosure of cash flow information

| | Year ended December 31, 2022 | 338 days ended December 31, 2021 |
|---|---|---|
| **Changes in non-cash working capital:** | | |
| Accounts and other receivables | 148,050 | (61,551) |
| Prepaids and deposits | 16,067 | 45,338 |
| Inventory | (11,049) | 79,145 |
| Accounts payable and accrued liabilities | 82,929 | 14,094 |
| | 235,997 | 77,026 |
| **Relating to:** | | |
| Operating activities | 218,986 | 101,136 |
| Investing activities | 648 | (58,919) |
| Investing activities | 16,363 | 34,809 |
| | 235,997 | 77,026 |

## 26. Subsequent events

*Convertible Debenture*

On October 17, 2023, the Company closed the issuance of a $300,000 convertible debenture ("Debenture"). The Debenture has an interest rate of 10% and the maturity date is the date the Company lists its common shares for trading on a recognized Canadian securities exchange ("Conversion Date"). On the conversion date, the principal and accrued interest of the Debenture is converted into common shares of the Company at a conversion price of $1.00 per common share.

*Reverse take-over of Vinza*

On October 16, 2023, the Company amalgamated with 2514148 Alberta Ltd., a wholly owned subsidiary of Vinza Capital Management Inc., in exchange for 46,014,110 shares of Vinza, resulting in a reverse takeover of Vinza by NU E. At the time of the amalgamation Vinza changed its name to NU E Power Corp.

*Project financing*

On June 7, 2023, the Company entered into a share purchase agreement with Low Carbon Canada Solar Limited, whereby Low Carbon acquired a 50% interest in Low Carbon NU-Energy Corp. (“LC NU-Energy”), a wholly owned subsidiary of NU E which included NU E’s existing solar energy projects held in wholly owned Special Purpose Vehicles (“SPV’s”) of NU Energy. Under terms of the agreement, Low Carbon purchased 50% of the common shares and 100% of the preferred shares that NU E held in LC NU-Energy for total cash consideration of approximately $1.1 million, resulting in a joint venture between Low Carbon and NU E. Additionally, NU E received a Promissory Note from one of the SPV’s for $425,145 representing construction costs incurred by NU E on behalf of the joint venture, which is to be paid from future cashflows. Further to the agreement Low Carbon, NU E and LC NU-Energy entered into a Development Services agreement whereby NU E would provide solar energy development services and Low Carbon would provide services and investment capital to LC NU-Energy.

*Share purchase options*

On June 15, 2023, the Board of Directors approved the issuance of 1,000,000 stock options to an incoming director and employees of the company. The options vest one third over three years, have an exercise price of $0.50 and a term of ten years.