

AQUAZOOM HYDROPOWER SOLUTIONS INC.

Financial Statements

Eight Months Period Ended February 28, 2023 and One Month Period Ended July 7, 2022

AQUAZOOM HYDROPOWER SOLUTIONS INC.

Index to Financial Statements

Eight Months Period Ended February 28, 2023 and One Month Period Ended July 7, 2022

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Profit or Loss and Comprehensive Income	4
Statement of Changes in Shareholders' Equity (Deficiency)	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 17

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AQUAZOOM HYDROPOWER SOLUTIONS INC.

Opinion

We have audited the financial statements of AQUAZOOM HYDROPOWER SOLUTIONS INC. (the Company), which comprise the statement of financial position as at February 28, 2023, and the statements of loss and deficit and cash flows for the eight month period from date of plan of arrangement July 7, 2022 to February 28, 2023 then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2023, and the financial performance and cash flows for the period then ended 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 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 opinion.

Other Matter

The financial statements for the sixteen month period from date of incorporation March 11, 2021 to plan of arrangement July 7, 2022 were prepared by another practitioner and are unaudited.

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.

(continues)

Independent Auditor's Report to the Shareholders of AQUAZOOM HYDROPOWER SOLUTIONS INC.
(continued)

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.

The engagement partner on the audit resulting in this independent auditor's report is Joozer Karimjee, CPA, CA.



Brampton, Ontario
March 24, 2023

Chartered Professional Accountants
Licensed Public Accountants

AQUAZOOM HYDROPOWER SOLUTIONS INC.

Statement of Financial Position

As at February 28, 2023 and July 7, 2022

	<i>February 28</i> 2023	<i>July 7</i> 2022
ASSETS		
CURRENT		
Cash	\$ 100	\$ 100
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
CURRENT		
Accounts payable and accrued liabilities (Note 3)	\$ 14,954	\$ -
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 4)	100	100
Retained earnings (deficit)	(14,954)	-
	(14,854)	100
	\$ 100	\$ 100

NATURE OF BUSINESS (Note 1)

EVENTS AFTER REPORTING PERIOD (Note 9)

ON BEHALF OF THE BOARD

"Donald Gordon" Director

"Shawn Ripley" Director

See notes to financial statements

AQUAZOOM HYDROPOWER SOLUTIONS INC.
Statement of Profit or Loss and Comprehensive Income
For the Eight Month Period Ended February 28, 2023 and One Month Period Ended July 7, 2022

	<i>February 28 2023 (8 months)</i>	<i>July 7 2022 (1 month)</i>
EXPENSES		
Professional fees	\$ 10,474	\$ -
Transfer agent and regulatory	4,480	-
	14,954	-
NET LOSS	\$ (14,954)	\$ -
LOSS PER SHARE	\$ (0.001)	\$ -
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	14,403,698	100

See notes to financial statements

AQUAZOOM HYDROPOWER SOLUTIONS INC.
Statement of Changes in Shareholders' Equity (Deficiency)
For the Eight Month Period Ended February 28, 2023 and One Month Period Ended July 7, 2022

	<i>February 28 2023 (8 months)</i>	<i>July 7 2022 (1 month)</i>
RETAINED EARNINGS - BEGINNING OF PERIOD	\$ -	\$ -
NET LOSS	<u>(14,954)</u>	-
RETAINED EARNINGS (DEFICIT) - END OF PERIOD	<u>\$ (14,954)</u>	<u>\$ -</u>

See notes to financial statements

AQUAZOOM HYDROPOWER SOLUTIONS INC.

Statement of Cash Flows

For the Eight Month Period Ended February 28, 2023 and One Month Period Ended July 7, 2022

	<i>February 28 2023 (8 months)</i>	<i>July 7 2022 (1 month)</i>
OPERATING ACTIVITIES		
Net loss	\$ (14,954)	\$ -
Change in non-cash working capital:		
Accounts payable and accrued liabilities	<u>14,954</u>	<u>-</u>
INCREASE IN CASH FLOW	-	-
CASH - BEGINNING OF YEAR	<u>100</u>	<u>100</u>
CASH - END OF PERIOD	<u>\$ 100</u>	<u>\$ 100</u>

See notes to financial statements

AQUAZOOM HYDROPOWER SOLUTIONS INC.

Notes to Financial Statements

Period Ended February 28, 2023

1. NATURE OF OPERATIONS

AQUAZOOM HYDROPOWER SOLUTIONS INC. ("AHSI" or the "Company") was incorporated under the British Columbia Business Corporations Act as a wholly-owned subsidiary of a reporting issuer, Explorinvest Capital Corp. ("Explorinvest") on March 11, 2021. On April 1, 2021, Explorinvest and AquaZoom AG entered into a letter of intent (the "LOI") providing for the amalgamation of the Company and AquaZoom AG to form the Issuer to commence operations in business to implement hydro vortex technology in sustainable power generation projects.

Explorinvest entered into an arrangement agreement (the "Arrangement Agreement") with its wholly-owned subsidiary: AHSI. Under the terms of the Arrangement Agreement, Explorinvest would complete a plan of arrangement (the "Plan of Arrangement") which would divest Explorinvest of the asset consisting of the LOI, which would be divested to the Company in consideration of 14,403,698 common shares of the Company.

Explorinvest received shareholder approval to the Arrangement at an annual general and special meeting of shareholders held on December 17, 2021, and received final approval to the Arrangement from the Supreme Court of British Columbia on January 7, 2022. Shares for the plan of Arrangement have been issued on July 7, 2022.

On September 13, 2022 Explorinvest entered into a business combination agreement (the "Agreement") with StickIt Ltd., an Israeli private company ("StickIt"). Pursuant to the Agreement, the Company and StickIt have agreed to a proposed arm's length acquisition (the "Transaction") by the Company of 100% of the issued and outstanding securities of StickIt in exchange for the issuance of securities of the Company. The Transaction is intended to constitute the Company's Reverse Take-Over. On closing of the Transaction, the business of the Company will be the business of StickIt. The Company will seek shareholder approval for special matters in connection with the Transaction, to the extent required by applicable law or as deemed advisable by the parties. The Transaction is conditional on, among other things, the Company receiving an independent valuation of StickIt at or above \$50,000,000.00 (fifty million dollars) and the Company completing one or more private placement(s) (collectively, the "Concurrent Financings") for gross proceeds of an aggregate of CA\$3,000,00. Unless the parties agree otherwise, the Agreement will terminate if, among other things, the Transaction did not complete by March 31, 2023. However, the management has plan to seek an extension.

The Company's head office is located at 302-370 Esplanade East, North Vancouver, British Columbia, V7L 1A4.

Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company's continued existence is dependent upon its ability to raise additional capital, the continuing support of its creditors, and ultimately the attainment of profitable operations and positive cash flows. Failure to obtain sufficient financing or other appropriate arrangements would have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These financial statements do not give effect to adjustments that might be necessary to the carrying values, classification of assets and liabilities, and the reported operating results should the Company be unable to continue as a going concern. For the nine months period ended February 28, 2023, the Company incurred an operating loss of \$14,954 and has incurred accumulated losses of \$14,954 since inception.

Management's plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration programs, and where practical, reducing overhead costs.

AQUAZOOM HYDROPOWER SOLUTIONS INC.

Notes to Financial Statements

Period Ended February 28, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were authorized for issue on March 30, 2023, by the directors of the Company.

(continues)

AQUAZOOM HYDROPOWER SOLUTIONS INC.

Notes to Financial Statements

Period Ended February 28, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Estimates

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

- i. Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.
- ii. Management uses the Black-Scholes Option Pricing Model for valuation of investment in warrants, which requires the input of subjective assumptions including expected price volatility, risk-free interest rates and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company's results of operations.

The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.

(continues)

AQUAZOOM HYDROPOWER SOLUTIONS INC.

Notes to Financial Statements

Period Ended February 28, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Critical Judgments

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

- i. Research costs are recognized as an expense when incurred but development costs may be capitalized as intangible assets if certain conditions are met as described in IAS 38 Intangible Assets. Management has determined that development costs do not meet the conditions for capitalization under IAS 38 and all research and development costs have or will be expensed when incurred.
- ii. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollars is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.
- iii. Management is required to determine whether or not the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future including the availability of financing and revenue projection, as well as liquidity of its assets, current working capital balance and future commitments of the Company.
- iv. Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.

Functional and foreign currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. Foreign currency transactions are translated into Canadian dollars using the exchange rates at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

Cash and cash equivalents

Cash consists primarily of cash held at a Canadian bank.

Financial instruments

(continues)

AQUAZOOM HYDROPOWER SOLUTIONS INC.

Notes to Financial Statements

Period Ended February 28, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Recognition and measurement

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). A financial liability is classified as measured at: amortized cost or FVTPL. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument.

Transaction costs are included in the initial carrying value of financial instruments measured at amortized cost and effectively amortized through profit or loss over the life of the instrument. For financial instruments measured at FVOCI, transaction costs are recognized in OCI as part of a change in fair value at the next re-measurement. For financial instruments measured at FVTPL, transaction costs are expensed as incurred.

Financial instruments are recognized initially on trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Classification of financial assets

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on the specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on the specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Classification of financial liabilities

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL or designation at FVTPL. These exceptions include financial liabilities at fair value through profit or loss, such as derivatives that are liabilities, and financial liabilities that have been designated as measured at FVTPL. The Company, at initial recognition, may irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant in AHSI.

The Company has classified account payables and accrued liabilities as measured at amortized cost.

Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are

AQUAZOOM HYDROPOWER SOLUTIONS INC.

Notes to Financial Statements

Period Ended February 28, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. Where the effect of the time value of money is material, provisions will be measured at the present value of the expenditures expected to be required to settle the obligation. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The increase in any provision due to the passage of time is recognized as accretion expense. Each provision will be reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Income taxes

Income tax on profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to prior years.

Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

(continues)

AQUAZOOM HYDROPOWER SOLUTIONS INC.

Notes to Financial Statements

Period Ended February 28, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share capital

Common shares and obligation to issue shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to the more easily measurable component, the common share, based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in warrants reserve is transferred to share capital.

Share-based payments

The Company grants stock options to directors, officers, employees and service providers. The fair value of the options granted to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized immediately when the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

The fair value of the options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Any consideration received on the exercise of stock options together with the related portion of reserves is credited to share capital.

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Basic and diluted loss per share is the same for the years presented.

(continues)

AQUAZOOM HYDROPOWER SOLUTIONS INC.

Notes to Financial Statements

Period Ended February 28, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the fair value of goods and services provided.

3. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

For the period ended February 28, 2023, the Company incurred \$NIL (2022-\$NIL) for consulting or management fees provided by directors and had \$1,575 (2022-\$NIL) balance in accounts payable due to CFO who paid for professional fee related to the interim financial statements.

AQUAZOOM HYDROPOWER SOLUTIONS INC.

Notes to Financial Statements Period Ended February 28, 2023

4. SHARE CAPITAL

Authorized:

Unlimited Common shares without par value, voting

	<i>February 28</i> 2023	<i>July 7</i> 2022
Issued:		
14,403,698 Common shares	\$ 100	\$ 100

100 incorporator shares were issued to Explorinvest for \$100 on March 11, 2021.

14,403,698 shares were issued under the plan of arrangement in exchange for 100 incorporation shares on July 7, 2022.

Stock option plan

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of five years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

As at and during the period ended February 28, 2023, no options were granted or outstanding.

5. INCOME TAXES

Deferred tax assets have not been recognized in respect of the non-capital losses carried forward \$14,954 not probable that future taxable profit will be available against which the company can use the benefits, due to the early stage of the company and lack of history of taxable income.

6. FINANCIAL INSTRUMENTS

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as of February 28, 2023.

(a) 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. As at February 28, 2023, the Company had \$14,954 accounts payable outstanding and the carrying value of cash and cash equivalents was \$100.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2023 the Company had a cash balance of \$100 and current liabilities of \$14,954.

(continues)

AQUAZOOM HYDROPOWER SOLUTIONS INC.

Notes to Financial Statements

Period Ended February 28, 2023

6. FINANCIAL INSTRUMENTS *(continued)*

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument denominated in a foreign currency will fluctuate because of changes in foreign exchange rates. The Company's sensitivity to change in foreign currency exchange rates is currently immaterial.

(d) Interest rate risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

(e) Strategic and operational risks

Strategic and operational risks are risks that arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing in financing development. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

7. MANAGEMENT OF CAPITAL

The Company's objectives in managing capital are to ensure sufficient liquidity to finance its corporate administration and working capital. The Company manages its liquidity to minimize shareholder dilution whenever possible. The Company manages its capital through regular board meetings and ongoing review of financial statements. The Company considers shareholders' equity and cash as its capital. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its research and development program. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. The Company is not subject to any externally imposed capital requirements.

8. RECENT ACCOUNTING PRONOUNCEMENTS

Various pronouncements have been issued by the International Accounting Standards Board (IASB) or IFRS Interpretations Committee that will be effective for future accounting periods. The company closely monitors new accounting standards as well as amendments to existing standards and assesses what impact, if any, they will have on the financial statements. Most of the standards are not expected to have a material impact to the company but one standard that is applicable and currently being evaluated is summarized below.

In February 2021, the IASB issued narrow-scope amendments to IAS 1, Presentation of Financial Statements, IFRS Practice Statement 2, Making Materiality Judgements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies, and clarify how to distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023, although earlier application was permitted. We are currently assessing the impacts of the amended standards but do not expect a significant impact to our financial disclosures.

AQUAZOOM HYDROPOWER SOLUTIONS INC.

Notes to Financial Statements

Period Ended February 28, 2023

9. EVENTS AFTER THE REPORTING YEAR

The management of the company had initial plans for Reverse Take Over (RTO) on March 31, 2023. At present it seems very unlikely that RTO will take place on March 31, 2023 due to very short period of time left, therefore , the management will postpone RTO to a later date.
