

Integrated Cyber Solutions, Inc
(Formerly 1332996 B.C. Ltd)

Consolidated Financial Statements
For The Years Ended June 30, 2023 and 2022
(Expressed in United States Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Integrated Cyber Solutions Inc. (Formerly 1332996 B.C. Ltd)

Opinion

We have audited the accompanying consolidated financial statements of Integrated Cyber Solutions Inc. (Formerly 1332996 B.C. Ltd) (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2023 and 2022, and its financial performance and its cash flows for the years 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company had working capital deficit of \$364,907 and an accumulated deficit \$6,267,979. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Accounting for the Reverse Takeover (RTO) Transaction

As described in Note 3 of the consolidated financial statements, on May 12, 2023, the Company completed a reverse takeover. For purposes of the RTO, Integrated Cyber Solutions LLC, was determined to be the continuing entity for accounting purposes with the comparative figures presented being those of Integrated Cyber Solutions LLC. The excess consideration paid in the RTO over the fair value of the net assets of the accounting acquiree was treated as a listing expense in the consolidated financial statements under the relevant standards.



Judgment is required by the Company to determine whether the Company's operations constitute a business and the relevant accounting considerations. In addition, estimation is required in the determination of the fair value of the consideration.

The principal considerations for our determination that performing procedures relating to the judgment of whether the Company's operations constituted a business and the fair value of the consideration is a key audit matter are (i) judgments of the nature of operations which the Company conducted, and (ii) estimates used in determining the fair value of the consideration.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included among others:

- Evaluating the appropriateness of management's assessment of the nature of operations of the Company and whether the activities constituted a business.
- Examining and evaluating the contractual terms identified in underlying agreements in connection with the RTO for consistency with the amounts recorded in the financial statements.
- Evaluating the methodology used to determine the fair value of the consideration paid.
- Evaluating the fair value of the net assets of the Company at the date of the RTO, in order to determine the listing expense.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

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

Vancouver, Canada

Chartered Professional Accountants

December 14, 2023

Integrated Cyber Solutions, Inc. (Formerly 1332996 B.C. Ltd)

Consolidated Statements of Financial Position

(Expressed in United States dollars unless otherwise specified)

	As at	June 30,	June 30,
	Note(s)	2023	2022
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		11,432	88,798
Accounts receivable less allowance for doubtful accounts	11	22,840	47,952
		34,272	136,750
Non-current assets			
Equipment	4	9,065	9,773
Security Deposit		-	11,250
		9,065	21,023
TOTAL ASSETS		43,337	157,773
LIABILITIES			
Current liabilities			
Accounts payable	5	259,269	42,024
Accrued liabilities	5	89,906	8,400
Loans payable – short term	6, 8	50,004	108,406
		399,179	158,830
Long term liabilities			
Loans payable	6, 8	210,601	100,000
TOTAL LIABILITIES		609,780	258,830
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	7	4,439,333	-
Stock options reserve	7	60,389	-
Warrants reserve	7	1,207,391	-
Accumulated other comprehensive loss		(5,577)	-
Accumulated income (deficit)		(6,267,979)	(101,057)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		(566,443)	(101,057)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		43,337	157,773
Nature and continuance of operations	1		
Subsequent events	14		

These consolidated financial statements were approved for issue by the Board of Directors on December 14, 2023 and signed on its behalf by:

“Rob Bain”, _____ Director;

“Alan Guibord”, _____ Director

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

Integrated Cyber Solutions, Inc. (Formerly 1332996 B.C Ltd)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in United States dollars unless otherwise specified)

	Note(s)	For the years ended	
		June 30, 2023	June 30, 2022
		\$	\$
Income			
Services		225,808	467,856
Cost of Sales			
Service providers		155,217	290,575
Other costs		15,328	20,297
		170,545	310,872
Gross profit		55,263	156,984
Expenses			
Bad debt	11	-	137,000
Contract labor		28,000	4,500
Depreciation	4	708	5,547
General and administrative costs		43,202	48,250
Management and advisory		13,770	-
Marketing	8	104,100	17,400
Professional fees		163,064	94,743
Transfer agent and filing fees		5,503	-
Travel		17,176	15,922
		375,514	323,362
Loss before other items		(320,251)	(166,378)
Other income (expenses)			
Interest expense		(5,369)	-
Listing expense	3	(5,892,789)	-
Loss on foreign exchange		(13,617)	-
Loss on disposal of fixed assets	4	-	(9,146)
Gain on write-down of accounts payable			32,999
		(5,911,775)	23,853
Net loss		(6,232,026)	(142,525)
Other comprehensive loss: (items that may be subsequently reclassified to profit or loss)			
Foreign currency translation to reporting currency		(5,577)	-
Comprehensive loss		(6,237,603)	(142,525)
Basic and diluted loss per share for the period attributable to shareholders			
		(0.22)	(0.01)
Weighted average number of shares outstanding			
Basic and diluted		27,892,562	15,661,087

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

Integrated Cyber Solutions, Inc. (Formerly 1332996 B.C. Ltd)

Consolidated Statements of Changes in Equity (Deficiency)
(Expressed in United States dollars unless otherwise specified)

	Share Capital				Accumulated Other Comprehensive Loss \$	Retained Earnings (Deficit) \$	Total Shareholders' Equity (Deficiency) \$
	Number	Amount \$	Stock Options Reserve \$	Warrants Reserve \$			
Balance, June 30, 2021	-	-	-	-	-	41,468	41,468
Loss for the year	-	-	-	-	-	(142,525)	(142,525)
Balance, June 30, 2022	-	-	-	-	-	(101,057)	(101,057)
Equity of 1332996 B.C. Ltd prior to the Reverse Takeover (Note 3)	23,450,000	368,520	19,633	89,037	-	(545,594)	(68,404)
Conversion of special warrants prior to the Reverse Takeover (Note 7)	485,676	89,037	-	(89,037)	-	-	-
Units issued for cash (Note 7)	280,000	50,400	-	-	-	-	50,400
Subtotal prior to Reverse Takeover	24,215,676	507,957	19,633	-	-	(646,651)	(119,061)
Reverse Takeover (Note 3)	32,280,000	4,439,333	60,389	1,207,391	-	-	5,707,113
Removal of equity from Reverse Takeover	-	(507,957)	(19,633)	-	-	610,698	83,108
Loss for the period	-	-	-	-	-	(6,232,026)	(6,232,026)
Cumulative translation adjustment	-	-	-	-	(5,577)	-	(5,577)
Balance, June 30, 2023	56,495,676	4,439,333	60,389	1,207,391	(5,577)	(6,267,979)	(566,443)

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

Integrated Cyber Solutions, Inc. (Formerly 1332996 B.C. Ltd)

Consolidated Statements of Cash Flows

(Expressed in United States dollars unless otherwise specified)

	For the year ended	
	June 30, 2023	June 30, 2022
	\$	\$
Cash flows from		
OPERATING ACTIVITIES		
Net loss	(6,232,026)	(142,525)
Adjustments for items not affecting cash:		
Depreciation	708	5,547
Bad debt	-	137,000
Accrued interest	5,369	-
Loss on disposal of fixed assets	-	9,146
Gain on write-down of accounts payable	-	(32,999)
Loan payable for marketing fees	70,000	
Listing expense	5,892,789	-
Net changes in working capital items		
Accounts receivable, net	31,634	40,485
Accounts payable and accrued liabilities	98,818	(68,811)
Accrued liabilities		
Cash flow used in operating activities	(132,608)	(52,157)
INVESTING ACTIVITIES		
Cash assumed on close of Reverse Takeover	3	4,195
Cash flow provided by investing activities	4,195	-
FINANCING ACTIVITIES		
Cash received from loans	51,389	100,000
Loan issuance costs	-	(250)
Cash flow provided by financing activities	51,389	99,750
Impact of currency translation on cash	(341)	-
Increase (decrease) in cash and cash equivalents	(77,366)	47,593
Cash and cash equivalents, beginning of year	88,798	41,205
Cash and cash equivalents, end of year	11,432	88,798
Cash and cash equivalents consist of:		
Cash	11,432	88,798
Cash equivalents	-	-
	11,432	88,798

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

Integrated Cyber Solutions, Inc. (Formerly 1332996 B.C. Ltd)

Notes to the Consolidated Financial Statements

For The Years Ended June 30, 2023 and 2022

(Expressed in United States dollars unless otherwise specified)

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

The Company was incorporated under the Business Corporations Act (British Columbia) on November 12, 2021, with the name 1332996 B.C. Ltd. The Company's registered office is located at 2600-1066 West Hastings St., Vancouver British Columbia V6E 3X1.

On May 12, 2023, the Company completed a reverse takeover (the "**Reverse Takeover**") with Integrated Cyber Solutions, LLC, a company organized under the Limited Liability Company Act of the State of Connecticut, on November 8, 2016. Pursuant to the Reverse Takeover, the Company changed its name to Integrated Cyber Solutions, Inc. Following the completion of the Reverse Takeover, Integrated Cyber Solutions LLC became a wholly owned subsidiary of the Company. As consideration for the Reverse Takeover, the Company issued to the Integrated Cyber Solutions LLC Members an aggregate of 32,280,000 common shares (Note 3).

The Company began trading on the Canadian Stock Exchange (CSE) under the stock symbol ICS on October 10, 2023.

The Company is a managed security service provider ("**MSSP**") that delivers cybersecurity managed services to the Small-to-Medium Business ("**SMB**") and Small-to-Medium Enterprise ("**SME**") segments, integrating capabilities from third-party cybersecurity providers.

As a result of the Reverse Takeover, the former Members of Integrated Cyber Solutions LLC acquired control of the Company. Integrated Cyber Solutions LLC was deemed as the acquirer for accounting purposes, and therefore its assets, liabilities and operations are included in the consolidated financial statements at their historical carrying value. The Company's results of operations are those of Integrated Cyber Solutions LLC with the Company's operations being included from May 12, 2023, the closing date of the Reverse Takeover, onwards.

Going concern

At June 30, 2023, the Company had working capital deficit of \$364,907 and an accumulated deficit of (\$6,267,979).

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future. There are no assurances that the Company will be successful in its efforts to secure additional financing in the future as required. These matters result in material uncertainties which may cast significant doubt on whether the Company will continue as a going concern. The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on December 14, 2023.

Integrated Cyber Solutions, Inc. (Formerly 1332996 B.C. Ltd)

Notes to the Consolidated Financial Statements

For The Years Ended June 30, 2023, and 2022

(Expressed in United States dollars unless otherwise specified)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

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

Basis of presentation

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective on June 30, 2023.

The policies set out below were consistently applied to all periods presented unless otherwise noted below.

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The functional currency is determined using the currency of the primary economic environment in which that entity operates. The functional currency of the Company is the Canadian Dollar and the functional currency of Integrated Cyber Solutions LLC is the United States Dollar. All amounts presented are in United States dollars unless otherwise indicated.

Consolidation

These consolidated financial statements are presented on a consolidated basis and include the accounts of the Company and its controlled entities. Control occurs when the Company is exposed to, or has right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Details of controlled entities are as follows:

Entity	Country of Incorporation	Functional Currency	Percentage Owned
			June 30, 2023
Integrated Cyber Solutions LLC	United States	United States Dollars	100%

All intercompany balances and transactions have been eliminated on consolidation.

Critical accounting judgements, estimates and assumptions

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in these consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) are discussed below.

Integrated Cyber Solutions, Inc. (Formerly 1332996 B.C. Ltd)

Notes to the Consolidated Financial Statements

For The Years Ended June 30, 2023, and 2022

(Expressed in United States dollars unless otherwise specified)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Critical accounting judgements, estimates and assumptions(continued)

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the relevant jurisdiction. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward only to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Going concern

Management's assessment that the Company will be able to execute its strategy and fund future working capital requirements to continue as a going concern requires significant judgment.

Estimates

- **Share-based payment transactions**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

- **Fair value of consideration in the Reverse Takeover**

The consideration to acquire the Company in the Reverse Takeover was comprised of shares. The fair value of such shares was determined on the date of issuance. The Company applied IFRS 2, "Share-based Payment" in accounting for this transaction.

- **Revenue recognition**

Application of the accounting principles related to the measurement and recognition of revenue requires the Company to make judgments and estimates. Revenue arrangements may be comprised of multiple performance obligations. Judgment is required in determining the performance obligations that exist in an arrangement and the nature of these deliverables. Management also applies judgement in the calculation of the estimated life of a contract, the value of amounts recoverable on contracts and the timing of revenue recognition.

Integrated Cyber Solutions, Inc. (Formerly 1332996 B.C. Ltd)

Notes to the Consolidated Financial Statements

For The Years Ended June 30, 2023, and 2022

(Expressed in United States dollars unless otherwise specified)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Critical accounting judgements, estimates and assumptions(continued)

Significant accounting policies

- **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

- **Revenue and Cost of Sales**

The Company generates revenue from providing cyber security managed services to customers. Revenues from services are invoiced and recognized as milestones are completed as outlined in the contract terms. The Company records deferred revenue for cash payments received from customers in advance of when revenue recognition criteria are met.

The Company considers IFRS 5-step revenue recognition framework when assessing appropriate revenue recognition as follows:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company's cost of sales for services includes directly attributable costs in providing those services, including hardware costs, cost of service providers, and other.

- **Equipment**

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation is provided on a straight-line basis over the estimated useful lives of the equipment or lease term.

- Computer and office equipment 36 months

- **Share capital**

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Integrated Cyber Solutions, Inc. (Formerly 1332996 B.C. Ltd)

Notes to the Consolidated Financial Statements

For The Years Ended June 30, 2023, and 2022

(Expressed in United States dollars unless otherwise specified)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

- **Earnings (loss) per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. Contingently issuable shares are not considered outstanding common shares and consequently are not included in loss per share calculations.

- **Financial instruments**

Financial assets

- **Classification and measurement**

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument by-instrument basis) to designate them as at FVTOCI.

Financial assets at FVTOCI – Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost – Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Integrated Cyber Solutions, Inc. (Formerly 1332996 B.C. Ltd)

Notes to the Consolidated Financial Statements

For The Years Ended June 30, 2023, and 2022

(Expressed in United States dollars unless otherwise specified)

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PRESENTATION (CONTINUED)

- **Financial instruments (continued)**

- **Impairment of financial assets at amortized cost**

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured 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 loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

- **Derecognition of financial assets**

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities

- **Classification and measurement**

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss (FVTPL) – This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities – This category consists of liabilities carried at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Integrated Cyber Solutions, Inc. (Formerly 1332996 B.C. Ltd)

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(Expressed in United States dollars unless otherwise specified)

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PRESENTATION (CONTINUED)

- **Foreign currency translation**

Foreign currency transactions

Foreign currency transactions are translated into US dollar using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

On translation of entities with functional currencies other than the US dollar, consolidated statement of loss and comprehensive items are translated at average rates of exchange where this is a reasonable approximation of the exchange rate at the dates of the transactions. Consolidated statement of financial position items are translated at closing exchange rates as at the reporting date. Exchange differences on the translation of the foreign currency entities at closing rates, together with differences between consolidated statement of loss and comprehensive loss translated at average and closing rates, are recorded in the foreign currency translation reserve within accumulated other comprehensive loss in equity.

- **Income taxes**

Income tax on the profit or loss for the years 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 in equity.

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

Deferred tax is recognized on 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 or 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 financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2023. The Company does not expect that any new or amended standards or interpretations that are effective for annual periods beginning on or after January 1, 2023 will have a significant impact on the Company's results of operations or financial position.

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3. REVERSE TAKEOVER

On May 12, 2023 (“Acquisition Closing Date”), the Company completed a reverse takeover (the “Reverse Takeover”) with Integrated Cyber Solutions, LLC, a company organized under the Limited Liability Company Act of the State of Connecticut, on November 8, 2016. Pursuant to the Reverse Takeover, the Company changed its name to Integrated Cyber Solutions, Inc. Following the completion of the Reverse Takeover, Integrated Cyber Solutions LLC became a wholly owned subsidiary of the Company. As consideration for the Reverse Takeover, the Company issued to the Integrated Cyber Solutions LLC members an aggregate of 32,280,000 common shares (the “Compensation Shares”).

As a result of the Reverse Takeover, the former members of Integrated Cyber Solutions LLC acquired control of the Company. Integrated Cyber Solutions LLC was deemed as the acquirer for accounting purposes, and therefore its assets, liabilities and operations are included in the consolidated financial statements at their historical carrying value. The Company’s results of operations are those of Integrated Cyber Solutions LLC with the Company’s operations being included from May 12, 2023, the closing date of the Reverse Takeover, onwards.

At the time of the Reverse Takeover, the Company did not meet the definition of a business as defined under IFRS 3 “Business Combinations”. Hence, the qualifying transaction was accounted for as an asset acquisition in accordance with IFRS 2, “Share-Based Payment”.

Pursuant to the Purchase Agreement, the 32,280,000 common shares issued to the Integrated Cyber Solutions LLC members, will be subject to contractual escrow as follows:

- 25% of the Compensation Shares will be released on the twelve-month anniversary of the Acquisition Closing Date;
- 25% of the Compensation Shares will be released on the eighteen-month anniversary of the Acquisition Closing Date; and
- 50% of the Compensation Shares will be released on the twenty four-month anniversary of the Acquisition Closing Date.

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*(Expressed in United States dollars unless otherwise specified)***3. REVERSE TAKEOVER (CONTINUED)**

The fair value of the consideration issued to acquire the net assets of the Company is as follows:

	\$
24,215,676 common shares at a fair value of \$0.18 (CAD 0.25) per share	4,439,333
Fair value of replacement options	60,389
Fair value of replacement warrants	1,207,391
Transaction costs	84,941
Total Consideration	5,792,054
Net assets (liabilities) acquired:	
Cash and cash equivalents	4,195
Accounts receivable	6,522
Loan receivable (intercompany)	151,592
Accounts payable	(182,840)
Loan payable	(80,204)
	(100,735)
Listing expense	5,892,789
	5,792,054

The fair value of the 24,215,676 common shares was determined to be \$0.18 (CAD 0.25) per share pursuant to the most recent financing completed prior to the closing of the Reverse Takeover transaction.

Refer to Note 7 for the valuation of replacement options and warrants.

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*(Expressed in United States dollars unless otherwise specified)***4. EQUIPMENT**

	Computer and Office Equipment
	\$
Cost	
As at June 30, 2021	40,667
Write-off	(9,777)
As at June 30, 2022 and 2023	30,890
Depreciation	
As at June 30, 2021	(16,201)
Charged for the year	(5,547)
Write-off	631
As at June 30, 2022	(21,117)
Charged for the year	(708)
Write-off	-
As at June 30, 2023	(21,825)
Net book value	
As at June 30, 2022	9,773
As at June 30, 2023	9,065

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2023	June 30, 2022
	\$	\$
Accounts payable	259,269	42,024
Accrued liabilities	89,906	8,400
	349,175	50,424

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6. LOANS PAYABLE

	June 30, 2023	June 30, 2022
	\$	\$
Loan payable to an arm's length party. This loan is non-interest bearing, with terms of repayment as follows: <ul style="list-style-type: none"> • Payable in 24 equal monthly installments of \$4,167, commencing 60 days after the close of the Reverse Takeover. As at June 30, 2023, no amounts have been repaid against this loan, with \$50,004 recorded as current, and the remaining \$49,996 classified as non-current. As at June 30, 2022, the entire amount was non-current.	100,000	100,000
Loan payable to a former member of Integrated Cyber Solutions, LLC. Prior to the closing of the Reverse Takeover, this amount was written off against the member's contributions. (Note 8)	-	8,406
During the year ended June 30, 2023, the Company incurred marketing expenses valued at \$70,000 from a related party. The amounts owing were converted into a non-interest-bearing loan, with a maturity date of December 31, 2024. (Note 8)	70,000	-
Loan payable to a related party, in the amount of \$80,000. This loan accrues interest at 10% per annum, compounding monthly. The principal, plus accrued interest, is due December 31, 2024 (the "Maturity Date"). As at June 30, 2023, accrued interest amounts to \$10,605. (Note 8). On the Maturity date, if the loan is not repaid, the Company may convert this loan, at its own discretion, into units of the Company at a price of CAD\$0.25 per Unit. Each Unit will consist of one common share, and one common share purchase warrant. Each warrant will be exercisable at a price of \$0.50 for a period of 24 months.	90,605	-
On March 31, 2022, Integrated Cyber Solutions, LLC entered into an agreement with the Company for a loan in the amount of \$100,000. The loan is interest free until its maturity date of December 31, 2022, after which point it accrues interest rate of 10% per annum. This loan was eliminated upon consolidation in conjunction with the Reverse Takeover. (Note 8).	-	100,000
	260,605	208,406
Less: Current portion of loans payable	(50,004)	(108,406)
Loans payable – non-current	210,601	100,000

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7. SHAREHOLDERS' EQUITY (DEFICIENCY)

Authorized share capital

As at June 30, 2023, the authorized share capital of the Company consists of an unlimited number of common and preferred shares without par value.

Issued share capital

As at June 30, 2023, the Company had 56,495,676 outstanding common shares and no preferred shares outstanding.

Share capital transactions

Prior to the Reverse Takeover, the Company had 23,450,000 common shares issued and outstanding. Integrated Cyber Solutions LLC had no common shares issued or outstanding, only members equity (deficit) resulting from member contributions, distributions, and profit and loss.

Immediately proceeding the Reverse Takeover, the following transactions closed:

- 485,676 Special Warrants, valued at \$0.18(CAD\$0.25), were converted into one common share and one warrant of the Company.
- 280,000 Units of the Company were issued at \$0.18(CAD \$0.25) per unit for gross proceeds of \$50,400. Each Unit consisted of one common share and one half warrant. The warrants were valued at \$Nil, using the residual value method.

Following these transactions the Company had a total of 24,215,676 common shares outstanding. In connection with the Reverse Takeover, 32,280,000 common shares of the Company were issued to acquire all of the members equity of Integrated Cyber Solutions LLC. Refer to Note 3 for the accounting methodology applied to the Reverse Takeover.

Stock Options

Integrated Cyber Solutions LLC had no options issued or outstanding prior to the Reverse Takeover.

On May 23, 2022, the Company adopted a stock option plan (the "Stock Option Plan") whereby it can grant incentive stock options to directors, officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Stock Option Plan is limited to 10% of the issued and outstanding common shares of the Company at any time. The vesting period for all options is at the discretion of the Board of Directors. The exercise price will be set by the Board of Directors at the time of grant and cannot be lower than the exercise price permitted by the Canadian Securities Exchange.

Integrated Cyber Solutions, Inc. (Formerly 1332996 B.C. Ltd)

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*(Expressed in United States dollars unless otherwise specified)***7. SHAREHOLDERS' EQUITY (DEFICIENCY) (CONTINUED)****Stock options (continued)**

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

	Number of Options	Weighted Average Exercise Price
Balance on June 30, 2021	-	\$ -
Granted	200,000	\$CAD 0.30
Balance, June 30, 2022	200,000	\$CAD 0.30
Granted	250,000	\$CAD 0.30
Balance, June 30, 2023	450,000	\$CAD 0.30

As at June 30, 2023, outstanding options were as follows:

Grant Date	Number of options outstanding	Number of options exercisable	Exercise Price	Expiry date	Remaining contractual life (years)
June 6, 2022	200,000	200,000	\$CAD 0.30	June 6, 2027	3.94
July 1, 2022	250,000	-	\$CAD 0.30	July 1, 2027	4.01
Total	450,000	200,000	\$CAD00.30		3.98

Upon completion of the Reverse Takeover, stock options previously issued by the Company were considered as compensation in the transaction, as "replacement options" in Note 3. The following weighted-average assumptions have been used for the Black-Scholes valuation for the replacement: share price - CAD\$0.25; risk-free interest rate - 3%; expected life - 5; expected volatility - 100% and expected dividends - nil.

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7. SHAREHOLDERS' EQUITY (DEFICIENCY) (CONTINUED)

Warrants

Integrated Cyber Solutions LLC had no warrants issued or outstanding prior to the Reverse Takeover.

The Company had 7,657,500 share purchase warrants and 485,676 Special Warrants issued and outstanding prior to the Reverse Takeover, with a weighted average exercise price of \$CAD 0.11.

In connection with the Reverse Takeover the following transactions closed related to warrants:

- 485,676 Special Warrants converted into common shares and warrants for no additional proceeds;
- 140,000 warrants were issued attached to Units, with an expiry date of May 9, 2028, and an exercise price of \$CAD 0.25.
- 3,144,632 warrants were issued pursuant to an advisory agreement upon successful completion of a public listing (Note 9). These warrants have an expiry date of April 20, 2025 and an exercise price of \$CAD 0.10.

The changes in warrants during the years ended June 30, 2023 and 2022 are as follows:

	Number outstanding	Weighted average exercise price (\$CAD)
Balance, June 30, 2021	-	-
Granted	7,657,500	0.10
Balance, June 30, 2022	7,657,500	0.10
Granted	3,770,308	0.13
Balance, June 30, 2023	11,427,808	0.11

Upon completion of the Reverse Takeover, warrants previously issued by the Company were considered as compensation in the transaction, as "replacement warrants" in Note 3. The following weighted-average assumptions have been used for the Black-Scholes valuation for the replacement: share price - CAD\$0.25; risk-free interest rate - 3%; expected life - 3.9 years, expected volatility - 100% and expected dividends - nil.

As at June 30, 2023, outstanding warrants were as follows:

Number of warrants outstanding	Exercise Price	Expiry date	Remaining contractual life (years)
4,802,132	\$CAD0.10	April 20, 2025	1.81
485,676	\$CAD0.30	October 6, 2025	2.27
6,000,000	\$CAD 0.10	December 14, 2026	3.46
140,000	\$CAD 0.25	October 6, 2028	5.27
11,427,808	\$CAD 0.11		2.74

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8. RELATED PARTIES

Key management personnel

Key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include the members of the Board of Directors and executive officers of the Company. Key management did not receive any compensation for the years ended June 30, 2023 and 2022.

During the year ended June 30, 2023, the Company incurred marketing fees of \$70,000 (2022 - \$Nil) from a company controlled by two significant shareholders. As at June 30, 2023, this amount is owing to the related party, in the form of a loan as discussed in Note 6.

As at June 30, 2023, the Company also had a loan payable, with accrued interest of \$90,605 (2022 - \$80,000) to another significant shareholder, with terms also discussed in Note 6.

As at June 30, 2022, the Company had a loan payable of \$8,406 to a member of Integrated Cyber Solutions, LLC. This amount was written off against the member's contribution prior to the Reverse Takeover. (Note 6).

As at June 30, 2022, the Company had a loan payable with Integrated Cyber Solutions, LLC in the amount of \$100,000. The loan was interest free until its maturity date of December 31, 2022, after which point it accrues interest rate of 10% per annum. This loan was eliminated upon consolidation in conjunction with the Reverse Takeover. (Note 6).

9. COMMITMENTS AND CONTINGENCIES

Commitments

Prior to the Reverse Takeover, on April 15, 2022 the Company and Alke Capital Limited ("Alke") entered into the investment and advisory agreement (the "Alke Agreement"). Pursuant to the Alke Agreement, Alke will (a) provide certain advisory services to the Company, ("Alke Advisory Services"), and (b) make available to the Company a non-revolving equity drawdown facility in the aggregate amount of up to \$5,000,000 (the "Funding Commitment").

The Funding Commitment is for an aggregate amount of \$5,000,000 and a term of three years. In addition, the Company may use the Funding Commitment as security, with the consent of Alke, to secure additional financing avenues if it so chooses. Upon listing of its common shares on the Canadian Stock Exchange (the "Listing") and under the terms of the Alke Agreement, the Company can immediately start drawing down funds from the \$5,000,000 Funding Commitment during the three-year term at the Company's discretion by providing a notice to Alke (an "Alke Drawdown Notice"). No funds have been withdrawn under the Funding Commitment as of June 30, 2023.

As an additional provision of the Alke Agreement, in the event that the Shares of the Company become listed for trading on a recognized stock exchange in North America then the Company will issue a pre-determined additional amount of warrants to Alke immediately following listing ("Top-Up Warrants"). The Top-Up Warrants were issued upon completion of the listing (Notes 7 and 14)

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9. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingencies

At times there may be claims and legal proceedings generally incidental to the normal course of business that are pending or threatened against the Company. Although the Company cannot predict the outcome of these matters when they arise, in the opinion of management, any liability arising from them will not have a material adverse effect on the balance sheet, result of operations, or liquidity of the Company. At June 30, 2023 and 2022, there were no claims or legal proceedings.

10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding in order to safeguard the Company's ability to continue as a going concern, fund its planned activities and commitments and retain financial flexibility to respond to unforeseen future events and circumstances. The Company manages and makes adjustments to its capital structure based on the level of funds on hand and anticipated future expenditures. In order to maintain or adjust the capital structure, the Company has, when required, raised additional capital from shareholders. The Company has not paid dividends, nor returned capital to shareholders to date. The Company considers items included in shareholders' equity as capital.

The Company is not subject to externally imposed capital requirements as at June 30, 2023 and the Company's overall strategy with respect to capital risk management remains unchanged.

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*(Expressed in United States dollars unless otherwise specified)***11. FINANCIAL INSTRUMENTS****Fair value**

The fair values of financial assets and liabilities, together with their carrying amounts, are presented by class in the following table:

	June 30, 2023	FVTPL \$	Amortized cost \$	FVTOCI \$
ASSETS				
Cash and cash equivalents	11,432	-	11,432	-
Accounts receivable	22,840	-	22,840	-
LIABILITIES				
Accounts payable	259,269	-	259,269	-
Loans payable - current	50,004	-	50,004	-
Long Term liabilities	210,601	-	210,601	-
	June 30, 2022	FVTPL \$	Amortized cost \$	FVTOCI \$
ASSETS				
Cash and cash equivalents	88,798	-	88,798	-
Accounts Receivable	47,952	-	47,952	-
LIABILITIES				
Accounts payable	42,024	-	42,024	-
Loan payable - current	108,406	-	108,406	-
Long Term liabilities	100,000	-	100,000	-

The Company's short-term financial instruments approximate their fair values due to their short terms to maturity. The Company's long-term financial liabilities approximate their fair values due to their market interest rates.

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Unobservable (supported by little or no market activity) prices.

The Company does not have any financial instrument carried at fair value.

The recorded amounts of financial instruments approximate their respective fair values due to either their short-term nature or market interest rate for long term debt.

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11. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The significant market risks to which the Company is exposed are currency risk and interest rate risk.

Currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations affect the costs that the Company incurs in its operations. The Company is exposed to minimal currency risk arising from transactions in Canadian dollars which would not have a material impact on the financial statements due to normal fluctuations against the United States Dollar.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any financial instruments with variable rates of interest and is therefore not exposed to interest rate risk.

Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk is attributable to its cash and accounts receivable before considering allowance for doubtful accounts. The Company limits the exposure to credit risk by only storing its cash with high-credit quality financial institutions and assessing customers credit worthiness prior to entering into contracts. Management believes that the credit risk is acceptably low.

As at June 30, 2023 and 2022 the Company had accounts receivable and allowance for doubtful accounts as follows:

	June 30, 2023	June 30, 2022
	\$	\$
Accounts receivable	159,840	184,952
Allowance for doubtful accounts	(137,000)	(137,000)
Accounts receivable, net of allowance	22,840	47,952

During the year ended June 30, 2023 the Company recognized \$Nil in bad debt expense (2022 - \$137,000).

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11. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

As at June 30, 2023, the Company had cash and cash equivalents of \$11,432 and current liabilities of \$399,179. At June 30, 2023, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings (Note 1 "Going concern"). The Company is exposed to liquidity risk. The Company's long term debt of \$210,601 (including accrued interest) is due December 31, 2024.

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	June 30, 2023	June 30, 2022
	\$	\$
Loss for the year	(6,232,026)	(142,525)
Expected income tax recovery (27%)	(1,682,647)	(38,482)
Income taxed at members' hands	46,647	38,482
Non-capital losses from Reverse Takeover	(143,000)	-
Permanent difference	1,593,000	-
Change in unrecognized deductible temporary differences	186,000	-
Total income tax expense (recovery)	-	-

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	June 30, 2023	June 30, 2022
	\$	\$
Deferred Tax Assets (liabilities)		
Non-capital losses available for future period	180,000	-
Equipment	6,000	-
Unrecognized deferred tax assets	186,000	-
Unrecognized deferred tax assets	(186,000)	-
Net deferred tax assets	-	-

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12. INCOME TAXES (CONTINUED)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	June 30, 2023 \$	Expiry Range	June 30, 2022 \$	Expiry Range
Temporary Differences				
Non-capital losses available for future period in Canada	638,000	2041-2043	-	N/A
Non-capital losses available for future period in the United States of America	29,000	No expiry	-	N/A
Equipment	22,000	No expiry	-	N/A

Tax attributes are subject to review, and potential adjustment, by tax authorities.

13. SEGMENTED INFORMATION

The Company operates as a single segment, being the provision of cybersecurity managed services in the United States of America ("USA"). All long-lived assets are located in the USA.

14. SUBSEQUENT EVENTS

On October 6, 2023, the Company completed its initial public offering of 5,000,000 Units at CAD\$0.25 per Unit. Each Unit consisted of one common share of the Company, and one share purchase warrant. Each warrant is exercisable into one common share of the Company, at an exercise price of CAD\$0.50 for 24 months. In connection with this financing, 256,500 agent warrants were issued, with an exercise price of CAD\$0.50 for 24 months. In addition, 425,000 Top-Up Warrants were issued to Alke in conjunction with their agreement (Note 9).

The Company's shares began trading on the Canadian Securities Exchange ("CSE") on October 10, 2023, under the symbol ICS.