

DEPARTURE BAY CAPITAL CORP.

(A Capital Pool Company)

Condensed Interim Financial Statements

For the nine months ended November 30, 2024

(Expressed in Canadian dollars - Unaudited)

DEPARTURE BAY CAPITAL CORP.**(A Capital Pool Company)**Condensed Interim Statements of financial position
(Expressed in Canadian dollars)

	November 30, 2024 (unaudited)	February 28, 2024 (audited)
	\$	\$
Assets		
Current assets		
Cash	94,340	149,595
Short-term loan (Note 4)	25,000	-
Total assets	119,340	149,595
Liabilities and shareholders' equity		
Current liability		
Accounts payable and accrued liabilities	16,723	16,308
Shareholders' equity		
Share capital (Note 5)	257,100	257,100
Reserves (Note 5)	48,455	48,455
Deficit	(202,938)	(172,268)
Total shareholders' equity	102,617	133,287
Total liabilities and shareholders' equity	119,340	149,595

Nature of operations and going concern (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on January 29, 2025 by:

/s/ Trevor Treweeke

Director

/s/ Paul Andreola

Director

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

DEPARTURE BAY CAPITAL CORP.**(A Capital Pool Company)**

Condensed Interim Statements of net and comprehensive loss

(Expressed in Canadian dollars - Unaudited)

	For the three months ended November 30, 2024	For the three months ended November 30, 2023	For the nine months ended November 30, 2024	For the nine months ended November 30, 2023
	\$	\$	\$	\$
Expenses				
Bank charges	138	442	449	914
Office and administrative charges	1,275	-	1,275	-
Legal fees	8,898	901	8,898	4,866
Accounting and audit fees	7,625	4,286	14,988	9,661
Regulatory and filing	2,240	1,199	5,060	6,034
Net and comprehensive loss for the period	(20,176)	(6,828)	(30,670)	(21,475)
Net loss per share, basic and diluted	(0.01)	(0.00)	(0.02)	(0.01)
Weighted average number of shares outstanding, basic and diluted	2,000,000	2,000,000	2,000,000	2,000,000

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DEPARTURE BAY CAPITAL CORP.**(A Capital Pool Company)**

Condensed Interim Statements of changes in shareholders' equity

(Expressed in Canadian dollars - Unaudited)

	<u>Share capital</u>					
	Number of shares	Amount	Subscription Receivable	Reserves	Deficit	Total shareholders' equity
		\$	\$	\$	\$	\$
Balance, February 28, 2023	4,500,000	257,100	-	48,455	(128,473)	177,082
Net loss for the period	-	-	-	-	(21,475)	(21,475)
Balance, November 30, 2023	4,500,000	257,100	-	48,455	(149,948)	155,607
Balance, February 29, 2024	4,500,000	257,100	-	48,455	(172,268)	133,287
Net loss for the period	-	-	-	-	(30,670)	(30,670)
Balance, November 30, 2024	4,500,000	257,100	-	48,455	(202,938)	102,617

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DEPARTURE BAY CAPITAL CORP.**(A Capital Pool Company)**

Condensed Interim Statements of cash flows

(Expressed in Canadian dollars - Unaudited)

	For the nine months ended November 30, 2024	For the nine months ended November 30, 2023
	\$	\$
Operating activities		
Net loss for the period	(30,670)	(21,475)
Adjustment for non-cash working capital:		
Accounts payable and accrued liabilities	415	(12,015)
Net cash used in operating activities	(30,255)	(33,490)
Investing activities		
Short-term loan	(25,000)	-
Change in cash	(55,255)	(33,490)
Cash – beginning of period	149,595	193,418
Cash – end of period	94,340	159,928

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Notes to the condensed interim financial statements

For the nine months ended November 30, 2024

(Expressed in Canadian dollars - Unaudited)

1. NATURE OF OPERATIONS

Departure Bay Capital Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 16, 2022. The Company is classified as a Capital Pool Company as defined in the TSX Venture Exchange (the “Exchange”) Policy 2.4. The principal business of the Company is the identification and evaluation of a Qualifying Transaction (“QT”) and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. On October 26, 2022, the Company completed its initial public offering (“IPO”) and the common shares of the Company were listed on the Exchange under the symbol “DBC.P”. The common shares of the Company began trading on the Exchange on October 28, 2022.

The head office, principal address and registered office of the Company are located at Suite 228 – 1122 Mainland Street, Vancouver, B.C. V6B 5L1, Canada.

There is no assurance that the Company will identify a QT and complete a transaction.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at November 30, 2024, the Company has not generated any revenues from operations and has an accumulated deficit of \$202,938 and there is no assurance that the Company will identify a QT under the policies of the Exchange. If a QT is not completed, the Company will need to identify other courses of financing to remain as a going concern. The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standards (“IAS”) 34, ‘*Interim Financial Reporting*’ using accounting policies consistent with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Basis of Preparation

The financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currency. The financial statements are prepared on a historical cost basis except for financial instruments held at fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

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Notes to the condensed interim financial statements

For the nine months ended November 30, 2024

(Expressed in Canadian dollars - Unaudited)

2. BASIS OF PRESENTATION (continued)

Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

There have been no significant judgments made by management in the application of IFRS other than the going concern assumption (note 1) that have a significant effect on these financial statements.

3. MATERIAL ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with IFRS within the framework of the material accounting policies described below:

Financial Instruments

Cash, short-term loan and accounts payable and accrued liabilities are classified as measured at amortized cost, initially recognized as fair value net of transaction costs, subsequently measured at amortized cost using the effective interest method.

Share capital and share issuance costs

The Company's common shares and any future offerings of share warrants and options are classified as equity instruments. Costs directly attributable to the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred share issuance costs. These costs are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to profit or loss if the shares are not issued.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. As the Company has reported losses for the periods presented, the effect of stock options and warrants is antidilutive; therefore, basic loss per share equals diluted loss per share.

Once the common shares are placed in escrow, they are considered contingently issuable under IFRS until the Company completes its QT and will not be considered outstanding for purpose of the loss per share calculation.

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For the nine months ended November 30, 2024

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3. MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in reserves remains in the same account. The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

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

New standards issued but not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.

- Three defined categories for income and expenses - operating, investing and financing - to improve the structure of the income statement, and require all companies to provide new defined subtotals, including operating profit.
- Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement.
- Enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027. The Company will be evaluating the impact of this standard on its financial statements.

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Notes to the condensed interim financial statements

For the nine months ended November 30, 2024

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4. PROPOSED QUALIFYING TRANSACTION

On October 28, 2024, the Company entered into a binding letter of intent (“LOI”) with 9302204 Canada Inc. (“Cheelcare”) pursuant to which the Company proposes to acquire all of the issued and outstanding securities of Cheelcare in exchange for the issuance of securities of the Company, which will result in Cheelcare becoming a wholly-owned subsidiary of the Company (the “Cheelcare Transaction”). The Cheelcare Transaction will result in a reverse take-over of the Company where the existing shareholders of Cheelcare will own a majority of the outstanding common shares of the Company (the “Resulting Issuer”).

The closing of the Cheelcare Transaction is subject to a number of conditions including, but not limited to:

- Satisfactory due diligence review;
- Negotiating and entering into a definitive agreement incorporating the principal terms of the Cheelcare Transaction as described in the LOI;
- Shareholder approval by the Company and Cheelcare, if required;
- The Company completing a consolidation of its issued and outstanding common shares on the basis of three pre-consolidation common shares for each one post-consolidation common share;
- Cheelcare closing a private placement for gross proceeds of not less than \$2,500,000;
- Preparation and filing of documents as required to close the Cheelcare Transaction; and
- Obtaining all regulatory approvals.

In connection with the Cheelcare Transaction, on November 13, 2024, the Company loaned \$25,000 (“Bridge Loan 1”) to Cheelcare. The loan bears an interest rate of 8% compounded annually, is unsecured, and must be repaid with accrued interest within twenty business days after the date of the earlier of:

- the receipt of final approval of the TSXV of the Cheelcare Transaction; or
- the termination of the Cheelcare Transaction pursuant to the terms of the definitive agreement.

On December 13, 2024, the Company loaned a further \$50,000 to Cheelcare (“Bridge Loan 2”) pursuant to the Cheelcare Transaction. The loan bears an interest rate of 8% compounded annually, is secured against the assets of Cheelcare, and must be repaid with accrued interest within twenty business days after the date of the earlier of:

- the receipt of final approval of the TSXV of the Cheelcare Transaction; or
- the termination of the Cheelcare Transaction pursuant to the terms of the definitive agreement.

The principal portion of the loan and related accrued interest is repayable immediately if Cheelcare causes a default pursuant to Bridge Loan 2.

5. SHARE CAPITAL

Authorized share capital

Unlimited Class A Common Shares without par value; and
Unlimited Class B Preferred Shares without par value

Share issuances

There were no shares issued during the period ended November 30, 2024.

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Notes to the condensed interim financial statements

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5. SHARE CAPITAL (continued)

Escrowed Securities

Seed shares issued below the IPO price, shares acquired from treasury by non-arm's length parties to the CPC and CPC stock options and shares issued on exercise of stock options, which were granted before the IPO and at an exercise price less than the IPO price, are all subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 25% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 25% will be released on the dates 6, 12, and 18 months following the Initial Release. Shares acquired by the "Pro Group" as such term is defined in Exchange policies, at or above the IPO price and shares acquired by a "Control Person" as such term is defined in Exchange policies, in the secondary market are not subject to the CPC Escrow Agreement.

At November 30, 2024 and February 29, 2024, 2,500,000 common shares and 450,000 stock options are held in escrow.

Once the common shares are placed in escrow, they are considered contingently issuable under IFRS until the Company completes a QT and will not be considered outstanding for purpose of the loss per share calculation.

Options

The Company adopted a rolling stock option plan (the "Plan") to grant options to directors, senior officers, employees and consultants of the Company. The aggregate outstanding options are limited to 10% of the outstanding common shares, and the maximum term for options granted under the Plan is 10 years. The option exercise price under each option shall be not less than the Discounted Market Price as defined in the policies of the exchange on the Grant Date.

On October 26, 2022, the Company granted 450,000 stock options to officers and directors to purchase common shares in the Company at a price of \$0.10 per common share. As at November 30, 2024, these were the only options outstanding with a remaining life of 2.90 years (February 29, 2024 – 3.66 years).

Warrants

On October 26, 2022, the Company granted 200,000 share purchase warrants to finders to purchase common shares in the Company at a price of \$0.10 per common share. As at November 30, 2024, these were the only share purchase warrants outstanding with a remaining life of 2.90 years (February 29, 2024 – 3.66 years).

6. TRANSACTIONS WITH RELATED PARTIES

During the nine months ended November 30, 2024, there were no related party transactions.

As at November 30, 2024 and February 29, 2024, \$nil was payable to related parties.

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7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the identification and evaluation of a QT and continue as a going concern. The Company considers capital to be all accounts in equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Additional funds may be required to finance the Company's QT. The Company is not subject to any externally imposed capital requirements other than the expenditure restrictions applicable under Policy 2.4, which will apply following the completion of the IPO. These expenditure restrictions limit the Company's on-going expenditures to reasonable expenditures relating to the IPO, reasonable expenses relating to a proposed QT, assurance and audit fees, escrow agent and transfer agent fees, regulatory filing fees and a maximum of \$3,000 per month for other general and administrative costs. The Company's approach to capital management has not been changed from prior year.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash, short-term loan and accounts payable and accrued liabilities, approximate fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Liquidity Risk

As at November 30, 2024, the Company had accounts payable and accrued liabilities of \$16,723 due within 12 months and had cash of \$94,340 to meet its current obligations. Cash was held at a major Canadian financial institution at November 30, 2024. As a result, the Company has minimal liquidity risk.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with a major financial institution. The Company has exposure to credit risk in the amount of \$25,000 related to the short-term loan to Cheelcare.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings or financial instruments. The Company's activities have only been transacted in Canadian dollars since incorporation; in addition, the Company carries no interest-bearing debt. As such, the Company has minimal market risks facing it at present.