Harmony Acquisitions Corp.

Unaudited Financial Statements

For the three-months period ended September 30, 2024, and 2023

(In Canadian Dollars)

Notice of No Auditor Review of the Interim Financial Statements

The accompanying unaudited condensed interim financial statements of Harmony Acquisitions Corp. (the "Corporation") have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

Harmony Acquisitions Corp.
Unaudited Condensed Interim Statements of Financial Position
As at September 30, 2024 and June 30, 2024
(in Canadian Dollars)

		September 30, 2024	June 30, 2024
Assets			
Cash	$	**112,875**	117,953
	$	**112,875**	117,953
Liabilities			
Accounts payable and accrued liabilities	$	**16,335**	19,323
Shareholders' Equity			
Share capital, net of issuance costs (Note 4)		**325,031**	325,031
Options reserve (note 4)		**55,056**	55,056
Contributed surplus (note 4)		**10,446**	10,446
Accumulated deficit		**(293,993)**	(291,903)
		96,540	98,630
	$	**112,875**	117,953

Going concern (note 1)
Qualifying transaction (note 7)

Approved by the Board *<u>/s/Raymond Harari</u>* Director **(Signed)** *<u>/s/Mark Goldhar</u>* Director **(Signed)**

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

Harmony Acquisitions Corp.
Unaudited Condensed Interim Statements of Loss and Comprehensive Loss
For the three-months period ended September 30, 2024 and 2023
(in Canadian Dollars)

		For the three-months period ended September 30, 2024		For the three-months period ended September 30, 2023
Expenses				
Professional fees	**$**	**1,069**	$	5,055
Regulatory and filing fees		**553**		612
Banking fees		**468**		534
Net loss and comprehensive loss	**$**	**(2,090)**	$	(6,201)
Net loss per share (basic and diluted)	**$**	**(0.00)**	$	(0.00)
Weighted average number of shares outstanding (basic and diluted)		**6,201,301**		6,201,301

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

Harmony Acquisitions Corp.
Unaudited Condensed Interim Statements of Changes in Shareholders' Equity
For the three-months period ended September 30, 2024 and 2023
(in Canadian Dollars)

	Number of Shares	Share Capital	Options Reserve	Warrants Reserve	Contributed Surplus	Accumulated Deficit	Total
Balance, June 30, 2024	**6,200,301**	**$ 325,031**	**$ 55,056**	**$ -**	**$ 10,446**	**$ (291,903)**	**$ 98,630**
Net loss for the period	-	-	-	-	-	(2,090)	(2,090)
Balance, September 30, 2024	**6,201,301**	**$ 325,031**	**$ 55,056**	**$ -**	**$ 10,446**	**$ (293,993)**	**$ 96,540**

	Number of Shares	Share Capital	Options Reserve	Warrants Reserve	Contributed Surplus	Accumulated Deficit	Total
Balance, June 30, 2023	**6,200,301**	**$ 325,031**	**$ 55,056**	**$ 10,446**	**$ -**	**$ (237,468)**	**$ 153,065**
Net loss for the period	-	-	-	-	-	(6,201)	(6,201)
Balance, September 30, 2023	**6,201,301**	**$ 325,031**	**$ 55,056**	**$ 10,446**	**$ -**	**$ (243,669)**	**$ 146,864**

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

Harmony Acquisitions Corp.
Unaudited Condensed Interim Statements of Cash Flows
For the three-months period ended September 30, 2024 and 2023
(in Canadian Dollars)

	September 30, 2024	September 30, 2023
Cash flows from operating activities		
Net loss for the period	**$ (2,090)**	$ (6,201)
Items not affecting cash;		
Net changes in non-cash working capital		
Change in accounts payable & accrued liabilities	**(3,273)**	1,164
Net cash used in operating activities	**(5,363)**	(5,037)
Net change in cash	**(5,363)**	(5,037)
Cash, beginning of the period	**117,953**	177,369
Cash, end of the period	**$ 112,590**	$ 172,332

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

1. INCORPORATION AND NATURE OF BUSINESS

Harmony Acquisitions Corp. (the "Company") was incorporated on May 7, 2021, under the Business Corporations Act (British Columbia) with registered offices at Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, British Columbia, V6C 2B5. The Company intends to carry on business as a Capital Pool Company, as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The principal business of the Company is the identification and evaluation of assets or businesses with a view of completing a Qualifying Transaction ("QT"). The Company has not commenced commercial operations and has no assets other than cash. The Company's continuing operations are dependent upon its ability to identify, evaluate, and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arms' length transaction, of the majority of the disinterested shareholders.

On November 14, 2024, the Board of Directors approved the financial statements for the three-months period ended September 30, 2024 and 2023.

Going concern

These financial statements have been prepared on the basis that the Company will continue as a going concern. The Company has no current operations. The proposed business of the Company and the completion of a QT involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative, and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, as at September 30, 2024, the Company had incurred a net loss of $2,090 (June 30, 2024 – $54,435) and has an accumulated deficit of $293,993 (June 30, 2024 - $291,903). These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

These unaudited interim condensed financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the 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 unaudited condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities.

These unaudited condensed interim financial statements are presented in Canadian dollars, which is the Corporation’s functional and presentation currency. The accounting policies applied by the Corporation in these Unaudited Condensed Interim Financial Statements are the same as those applied by the Corporation in the audited financial statements for the period ended June 30, 2024.

Financial Instruments

Recognition

The Company recognizes financial assets and financial liabilities on the date of the Company becomes a party to the contractual provisions to the instruments.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company has implemented the following classifications:

Cash classified as assets at fair value and any period change in fair value is recorded in profit or loss.

Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

2. MATERIAL ACCOUNTING POLICY INFORMATION- continued

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss (FVTPL) are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts. Cash held in trust is a level 1 financial instrument measured at fair value on the statement of financial position.

Income Taxes

Income tax 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 or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2. MATERIAL ACCOUNTING POLICY INFORMATION - continued

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent that future recovery is probably. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probably that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Estimates

Provisions for 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 taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

The preparation of financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates used in the financial statements.

Warrants

The Company follows the relative fair value method with respect to the measurement of common shares and warrants issued as units. The proceeds from the issuance of units are allocated between share capital and warrants. The warrant component is recorded in warrant reserve. Unit proceeds are allocated to common shares and warrants using the Black-Scholes option pricing model and the share price at the time of financing. If and when the warrants are exercised, consideration paid by the warrant holder, together with the amount previously recognized in warrant reserve, is recorded as an increase to share capital. For any warrants that do not vest upon issuance, a forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of warrants that vest. Upon expiration of warrants, the amount applicable to expired warrants is moved to contributed surplus.

Share-based compensation

Equity-settled share-based payments for directors, officers, employees, and consultants are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. Share options are measured at the fair value of each tranche on the grant date and are recognized in their respective vesting period using the Company's expected forfeiture rate. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

(in Canadian Dollars)

3. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are not yet effective at September 30, 2024, and have not been applied in preparing these financial statements. Management has determined that none of these will have a significant effect on the financial statements of the Company.

4. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares.

As at September 30, 2024, the Company had 3,800,000 (September 30, 2023 – 3,800,000) common shares held in escrow.

Options

Options may be granted for a maximum term of ten years from the date of the grant. They are non-transferable and are exercisable as determined by the Directors when the option is granted. Options expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option.

On December 21, 2021, the Company granted 620,000 options to its directors and officers which are exercisable within ten years from the date of grant at an exercise price of $0.10 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, discount rate 0.28%, expected volatility of 100% and an expected life of ten years. The value attributed to these options was $55,056.

The following table reflects the actual stock options outstanding as at September 30, 2024:

Expiry Date	Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Stock Options Outstanding	Number of Stock Options Vested (Exercisable)
December 21, 2031	$0.10	7.23	620,000	620,000
	$0.10	7.23	620,000	620,000

The Company recognized share-based payment expense related to the issuance of options for the three-months period ended September 30, 2024, of $nil (September 30, 2023 - $nil).

Warrants

The continuity of the outstanding warrants is as follows:

	Number of warrants	Weighted Average Exercise Price ($)
Outstanding, June 30, 2023 and 2022	200,130	$0.10
Expired (i)	(200,130)	($0.10)
Outstanding, September 30, 2024 and June 30, 2024	**-**	**-**

4. SHARE CAPITAL – continued

(i) On December 21, 2021, the Company granted 200,130 warrants to the Agent (and other members of the syndicate), which are exercisable within two years from the closing of the IPO at an exercise price of $0.10 per share. These warrants were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, discount rate 0.28%, expected volatility of 100% and an expected life of two years. The value attributed to these warrants was $10,446. On December 21, 2023, the warrants expired unexercised and the estimated fair value of $10,446 was reclassified to contributed surplus.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company includes equity, comprising share capital, options reserve, warrants reserve, contributed surplus, and accumulated deficit.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners. The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to $3,000 per month may be used for reasonable general and administrative expenses of the Company. These restrictions apply until completion of a QT by the Company as defined under the policies of the Exchange Policy 2.4.

The Company's management of capital did not change during the three-months period ended September 30, 2024.

Risk Disclosures and Fair Values

The Company's financial instruments, consisting of cash and accrued liabilities approximate fair value due to the relatively short-term maturity 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.

6. RELATED PARTY TRANSACTIONS

Key management personnel are those who have authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. For the three-months period ended September 30, 2024, there were no fees paid to key management of the Company (September 30, 2023 - $nil).

7. QUALIFYING TRANSACTION

On May 21, 2024, the Company entered into a letter of intent with Doma BR S/A ("DOMA") regarding an arm's length Qualifying Transaction pursuant to which the Company would acquire all of the outstanding common shares of Doma by way of three-cornered amalgamation.