

AGEDB TECHNOLOGY LTD.
(formerly Adagio Capital Inc.)

Condensed Consolidated Interim Financial Statements

For The Three and Six Months Ended October 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

**MANAGEMENT'S COMMENTS ON
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of AGEDB Technology Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgments based on information currently available.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

AGEDB TECHNOLOGY LTD. (formerly Adagio Capital Inc.)**Condensed Consolidated Interim Statements of Financial Position**

As at October 31, 2024 and April 30, 2024

(Expressed in Canadian Dollars)

(Unaudited)

	Note	October 31, 2024	April 30, 2024
		(Restated – see Note 18)	
ASSETS			
Current assets			
Cash		\$ 38,229	\$ 1,519,925
Accounts receivable	7	-	3,959
Goods and services tax receivable	8	31,789	36,057
Net investment in sublease	9	24,913	-
Prepaid expenses		37,740	47,205
Deposits		11,522	11,522
Total current assets		144,193	1,618,668
Non-current assets			
Property and equipment	5	41,592	52,603
Right-of-use assets	9	25,700	89,694
Deposits		14,475	14,475
TOTAL ASSETS		\$ 225,960	\$ 1,775,440
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 188,902	\$ 54,242
Employee deductions payable		25,554	35,560
Deferred revenue	14	66,871	41,096
Current portion of lease liabilities	9	47,781	74,337
Total current liabilities		329,108	205,235
Non-current liabilities			
Long-term lease liabilities	9	6,970	17,003
TOTAL LIABILITIES		336,078	222,238
SHAREHOLDERS' EQUITY			
Share capital	10	8,755,850	8,755,850
Contributed surplus		13,302	13,302
Options reserve	10	571,371	336,513
Warrants reserve	10	270	270
Deficit		(9,450,911)	(7,552,733)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		(110,118)	1,553,202
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 225,960	\$ 1,775,440

Nature of Operations & Going Concern (Note 1)

APPROVED ON BEHALF OF THE BOARD ON APRIL 1, 2025

"Young Seung Ko" Director "Christopher Cherry" Director

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

AGEDB TECHNOLOGY LTD. (formerly Adagio Capital Inc.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three and six months ended October 31, 2024 and 2023
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Three months October 31, 2024 (Restated – see Note 18)	Three months October 31, 2023	Six months October 31, 2024 (Restated – see Note 18)	Six months October 31, 2023
REVENUES					
Professional service sales	14	\$ 64,000	\$ 896,255	\$ 169,096	\$ 1,104,474
Software license sales	14	86,222	-	218,129	-
		<u>150,222</u>	<u>896,255</u>	<u>387,225</u>	<u>1,104,474</u>
COST OF SALES					
	6, 15	-	(399,190)	-	(399,190)
		<u>150,222</u>	<u>497,065</u>	<u>387,225</u>	<u>705,284</u>
GROSS PROFIT					
EXPENSES					
Advertising and promotion		36,232	21,337	48,377	23,820
Depreciation	5, 9	8,364	16,171	21,283	31,922
Consulting fees	6	103,065	25,000	135,290	59,774
Insurance		1,314	587	2,628	1,180
Interest expense	9	1,210	1,142	2,702	2,447
Office		10,602	12,738	25,397	38,019
Professional fees	6	51,201	162,240	266,406	217,701
Regulatory & filing fees		4,036	-	7,056	-
Rental		46,065	27,065	99,126	60,393
Research and development expense	6	6,488	487,840	796,631	971,986
Salaries and wages	6	216,973	464,031	629,723	943,816
Share-based compensation	6, 10	117,429	58,722	234,858	58,722
Travel		7,834	36,037	30,509	50,402
		<u>610,813</u>	<u>1,312,910</u>	<u>2,299,986</u>	<u>2,460,182</u>
LOSS FROM OPERATIONS					
		<u>(460,591)</u>	<u>(815,845)</u>	<u>(1,912,761)</u>	<u>(1,754,898)</u>
OTHER INCOME (EXPENSES)					
Loss on disposal of property and equipment	5	(3,900)	-	(3,900)	(551)
Loss on sublease	9	-	-	(7,556)	-
Interest income	9	812	26,632	7,338	27,934
Gain (loss) on foreign exchange		(1,141)	(875)	18,701	(875)
		<u>(4,229)</u>	<u>25,757</u>	<u>14,583</u>	<u>26,508</u>
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD					
		<u>\$ (464,820)</u>	<u>\$ (790,088)</u>	<u>\$ (1,898,178)</u>	<u>\$ (1,728,390)</u>
BASIC AND DILUTED LOSS PER COMMON SHARE					
		<u>\$ (0.01)</u>	<u>\$ (0.08)</u>	<u>\$ (0.04)</u>	<u>\$ (0.19)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (BASIC & DILUTED)					
		<u>42,383,200</u>	<u>9,349,659</u>	<u>42,383,200</u>	<u>9,214,205</u>

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

AGEDB TECHNOLOGY LTD. (formerly Adagio Capital Inc.)**Condensed Consolidated Interim Statements of Changes in Equity**

For the six months ended October 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

	Number of shares	Share capital	Contributed surplus	Options reserve	Warrant reserve	Deficit	Total shareholders' equity
Balance, April 30, 2023	7,500,000	\$ 2,499,010	\$ 13,302	\$ -	\$ -	\$ (1,880,618)	\$ 631,694
Shares issued for cash	2,513,000	5,026,000	-	-	-	-	5,026,000
Share-based compensation	-	-	-	58,722	-	-	58,722
Loss for the period	-	-	-	-	-	(1,728,390)	(1,728,390)
Balance, October 31, 2023	10,013,000	\$ 7,525,010	\$ 13,302	\$ 58,722	\$ -	\$ (3,609,008)	\$ 3,988,026
Transaction restructuring	(8,013,000)	-	-	-	-	-	-
Shares issued for reverse takeover	40,052,000	1,050,000	-	59,806	27,087	-	1,136,893
Advisor's shares issued for reverse takeover	100,000	50,000	-	-	-	-	50,000
Exercise of options	152,000	84,223	-	(46,223)	-	-	38,000
Exercise of warrants	79,200	46,617	-	-	(26,817)	-	19,800
Share-based compensation	-	-	-	264,208	-	-	264,208
Loss for the period	-	-	-	-	-	(3,943,725)	(3,943,725)
Balance, April 30, 2024	42,383,200	\$ 8,755,850	\$ 13,302	\$ 336,513	\$ 270	\$ (7,552,733)	\$ 1,553,202
Share-based compensation	-	-	-	234,858	-	-	234,858
Loss for the period	-	-	-	-	-	(1,898,178)	(1,898,178)
Balance, October 31, 2024 (Restated – see Note 18)	42,383,200	\$ 8,755,850	\$ 13,302	\$ 571,371	\$ 270	\$ (9,450,911)	\$ (110,118)

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

AGEDB TECHNOLOGY LTD. (formerly Adagio Capital Inc.)
Condensed Consolidated Interim Statements of Cash Flows
For the six months ended October 31, 2024 and 2023
(Expressed in Canadian Dollars)
(Unaudited)

	2024	2023
	(Restated – see Note 18)	
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the period	\$ (1,898,178)	\$ (1,728,390)
Items not involving cash:		
Depreciation	21,283	31,922
Interest expense	2,702	2,447
Interest income on sublease	(742)	–
Share-based compensation	234,858	58,722
Loss on disposal of property and equipment	3,900	551
Loss on sublease	7,556	–
Changes in non-cash operating working capital:		
Accounts receivable	3,959	39,176
Goods and services tax	4,268	(114,703)
Prepaid expenses and deposits	9,465	(162,307)
Trade payables and accrued liabilities	134,660	(333,398)
Deferred revenue	25,775	539,726
Employee deductions payable	(10,006)	3,828
Net cash used in operating activities	(1,460,500)	(1,662,426)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Acquisition of equipment	–	(30,711)
Receipt of sublease payments	18,095	132
Net cash provided by (used in) investing activities	18,095	(30,579)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from issuance of shares	–	5,026,000
Lease payments	(39,291)	(28,616)
Net cash provided by (used in) financing activities	(39,291)	4,997,384
Change in cash during the period	(1,481,696)	3,304,379
Cash, beginning of period	1,519,925	751,422
Cash, end of period	\$ 38,229	\$ 4,055,801
Supplemental disclosure with respect to cash flows:		
Interest paid	\$ –	\$ –
Income taxes paid	\$ –	\$ –

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

1. NATURE OF OPERATIONS & GOING CONCERN

AGEDB Technology Ltd. (formerly Adagio Capital Inc.) (the “Company”) was incorporated on March 25, 2021 under the laws of the Province of British Columbia. On December 21, 2022, the Company completed its Initial Public Offering (“IPO”) and its common shares were listed on the TSX-Venture Exchange (“TSX-V”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the TSX-V Corporate Finance Manual.

On March 13, 2024, the Company closed its qualifying transaction (“QT”) with Advanced Graph Enterprise Database Inc. (“Former Advanced Graph”) by way of a reverse takeover in accordance with the policies of the TSX-V. For accounting purposes, it has been determined that the Company was the accounting acquiree and Former Advanced Graph was the accounting acquirer since the shareholders of Former Advanced Graph took control over AGEDB Technology Ltd. after the QT, based on the guidance of IFRS 3, Business Combinations, to identify the accounting acquirer. These amended and restated consolidated financial statements are prepared as a continuation of the financial statements of Former Advanced Graph, except with regard to authorized and issued share capital, which is that of AGEDB Technology Ltd. (Note 4).

On March 13, 2024, the Company changed its name from Adagio Capital Inc. to AGEDB Technology Ltd.

The Company’s registered office and principal place of business is Suite 700 – 838 W Hastings Street, Vancouver, BC V6C 0A6. The Company is currently focused on the development of software and solutions for graph database management systems.

The Company’s amended and restated condensed consolidated interim financial statements as of October 31, 2024, and for the period then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company had a net loss of \$1,898,178 for the six months ended October 31, 2024 (2023 – \$1,728,390), an accumulated deficit of \$9,450,911 as of October 31, 2024 (April 30, 2024 – \$7,552,733) and had a working capital deficit of \$184,915 as of October 31, 2024 (April 30, 2024 – working capital of \$1,413,433).

The continued sustainability of the Company as a going concern is tied to the successful development of its technologies to a commercial standard. The Company actively seeks out additional financing sources to ensure the continuity of its operations and research programs. Furthermore, the Company is strategically planning to raise capital and issue shares to investors, enabling them to be traded on a stock exchange. This approach aims to enhance the long-term financial stability of the Company, attract investor participation, and foster increased market liquidity.

The attainment of these objectives is subject to uncertainties, and there can be no guarantee of the Company's success in achieving them. These circumstances comprise a material uncertainty which may cast significant doubt as to the ability of the Company to continue as a going concern. The amended and restated consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

Statement of Compliance

These amended and restated condensed consolidated interim financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The principal accounting policies applied in the preparation of these amended and restated condensed consolidated interim financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

The amended and restated condensed consolidated interim financial statements have been authorized by the Company’s Board of Directors on April 1, 2025.

Basis of Measurement

The amended and restated condensed consolidated interim financial statements have been prepared based on the historical cost basis, with the exception of financial instruments measured at fair value. Moreover, these statements have been prepared using the accrual basis of accounting, with the exception of cash flow information. Items included in the amended and restated condensed consolidated interim financial statements of the Company and its subsidiary are measured using the currency of the primary economic environment in which it operates (the “functional currency”). The functional currency of the Company and its subsidiary is the Canadian dollar. These amended and restated condensed consolidated interim financial statements are presented in Canadian dollars.

Principles of Consolidation

The amended and restated condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, Advanced Graph Enterprise Database Inc. (“AmalCo”) (Note 4).

Name of subsidiary	Place of incorporation	Ownership interest
Advanced Graph Enterprise Database Inc.	BC Canada	100%

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the amended and restated condensed consolidated interim financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances and unrealized gains or losses with the subsidiaries are eliminated. The financial statements of the subsidiary is prepared using consistent accounting policies with that of the Company.

Critical accounting estimates and judgments

The preparation of these amended and restated condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates and assumptions that can have a significant effect on the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgments are significant when:

- the outcome is highly uncertain at the time the estimates are made; or
- different estimates or judgments could reasonably have been used that would have had a material impact on the financial statements.

The financial statements include estimates based on currently available information and management’s judgment as to the outcome of future conditions and circumstances. Management uses historical experience, general economic conditions and trends, and assumptions regarding probable future outcomes as the basis for determining estimates.

Estimates and their underlying assumptions are reviewed on a regular basis and the effects of any changes are recognized immediately. Changes in the status of certain facts or circumstances could result in material changes to the estimates used in the preparation of the financial statements and actual results could differ from the estimates and assumptions.

Set forth below are descriptions of items that management believes require its most critical estimates and judgments.

Key sources of estimation uncertainty

Recoverability of receivables

The Company evaluates specific accounts where it has information that a customer may be unable to meet its financial obligations. In these cases, judgment is used based on the best available information to determine actual amounts that will be collected. The Company continually reviews and adjusts such amounts as better information becomes available.

Estimated useful lives of property and equipment

Depreciation of property and equipment is dependent upon estimates of useful lives and residual values which are determined through knowledge of the business and judgment. Residual values, useful, depreciation methods are reviewed annually for relevancy and changes are accounted for prospectively. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic conditions, market conditions and the useful lives of the assets.

Judgements

Going concern

The amended and restated condensed consolidated interim financial statements have been prepared on a 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 for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used.

Research versus development expenses

The accounting for research and development expenses differs with research expenses recognized in the consolidated statements of loss and comprehensive loss during the period incurred, whereas development expenses are recognized as an intangible asset in the consolidated statements of financial position when incurred. The Company's operations, from time to time, may include both research and development activities. Management has used judgement to determine whether activities should be recognized as research expenses or as an intangible asset for development expenses. To date, management has determined that its activities are research activities and has not incurred any expenses that would qualify as recognition as an intangible asset in the amended and restated condensed consolidated interim statements of financial position.

Income taxes

In assessing the probability of realizing deferred tax assets, management makes estimates related to the expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that the tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these amended and restated condensed consolidated interim financial statements are consistent with the accounting policies disclosed in note 3 of the audited consolidated financial statements for the year ended April 30, 2024. These amended and restated condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended April 30, 2024.

4. REVERSE TAKE-OVER

On March 13, 2024, the Company completed a "three cornered" amalgamation with Former Advanced Graph and 1441651 B.C. Ltd. ("NewCo"), a wholly-owned subsidiary of the former Adagio, created solely for the purpose of effecting the amalgamation (the "Transaction"). The Transaction was completed pursuant to the terms and conditions of an amalgamation agreement dated October 5, 2023, as amended on November 23, 2023 and January 17, 2024 among the Company, NewCo and Former Advanced Graph, pursuant to which the Company acquired all of the outstanding securities of Former Advanced Graph in exchange for securities of the Company by way of a "three-cornered" amalgamation whereby NewCo and Former Advanced Graph amalgamated to form a new amalgamated entity, named as Advanced Graph Enterprise Database Inc., and AmalCo became a wholly-owned subsidiary of the Company. The Transaction constituted the Company's qualifying transaction as defined in the policies of the TSX-V.

Immediately prior to the completion of the Transaction (the "Closing"), the former Adagio consolidated its outstanding common shares, options and warrants on the basis of one (1) post-consolidation common share, option or warrant for each 2.5 pre-consolidation common shares, options or warrants.

On Closing of the Transaction, all of the securities of Former Advanced Graph were exchanged for corresponding securities of the Company at the exchange ratio of four (4) post-consolidation securities of the Company for each one (1) security of Former Advanced Graph.

As described in Note 1, the Company acquired legal control of Former Advanced Graph, however as the shareholders of Former Advanced Graph gained voting control of AGEDB Technology Ltd. pursuant to the issuance of the Company's common shares to the shareholders of Former Advanced Graph, representing a significant majority interest, Former Advanced Graph is determined to be the accounting acquirer and, consequently, the transaction has been accounted for as a reverse acquisition of AGEDB Technology Ltd. by Former Advanced Graph. As AGEDB Technology Ltd. does not meet the definition of a business, the transaction is accounted for as a reverse acquisition of net assets, pursuant to IFRS 2, Share-based Payment.

On March 13, 2024, the reverse take-over was completed. The transaction resulted in an issuance of 40,052,000 common shares of the Company to Former Advanced Graph shareholders, an issuance of 186,667 stock options with an exercise price of \$0.25 to former Adagio option holders, and an issuance of 80,000 agent warrants with an exercise price of \$0.25 to former Adagio warrant holders. In connection with the reverse take-over, the Company also incurred cash transaction fees of \$535,108, inclusive of \$150,000 cash fee paid to an arm's length advisor, and issued 100,000 common shares of the Company to the advisor. Cash acquired from the reverse take-over was \$62,010, net of cash transaction fees, resulting in a net cash payment of \$473,098.

The acquisition date fair value of the consideration transferred by Former Advanced Graph for its interest in AGEDB Technology Ltd. of \$ 1,722,001 is determined based on the fair value of the equity interest Former Advanced Graph would have had to give the owners of the former Adagio, before the reverse acquisition, to provide the same percentage equity interest in the combined entity that results from the reverse acquisition.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the six months ended October 31, 2024 and 2023

The listing expense related to the reverse take-over was calculated as follows:

Fair value of common shares issued to Former Advanced Graph shareholders	\$1,050,000
Fair value of common shares issued to an advisor	50,000
Fair value of options deemed issued to former Adagio option holders	59,806
Fair value of agent warrants deemed issued to former Adagio warrant holders	27,087
Transaction costs	535,108
Total fair value of consideration	\$1,722,001
Fair value of assets acquired:	
Cash	62,010
Prepaid expenses	1,569
Acquisition date fair value of net assets acquired	63,579
Listing expense	\$1,658,422

The fair value of options deemed issued to former Adagio option holders was calculated as \$59,806 using the Black Scholes pricing model with the following assumptions.

Share price on grant date	\$0.50
Expected life (years)	1 - 3.78
Interest rate	3.56% - 4.56%
Volatility	100%
Dividend yield	0.00%

The fair value of agent warrants deemed issued to former Adagio warrant holders was calculated as \$27,087 using the Black Scholes pricing model with the following assumptions.

Share price on grant date	\$0.50
Expected life (years)	1.78
Interest rate	4.14%
Volatility	100%
Dividend yield	0.00%

5. PROPERTY AND EQUIPMENT

	Computer Equipment	Furniture	Equipment	Total
Cost				
Balance, April 30, 2023	\$20,444	\$6,997	\$3,944	\$31,385
Additions	26,820	3,962	4,378	35,160
Disposals	(747)	(358)	-	(1,105)
Balance, April 30, 2024	46,517	10,601	8,322	65,440
Disposals	(5,469)	-	-	(5,469)
Balance, October 31, 2024	\$41,048	\$10,601	\$8,322	\$59,971
Accumulated depreciation				
Balance, April 30, 2023	\$2,133	\$867	\$131	\$3,131
Depreciation	7,423	1,682	799	9,904
Disposals	(76)	(122)	-	(198)
Balance, April 30, 2024	9,480	2,427	930	12,837
Depreciation	5,554	766	791	7,111
Disposals	(1,569)	-	-	(1,569)
Balance, October 31, 2024	\$13,465	\$3,193	\$1,721	\$18,379
Carrying amounts				
As at April 30, 2024	\$37,037	\$8,174	\$7,392	\$52,603
As at October 31, 2024	\$27,583	\$7,408	\$6,601	\$41,592

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the six months ended October 31, 2024 and 2023

6. RELATED PARTY TRANSACTIONS

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company directly and indirectly. The Company has identified all of the directors and officers as its key management personnel. Compensation paid to key management personnel are as follows:

	October 31, 2024	October 31, 2023
Consulting fees(a)	\$30,000	\$30,000
Director fees(b)	27,000	-
Professional fees(c)	31,000	-
Salaries and wages(d)	39,195	-
Development fee(e)	796,631	971,986
Software licenses and professional services procurement(f)	-	399,190
Total related party transactions	\$923,826	\$1,401,176

- a) Paid or accrued consulting fees to the former Chief Executive Officer.
- b) Paid or accrued director fees to two directors.
- c) Paid or accrued professional fees to the former and current Chief Financial Officer and directors.
- d) Paid or accrued salaries and wages to the Chief Operation Officer.
- e) Obtained software development services from AGEDB America Inc., which company's Chief Executive Officer is also the Chairman of the Company, and Graphizer Inc., the shareholder of the Company.
- f) Procured software licenses and professional services required for undertaking a system implementation project from Bitnine Global, Inc. and Graphizer Inc., the shareholders of the Company.

As at October 31, 2024, the Company had a total of \$12,600 (April 30, 2024 - \$Nil) included in accounts payable and accrued liabilities payable to the current Chief Financial Officer of the Company.

As at October 31, 2024, the Company had a total of \$25,000 (April 30, 2024 - \$Nil) included in accounts payable and accrued liabilities payable to the former Chief Executive Officer of the Company.

As at October 31, 2024, the Company had a total of \$13,500 (April 30, 2024 - \$Nil) included in accounts payable and accrued liabilities payable to directors of the Company.

As at October 31, 2024, the Company had a total of \$Nil (April 30, 2024 - \$3,675) included in accounts payable and accrued liabilities payable to the former Chief Financial Officer of the Company.

The Company incurred stock-based compensation in the amount of \$208,763 (2023 - \$58,722) to officers and directors of the Company.

7. ACCOUNTS RECEIVABLE

	October 31, 2024	April 30, 2024
Trade receivable, net	\$-	\$-
Other receivables	-	3,959
Total	\$-	\$3,959

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the six months ended October 31, 2024 and 2023

During the fiscal period ended April 30, 2023, the Company entered a sales contract for software development services, encompassing project management, data engineering and science, web application development, as well as server system monitoring and maintenance. The remaining balance of \$3,959 as at April 30, 2024 was collected during the six months ended October 31, 2024.

8. GOODS AND SERVICE TAX

During the six months ended October 31, 2024, the Company collected GST on the sales of products and services as per the customer contracts. As of October 31, 2024, the outstanding net balance of GST was \$31,789 receivable (April 30, 2024 - \$36,057).

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Prior to the completion of the Transaction (Note 4), Former Advanced Graph entered into two new lease agreements for the Vancouver and Toronto office premises. The expected term of the Vancouver lease is from May 1, 2023 to April 30, 2025 and the expected term of the Toronto lease is from March 1, 2024 to February 28, 2026. Both leases were capitalized under the IFRS 16, and the lease payments were discounted using an incremental borrowing rate of 5% for the Vancouver lease and 10% for the Toronto lease, respectively.

On May 30, 2024, the Company entered into a sublease agreement related to the Company's Vancouver office premises. The period of the sublease is June 5, 2024 to April 30, 2025. The right-of-use asset related to the Vancouver office was derecognized and a net investment in sublease was set up resulting in a loss of \$7,556. During the six months ended October 31, 2024, the Company recognized income from the sublease of \$742 (2023 - \$Nil).

(a) Right-of-use assets

	October 31, 2024	April 30, 2024
Balance, beginning of period	\$89,694	\$-
Additions	-	147,268
Derecognition	(49,822)	-
Amortization	(14,172)	(57,574)
Balance, end of period	\$25,700	\$89,694

(b) Lease liabilities

	October 31, 2024	April 30, 2024
Balance, beginning of period	\$91,340	\$-
Additions	-	147,268
Interest	2,702	4,862
Lease payments	(39,291)	(60,790)
Balance, end of period	54,751	91,340
Current portion	47,781	74,337
Non-current portion	\$6,970	\$17,003

(c) Net investment in sublease

	October 31, 2024	April 30, 2024
Balance, beginning of period	\$-	\$-
Additions	42,266	-
Interest	742	-
Lease payments received	(18,095)	-
Balance, end of period	24,913	-
Current portion	24,913	-
Non-current portion	\$-	\$-

(d) Undiscounted lease payments

As at October 31, 2024, the expected timing of the undiscounted lease payments are as follows:

Within one year	\$49,966
More than one year	\$7,117
	\$57,083

(e) Undiscounted investment in sublease

As at October 31, 2024, the expected timing of the undiscounted investment in sublease are as follows:

Within one year	\$25,333
More than one year	\$-
	\$25,333

10. SHARE CAPITAL

Authorized:

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

The following description of share capital is provided on a post-Consolidation, post-Split basis (as such terms are defined below).

For the year ended April 30, 2024, the Company:

- completed a non-brokered private placement of 1,650,000 common shares at a price of \$2.00 per share for aggregate gross proceeds of \$3,300,000 on August 21, 2023.
- completed a non-brokered private placement of 850,000 common shares at a price of \$2.00 per common share for aggregate gross proceeds of \$1,700,000 on September 1, 2023.
- completed a forward split (the “**Split**”) of its previously outstanding 5,000,000 post-Consolidation common shares on the basis of 1.5 post-Split common shares for every one (1) pre-Split, post-Consolidation common share, such that 7,500,000 post-Consolidation, post-Split common shares were issued and outstanding on September 9, 2023.
- completed a non-brokered private placement of 13,000 common shares at a price of \$2.00 per share for aggregate gross proceeds of \$26,000 on October 18, 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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- (e) completed the reverse take-over and issued 40,052,000 common shares to Former Advanced Graph shareholders on March 13, 2024 (Note 4).
- (f) issued 100,000 common shares valued at \$50,000 to an arm's length advisor on March 13, 2024 in connection with the reverse take-over (Note 4).
- (g) had 152,000 stock options exercised for aggregate gross proceeds of \$38,000 on March 21, 2024. The fair value of the options was calculated as \$46,223 using the Black Scholes pricing model with the assumptions listed in Note 4.
- (h) had 152,000 stock options exercised for aggregate gross proceeds of \$38,000 on March 21, 2024. The fair value of the options was calculated as \$46,223 using the Black Scholes pricing model with the assumptions listed in Note 4.
- (i) had 4,000 agent warrants exercised for aggregate gross proceeds of \$1,000 on April 23, 2024. The fair value of the agent warrants was calculated as \$1,354 using the Black Scholes pricing model with the assumptions listed in Note 4.

Value Security Escrow

In connection with the Closing (Note 4), the Company entered into a Value Security Escrow Agreement as required by the policies of the TSX-V.

As at October 31, 2024, an aggregate of 20,625,000 (April 30, 2024 – 24,930,000) common shares were placed in escrow, and an aggregate of 27,975,000 (April 30, 2024 – 28,780,000) common shares were subject to seed share resale restrictions in accordance with TSX-V policies.

Stock options

On closing of the Transaction (Note 4), the Company adopted an Equity Incentive Plan (the "Plan") under which it is authorized to grant options to its directors, officers, employees, management company employees and consultants enabling them to acquire up to 10% of the issued and outstanding shares of the Company. The term of any options granted under the Plan is fixed by the Board of Directors and may not exceed ten (10) years from the date of grant. Vesting, if any, and other terms and conditions relating to such options shall be determined by the Board of Directors of the Company.

On August 21, 2023, Former Advanced Graph granted 2,925,000 options to offices, employees, and consultants. The stock options have an exercise price of \$0.08 and expire five (5) years from the date of grant. The options will vest as to 100% on the date that is two (2) years from the date of grant. The grant-date fair value was calculated as \$1,347,739 using the Black Scholes pricing model with the assumptions listed below. Prior to the completion of the Transaction (Note 4), 900,000 options were cancelled due to the termination of employments or relationships with Former Advanced Graph, leaving 2,025,000 options replaced upon the completion of the Transaction. The Company recorded a stock-based compensation of \$117,429 (2023 - \$Nil) for the three months ended July 31, 2024 for the portion vested during the period.

Share price on grant date	\$0.50
Expected life (years)	5
Interest rate	3.96%
Volatility	100%
Dividend yield	0.00%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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A summary of changes in the Company's stock options is as follows:

	Number of options	Weighted average exercise price
Balance, April 30, 2023	-	\$-
Deemed issued to former Adagio options holders (Note 4)	186,667	\$0.25
Replaced to Advance Graph options holders	2,025,000	\$0.08
Exercised – March 21, 2024	(152,000)	\$0.25
Balance, April 30, 2024 and October 31, 2024	2,059,667	\$0.09

The following table summarizes information about the share options outstanding and exercisable at October 31, 2024:

Expiry date	Number of Options	Number of vested options	Weighted average exercise price \$	Weighted average remaining contractual life
13-Mar-2025	1,333	1,333	0.25	0.36 years
21-Dec-2027	33,334	33,334	0.25	3.14 years
21-Aug-2028	2,025,000	-	0.08	3.81 years

Warrants

A summary of changes in the Company's warrants is as follows:

	Number of warrants	Weighted average exercise price
Balance, April 30, 2023	-	\$-
Deemed issued to former Adagio warrants holders (Note 4)	80,000	\$0.25
Exercised – March 21, 2024	(75,200)	\$0.25
Exercised – April 23, 2024	(4,000)	\$0.25
Balance, April 30, 2024 and October 31, 2024	800	\$0.25

The following table summarizes information about the warrants outstanding at October 31, 2024:

Expiry date	Number of warrants	Weighted average exercise price \$	Weighted average remaining contractual life
21-Dec-2025	800	0.25	1.14 years

11. CAPITAL RISK MANAGEMENT

The goals of capital management are twofold: to ensure the Company's ability to continue as a going concern and to deliver a satisfactory return to shareholders by appropriately pricing products and services based on associated risks. The Company actively manages its capital structure, adjusting in response to economic conditions and the risk profiles of its assets. Capital requirements are assessed by management to maintain an efficient financing structure without excessive leverage.

To achieve this, the Company may issue new shares, raise debt, and acquire or dispose of assets. Management also focuses on effective working capital management, monitoring cash balances, forecasting needs, and optimizing cash inflows and outflows to meet obligations.

During the six months ended October 31, 2024, there were no changes in the Company's capital management approach, and the Company is not bound by any externally imposed capital requirements.

12. FINANCIAL INSTRUMENTS AND RISK

Risk exposure on financial instruments

The Company's financial instruments consist of cash and restricted cash, accounts receivable, advance to shareholders, investment in sublease, accounts payable and accrued liabilities, employee deductions payable and deferred revenue. The fair value of these financial instruments, with the exception of investment in sublease, approximates their carrying value due to their short term to maturity. The Company classifies its investment in sublease at amortized cost. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, restricted cash and accounts receivable. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Accounts receivable are subject to counter-party risk of not being collected. The Company manages credit risk of accounts receivable through its credit and collection policies and established allowance for doubtful accounts as required at each reporting period.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of October 31, 2024, the Company had a cash balance of \$38,229 (April 30, 2024 - \$1,519,925) to settle current accounts payable and accrued liabilities of \$329,108 (April 30, 2024 - \$54,242). All the Company's financial liabilities have contractual maturities of 30 days, or due on demand, and are subject to normal trade terms. To date, the Company has been reliant on funding from private equity investment (Note 1). The Company will continue to be reliant upon these sources of financing until a commercial software product is developed. There can be no assurance that the Company will be successful at obtaining such sources of funding in the future.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

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a) Interest rate risk

The Company has cash balances which may accrue interest; however, the Company is not generating significant budgeted revenues from cash balances and does not rely on this income. The Company does not have any interest-bearing debt which is subject to fixed interest rates and therefore the Company is not exposed to risk in the event of interest rate fluctuations.

b) Foreign currency risk

The Company's operations are situated in Canada. The Company considers foreign currency risk to be minimal.

13. CONCENTRATION*Volume of business*

The Company has concentrations in the volume of sales and purchases it conducts with its suppliers. For the six months ended October 31, 2024, there were four buyers which accounted for the total sales, and the aggregate sales amounted to \$387,225 (2023 – one buyer, \$208,219).

14. REVENUE

	2024	2023
Professional service sales	\$169,096	\$1,104,474
Software license sales	218,129	-
For the three months ended July 31	\$387,225	\$1,104,474

During six months ended October 31, 2024, the Company entered into a license and services agreement with Rainbow Software Inc. at a price of \$290,000 and recognized revenue of \$223,129 (2023 - \$Nil).

During six months ended October 31, 2024, the Company entered into a license agreement with Graph Corporation at a price of \$59,000 and recognized revenue of \$59,000 (2023 - \$Nil).

During six months ended October 31, 2024, the Company entered into a service agreement with Bitnine Co. Ltd. at a price of \$64,000 and recognized revenue of \$64,000 (2023 - \$Nil).

On September 11, 2023, the Company entered into a license and services agreement with Rainbow for the implementation of Master Data Management (MDM) System at a price of \$794,900. During the six months ended October 31, 2024, the Company recognized revenue of \$Nil (2023 - \$644,200).

On May 15, 2023, the Company entered into a subscription service agreement with TrueData for a variety of software support and professional services in relation to the Company's software programs. Pursuant to the agreement, the Company received an upfront payment of \$1,000,000 on the annual subscription fees. During the six months ended October 31, 2024, the Company recognized revenue of \$41,096 (2023 - \$460,274).

15. COST OF SALES

On September 12, 2023, the Company agreed with Graphizer Inc. to procure software licenses from Graphizer Inc. with an intention of having them used and/or resold to Rainbow regarding the Master Data Management (MDM) system implementation software licenses and professional services agreement made between the Company and Rainbow.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the six months ended October 31, 2024 and 2023

The direct costs related to these sales were assigned to the cost of sales, as indicated in the Company's consolidated financial statements.

	2024	2023
Software licenses	\$-	\$399,190
Professional services	-	-
For the period ended October 31	\$-	\$399,190

16. SEGMENT INFORMATION

The Company has one reportable segment. This single reportable operating segment derives its revenues from the sale of its software products and solutions and related services. The Company operates in one principal geographical area, which is Canada.

17. COMMITMENT

On August 1, 2024, the Company entered into a patent assignment agreement with Bitnine Holdings Inc. (the "Assignor") to acquire several strategic patents. Pursuant to the agreement, the Company will pay Assignor 10% of its annual revenues for three years running from the date of agreement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the six months ended October 31, 2024 and 2023

18. RESTATEMENT OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Subsequent to the issuance of the condensed consolidated interim financial statements of the Company for the six months ended October 31, 2024 on January 2, 2025, the Company reassessed the revenue recognition criteria under the guidance of IFRS 15 and determined that the Company needs to reverse revenue totaling \$4,166,056 as a result of further discussions and negotiations with the customers. The software licenses and services did not meet the specifications and requirements raising concerns related to its collectability. It is now the position of the Company that the revenue did not meet the revenue recognition criteria under IFRS 15, contrary to management's initial assessment performed at the time of the sale. As a result, the Company is restating the condensed consolidated interim financial statements for the six months ended October 31, 2024 to reverse revenue totaling \$4,166,056 in the condensed consolidated interim statement of loss and comprehensive loss.

The following tables presents the effects of the restatement:

Statement of Financial Position

	October 31, 2024		
	As previously reported	Adjustments	As restated
ASSETS			
Current assets			
Cash	\$ 38,229	\$ -	\$ 38,229
Accounts receivable	6,256,290	(6,256,290)	-
Goods and services tax receivable	31,789	-	31,789
Net investment in sublease	24,913	-	24,913
Prepaid expenses	37,740	-	37,740
Deposits	11,522	-	11,522
Total current assets	6,400,483	(6,256,290)	144,193
Non-current assets			
Property and equipment	41,592	-	41,592
Right-of-use assets	25,700	-	25,700
Deposits	14,475	-	14,475
TOTAL ASSETS	\$ 6,482,250	\$ (6,256,290)	\$ 225,960
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 188,902	\$ -	\$ 188,902
Employee deductions payable	25,554	-	25,554
Deferred revenue	2,157,105	(2,090,234)	66,871
Current portion of lease liabilities	47,781	-	47,781
Total current liabilities	2,419,342	(2,090,234)	329,108
Non-current liabilities			
Long-term lease liabilities	6,970	-	6,970
TOTAL LIABILITIES	2,426,312	(2,090,234)	336,078
SHAREHOLDERS' EQUITY			
Share capital	8,755,850	-	8,755,850
Contributed surplus	13,302	-	13,302
Options reserve	571,371	-	571,371
Warrants reserve	270	-	270
Deficit	(5,284,855)	(4,166,056)	(9,450,911)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)	4,055,938	(4,166,056)	(110,118)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 6,482,250	\$ (6,256,290)	\$ 225,960

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the six months ended October 31, 2024 and 2023

Statement of Loss and Comprehensive Loss

	Three months ended October 31, 2024		
	As previously reported	Adjustment	As restated
REVENUES			
Professional service sales	\$ 1,338,257	\$ (1,274,257)	\$ 64,000
Software license sales	1,306,096	(1,219,874)	86,222
GROSS PROFIT	2,644,353	(2,494,131)	150,222
EXPENSES			
Advertising and promotion	36,232	-	36,232
Depreciation	8,364	-	8,364
Consulting fees	103,065	-	103,065
Insurance	1,314	-	1,314
Interest expense	1,210	-	1,210
Office	10,602	-	10,602
Professional fees	51,201	-	51,201
Regulatory & filing fees	4,036	-	4,036
Rental	46,065	-	46,065
Research and development expense	6,488	-	6,488
Salaries and wages	216,973	-	216,973
Share-based compensation	117,429	-	117,429
Travel	7,834	-	7,834
	610,813	-	610,813
INCOME (LOSS) FROM OPERATIONS	2,033,540	(2,494,131)	(460,591)
OTHER INCOME			
Loss on disposal of property and equipment	(3,900)	-	(3,900)
Interest income	812	-	812
Gain (loss) on foreign exchange	(1,141)	-	(1,141)
	(4,229)	-	(4,229)
INCOME (LOSS) AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 2,029,311	\$ (2,494,131)	\$ (464,820)
BASIC AND DILUTED EARNINGS (LOSS) PER COMMON SHARE	\$ 0.05	\$	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (BASIC & DILUTED)	42,383,200		42,383,200

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the six months ended October 31, 2024 and 2023

Statement of Loss and Comprehensive Loss

	Six months ended October 31, 2024		
	As previously reported	Adjustment	As restated
REVENUES			
Professional service sales	\$ 1,987,778	\$ (1,818,682)	\$ 169,096
Software license sales	2,565,503	(2,347,374)	218,129
GROSS PROFIT	4,553,281	(4,166,056)	387,225
EXPENSES			
Advertising and promotion	48,377	-	48,377
Depreciation	21,283	-	21,283
Consulting fees	135,290	-	135,290
Insurance	2,628	-	2,628
Interest expense	2,702	-	2,702
Office	25,397	-	25,397
Professional fees	266,406	-	266,406
Regulatory & filing fees	7,056	-	7,056
Rental	99,126	-	99,126
Research and development expense	796,631	-	796,631
Salaries and wages	629,723	-	629,723
Share-based compensation	234,858	-	234,858
Travel	30,509	-	30,509
	2,299,986	-	2,299,986
INCOME (LOSS) FROM OPERATIONS	2,253,295	(4,166,056)	(1,912,761)
OTHER INCOME			
Loss on disposal of property and equipment	(3,900)	-	(3,900)
Loss on sublease	(7,556)	-	(7,556)
Interest income	7,338	-	7,338
Gain on foreign exchange	18,701	-	18,701
	14,583	-	14,583
INCOME (LOSS) AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 2,267,878	\$ (4,166,056)	\$ (1,898,178)
BASIC AND DILUTED EARNINGS (LOSS) PER COMMON SHARE	\$ 0.05	\$	(0.04)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (BASIC & DILUTED)	42,383,200		42,383,200

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the six months ended October 31, 2024 and 2023

Statement of Cash Flows

	Six months ended October 31, 2024		
	As previously reported	Adjustment	As restated
CASH FLOWS USED IN OPERATING ACTIVITIES			
Net income (loss) for the period	\$ 2,267,878	\$ (4,166,056)	\$ (1,898,178)
Items not involving cash:			
Depreciation	21,283	-	21,283
Interest expense	2,702	-	2,702
Interest income on sublease	(742)	-	(742)
Share-based compensation	234,858	-	234,858
Loss on disposal of property and equipment	3,900	-	3,900
Loss on sublease	7,556	-	7,556
Changes in non-cash operating working capital:			
Accounts receivable	(6,252,331)	6,256,290	3,959
Goods and services tax	4,268	-	4,268
Prepaid expenses and deposits	9,465	-	9,465
Trade payables and accrued liabilities	134,660	-	134,660
Deferred revenue	2,116,009	(2,090,234)	25,775
Employee deductions payable	(10,006)	-	(10,006)
Net cash used in operating activities	(1,460,500)	-	(1,460,500)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of sublease payments	18,095	-	18,095
Net cash provided by investing activities	18,095	-	18,095
CASH FLOWS USED IN FINANCING ACTIVITIES			
Lease payments	(39,291)	-	(39,291)
Net cash used in financing activities	(39,291)	-	(39,291)
Change in cash during the period	(1,481,696)	-	(1,481,696)
Cash, beginning of period	1,519,925	-	1,519,925
Cash, end of period	\$ 38,229	\$ -	\$ 38,229

19. SUBSEQUENT EVENT

Subsequent to the six months ended October 31, 2024, the Company terminated the Toronto office premises (Note 9).