

AGEDB TECHNOLOGY LTD.
(formerly Adagio Capital Inc.)

Management's Discussion and Analysis

Six Months Ended October 31, 2024

(Expressed in Canadian Dollars)

GENERAL INFORMATION

The following amended and restated management discussion and analysis (“**MD&A**”) of the financial condition, changes in financial condition and results of operations of AGEDB Technology Ltd. (the “**Company**” or “**AGEDB**”) constitutes management’s review of the factors that affected the Company’s financial and operating performance for the six months ended October 31, 2024. This MD&A is dated April 1, 2025 should be read in conjunction with the audited financial statements and accompanying notes thereto for the financial year ended April 30, 2024 (the “**Financial Statements**”). The Financial Statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee in effect for the Company’s reporting period/year ended October 31, 2024 and April 30, 2024. All figures are reported in Canadian dollars unless otherwise indicated.

The Company’s condensed consolidated interim financial statements for the six months ended October 31, 2024 have been restated to correct for errors in the original financial statements. 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. Refer to note 18 of the condensed consolidated interim financial statements of the Company for the six months ended October 31, 2024 for further details of the restatement adjustments.

The Company’s registered office and principal place of business is Suite 700 – 838 W Hastings Street, Vancouver, BC V6C 0A6.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This MD&A contains certain “forward looking information” within the meaning of applicable securities laws in Canada. Forward looking information may relate to the Company’s future financial outlook and anticipated events or results and may include information regarding the Company’s financial position, business strategy, growth strategies, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding the Company’s expectations of future results, performance, achievements, initial public offering or the markets in which it operates is forward looking information. In some cases, forward looking information can be identified by the use of forward looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward looking information. Statements containing forward looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances. Forward-looking statements in this MD&A include, but are not limited to, statements relating to:

- the Company’s expectations regarding industry trends, overall market growth rates and its growth rates and growth strategies;
- the Company’s ability to obtain funding for its operations;
- the use of available funds;
- the performance of the Company’s business and operations;
- the Company’s expectations regarding revenues, expenses, and anticipated cash needs;
- the intention to grow the Company’s business and operations;
- the expected timing and completion of the Company’s near-term objectives;
- laws and regulations and any amendments thereto applicable to the Company;
- the Company’s competitive advantages and business strategies;
- the Company’s future product offerings; and
- the Company’s plans with respect to the payment of dividends.

The forward-looking information in this MD&A is based on the Company’s opinions, estimates and assumptions in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that it currently believes are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

In providing forward-looking information, the Company has made certain assumptions in respect of: its ability to continue as a going concern; the performance of the Company's business and operations; the Company's ability to retain key personnel; its ability to maintain and expand geographic scope; its ability to execute on its expansion plans; economic downturn and continued uncertainty in the financial markets and other adverse changes in general economic or political conditions, as well as other major macroeconomic phenomena; increased competition; research and development ("R&D") outsourcing arrangements; relationships with existing customers; changing information technology landscape; history of negative cash flow and no assurance of continued profitability; intellectual property rights; maintenance of brand image; reliance on certain licensing arrangements; retention of the full-time services of senior management; the Company's ability to continue investing in its products to support the Company's growth; its ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the changes and trends in the Company's industry or the global economy; the size of the target markets for the Company's products; its ability to maintain, expand and protect its intellectual property; and the changes in laws, rules, regulations, and global standards.

The forward-looking information in this MD&A is subject to known and unknown risks and other factors that may cause the actual results, level of activity, performance, or achievements to be materially different from those expressed or implied, including but not limited to the risks described below and the additional risks factors described under the heading "*Risk Factors*".

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined under the headings "*Financial Instruments and Risk Management*" and "*Risk Factors*".

The forward-looking statements contained in this MD&A reflect the Company's views and assumptions only as of the date of this MD&A. The Company undertakes no obligation to update or revise any forward-looking statements after the date on which the statement is made, except as required by applicable laws, including the securities laws of Canada.

Actual results could differ materially from those anticipated in forward-looking statements stated within the MD&A.

COMPANY OVERVIEW

The Company is a Vancouver-based company dedicated to developing and delivering cutting-edge graph database management system ("**DBMS**") software and technology. AGEDB's mission is to revolutionize the analysis and interpretation of data connections and relationships for users of relational DBMS, aiming to establish AGEDB as the leading global provider of graph DBMS. The Company is focused on the development of Graph database management system software and solutions and possesses the core technologies of Apache AGE, one of the biggest and most influential open-source Graph database projects in the world. AGEDB's community operational managers monitor, control and evaluate daily activities of software developers mostly in Pakistan. AGEDB sells its software products and solutions through partners to Canada and other key markets in the world.

CORPORATE INFORMATION

The AGEDB Technology Ltd. was incorporated pursuant to the *Business Corporations Act* (British Columbia) on March 25, 2021. Before issuance of the final exchange bulletin the Company was classified as a Capital Pool Company (“CPC”) as defined by TSX Venture Exchange (“TSXV”) Policy 2.4.

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 QT, based on the guidance of IFRS 3, Business Combinations, to identify the accounting acquirer. These 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.

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

INTERCORPORATE RELATIONSHIPS

As of the date of this MD&A, the Company has a wholly owned subsidiary, Advanced Graph Enterprise Database Inc. (“AmalCo”).

OPERATIONS

The Company is headquartered in Vancouver, Canada, at Suite 700 – 838 W Hastings Street, V6C 0A6. In addition, the Company established the R&D Location at Awan Arcade, Building 1B, Jinnah Ave, Block R F 6/4 Blue Area, Islamabad, Islamabad Capital Territory, 44000, Pakistan.

The Company effectively manages its software R&D operations by leveraging cost-efficient methods and employing highly skilled engineers from Pakistan. These regions are known for their abundance of exceptional talent in C programming and DBMS development, ensuring the delivery of high-quality solutions.

PRINCIPAL PRODUCTS OR SERVICES

The Company has a comprehensive portfolio of 12 products and services that can be organized into four distinct categories:

1. DBMS Software

AGEDB presents: (1) AgensGraph and (2) AgensGraph Extension (AGE), an enterprise relational DBMS software based on the Apache AGE open-source software capable of advanced interconnected data analytics on PostgreSQL databases. A multi-model graph database, AgensGraph, is also one of the most Oracle-compatible databases in the market, which allows easy migrations from existing Oracle databases to AgensGraph with AGEDB’s database migration tools; while (3) AGEDB Cloud is a multi-cloud graph database platform that seamlessly operates on AWS, Azure, and GCP.

2. **Graph Converter**

AGEDB provides a graph converter through its (4) Graphizer, facilitating graph data modeling and visualization for relational Structured Query Language (SQL) databases.

3. **Graph Analytics Solutions**

AGEDB offers various graph analytics solutions, including the (5) Fraud Detection Solution for enabling AML detection, the (6) Predictive Analysis Solution for data prediction across various industries, and the (7) Master Data Management Solution for ensuring data quality, governance, profiling, cataloging, and mapping. AGEDB's comprehensive suite of offerings positions it as a leading provider of cutting-edge solutions in the database and analytics domain.

4. **Professional Services**

AGEDB offers a comprehensive range of options. These include: (8) graph data modeling services, (9) DBMS technical services, (10) interface implementation services, and (11) data consulting services. These services are available with either man-hour or annual contract pricing, allowing organizations to choose the most suitable arrangement for their needs.

THE MARKET

The graph technologies market, which includes graph DBMS, is projected to reach a value of US\$3.2 billion by 2025, exhibiting a compound annual growth rate of 28.1%. This significant growth is being driven by several factors that create a favorable market opportunity for AGEDB:

- *Increasing demand from data scientists* – Data scientists require advanced capabilities to explore and analyze the connections and relationships between data points, enabling them to derive deeper insights. Graph DBMS provides the necessary tools for higher-order exploration, making it a crucial technology for data scientists.
- *Database designers and specialists seeking improved solutions* – Database professionals face challenges in supporting analytical requests based on relationships. They also struggle to handle the growing volumes of semi-structured data efficiently. Graph DBMS offers superior solutions for these challenges, making it an attractive choice for database designers and specialists.
- *Business owners and domain experts embracing graph technology* – Various use cases, including decision intelligence, expert systems, 360-degree customer views, fraud detection, and investigative intelligence, require purpose-built tools based on graph technology. Business owners and domain experts recognize the value of graph DBMS in addressing these use cases effectively.

The graph DBMS market can be divided into transactional and analytical end uses. Transactional end uses encompass compliance monitoring, content management, customer management, and semantic search. Analytical end uses include route optimization, influencer analysis, cybersecurity threat detection, fraud detection, and supply chain optimization.

Graph DBMS vendors are experiencing increased interest and visibility, leading to revenue growth and expanding pipelines. Notably, Neo4j, Inc., a revenue leader among graph DBMS specialists, surpassed US\$100 million in revenue in 2021. Although not all leading DBMS vendors are currently competing aggressively in the graph DBMS space, this situation is expected to change as the market continues to grow. As with other specialty markets, smaller vendors with agility and a focus on specific requirements, such as enterprise knowledge graphs, domain solutions, analytics, and artificial intelligence, will play a critical role in maintaining a competitive edge.

Cloud-based DBMS have emerged as the dominant choice for new DBMS implementations across various industries. According to analysts' projections, the revenue generated by cloud-based DBMS is expected to surpass 50% of the total DBMS market in the year 2023. Notably, in both 2021 and 2020, major players like AWS, Microsoft, and Google Cloud accounted for approximately 80% of the revenue in the cloud-based DBMS market. This demonstrates the significant market share held by these leading providers in the rapidly evolving landscape of cloud-based DBMS solutions.

The prevailing market dynamics present AGEDB with a significant opportunity to seize market share and emerge as a prominent player in the swiftly expanding graph DBMS industry. Through the strategic utilization of its innovative technology, establishment of key partnerships, and targeted approach towards specific use cases, AGEDB is strongly positioned to harness the full potential of the market and achieve substantial growth in the coming years. By capitalizing on these strengths, AGEDB is poised to make a lasting impact and thrive in this dynamic industry landscape.

MARKETING STRATEGY

After a decade in the DBMS industry, management of AGEDB recognizes the necessity of a well-defined marketing strategy to effectively advance in the market. Consequently, the Company has formulated a concise and clear four-step marketing strategy to steer their operations and maximize their success. The following is the detailed marketing strategy for each step.

Step 1 – Increasing user-base by building Apache AGE community

AGEDB plans to leverage the reputation and influence of the Apache Software Foundation, a prominent player in the open-source landscape, to attract more users. By actively engaging with the community, AGEDB aims to raise awareness and generate interest in Apache AGE among IT professionals. This can be done through initiatives such as organizing meetups, webinars, and conferences focused on Apache AGE, where developers and enthusiasts can come together to share knowledge and experiences. AGEDB also intends to encourage contributions to the Apache AGE open-source project, fostering software development activities that enhance the functionality and reliability of the platform.

Through these efforts, AGEDB aims to create a thriving ecosystem around Apache AGE, where developers and users collaborate and exchange ideas. By driving adoption of Apache AGE among IT professionals, the Company hopes to establish the platform as a go-to solution for advanced graph analytics. This expansion of the user-base would not only benefit AGEDB but also contribute to the overall growth and maturity of the Apache AGE project. By actively nurturing the Apache AGE community, AGEDB sets the stage for continued innovation and development within the open-source graph analytics space.

Step 2 – Enhancing Apache AGE’s reputation / market awareness

AGEDB recognizes that Apache AGEs’ achievement of being recognized as a Top-Level Project within the Apache Software Foundation is a testament to its success and high quality. AGEDB considers this milestone as a significant achievement, showcasing the global contributions and diverse support received by Apache AGE. By highlighting this recognition, AGEDB aims to enhance the credibility and trust in Apache AGE among potential users and organizations.

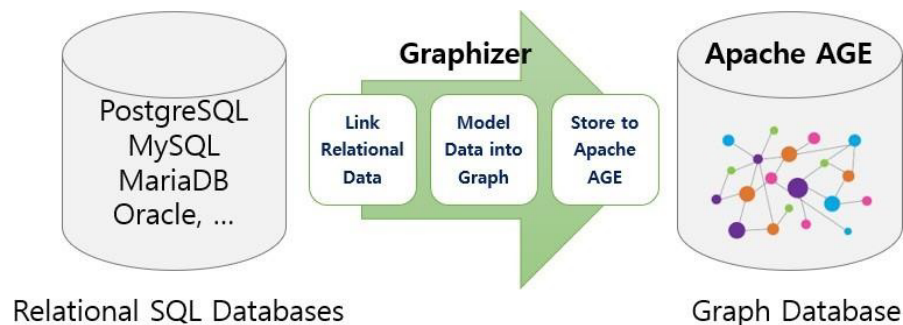
By showcasing its unique capability, AGEDB hopes to present Apache AGE as a superior alternative to existing graph database solutions like Neo4j. AGEDB also hopes to draw inspiration from the success of Bitnine’s AgensGraph, which has been adopted by prominent enterprises such as Intel and Samsung. These database-based graph data processing and analytics operations have proven to be able to meet data analytics requirements of large enterprises while allowing them to preserve their existing relational database personnel and not have to source new personnel for managing graph DBMS. By leveraging these successes, AGEDB aims to increase market awareness and establish Apache AGE as a trusted and preferred choice for organizations seeking graph database solutions.

Step 3 – Targeting relational database users to maximise user-base

This step focuses on targeting the substantial market of relational database users in order to expand Apache AGE’s user base. With over 70% of the world’s databases being relational databases, AGEDB identifies a significant opportunity to offer a convenient and secure option for relational database users to access graph capabilities without the need for data migration or integration. By specifically catering to relational database users, Apache AGE aims to tap into a large and established user base, presenting them with a seamless solution to enhance their database functionalities.

AGEDB recognizes the inherent value and widespread adoption of relational databases, and it aims to capitalize on this by offering a compelling alternative. By seamlessly integrating graph capabilities into relational databases, Apache AGE eliminates the need for users to undergo the complex and time-consuming process of data migration or integration. This approach not only saves users significant effort and resources but also ensures the security and integrity of their data. With AGEDB’s solution, relational databases users can leverage the power of graph databases without disrupting their existing infrastructure, making it an attractive proposition for organizations seeking to enhance their data analysis and insights.

AGEDB positions Apache AGE as the world’s only pluggable database technology that enables relational databases to function as graph databases. Additionally, AGEDB introduces Graphizer, a tool that allows relational database users to model their data as graphs using a data visualization tool, eliminating the need for specialized graph query language skills.



Step 4 – converting user-base into paid users/customers

AGEDB's strategy is centered around monetizing the user-base and converting them into paid users and customers. AGEDB anticipates that it will be positioned to capitalize on the expanding open-source user-base of Apache AGE as a means to generate revenue. In addition to the open-source offering, AGEDB is actively developing enterprise database tools and utilities that will form part of the commercial offering of Apache AGE.

SALES STRATEGY

AGEDB operates mainly five license sales or distribution models for its annual and perpetual AgensGraph and AgensGraph Extension (AGE) software subscription plans and AGEDB Cloud, a database as a service (DBaaS) which will launch in December 2024.

Typically, AGEDB's end-user direct license sales opportunities come from marketing inbound leads and Apache AGE open-source user-base.

Recently, Apache AGE was identified by DB-Engines.com, a popular DBMS ranking site, as a main database technology to allow PostgreSQL, the world's most popular and advanced DBMS software, to be categorized as a graph DBMS. PostgreSQL has millions of users globally, including Apple, Netflix, Instagram, Sony and Uber.

AGEDB also focuses on building its partner ecosystem comprised of system integrators and independent solution vendors.

AGEDB is working with Bitnine to help Bitnine's paying customers, such as Intel and Samsung, to move to or adopt AGEDB's product offerings.

Sales models	Products	
	AgensGraph Extension (AGE)	AgensGraph
	Commercial version of Apache AGE	Relational DBMS with enterprise features for high availability, database monitoring and administration, database migrations and Apache AGE-based data analytics software
1. Sell licenses through Relational DBMS vendors / partners	To bundle AgensGraph Extension (AGE) with PostgreSQL-based enterprise RDBMS offerings * Fujitsu, EnterpriseDB, PowerGres, etc.	Not Applicable

2. Sell licenses through Independent Solution Vendors (ISVs)	To bundle with ISVs' software applications or Software as a Service (SaaS) offerings * AWS, Yugabyte, EnterpriseDB, etc.	Not applicable
3. Sell licenses through system integrators to end-users	To provide AgensGraph Extension (AGE) or Enterprise for system integration /implementation projects. * Samsung SDS, Infosys, Wipro, CGI, etc.	
4. Sell licenses direct to end-users	To provide AgensGraph Extension (AGE) or Enterprise to the marketing-generated inbound opportunities and to the Apache AGE open-source users	
5. Revenue sharing with cloud service providers vendors	To bundle AgensGraph Extension (AGE) with PostgreSQL-based popular database as a service offering, such as AWS RDS and Aurora and GoogleCloud SQL	Not Applicable

To propel revenue growth further and meet growing market needs, AGEDB is preparing to offer AgensGraph and Graphizer as AGEDB Cloud, a managed cloud database service, from January 2024 on major cloud platforms, such as Amazon Web Services, Microsoft Azure and Google Cloud Platform. This strategic move will enable AGEDB to tap into the increasing market demand for managed database services, catering to enterprises in search of a robust and scalable graph database solutions.

By providing Apache AGE and Graphizer as a managed cloud service, AGEDB can leverage the advantages of cloud platforms, such as scalability, reliability, and ease of use. This approach allows AGEDB to capture a broader customer base and generate revenue from organizations looking for hassle-free and scalable enterprise graph database solutions. AGEDB Cloud will help transform more Apache AGE open-source users into paying customers while capitalizing on the growing trend of cloud-based database services.

DISTRIBUTION

The following chart illustrates the Company's primary distribution methods for its products:

Distribution Methods	Products	
	AgensGraph Extension (AGE)	AgensGraph
	Commercial software license of Apache AGE	Commercial software license of relational DBMS containing enterprise features for database high availability, database monitoring and administration, database migrations and Apache AGE

1. Sell licenses through Relational DBMS vendors/partners	To bundle AgensGraph Extension (AGE) with PostgreSQL-based enterprise RDBMS offerings	Not Applicable
2. Sell licenses through Independent Solution Vendors (ISVs)	To bundle with ISV's software applications or SaaS offerings	Not Applicable
3. Sell licenses through system integrators to end-users	To provide AGED Community or Enterprise for system integration/implementation projects	
4. Sell licenses direct to end-users	To provide AgensGraph Extension (AGE) or Enterprise to the marketing- generation inbound opportunities and to the Apache AGE open-source users	
5. Revenue sharing with cloud service provider vendors	To bundle AgensGraph Extension (AGE) with PostgreSQL-based popular database as a service offering, such as AWS RDS, Aurora, and Google Cloud SQL	Not Applicable

REVERSE TAKE-OVER ("RTO")

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.

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 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.

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.

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
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%

OVERALL PERFORMANCE

The Financial Statements have been prepared in accordance with IFRS assuming the Company will continue on a going concern basis. The Company recorded a comprehensive loss of \$1,898,178 for the six months ended October 31, 2024 and has an accumulated deficit of \$9,450,911. The Company's ability to continue as a going concern is dependent on management's capacity to identify additional sources of capital and to raise sufficient resources in order to fund on-going expenditures and the Company's investment plan. Although management has been successful in the past, there is no assurance that these initiatives will be successful in the future. In order to fund future operations or acquisitions, the Company intends to raise additional capital by issuing equity.

As at April 30, 2023, the Company was developing its own commercially viable software license but as a result of a licensing arrangement with Bitnine Global Inc. ("**Bitnine Global**"), the Company utilized enterprise DBMS development and Graph data science expertise and know how through Bitnine Global's partnerships with information technology service and solution vendors around the world. Also, the Company continues to develop the technology on Apache AGE, the only Graph database project verified by the Apache Software Foundation. The Company's continuation as a going concern is also dependent upon the successful development of its technologies to a commercial standard. The Company is actively targeting sources of additional financing which would assure continuation of the Company's operations and research programs. The Company anticipates raising capital and conducting an initial public offering in the future. There can be no assurance the Company will be successful in achieving these goals but, an initial public offering and subsequent funding rounds could fund general corporate operations, growth opportunities, research and development ("**R&D**"), marketing, and capital expenditures. Public companies are more recognizable and gain the attention of potential customers, investors and new strategic partners through press releases and financial media coverage. Public companies are more transparent than private companies as they need to disclose information, including financial statement results, publicly.

Industry and Economic Factors

The following industry and economic factors affect AGEDB's financial performance:

- *Rise of Graph Databases* – The increasing recognition of the value of graph databases for handling complex relationships and connections in data works in favor of AGEDB, and the growing demand for connected data models influences its market positioning.

- *Tech Adoption* – AGEDB's performance is tied to the broader adoption of graph databases across industries. Sectors like information technology, finance, healthcare, retail, and telecommunications leverage graph databases, impacting AGEDB's growth.
- *Competition and Innovation* – The database technology landscape is competitive. The emergence of other graph database providers and the continuous innovation in data management technologies can impact AGEDB's market penetration and pricing strategies.
- *Regulatory and Data Privacy Concerns* – Compliance requirements regarding data privacy and security influence AGEDB's product development and adoption. Changes in regulations affecting data management impact the company's strategies.
- *Business Investments* – AGEDB's performance is affected by corporate spending on information technology infrastructure. During economic expansions, businesses are more inclined to invest in data management solutions, benefiting AGEDB.
- *Global Economic Conditions* – Economic fluctuations impact companies' willingness to invest in technology. AGEDB's sales might be affected during economic downturns when information technology budgets are tightened.

DISCUSSION OF ANNUAL OPERATIONS

Revenue

For the six months ended October 31, 2024, revenues amounted to \$387,225 as compared to \$1,104,474 for the three months ended October 31, 2023, resulting from a decrease in contracts worked on by the Company.

Operating Expenses

Expenses	Six Months ended October 31, 2024 (\$)	Six Months ended October 31, 2023 (\$)
Advertising and promotion	48,377	23,820
Amortization	21,283	31,922
Consulting fees	135,290	59,774
Insurance	2,628	1,180
Interest Expense	2,702	2,447
Office	25,397	38,019
Professional fees	266,406	217,701

Regulatory & filing fees	7,056	-
Rental	99,126	60,393
Research and development expense	796,631	971,986
Salaries and wages	629,723	943,816
Share-based compensation	234,858	58,722
Travel	30,509	50,402
Total	2,299,986	2,460,182

Operating expenses for the six months ended October 31, 2024 was \$2,299,986, compared to \$2,460,182 for the six months ended October 31, 2023. Operating expenses for the six months ended October 31, 2024 are details as follows:

The change to operating expenses were primarily as result of:

- (a) \$24,557 increase in advertising and promotion, as the Company increased operations.
- (b) \$10,639 decrease in amortization, as the Company derecognized one of its right-of-use assets as a result of entering into a sublease agreement during the six months ended October 31, 2024.
- (c) \$75,516 increased in consulting fees related to consulting services provided to the Company due to the increased operations.
- (d) \$48,705 increase in professional fees, primarily related to general corporate matters and accounting services provided to the Company.
- (e) \$38,733 increase in rent expense, as the Company increased operations and entered into a lease agreement for its Vancouver office, which has rent overage costs.
- (f) \$175,355 decrease in research and development expense related to developing, releasing and maintaining the Company's Apache AGE-based software products during the six months ended October 31, 2023.
- (g) \$314,093 decrease in salaries and wages due to the reduction in number of employees.
- (h) \$176,136 increase in share-based compensation related to the vesting of stock options to its directors, consultant and employees.

FOR THE THREE MONTHS ENDED OCTOBER 31, 2024

Revenue

For the three months ended October 31, 2024, revenues amounted to \$150,222 as compared to \$896,255 for the three months ended October 31, 2023 resulting from an decrease in contracts worked on by the Company.

Operating Expenses

Operating expenses for the three months ended October 31, 2024 was \$610,813, compared to \$1,312,910 for the three months ended October 31, 2023. The change to operating expenses were primarily as result of:

- (a) \$19,000 increase in rent expense, as the Company increased operations and entered into a lease agreement for its Vancouver office, which has rent overage costs.
- (b) \$481,352 decrease in research and development expense as the Company spent certain software development expenses during the three months ended October 31, 2023.
- (c) \$247,058 decrease in salaries and wages due to the reduction in number of employees.
- (d) \$58,707 increase in share-based compensation related to the vesting of stock options to its directors, consultant and employees.

SELECTED QUARTERLY INFORMATION

Below is selected information from the Company's most completed quarters. Since the Company was incorporated on September 12, 2022, it does not have a full eight quarters to report.

	October 31, 2024 (\$)	July 31, 2024 (\$)	April 30, 2024 (\$)	January 31, 2024 (\$)
Total revenue	150,222	237,003	246,575	402,755
Cost of goods sold	Nil	Nil	Nil	Nil
Net loss and comprehensive loss	(464,820)	(1,433,358)	(2,723,502)	(1,220,223)
Net loss per share – Basic & fully diluted	(0.01)	(0.03)	(0.11)	(0.12)
Total assets	225,960	497,842	1,775,440	3,257,637
Total liabilities	336,078	260,569	222,238	410,269

	October 31, 2023 (\$)	July 31, 2023 (\$)	April 30, 2023 (\$)	January 31, 2023 (\$)
Total revenue	896,255	208,219	Nil	2,091,787
Cost of goods sold	399,190	Nil	Nil	2,258,960
Net loss and comprehensive loss	(790,088)	(938,302)	(1,171,645)	(708,973)
Net loss per share – Basic & fully diluted	(0.08)	(\$0.36)	(0.45)	(236.32)
Total assets	5,064,822	764,700	1,520,380	714,147
Total liabilities	1,095,925	1,071,308	888,686	1,423,110

Factors affecting the variability of quarterly results

There are quarter-over-quarter variations in net revenue that are caused by sales generated through information technology project implementation, which may be concentrated in a specific period of the year.

LIQUIDITY AND CAPITAL RESOURCES***Capital Management***

As at October 31, 2024, the Company had working capital deficit of \$184,915 and cash of \$38,229 to settle current liabilities and accrued liabilities of \$329,108. The Company recorded a loss and comprehensive loss of \$1,898,178 during the six months ended October 31, 2024, and had total deficiency of \$110,118, which included \$8,755,850 of share capital. These conditions cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on management's capacity to identify additional sources of capital and to raise sufficient resources in order to fund ongoing expenditures and the Company's investment plan. For additional information, see "Risk Factors" elsewhere in this MD&A.

The Company plans to focus on the development of Apache AGE and the launch of Graphizer, a data visualization-based graph modeling tool for relational DBMS users. Although the Company has been successful in the past in obtaining financing, there is no assurance or guarantee that the Company will be able to secure any additional financing in the future at terms acceptable to the Company.

Ability to Generate Cash and Cash Equivalents

AGEDB's ability to generate cash is tied to its fundraising plans and sales performance, and operational efficiency. As of October 31, 2024, the Company had \$38,229 in cash.

With respect to sales performance, sales of database management system software license subscriptions and services directly impact AGEDB's cash inflows. Additionally, AGEDB's subscription-based license revenue models provide the opportunity for stable and recurring cash flows. Finally, managing expenses, controlling costs, and optimizing operations also contribute to cash generation. AGEDB is operating its product R&D in a very cost-efficient manner with most of its software developments happening in low-wage countries such as Pakistan where the best software engineering talents can be found for C programming and database management system technologies development. The average annual salary of software developers and engineers in Pakistan is almost 10 times less than the average salary in the US and almost five times less than the average salary of all developers in the world.

Trends or Expected Fluctuations in Liquidity

AGEDB's liquidity might experience fluctuations due to various factors, such as growth initiatives, including investments in R&D and business expansion efforts which can temporarily impact liquidity by increasing expenses before yielding returns. Changes in market demand or competition might also affect sales cycles, impacting short-term liquidity. For more information on factors that may impact AGEDB's liquidity, see "Industry and Economic Factors" above.

DIVIDEND POLICY

The Company has not paid dividends on its Common Shares or Class A Common Shares since incorporation. The Company's current policy is to retain future earnings to finance its growth. Any future determination to pay dividends will be made at the discretion of the board of directors of the Company (the "**Board**") and will depend on the Company's financial condition, results of operations, capital requirements and other such factors as the Board may deem relevant.

RELATED PARTIES***Key Management Personnel***

Related parties of the Company include key management personnel, companies controlled by key management personnel and close family members of key management personnel. Key management personnel are persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Company. Key management personnel are composed of the Board and executive leadership team.

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	158,927
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, Young Seung Ko.
- (b) Paid or accrued director fees to two directors, Christopher Cherry and Zahara Kanji Aquino.
- (c) Paid or accrued professional fees to the former Chief Financial Officer, Mickey Goldstein, and Chief Financial Officer, Nicholas Koo, and directors, Christopher Cherry and Zahara Kanji Aquino.
- (d) Paid or accrued salaries and wages to the Chief Operation Officer, Changhak Lee.
- (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 Mr. Nicholas Koo, the current Chief Financial 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 is payable to Mr. Christopher Cherry and Ms. Zahara Kanji Aquino, directors 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 Mr. Young Seung Ko, the former Chief Executive Officer 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 Mr. Mickey Goldstein, 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.

OUTSTANDING SHARE DATA

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-Consolidated, post-Split basis (as defined herein).

On the date of incorporation, September 12, 2022, the Company issued an aggregate of 20,400 (680,000 pre-Consolidation, pre-Split) common shares at a price of \$0.0033 (\$0.005 pre-Consolidation, pre-Split) per share for gross aggregate proceeds of \$68. Subsequent to the closing of this private placement, the Company repurchased an aggregate of 17,400 (580,000 pre-Consolidation, pre-Split) of the common shares for cancellation on December 15, 2022 leaving 3,000 post-Consolidation, post-Split (100,000 post-Consolidation, pre-Split) common shares issued and outstanding, valued at \$10.

On February 9, 2023, the Company completed a consolidation of its outstanding common shares on the basis of fifty (50) pre-consolidation common shares for each one (1) post-consolidation common share, resulting in 3,000 post-Consolidation, post-Split common shares issued and outstanding.

Following the Consolidation, the Company also completed a non-brokered private placement on February 9, 2023 through the issuance of 7,497,000 post-Consolidation, post-Split common shares at a price of \$0.33 per post-Consolidation, post-Split for aggregate gross proceeds of \$2,499,000.

On August 21, 2023, 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 September 1, 2023, the Company 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 9, 2023, the Company completed a forward 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 October 18, 2023, the Company 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 March 13, 2024, the Company completed the reverse take-over and issued 40,052,000 common shares to Former Advanced Graph shareholders and issued 100,000 common shares valued at \$50,000 to an arm's length advisor.

On March 21, 2024, the Company had 75,200 agent warrants exercised for aggregate gross proceeds of \$18,800. The fair value of the agent warrants was calculated as \$25,463 using the Black Scholes pricing model. The Company had 152,000 stock options exercised for aggregate gross proceeds of \$38,000. The fair value of the agent warrants was calculated as \$46,223 using the Black Scholes pricing model.

On April 23, 2024, the Company had 4,000 agent warrants exercised for aggregate gross proceeds of \$1,000. The fair value of the agent warrants was calculated as \$1,354 using the Black Scholes pricing model.

The following table summarizes the information about the Company's share data as at October 31, 2024 and the date of this MD&A.

	October 31, 2024	Date of MD&A
Number of common shares	42,382,200	42,382,200
Number of options	2,059,667	2,059,667
Number of warrants	800	800

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

Management has assessed those fair values of cash, GST receivable, and accounts payable and accrued liabilities approximate their carrying amounts, largely due to the short-term maturities of these instruments. The Company classifies its investment in sublease at amortized cost. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As at October 31, 2024, the fair value of cash held by the Company was classified as Level 1 of the fair value hierarchy.

The Company's management oversees the management of risks and advises on financial risks and the appropriate financial risk governance framework for the Company. The Company's senior management provides assurance that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured, and managed in accordance with the Company's policies and group risk appetite. All derivative activities, if any, for risk management purposes are carried out by a team that has the appropriate skills, experience, and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The board of directors of the Company reviews and agrees on policies for managing each of the risks summarized below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's financial assets consist of cash and cash equivalents, accounts receivable and investment in sublease. The Company's maximum exposure to credit risk, as at period-end, is the carrying value of its financial assets. The Company mitigates credit risk by holding financial instruments within financial institutions of high creditworthiness.

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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they come due. The Company currently settles its financial obligations with cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at October 31, 2024, the Company had a cash balance of \$38,229, and accounts payable and accrued liabilities of \$188,902.

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.

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.

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 share capital in the definition of capital. 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.

SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND POLICIES

The Company has prepared the Financial Statements in accordance with IFRS. Significant accounting policies are described in Note 3 of the Company's Financial Statements. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company.

PROPOSED TRANSACTIONS

The Company has no proposed transaction.

SEGMENT REPORTING

The Company's principal business is developing and delivering cutting-edge graph DBMS software and technology. The Company is involved in developing, marketing, and selling its aforementioned products. For information, see "*Principal Products or Services*" above. This is the Company's only reportable segment.

RISKS AND UNCERTAINTIES***Early Stage***

AGEDB is an early stage company and as such, AGEDB is subject to many risks including undercapitalization, cash shortages, and limitations with respect to personnel, financial and other resources. There is no assurance that AGEDB will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. AGEDB's prospects must be considered speculative in light of the risks, expenses, and difficulties frequently encountered by companies in their early stages of operations, particularly in the highly competitive and rapidly evolving markets in which AGEDB operates. To attempt to address these risks, AGEDB must, among other things, successfully implement its business plan, marketing, and commercialization strategies, respond to competitive developments, and attract, retain, and motivate qualified personnel. A substantial risk is involved in investing in AGEDB because, as a smaller commercial enterprise that has fewer resources than an established company, AGEDB's management may be more likely to make mistakes, and AGEDB may be more vulnerable operationally and financially to any mistakes that may be made, as well as to external factors beyond AGEDB's control.

Uncertainty of Revenue Growth

Revenue growth that AGEDB has achieved or may achieve may not be indicative of future operating results. In addition, AGEDB may increase further its operating expenses in order to fund higher levels of research and development, increase its sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, AGEDB's business, operating results and financial condition will be materially adversely affected.

Risks Inherent with the graph database market

Integrating graph databases into existing IT environments can be complex, especially when dealing with legacy systems or when trying to combine graph data with other types of data. It can be hard for users to switch between different graph databases or integrate them into existing systems. In addition, use of AGEDB's competitors' technologies can influence a customer's purchasing decision or create an environment that makes it less efficient to utilize or migrate to AGEDB's products and services.

Scalability concerns

The graph database ecosystem lacks a standardized query language and data model which can lead to fragmentation. Additionally, graph databases may not be as mature as established database technologies like relational databases. This could lead to issues related to stability, performance, and scalability. Graph databases can face challenges when it comes to horizontal scalability, especially for certain use cases involving massive amounts of data and concurrent users. Scaling a graph database while maintaining performance can be a complex task.

Coding and configuration errors

Despite testing prior to the release and throughout the lifecycle of a product or service, AGEDB's cloud and license offerings sometimes contain coding or configuration errors that can impact their function, performance and security, and result in other negative consequences. The detection and correction of any errors in released cloud or license offerings can be time consuming and costly. Errors in cloud or license offerings could affect their ability to properly function, integrate or operate with other offerings, could result in service interruptions, delays or outages of other cloud offerings, could create security vulnerabilities in products or services, could delay the development or release of new products or services or new versions of products or services, and could adversely affect market acceptance of AGEDB's products or services. If any of these errors or related errors occur, or if there are delays in releasing cloud or license offerings or new versions of these offerings, AGEDB's sales could be affected and revenues could decline.

Security and privacy

As with any database technology, ensuring the security and privacy of sensitive data stored in a graph database is crucial. Misconfigured permissions, vulnerabilities, and data leakage can pose significant risks. Graph databases can store sensitive and interconnected data about individuals, organizations, and relationships. A data breach could lead to the exposure of this sensitive information, potentially resulting in identity theft, financial fraud, or reputational damage. Proper access control mechanisms are vital to prevent unauthorized users from accessing or modifying sensitive data. If access control is improperly configured, it could lead to unauthorized access, data manipulation, or even the complete loss of control over the database. Improperly designed queries or application vulnerabilities can lead to unintentional data leakage. For instance, if a query exposes more information than intended, it could reveal sensitive relationships or attributes that were meant to be kept confidential. Additionally, without proper monitoring and auditing mechanisms in place, it becomes difficult to detect suspicious activities or unauthorized access. Anomalies and breaches might go unnoticed for extended periods, increasing the potential impact.

Difficulty in attracting customers

With all technology platforms and software, customer acquisition and retention are often a major issue in amassing a sufficient customer base that provides a recurring revenue stream through subscriptions and royalties. Customers frequently seek major brand names for software and technological platforms as they have an established reputation. Furthermore, AGEDB may attract a significant customer base, but if it fail in maintaining these customers, then revenues generated will subsequently decline. Customer acquisition and retention efforts may include launching frequent webinars and information sessions that educate customers how to best utilize AGEDB's products and services. Continuous development, updates, and excellent customer support is to be expected from companies operating in the software industry. Slower than expected growth of the user base may cause AGEDB to not reach its revenue projections and lose market share to other rapidly expanding tech firms. Additionally, companies that already rely heavily on a particular graph database technology might become dependent on such vendor's products and services, making it difficult to switch to a new system where they have created a strong reliance on that vendor's tools, application programming interfaces, and features. Transferring data from one graph database vendor to another can be complex due to differences in data models, schemas, and query languages. Companies might need to restructure their data and rewrite queries, which can be time-consuming and error-prone. Further, if an organization invests in training its staff to become proficient with a specific vendor's technology, shifting to a different vendor's solution might require retraining or hiring new personnel with expertise in the new technology.

Inherent risks in expanding its products and services

AGEDB may have limited or no experience in its newer market segments, and AGEDB's customers may not adopt its new offerings. These offerings may present novel and difficult technological challenges, and AGEDB may be subject to complaints and claims from its customers regarding its new offerings if any experience service disruptions, failures or other quality-related issues. In addition, profitability, if any, in AGEDB's new offerings may be significantly lower than in its other offerings, and AGEDB may not be successful enough in these newer offerings to recoup its investments in them. If any of this were to occur, it could damage AGEDB's reputation, limit its growth, and negatively affect its operating results.

AGEDB may experience significant fluctuations in its operating results and growth rate

AGEDB may not be able to accurately forecast its growth rate. AGEDB bases its expense levels and investment plans on sales estimates. A significant portion of its expenses and investments is fixed, and AGEDB may not be able to adjust its spending quickly enough if its sales are less than expected.

AGEDB's revenue growth may not be sustainable, and its percentage growth rates may decrease. AGEDB's revenue and operating profit growth depends on the continued growth of demand for the solutions offered by AGEDB, and AGEDB's business is affected by general economic and business conditions worldwide. A softening of demand, whether caused by changes in customer preferences or a weakening of the global economies, may result in decreased revenue or growth.

Competition

AGEDB's business faces competition in all aspects. The nature of the IT industry creates a competitive landscape that is constantly evolving as firms emerge, expand or are acquired, as technology evolves and as delivery models change. AGEDB's offerings compete directly with certain offerings from some of the largest and most competitive companies in the world. In addition, new technologies and new and growing competitors frequently emerge. Vendors may spend amounts in excess of what AGEDB typically spends to develop and market applications and technologies.

AGEDB's competitors may also adopt business practices that provide customers access to competing products and services on terms that AGEDB may not generally find acceptable, which may convince customers to purchase competitor products and services. Competitors could introduce new competitive products, add new functionality, acquire competitive products, reduce prices, better execute on their sales and marketing strategies, offer more flexible business practices, provide debt or equity financing to customers or form strategic alliances with other companies. Mergers, consolidations or alliances among competitors, or acquisitions of competitors by large companies may result in increased competition.

If AGEDB's competitors offer deep discounts on certain products or services or develop products that the marketplace considers more valuable, AGEDB may need to lower prices, introduce pricing models and offerings or offer other terms that are less favorable to AGEDB, in order to compete successfully. Any such changes may reduce revenues and margins and could adversely affect AGEDB's operating results. Additionally, the increasing prevalence of cloud delivery models may result in increased cloud delivery expenses. AGEDB's competitors may offer lower pricing on license support offerings, which could put pressure on AGEDB to discount its product offerings.

Changes to AGEDB's prices and pricing policies could cause its revenues to decline or be delayed as its sales force implements and its customers adjust to the new pricing policies. Some of AGEDB's competitors may bundle products for promotional purposes or as a long-term pricing strategy, commit to large customer deployments at prices that are unprofitable, or provide guarantees of prices and product implementations. These practices could, over time, significantly constrain the prices that AGEDB can charge for certain of its products. If AGEDB is unable to adapt its pricing models to reflect changes in customer use of its products or changes in customer demand, its revenues may decrease.

AGEDB faces risks associated to system interruption and lack of redundancy

AGEDB may experience occasional system interruptions and delays that make solutions unavailable or slow to respond and prevent AGEDB from efficiently providing services to customers, which may reduce AGEDB's net sales and the attractiveness of its services. If AGEDB is unable to continually add software and hardware, effectively upgrade its systems and network infrastructure, and take other steps to improve the efficiency of its systems, it could cause system interruptions or delays and adversely affect AGEDB's operating results.

AGEDB's computer and communications systems and operations could be damaged or interrupted by fire, flood, power loss, telecommunications failure, earthquakes, acts of war or terrorism, acts of God, computer viruses, physical or electronic break-ins, and similar events or disruptions. Any of these events could cause system interruption, delays, and loss of critical data, and could prevent AGEDB from providing services, which could make AGEDB's service offerings less attractive and subject AGEDB to liability. AGEDB's systems are not fully redundant and its disaster recovery planning may not be sufficient. In addition, AGEDB may have inadequate insurance coverage to compensate for any related losses. Any of these events could damage AGEDB's reputation and be expensive to remedy.

Technological advances

It is possible that more economical or efficient software technology than what is currently produced and utilized by AGEDB will be developed, thereby potentially adversely affecting AGEDB's competitive position within the software and technology industry. The technology landscape is always evolving, and new database technologies are being developed at all stages. The graph database market might face competition from other emerging database paradigms, and shifts in technology trends could impact the demand for graph databases.

Dependence on License Agreement

AGEDB's business is highly dependent on the License Agreement. Depending on a single license agreement for use of the Patents which are core to AGEDB's products, offerings and R&D makes AGEDB highly dependent on the terms and conditions of that agreement. Accordingly, the License Agreement contains an automatic termination right for Bitnine Global should AGEDB breach provisions relating to confidential information in the License Agreement, and Bitnine may terminate the License Agreement if AGEDB breaches any provision thereof and fails to correct such breach within 30 days. If the License Agreement is lost or significantly modified, AGEDB could experience difficulties in developing and maintaining new products and services, which could result in decreased market presence.

Access to Qualified People

The software and technology industry is competitive and therefore access to qualified and experienced personal in software R&D as well as supporting technical partners is important. Skilled professionals with expertise in graph database technologies might be scarce, leading to challenges in finding and retaining talent to design, develop, and maintain graph database systems.

Cyber security

Cyber security has become an increasingly problematic issue for issuers and businesses in Canada and around the world, including AGEDB. Cyber-attacks against organizations of all sizes are increasing in sophistication and are often focused on financial fraud, compromising sensitive data for inappropriate use or disrupting business operations. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of AGEDB's information resources. More specifically, a cyber-incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential information. As AGEDB's reliance on technology has increased, so have the risks posed to its systems. AGEDB's primary risks that could directly result from the occurrence of a cyber-incident include operational interruption, damage to its reputation, damage to AGEDB's business relationships, disclosure of confidential information regarding its employees and third parties with whom AGEDB interacts, and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny and litigation. AGEDB has implemented processes, procedures and controls to help mitigate these risks, but these measures, as well as its increased awareness of a risk of a cyber-incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

Litigation

All industries, including the software and technology industry, are subject to legal claims, with and without merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the litigation process could take away from management time and effort and the resolution of any particular legal proceeding to which the AGEDB may become subject could have a material adverse effect on the business, prospects, financial position or results of operations of AGEDB.

Risk and insurance coverage

Due to the nature of DBMS software and technology, AGEDB may not be able to obtain insurance to protect its assets, operations and employees or, if so, such insurance may be subject to coverage limits and exclusions and may not be available for the risks and hazards to which AGEDB is exposed. In addition, no assurance can be given that such insurance would be adequate to cover the AGEDB's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If AGEDB was to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if AGEDB was to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.