ADAGIO 2 CAPITAL INC.

Interim Financial Statements

For the six months ended January 31, 2025

Expressed in Canadian Dollars

(Unaudited – prepared by management)

NOTCE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM COLSOLIDATED FINANCIAL STATEMENTS

These unaudited condensed consolidated interim financial statements of Adagio 2 Capital Inc. for the six months ended January 31, 2025 have been prepared by management and approved by the Board of Directors. These unaudited condensed consolidated interim financial statements have not yet been reviewed by the Company's external auditors.

ADAGIO 2 CAPITAL INC.
Interim Statements of Financial Position
As at
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

	Note	January 31, 2025	July 31, 2024
Assets			
Current assets			
Cash		$ 95,773	$ 150,000
Prepaids	6	27,875	-
Total assets		$ 123,648	$ 150,000
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		$ 28,963	$ 15,023
Shareholders' equity			
Share capital	3	150,000	150,000
Deficit		(55,315)	(15,023)
Total shareholders' equity		94,685	134,977
Total liabilities and shareholders' equity		$ 123,648	$ 150,000

Nature and continuance of operations (Note 1)
Significant events (Note 6)

Approved by Directors:

"AZIM DHALLA"
Director

"CHRISTOPHER CHERRY"
Director

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

ADAGIO 2 CAPITAL INC.
Interim Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

		Three Months Ended January 31, 2025		Six Months Ended January 31, 2025
Expenses				
Office and miscellaneous	$	-	$	76
Professional fees		4,726		31,266
Transfer agent and filing fees		8,950		8,950
Net and comprehensive loss	$	(13,676)	$	(40,292)
Weighted average number of outstanding shares		3,000,000		3,000,000
Basic and diluted loss per share	$	(0.01)	$	(0.01)

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

ADAGIO 2 CAPITAL INC.
Interim Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

		Share capital			
	Note	Number	Amount	Deficit	Total shareholders' equity
July 16, 2024 – Date of incorporation		-	$ -	$ -	$ -
Shares issued for cash	3	3,000,000	150,000	-	150,000
Net loss for the period		-	-	(15,023)	(15,023)
Balance at July 31, 2024		3,000,000	150,000	(15,023)	134,977
Net loss for the period		-	-	(40,292)	(40,292)
Balance at January 31, 2025		3,000,000	$ 150,000	$ (55,315)	$ 94,685

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

ADAGIO 2 CAPITAL INC.
Interim Statement of Cash Flows
For the six months ended January 31, 2025
(Expressed in Canadian dollars)
(Unaudited – prepared by management)

Cash provided by (used in):		
Operating activities		
Net loss for the period	$	(40,292)
Changes in non-cash working capital items:		
Prepaids		(27,875)
Accounts payable and accrued liabilities		13,940
Cash used in operating activities		(54,227)
Decrease in cash		(54,227)
Cash, beginning of period		150,000
Cash, end of period	**$**	**95,773**

Supplemental cash flow information

There were no non-cash transactions during the period ended January 31, 2025.

1. NATURE AND CONTINUANCE OF OPERATIONS

Adagio 2 Capital Inc. (the "Company") is a company domiciled in Canada. The Company was incorporated on July 16, 2024 under the laws of the Province of British Columbia. The address of the Company's registered and head office is Suite 600, 890 West Pender Street, Vancouver, B.C., V6C 2V6.

Subsequent to January 31, 2025 the Company is in the process of applying to list its common shares 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 and competing an Initial Public Offering ("IPO") of its common shares (Note 6).

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

These financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements were authorized for issue by the board of directors on March 31, 2025.

These interim financial statements have been prepared using accounting policies consistent with those used in the Company's annual financial statements for the period ended July 31, 2024. It is therefore recommended that these interim financial statements be read in conjunction with the Company's audited financial statements for the period ended July 31, 2024.

Going concern

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The Company may require additional financing to meet its projected minimum financial obligations for the next fiscal year. The Company is aware, in making its assessment, of material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern. The 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, and such adjustments may be material.

Basis of measurement

These unaudited interim financial statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These unaudited interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Significant areas requiring the use of management estimates relate to the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Share capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

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

Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The dilutive effect of outstanding options and warrants and their equivalents are reflected in diluted earnings per share. The computation of diluted earnings per share assumes conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the period. Outstanding common shares that are contingently cancelable are excluded from the weighted average number of shares outstanding.

Income taxes

Income taxes are recognized for the estimated taxes payable for the current period, and deferred taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities, and for the benefit of losses available to be carried forward for tax purposes that are more likely than not to be realized. To the extent that the Company does not consider it more likely than not that a deferred tax asset will be recovered, it provides a valuation allowance against the excess. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – recognition and measurement

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Cash is classified at FVTPL and accounts payable is classified at amortized cost.

Financial instruments – recognition and measurement (continued)

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

(iii) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Share-based payments

The Company records all share-based compensation at fair value. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized through profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received. When the value of goods or services received in exchange for the share-based compensation cannot be reliably estimated, the fair value is measured by use of the Black-Scholes Option Pricing Model.

Options and warrants issued as consideration in connection with common share placements are recorded at their fair value on the date of issuance as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On exercise of stock options, agent options and warrants, share capital is recorded for the consideration received and for the fair value amounts previously recorded to reserve. The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of share-based compensation.

Recent accounting pronouncements

Certain new accounting standards, amendments to standards and interpretations have been issued, effective for annual periods beginning on or after July 31, 2024. These standards have been assessed to not have a significant impact on the Company's financial statements.

3. SHARE CAPITAL

Authorized

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

Issued

During the period ended January 31, 2025, the Company did not issue any common shares.

During the period ended July 31, 2024, the Company issued 3,000,000 common shares at a price of $0.05 per share for gross proceeds of $150,000.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at January 31, 2025, the Company's financial instruments comprised of cash and accounts payable. The fair value of these financial instruments approximates their carrying value due to their short-term maturity. 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.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

As at January 31, 2025, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial liabilities as they become due. As at January 31, 2025, the Company had a cash balance of $95,773 (July 31, 2024 - $150,000) to settle liabilities of $28,963 (July 31, 2024 - $15,023) and as such, is not exposed to significant liquidity risk.

Market risk

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

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk

The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(c) Price risk

The Company is not exposed to price risk with respect to equity prices.

5. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at January 31, 2025, the Company's shareholders' equity was $94,685 (July 31, 2024 - $134,977). The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its future liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company is not subject to externally imposed capital requirements.

6. SIGNIFICANT EVENTS

The Company has applied to list its common shares on the TSX-V as a CPC and is in the process of filing a prospectus with the intent of completing an IPO of up to 2,000,000 common shares at a price of $0.10 per common share. The completion of the listing and the IPO are subject to the Company fulfilling and meeting the listing requirements of the TSX-V.

The Company has entered into an agency agreement with Leede Financial Inc. (the "Agent") pursuant to the agency agreement a commission equal to 10% of the gross proceeds from the Offering will be paid to the Agent. The Agent will also receive a corporate finance fee of $15,000 plus GST and non-transferable options to acquire common shares equal to 10% of the number of common shares sold pursuant to the IPO. During the period ended October 31, 2024, the Company paid a deposit of $27,875 associated with the IPO.

In addition, the Company intends to grant at the closing of the IPO, stock options to its directors, officers and consultants to purchase 499,999 common shares at a price of $0.10 per common share, exercisable for a period of 5 years from the listing date.