

Datametrex AI Limited

Condensed Interim Consolidated Financial Statements
September 30, 2024

(Unaudited)

(Canadian dollars, except as otherwise noted)

Notice to Reader

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Datametrex AI Limited

Condensed Interim Consolidated Statements of Financial Position

As of September 30, 2024 and March 31, 2024

(Canadian dollars)

	September 30, 2024	March 31, 2024
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	289,957	341,242
Trade and loan receivables (notes 4, 12 and 13)	3,641,682	2,177,793
Inventory	313,437	139,367
Marketable securities (note 10)	322,699	792,998
Prepaid expenses and other assets	223,978	221,721
Total current assets	4,791,753	3,673,121
Right-of-use asset (note 8)	4,387,963	4,737,582
Property and equipment (note 5)	1,969,544	1,871,094
Intangible assets (notes 6 and 14)	1,727,128	953,528
Goodwill (note 6 and 14)	1,472,649	1,472,649
Total assets	14,349,037	12,707,974
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (notes 12 and 13)	2,118,327	1,502,305
Income taxes payable (note 13)	2,885,766	2,885,766
Current portion of lease liability (notes 8 and 13)	570,083	682,500
Loan payable (notes 9 and 13)	561,045	518,995
Provisions (note 14)	1,875,000	1,875,000
Total current liabilities	8,010,221	7,464,566
Long-term lease liability (notes 8 and 13)	3,722,870	3,986,263
Deferred income taxes	252,682	252,682
Total liabilities	11,985,773	11,703,511
Shareholders' equity		
Share capital (note 11)	59,418,082	56,846,173
Reserves (note 11)	9,339,795	8,993,180
Foreign currency translation reserve	16,307	(54,562)
Deficit	(66,410,920)	(64,780,328)
Total shareholders' equity	2,363,264	1,004,463
Total liabilities and shareholders' equity	14,349,037	12,707,974

Description of business and organization (note 1)

Contingency (note 15)

Subsequent events (note 17)

Signed "Paul Haber" Director

Signed "Charles Park" Director

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

Datametrex AI Limited

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and six months ended September 30, 2024 and 2023

(Canadian dollars, except share and per share amounts)

	Three months ended September 30, 2024 \$	Three months ended September 30, 2023 \$	Six months ended September 30, 2024 \$	Six months ended September 30, 2023 \$
Revenue				
AI and Technology (note 3)	257,343	557,952	738,841	758,850
Health Security (note 3)	2,138,808	1,050,770	3,146,348	1,930,239
	2,396,151	1,608,722	3,885,189	2,689,089
Direct costs (note 3 and 12)	(765,466)	(1,233,712)	(1,577,544)	(1,910,140)
Gross profit (note 3)	1,630,685	375,010	2,307,645	778,949
Expenses				
Salaries, benefits and consulting fees	426,405	854,974	798,345	1,667,787
Office and general	355,851	659,014	584,297	1,284,348
Professional fees	805,605	495,514	1,214,186	926,502
Other operating expenses	37,932	134,527	82,046	313,864
Share-based compensation (note 11)	173,946	1,213,194	346,615	1,213,195
Depreciation and amortization (notes 5, 6 and 8)	370,287	763,331	722,572	1,392,415
	2,170,026	4,120,554	3,748,061	6,798,111
Loss before undernoted items	(539,341)	(3,745,544)	(1,440,416)	(6,019,162)
Unrealized gain (loss) on marketable securities (note 10)	146,500	44,076	(289,249)	79,175
Gain (loss) on sale of marketable securities (note 10)	-	(64,884)	55,527	(64,884)
Interest and accretion	(23,890)	(19,433)	(46,539)	(41,424)
Interest and other income	66,146	372,920	71,752	613,833
Foreign exchange gain (loss)	13	(1,931)	13	(3,245)
Write off of accounts payable	18,320	-	18,320	-
Net loss	(332,252)	(3,414,796)	(1,630,592)	(5,435,707)
Other comprehensive income (loss)				
Foreign exchange translation adjustment	83,269	(13,599)	70,869	28,203
Comprehensive loss	(248,983)	(3,428,395)	(1,559,723)	(5,407,504)
Weighted average number of common shares - basic	581,795,496	394,681,644	532,801,602	395,378,326
Weighted average number of common shares - diluted	581,795,496	394,681,644	532,801,602	395,378,326
Basic loss per share	(0.00)	(0.01)	(0.00)	(0.01)
Diluted loss per share	(0.00)	(0.01)	(0.00)	(0.01)

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

Datametrex AI Limited

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the six months ended September 30, 2024 and 2023

(Canadian dollars, except for number of shares)

	<u>Common Shares</u>		Reserves	Foreign currency translation reserve	Deficit	Total
	Number	Amount \$				
Balance – March 31, 2023	393,884,701	54,281,183	8,149,978	(33,430)	(42,101,110)	20,296,621
Net income for the period	-	-	-	-	(5,435,707)	(5,435,707)
Share issued on exercise of options (note 11)	9,500,000	1,085,387	(335,387)	-	-	750,000
Share-based compensation (note 11)	-	-	1,213,194	-	-	1,213,194
Foreign exchange translation adjustment	-	-	-	28,203	-	28,203
Balance – September 30, 2023	403,384,701	55,366,570	9,027,785	(5,227)	(47,536,817)	16,852,311
Balance – March 31, 2024	457,884,701	56,846,173	8,993,180	(54,562)	(64,780,328)	1,004,463
Net loss for the period	-	-	-	-	(1,630,592)	(1,630,592)
Share issued for asset acquisition (notes 6 and 11)	69,999,992	1,050,000	-	-	-	1,050,000
Share issued for cash (note 11)	76,095,465	1,521,909	-	-	-	1,521,909
Share-based compensation (note 11)	-	-	346,615	-	-	346,615
Foreign exchange translation adjustment	-	-	-	70,869	-	70,869
Balance – September 30, 2024	603,980,158	59,418,082	9,339,795	16,307	(66,410,920)	2,363,264

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

Datametrex AI Limited

Condensed Interim Consolidated Statements of Cash Flows

For the six months ended September 30, 2024 and 2023

(Canadian dollars)

	Six months ended September 30, 2024	Six months ended September 30, 2023
Cash flows used in operating activities	\$	\$
Net loss for the period	(1,630,592)	(5,435,707)
Adjustments to reconcile net loss to operating cash flows		
Depreciation of property and equipment (note 5)	246,553	93,638
Amortization of intangible assets (note 6)	126,400	1,034,962
Amortization of right-of use asset (note 8)	349,619	222,242
Accretion on lease liability (note 8)	34,178	8,088
Accretion on long-term debt (note 9)	12,550	34,676
Loss (gain) on sale of marketable securities (note 10)	(55,527)	64,885
Share-based payments (note 11)	289,249	1,213,194
Unrealized loss (gain) on marketable securities (note 10)	346,615	(79,175)
Net change in operating assets and liabilities (note 7)	<u>(1,024,194)</u>	<u>(1,091,027)</u>
	<u>(1,305,149)</u>	<u>(3,934,224)</u>
Cash flows provided by investing activities		
Purchase of property and equipment (note 5)	(344,911)	(786,044)
Proceeds from the sale of marketable securities (note 10)	236,577	4,236
Cash obtained from Imagine Health acquisition (note 14)	-	101,671
Cash obtained from Cereal Crunch acquisition (note 6)	150,000	-
	<u>41,666</u>	<u>(680,137)</u>
Cash flows provided in financing activities		
Repayments of lease liability (note 8)	(409,988)	(230,328)
Repayments of loans payable	-	(296,667)
Proceeds from loan payable	29,500	-
Proceeds from exercise of options	-	750,000
Proceeds from private placement (note 11)	1,521,909	-
	<u>1,414,221</u>	<u>223,005</u>
Effect of exchange rate changes on cash and cash equivalents	<u>70,777</u>	<u>23,220</u>
Decrease in cash and cash equivalents	(51,285)	(4,368,136)
Cash and cash equivalents, beginning of period	341,242	5,512,540
Cash and cash equivalents, end of period	289,957	1,144,404
Cash and cash equivalents are comprised of:		
Cash	289,957	694,404
Cash equivalents	-	450,000
Total	<u>289,957</u>	<u>1,144,404</u>
Supplementary information		
Interest paid	-	-
Income taxes paid	-	-

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

Datametrex AI Limited

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

(Canadian dollars)

1 Description of business and organization

Datametrex AI Limited (the “Company”) is a technology company focused on collecting, analyzing and presenting structured and unstructured data using machine learning and artificial intelligence. The Company also started a health security businesses, including COVID-19 related services, concierge medical services and telemedicine services.

The Company is a publicly traded corporation, incorporated in the province of Ontario and its head office and principal place of business is located at 2300 Yonge Street, Suite 2802, Toronto, Ontario, M4P 1E4, Canada. The Company’s common shares are listed on the TSX Venture Exchange (“TSXV”) under the trading symbol “DM” and on the Frankfurt Stock Exchange under the trading symbol “D4G”.

In February 2024, the Company changed its financial year end from December 31 to March 31. Accordingly, these consolidated financial statements represent a fiscal period of fifteen months from January 1, 2023 to March 31, 2024. Presented as comparative figures are the financial results for the twelve month period of January 1, 2022, to December 31, 2022.

Beginning in March 2020, the Governments of Canada and the United States, as well as other foreign governments instituted emergency measures as a result of the COVID-19 virus outbreak. The virus has had a major impact on North America and international securities and currency markets, and consumer activity. As a result, the Company entered into agreements securing the rights to import COVID-19 test kits from manufacturers in South Korea. The Company provided COVID-19 related services on the Canadian and international market. COVID-19 has had a significant positive impact on the Company’s financial position, its results of operations and its cash flows. However, the need for COVID-19 test kits virtually ended in recent periods.

During the six months ended September 30, 2024, the Company incurred a loss of \$1,630,592 (2023 - \$5,435,707) and, as of that date, the Company had accumulated deficit of \$66,410,920 (March 31, 2024 - \$64,780,328) and a working capital deficit of \$On July 5, 2024, the Company closed the first tranche of its non-brokered private placement of 32,275,000 units of the Company at a price of \$0.02 per unit for aggregate gross proceeds of \$645,500. Each Unit consists of one (1) common share of the Company ("Share") and one (1) common share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one additional Share of the Company at a price of \$0.05 per Share for a period of two (2) years from the date of issuance. (March 31, 2024 – \$3,791,445). The Company’s continuing operations as intended are dependent upon its the ability to raise additional funds, investor sentiment and financial market conditions. Should the Company be unable to secure additional financing, the Company may be unable to discharge its net liabilities. These uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

2 Material accounting policy information

Basis of presentation and statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance International Accounting Standards (“IAS”) 34 – Interim Financial Reporting of International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in annual financial statements have been omitted or condensed.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in note 2 to the Company’s consolidated financial statements for the fifteen months ended March 31, 2024. These interim financial statements should be read in conjunction with the

Datametrex AI Limited

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

(Canadian dollars)

Company's consolidated financial statements for the fifteen months ended March 31, 2024. The accounting policies have been applied consistently in these interim financial statements, unless otherwise indicated.

These condensed consolidated interim financial statements were approved and authorized for issuance by the Company's Board of Directors on November 29, 2024. The consolidated financial statements are presented in Canadian dollars which is also the Company's functional currency.

Basis of consolidation

The condensed interim consolidated financial statements include the accounts of all entities controlled by the Company, which are referred to as subsidiaries, and references to the Company include references to such subsidiaries. The financial statements of the subsidiaries are included in these consolidated financial statements from the date on which control commences until the date on which control ceases.

The Company's wholly owned operating subsidiaries include:

Name of the entity	Jurisdiction of incorporation	Functional currency	Principal activity
Datametrex Limited	Canada	Canadian Dollar	Inactive
9172-8766 Quebec Inc. ("Nexalogy")	Canada	Canadian Dollar	AI and Technology
Datametrex Korea Limited ("Datametrex Korea")	Korea	Korean Won	AI and Technology
Medi-Call Inc. ("Medi-Call")	Canada	Canadian Dollar	Health Care
Datametrex Electric Vehicle Solutions Inc. ("EVS") ⁽¹⁾	Canada	Canadian Dollar	AI and Technology
Imagine Health Medical Clinics Ltd. ("IHMed") ⁽²⁾	Canada	Canadian Dollar	Health Care
Imagine Health Pharmacies & Research Ltd. ("IHPharma") ⁽²⁾	Canada	Canadian Dollar	Health Care
Imagine Health Physio Ltd. ("IHPhysio") ⁽²⁾	Canada	Canadian Dollar	Health Care

(1) Deconsolidated as of December 7, 2023, being the date of disposition.

(2) Consolidated as of May 1, 2023, being the date of acquisition.

The Company's condensed interim consolidated financial statements are presented in Canadian Dollar.

Intercompany balances and transactions are eliminated upon consolidation and preparation of these consolidated financial statements.

Critical Accounting Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and judgments that affect the applications of accounting policies regarding certain types of assets, liabilities, revenues, and expenses in the preparation of these consolidated financial statements. Estimates and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. These estimates and judgments are based on management's historical experience, and its best knowledge of current events or conditions and activities that the Company may undertake in the future. Actual results could differ materially from these estimates.

Datametrex AI Limited

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

(Canadian dollars)

Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the amounts reported in these consolidated financial statements are discussed below:

a) **Business combinations, control and significant influence**

The Company uses judgment in determining the entities that it controls and therefore, consolidates or has significant influence over and therefore accounts for on an equity basis. The Company controls an entity when the Company has existing rights that give it the current ability to direct the activities that significantly affect the entities' returns. The Company has significant influence when the Company has the power to participate in the financial and operating policy decisions of the investee, but does not control nor has joint control of that investee's policies.

b) **Intangible assets and goodwill**

Management is required to use judgment in determining the economic useful lives of identifiable intangible assets. Judgment is also required to determine the frequency with which these assets are to be tested for impairment. The Company uses judgment in determining the grouping of assets to identify its Cash Generating Units ("CGUs") for purposes of testing for impairment of intangible assets and goodwill. In testing for impairment, goodwill acquired in a business combination is allocated to the CGUs that are expected to benefit from the synergies of the business combination. In testing for impairment of intangibles with indefinite lives, these assets are allocated to the CGUs to which they relate.

c) **Income taxes**

In calculating current and deferred income taxes, the Company uses judgment when interpreting the tax rules where the Company operates. The Company also uses judgment in classifying transactions and assessing probable outcomes of claimed or accrued deductions, which considers expectations of future operating results, the timing and reversal of temporary differences and possible audits of income tax filings by tax authorities.

d) **Share based compensation**

In calculating grant valuations, various inputs and assumptions are used with respect to expected option life, risk free interest rate, dividend yield and expected volatility.

e) **Accounting for the acquisitions**

The Company applies significant judgment to conclude whether an acquired set of activities and assets is a business. The acquisition of a business is accounted for as a business combination, under IFRS 3. If an acquired set of activities and assets does not meet the definition of a business, the transaction is accounted for as an asset acquisition. The Company also applied judgment in identifying the assets acquired and evaluating which IFRS standard the asset should be measured in.

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the changes affects both.

Datametrex AI Limited

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

(Canadian dollars)

a) Accrued liabilities, provisions and contingent consideration

Certain estimates and assumptions that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next fiscal year include accrued liabilities, provisions and contingent consideration. These estimates are based on management's assumptions, based on current circumstances, that management believes are a reasonable basis upon which to estimate the future liabilities. Specifically for provisions, that the amount of the estimate is reliable and that management has determined that there is an expectation that future outflows of assets will be necessary to cover the provided for amounts.

b) Fair value of intangible assets and goodwill

With respect to intangible assets acquired and goodwill recognized in a business combination, and at subsequent assessment dates, the Company determines fair values using such estimates such as discounts rates, growth rates and terminal growth rates. These estimates take into account any material change to the assumptions that occur when reviewed annually by management.

3 Segment information

For the six months ended September 30, 2024 and the fifteen months ended March 31, 2024, the Company has two operating and reportable segments being: (1) AI and Technology; and (2) Health Care.

	Health Care	AI and Technology	Consolidated totals
	\$	\$	\$
For the six months ended September 30, 2024			
Revenue	3,146,348	738,841	3,885,189
Direct costs	1,288,926	288,618	1,577,544
Gross profit	1,857,422	450,223	2,307,645
Interest expense	46,539	-	46,539
Depreciation	714,148	8,424	722,572
Segment gain (loss)	(1,685,219)	54,626	(1,630,592)
For the six months ended September 30, 2023			
Revenue	1,930,239	758,850	2,689,089
Direct costs	1,391,203	518,937	1,910,140
Gross profit	539,036	239,913	778,949
Interest expense	41,434	(10)	41,424
Depreciation	(128,397)	1,520,812	1,392,415
Segment loss	(3,927,877)	(1,507,830)	(5,435,707)
As at September 30, 2024			
Segment total assets	11,828,829	2,520,208	14,349,037
Segment non-current assets	7,810,198	1,747,086	9,557,284
Segment liabilities	11,643,160	342,613	11,985,773
As at March 31, 2024			
Segment total assets	9,540,027	3,167,947	12,707,974
Segment non-current assets	7,279,434	1,755,419	9,034,853
Segment liabilities	11,272,109	431,402	11,703,511

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Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

(Canadian dollars)

The Company operates in two geographic locations, being Canada and Korea. Geographical information is summarized as follows:

	Canada	Korea	Total
	\$	\$	\$
For the six months ended September 30, 2024			
Revenue from external customers	3,146,348	738,841	3,885,189
Non-current assets	9,304,658	252,626	9,557,284
	Canada	Korea	Total
	\$	\$	\$
For the six months ended September 30, 2023			
Revenue from external customers	1,929,272	759,817	2,689,089
Non-current assets	22,154,551	252,959	22,407,510

4 Trade and loan receivables

	September 30,	March 31,
	2024	2024
	\$	\$
Trade receivables	2,390,352	380,862
Sales taxes receivable	936,829	865,821
Loan receivable	5,000	10,000
Scientific Research and Experimental Development receivable	309,501	921,110
	<u>3,641,682</u>	<u>2,177,793</u>

Datametrex AI Limited

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

(Canadian dollars)

5 Property and equipment

	Computer equipment, software and machinery \$	Office equipment and furniture \$	Electric Vehicle Solutions \$	Leasehold improvements \$	Total \$
Cost					
Balance at December 31, 2022	1,938,171	36,139	937,903	350,000	3,262,213
Additions	1,167,424	-	326,106	157,810	1,651,340
Acquisition of Imagine Health (note 14)	50,871	26,682	-	70,661	148,214
Disposition of EVS	-	-	(1,264,009)	-	(1,264,009)
Effect of foreign exchange	(3,224)	2,082	-	-	(1,142)
Balance at March 31, 2024	3,153,242	64,903	-	578,471	3,796,616
Additions	-	-	-	344,911	344,911
Effect of foreign exchange	-	331	-	-	331
Balance at September 30, 2024	3,153,242	65,234	-	923,382	4,141,858
Accumulated depreciation					
Balance at December 31, 2022	315,318	26,691	-	-	342,009
Depreciation	1,047,657	17,653	151,026	17,126	1,233,462
Impairment	507,011	-	-	-	507,011
Disposition of EVS	-	-	(151,026)	-	(151,026)
Effect of foreign exchange	(5,238)	(696)	-	-	(5,934)
Balance at March 31, 2024	1,864,748	43,648	-	17,126	1,925,522
Depreciation	228,467	8,755	-	9,331	246,553
Effect of foreign exchange	-	239	-	-	239
Balance at September 30, 2024	2,093,215	52,642	-	26,457	2,172,314
Carrying amounts					
Balance at March 31, 2024	1,288,494	21,255	-	561,345	1,871,094
Balance at September 30, 2024	1,060,027	12,592	-	896,925	1,969,544

On November 13, 2023, the Company entered into an agreement related to the sale of its subsidiary, EVS, to New World Solutions Inc. (formerly Graph Blockchain Inc.) (“New World”). Pursuant to the agreement, New World agreed to acquire EVS for an aggregate purchase price of up to \$3,750,000, contingent upon EVS achieving certain milestones. The Company may receive up to an additional \$3,000,000 in Earn-Out Payments contingent upon EVS’s fulfillment of certain post-closing performance metrics. EVS assets have been deconsolidated as of December 7, 2023.

During the fifteen months ended March 31, 2024, the Company recorded an impairment loss of \$297,325 related to certain COVID testing equipment as a result of the COVID-19 business virtually ending during the period and an impairment loss of \$209,685 related to the hardware infrastructure of Nexalogy.

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Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

(Canadian dollars)

6 Goodwill and other intangible assets

	Goodwill	Trademark	Non-competition agreements and others	Patents and developed technologies	Customer relationships	Total intangibles
	\$	\$	\$	\$	\$	\$
Cost						
Balance at December 31, 2022	2,972,348	400,000	14,530,337	21,463,576	1,262,000	37,655,913
Acquisition – Imagine Health (note 14)	1,472,649	-	310,005	-	840,000	1,150,005
Disposition – EVS	-	-	-	(4,272,000)	-	(4,272,000)
Balance at March 31, 2024	4,444,997	400,000	14,840,342	17,191,576	2,102,000	34,533,918
Acquisition – Cereal Crunch	-	-	-	900,000	-	900,000
Balance at September 30, 2024	4,444,997	400,000	14,840,342	18,091,576	2,102,000	35,433,918
Accumulated amortization and impairment losses						
Balance at December 31, 2022	-	-	14,530,337	11,776,036	644,995	26,951,368
Amortization	-	-	56,838	1,364,762	297,389	1,718,989
Disposition – EVS	-	-	-	(2,693,069)	-	(2,693,069)
Impairment	2,972,348	400,000	-	6,743,847	459,255	7,603,102
Balance at March 31, 2024	2,972,348	400,000	14,587,175	17,191,576	1,401,639	33,580,390
Amortization	-	-	31,000	19,233	76,167	126,400
Balance at September 30, 2024	2,972,348	400,000	14,618,175	17,210,809	1,477,806	33,706,790
Carrying amounts						
Balance at March 31, 2024	1,472,649	-	253,167	-	700,361	953,528
Balance at September 30, 2024	1,472,649	-	222,167	880,767	624,194	1,727,128

Nexalogy

Trademarks and other intangibles include indefinite life trademarks in the amount of \$400,000 relating to the Nexalogy brand. The goodwill and indefinite life trademarks are both a result of the Nexalogy acquisition. During the fifteen months ended March 31, 2024, the Company halted Nexalogy operations and management decided to shift focus to other business ventures resulting in the Company completely writing down its trademarks, other intangibles and goodwill by recording an impairment loss of \$3,831,603.

Medi-Call

During the year ended December 31, 2022, the Company recorded an impairment loss of \$4,520,112 related to its developed technologies related to Medi-Call, due to Medi-Call falling short of the expected revenues and financial performance during the year. The impairment was determined using a value in use recoverable amount calculation, utilizing a 34.8% discount rate, which is consistent with the original valuation of the developed technology at the acquisition during the year ended December 31, 2021. During the fifteen months ended March 31, 2024, Medi-Call operation did not generate expected revenues and management decided to shift focus to other business ventures resulting in the Company completely writing down its developed technologies by recording an additional impairment loss of \$6,743,847.

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(Canadian dollars)

EVS

During the year ended December 31, 2022, the Company acquired EVS resulting in an increase in developed technologies of \$4,272,000 (note 14). During the twelve months ended December 31, 2022, the Company recorded an impairment loss of \$2,225,205 related to its developed technologies related to EVS, due to EVS falling short of the expected revenues and financial performance during the year. The impairment was determined using a value in use recoverable amount calculation, utilizing a 21% discount rate, which is consistent with the original valuation of the developed technology at the acquisition (note 14). As a result of the sale of EVS to New World, the intangible assets have been deconsolidated as of December 7, 2023.

Cereal Crunch Mobile Game

On May 9, 2024, the Company completed the arm's length acquisition of the mobile blockchain game Cereal Crunch. The Company acquired all assets related to Cereal Crunch, including the game software, intellectual property, user databases, the Crunch Token, and \$150,000 in cash. For consideration, the Company issued 69,999,992 common shares valued at \$1,050,000 (note 11). Cereal Crunch launched on Google Play in August 2024.

7 Net change in operating assets and liabilities

	Six months ended September 30, 2024 \$	Six months ended September 30, 2023 \$
Cash flows provided by (used in)		
Trade and loan receivables	(1,463,889)	(586,610)
Inventory	(174,070)	(336,154)
Prepaid expenses and other assets	(2,257)	(84,878)
Accounts payable and accrued liabilities and provisions	<u>616,022</u>	<u>(83,385)</u>
	<u>1,024,194</u>	<u>(1,091,027)</u>

8 Right-of-use asset and lease liability

During the year ended December 31, 2021, the Company entered into a new lease contract for its office on Yonge Street in Toronto. The lease expires in September 2024.

During the twelve months ended December 31, 2022, the Company entered into a new lease contract for its office on Arbutus Street in Vancouver. The lease expires in August 2032.

During the fifteen months ended March 31, 2024, the Company acquired two leases for its premise on 97 Street in Edmonton and 6th Avenue SE in Calgary (Note 14). The leases expire in December 2036 and December 2024, respectively.

Right-of-use asset

	\$
Balance at December 31, 2022	<u>3,784,162</u>
Acquisition of Imagine Health (note 14)	1,753,067
Amortization charge for the period	<u>(799,647)</u>
Balance at March 31, 2024	<u>4,737,582</u>
Amortization charge for the period	<u>(349,619)</u>
Balance at September 30, 2024	<u>4,387,963</u>

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Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

(Canadian dollars)

Lease liability	\$
Balance at December 31, 2022	3,780,646
Acquisition of Imagine Health (note 14)	1,753,067
Accretion on lease liability	35,428
Lease payments	(900,378)
Balance at March 31, 2024	4,668,763
Accretion on lease liability	34,178
Lease payments	(409,988)
Balance at September 30, 2024	4,292,953
Classified as current	570,083
Classified as non-current	3,722,870

When measuring the lease liability, the Company discounted lease payments using its incremental borrowing rate of 3.45% for lease agreements entered before 2023 and using its incremental borrowing rate of 9.70% to value the office lease entered during the year.

During the six months ended September 30, 2024, rent expense related to an office premises lease, which was exempt from lease accounting due to its short-term nature, was \$16,166 (2023 - \$17,477). The rent expense associated with this lease is included within office and general in the consolidated statement of loss and comprehensive loss.

9 Debt

	September 30, 2024	March 31, 2024
	\$	\$
Unsecured Canada Emergency Business Account funded by the Government of Canada. During the year ended December 31, 2020, the Company obtained an \$80,000 loan under the Canada Emergency Business Account Program. If the Company repays \$60,000 by December 31, 2023, the \$20,000 balance will be forgiven. Otherwise, an interest rate of 5% will apply to the balance, which will be repayable in 24 monthly blended instalments to the maturity date of December 31, 2025. Since there was reasonable assurance that the Company will repay \$60,000 by December 31, 2023, the Company recognized \$20,000 in profit or loss when the loan was granted. \$30,000 was repaid during the fifteen months ended March 31, 2024.	-	-
Pursuant to the Share Purchase Agreement to acquire Imagine Health, the Company issued a secured vendor take-back note with a principal amount of \$800,000 payable in installments of 6, 12 and 18 months from the date of issuance, with interest charged at a rate of 12% per annum on any amounts unpaid within 30 days of their due date. During the fifteen months ended March 31, 2024, the Company paid \$266,667. The note is secured by the assets of Imagine Health (note 14).	600,683	518,995
	600,683	518,995
Less: Current portion of long-term debt	(600,683)	(518,995)
	-	-

Datametrex AI Limited

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

(Canadian dollars)

10 Marketable Securities

The continuity of marketable securities for the six months ended September 30, 2024 and fifteen months ended March 31, 2024 is as follows:

	Justera Health Ltd. \$	New World Solutions Inc. \$	Total \$
Balance, December 31, 2022	353,994	124,349	478,343
Addition	-	225,000	225,000
Disposition	-	(1,326,374)	(1,326,374)
Fair value adjustment for the period	(235,996)	1,652,025	1,416,029
Balance, March 31, 2024	117,998	675,000	792,998
Disposition	-	(181,050)	(181,050)
Fair value adjustment for the period	(58,999)	(230,250)	(289,249)
Balance, September 30, 2024	58,999	263,700	322,699

During the fifteen months ended March 31, 2024, the Company received 15,000,000 shares of New World in connection with the sale of EVS (note 14) and sold 4,144,937 shares of New World for total proceeds of \$241,783 resulting in a loss of \$1,084,591.

During the six months ended September 30, 2024, the Company sold 12,070,000 shares of New World for total proceeds of \$236,577 resulting in a gain of \$55,527.

11 Share capital and reserves

a) Common shares

The Company is authorized to issue an unlimited number of common shares with no par value.

For the six months ended September 30, 2024:

On May 28, 2024, the Company issued 69,999,992 common shares valued at \$1,050,000 to acquire assets related to Cereal Crunch (note 6).

On July 5, 2024, the Company closed the first tranche of its non-brokered private placement of 32,275,000 units of the Company at a price of \$0.02 per unit for aggregate gross proceeds of \$645,500. Each Unit consists of one common share of the Company ("Share") and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one additional Share of the Company at a price of \$0.05 per Share for a period of two years from the date of issuance.

On July 30, 2024, the Company closed the second tranche of its non-brokered private placement of 15,570,465 units of the Company at a price of \$0.02 per unit for aggregate gross proceeds of \$311,409. Each Unit consists of one common share of the Company and one common share purchase warrant. Each Warrant entitles the holder to acquire one additional Share of the Company at a price of \$0.05 per Share for a period of two years from the date of issuance.

On August 19, 2024, the Company closed the final tranche of its non-brokered private placement of 28,250,000 units of the Company at a price of \$0.02 per unit for aggregate gross proceeds of \$565,000. Each Unit consists of one common share of the Company and one common share purchase warrant. Each Warrant entitles the holder to acquire one additional Share of the Company at a price of \$0.05 per Share for a period of two years from the date of issuance.

Datametrex AI Limited

Notes to Condensed Interim Consolidated Financial Statements

For the six months ended September 30, 2024 and 2023

(Canadian dollars)

For the fifteen months ended March 31, 2024:

During the fifteen months ended March 31, 2024, the Company issued 14,000,000 common shares for gross proceeds of \$1,090,000 upon exercise of stock options.

During the fifteen months ended March 31, 2024, the Company repurchased 16,390,500 common shares of the Company for an aggregate amount of \$1,210,677 under the Normal Course Issuer Bid. These common shares were returned to treasury and cancelled.

On February 26, 2024, the Company closed the non-brokered private placement of 50,000,000 units of the Company at a price of \$0.02 per unit for aggregate gross proceeds of \$1,000,000. Each Unit consists of one (1) common share of the Company ("Share") and one (1) common share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one additional Share of the Company at a price of \$0.05 per Share for a period of two (2) years from the date of issuance. The fair value of the Warrants was \$Nil using the residual method. In connection with the Private Placement, the Company issued 160,000 broker warrants ("Broker Warrants") on gross proceeds raised by eligible arm's length parties. Each Broker Warrant is exercisable to acquire one Share of the Company at a price of \$0.05 for a period of two (2) years. The fair value of the Broker warrants was \$13,922 calculated using the Black-Scholes option pricing model with an expected life of two years, volatility of 80.03%, risk-free rate of 4.11%, and dividend yield of 0%. Insiders of the Company have participated in the Private Placement by subscribing for 8,250,000 Units.

b) Share options

The Company's omnibus equity incentive plan (the "Omnibus Plan") is a rolling plan which provides that the Board of Directors may from time to time, in its discretion, and in accordance with applicable policies of the TSX Venture Exchange ("TSXV"), grant options and restricted share units to acquire common shares to directors, officers and employees of the Company and its affiliates and to consultants, consultant companies and management company employees, provided that the common shares that may be reserved for issuance under the Omnibus Plan at any point in time will not be greater than 10% of the then issued and outstanding common shares. Options issued pursuant to the Omnibus Plan will have an exercise price determined by the Board of Directors provided that the exercise price will not be less than the "Discounted Market Price" as defined in the policies of the TSXV. The vesting of the Options is at the discretion of the Board, except in the case of an optionee performing investor relations activities, in which case the Omnibus Plan requires that options vest over a minimum of 12 months with no more than one quarter of such options vesting during any three month period.

Share options granted by the Company are recorded in "Reserves" in the consolidated statements of financial position as they vest. The following summarizes transactions involving share options issued by the Company:

	Number	Weighted average exercise price \$
Options outstanding at December 31, 2022	2,700,000	0.18
Options granted	34,500,000	0.08
Options exercised	(14,000,000)	0.08
Options expired	(7,200,000)	0.08
Options outstanding at March 31, 2024	16,000,000	0.08
Options expired	(9,500,000)	0.08
Options outstanding at September 30, 2024	6,500,000	0.08

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Notes to Condensed Interim Consolidated Financial Statements

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(Canadian dollars)

In June 2023, the Company granted 29,500,000 stock options with an exercise price of \$0.08 expiring on June 9, 2025. The options vested immediately. The fair value was calculated to be \$1,052,338 using the Black-Scholes option pricing model with the following assumptions: (1) expected life of the option: 2 years, (2) expected volatility: 78%, (3) expected dividend yield: 0%, and (4) risk-free interest rate: 4.36%.

In August 2023, the Company granted 5,000,000 stock options with an exercise price of \$0.07 expiring on August 14, 2025. The options vested immediately. The fair value was calculated to be \$160,857 using the Black-Scholes option pricing model with the following assumptions: (1) expected life of the option: 2 years, (2) expected volatility: 81%, (3) expected dividend yield: 0%, and (4) risk-free interest rate: 4.64%.

During the six months ended September 30, 2024, the Company recorded stock-based compensation of \$Nil (2023 - \$1,213,194) related to stock options.

c) Warrants

	Number	Weighted average exercise price \$
Warrants outstanding at December 31, 2022	60,000,000	0.26
Warrants issued	50,160,000	0.05
Warrants expired	<u>(60,000,000)</u>	<u>0.26</u>
Warrants outstanding at March 31, 2024	50,160,000	0.05
Warrants issued	76,095,465	0.05
Warrants outstanding at September 30, 2024	<u>126,255,465</u>	<u>0.05</u>

On June 18, 2023, a total of 60,000,000 warrants with an exercise price of \$0.26 expired.

On February 26, 2024, the Company issued 50,000,000 share purchase warrants with an exercise price of \$0.05 expiring in 2 years in connection with a non-brokered private placement. In addition, the Company issued 160,000 Broker Warrants under the same terms.

In July and August 2024, the Company issued 76,095,465 share purchase warrants with an exercise price of \$0.05 expiring in 2 years in connection with a non-brokered private placement.

The weighted average remaining life of the warrants outstanding at September 30, 2024 is 1.91 years (March 31, 2024 – 1.90 years).

d) Restricted share units

In January 2024, the Company granted 22,100,000 restricted share units (“RSU”) in accordance with the Company’s omnibus incentive plan to employees, directors, and consultants of the Company. Each RSU entitles the holder to acquire one Common Share on vesting, and the RSUs vest in 12 months. During the six months ended September 30, 2024, the Company recorded share-based compensation of \$295,874 related to the vesting of these RSUs.

In February 2024, the Company granted 12,500,000 RSUs to employees, directors, and consultants of the Company. Each RSU entitles the holder to acquire one Common Share on vesting, and the RSUs vest 12 months from the date of grant. During the six months ended September 30, 2024, the Company recorded share-based compensation of \$155,738 related to the vesting of these RSUs.

Datametrex AI Limited

Notes to Condensed Interim Consolidated Financial Statements

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(Canadian dollars)

	Number
RSUs outstanding at December 31, 2022	-
RSUs issued	34,600,000
RSUs outstanding at March 31, 2024 and September 30, 2024	34,600,000

12 Related party transactions and balances

During the year, the Company incurred transactions with related parties, including companies controlled by its senior management and directors of the Company.

a) Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities at September 30, 2024 was \$261,400 (March 31, 2024 - \$12,600) due to an officer of the Company.

b) Loan receivable

As at September 30, 2024, the Company has a loan receivable from New World in an amount of \$5,000 (March 31, 2024 - \$10,000). The loan is unsecured, non-interest bearing and repayable on demand.

c) Compensation of key management personnel

Related parties include key management personnel and others considered to have significant influence or control over the Company's operations. The Company considers key management personnel to include members of the Board of Directors and executive officers of the Company. Compensation to key management personnel is listed below:

	Six months ended September 30, 2024		Six months ended September 30, 2023	
	Amount \$	Options vested	Amount \$	Options vested
Short term compensation	-	-	115,769	-
Services included in direct costs	302,000	-	244,319	-
Share-based compensation	210,000	-	820,798	21,000,000
	265,427	-	1,180,886	21,000,000

13 Fair values of financial instruments

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented below.

Management has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of management is to set policies that seek to minimize risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The Company has established risk management policies and procedures designed to reduce the potentially adverse effects of price volatility on operating results and distributions. Further details regarding these policies are set out below.

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Notes to Condensed Interim Consolidated Financial Statements

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(Canadian dollars)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments which are potentially subject to credit risk for the Company consists primarily of cash and cash equivalents and trade and loan receivables.

Credit risk associated with cash and cash equivalents is minimized by ensuring these financial assets are maintained with financial institutions of reputable credit and may be redeemed upon demand. During the fifteen months ended March 31, 2024, the Company recorded allowance for expected credit losses relating to trade and loan receivables of \$218,848 included as the office and general expenses. The allowance for expected credit losses mainly relates to four customers with balances greater than \$10,000 and is for the full amount of the trade receivables related to those customers, due to a change in the expected lifetime credit losses related to the trade receivables in question. At September 30, 2024, the Company's maximum exposure to risk of loss with respect to these financial instruments is limited to the carrying amounts in the consolidated statement of financial position. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

The aging of the Company's trade receivables is as follows:

	Less than 30 days \$	30 days to 90 days \$	Over 90 days \$	Total \$
Trade receivables ⁽¹⁾	250,169	-	130,693	380,862
Sales tax recoverable	12,277	41,419	812,125	865,821
Loan receivable	-	-	10,000	10,000
Scientific Research and Experimental Development receivable	-	-	921,110	921,110
At March 31, 2024	262,446	41,419	1,873,928	2,177,793
Trade receivables	217,395	713,926	1,459,031	2,390,352
Sales tax recoverable	6,988	26,168	903,674	936,829
Loan receivable	-	-	5,000	5,000
Scientific Research and Experimental Development receivable	-	-	309,501	309,501
At September 30, 2024	224,383	740,094	2,677,206	3,641,682

⁽¹⁾ The trade receivables are presented net of the allowance for expected credit losses described above of \$218,848, which was recorded against trade receivables primarily over 90 days.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficult in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach is to ensure it will have sufficient liquidity to meet operations, tax, capital and regulatory requirements and obligations, under both normal and stressed circumstances. Cash flow projections are prepared and reviewed by management to ensure a sufficient continuity of funding exists. The Company's financial liabilities are comprised of its accounts payable and accrued liabilities and loan payable. The payments for the Company's accounts payable and accrued liabilities are due in less than a year.

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(Canadian dollars)

The following table sets out the Company's contractual maturities (representing undiscounted contractual cash flows) of financial liabilities and commitments:

	12 months \$	1 to 2 years \$	Over 2 years \$	Total \$
Accounts payable and accrued liabilities	1,502,305	-	-	1,502,305
Loan payable	518,995	-	-	518,995
Lease liability	682,500	519,973	3,466,290	4,668,763
Income taxes payable	2,885,766	-	-	2,885,766
At March 31, 2024	5,589,566	519,973	3,466,290	9,575,829
Accounts payable and accrued liabilities	2,118,327	-	-	2,118,327
Loan payable	561,045	-	-	561,045
Lease liability	570,083	509,115	3,213,755	4,292,953
Income taxes payable	2,885,766	-	-	2,885,766
At September 30, 2024	6,135,221	509,115	3,213,755	9,858,091

The Company's exposure to and management of liquidity risk has not changed materially from that of the prior year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns. Market risk is comprised of interest rate, foreign currency and other price risk. The Company's exposure to and management of market risks has not changed materially from that of the prior year.

Interest rate risk

Interest rate risk is the risk related to the fair value or future cash payments of interest-bearing financial instruments due to changes in interest rates. The Company is not exposed to market risk from changes in interest rates, as the Company does not have any debt instruments with variable interest rates.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to market risk from changes in foreign exchange rates, in particular the exchange rate between the Canadian Dollar and the Korean Won as Datametrex Korea transactions are denominated in Korean Won, which could affect operating results, financial position and cash flows. The Company is not exposed to a market risk from changes in foreign exchange rates between the Canadian Dollar and the U.S. Dollar as the Company holds minimal cash balance in U.S. Dollar and Korean Won accounts and has minimal trades receivable denominated in U.S. Dollars and Korean Won. The Company manages its exposure to this market risk through its regular operating and financing activities. A 1% change in the exchange rates between the Korean Won or U.S. Dollar and the Canadian Dollar would have an immaterial impact on these consolidated financial statements.

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Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market (other than interest rate risk and foreign currency risk). The Company's exposure to other price risk relates to its investments in marketable securities, which are publicly traded securities subject to market fluctuations of the quoted prices for the securities, which had a fair value at September 30, 2024 of \$322,699 (March 31, 2024 - \$792,998). Based on the Company's marketable securities as at September 30, 2024, and assuming all other variables remain constant, a 10% increase/decrease in the fair value of marketable securities would result in an increase/decrease of approximately \$3,000 in comprehensive income/loss for the period.

Fair values of financial instruments

IFRS 13 - *Fair value measurement*, requires disclosure of a three-level hierarchy ("FV hierarchy") that reflects the significance of the inputs used in making fair value measurements and disclosures. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include those whose valuations are determined using inputs other than quoted prices for which all significant inputs are observable, either directly or indirectly. Level 3 valuations are those based on inputs that are unobservable and significant to the overall fair value measurement.

Cash and cash equivalents, trade and loan receivables, accounts payable and accrued liabilities and loans payable, have relatively short periods to maturity, and as such, the carrying values contained in the consolidated statements of financial position approximate their estimated fair value.

The Company's marketable securities are measured at fair value in the consolidated statement of financial position in accordance with level 1 of the fair value hierarchy.

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The Company's overall strategy remains unchanged from the prior year.

The capital structure of the Company consists of shareholders' equity, which totaled \$2,363,264 at September 30, 2024 (March 31, 2024 - \$1,004,463). The availability of new capital will depend on many factors including positive stock market conditions, results of operations thereby access to suitable debt products, and the experience of management. The Company is not subject to any external covenants on its capital.

14 Business acquisitions and disposals

Ronin

In January 2019, the Company issued a statement of claim in the Ontario Superior Court of Justice against various vendors in connection to the Ronin Blockchain Corp. Transaction ("Ronin Vendors"). Some of the defendants have counterclaimed for shares of the Company allegedly owing under the share purchase agreement, under which the Company acquired Ronin Blockchain Corp. (subsequently dissolved), as well as damages. The action and counterclaim have not proceeded beyond the close of pleadings. On March 12, 2019, the Company entered into a final settlement with a 25% owner of the Ronin Vendors, and issued 2,000,000 common shares in satisfaction of an aggregate of \$100,000 of indebtedness. As at March 31, 2024 and December 31, 2022, claims against the Company from the remaining Ronin Vendors amounted to a balance of \$1,875,000, which is included in "Provisions".

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EVS

In June 2022, the Company completed the acquisition of EVS, an arm's length privately held electric vehicle charging solution company incorporated under the laws of the Province of British Columbia, and issued 66,666,667 common shares (note 11) valued at \$9,333,333. The acquisition of EVS was accounted as an asset acquisition. The purchase price of \$9,333,333 was allocated as follows:

Purchase price	\$	9,333,333
Patents and developed technologies (note 6)	\$	4,272,000
Consideration paid in excess of asset acquired	\$	5,061,333

The Company has accounted for the transaction as an asset acquisition under the scope of IFRS 2, *Share Based Payments*. Consideration consisted entirely of shares of the Company which were measured at the fair value of assets acquired. Management determined the fair value of the patents and developed technologies based on an external valuation. The difference between the fair value of the common shares issued of \$9,333,333 and the fair value attributed to the identifiable intangible assets of \$4,272,000 did not meet the criteria for recognition as an asset and consisted of unidentifiable goods or services, which were recognized at \$5,061,333 in profit or loss.

On November 13, 2023, the Company entered into an agreement related to the sale of EVS to New World. Pursuant to the agreement, New World agreed to acquire EVS for an aggregate purchase price of up to \$3,750,000, contingent upon EVS achieving certain milestones. The Company received 15,000,000 common shares of New World valued at \$225,000 (note 10) and may receive up to an additional \$3,000,000 in Earn-Out Payments contingent upon EVS's fulfillment of certain post-closing performance metrics. The sale resulted in a loss on deconsolidation of \$2,574,937, which included bank indebtedness of \$87,517, trade receivables of \$61,733, intangible assets of \$1,578,931, property and equipment of \$1,112,983, prepaids and other assets of \$154,130 and accounts payable and accrued liabilities of \$20,323.

Imagine Health

In November 2022, the Company entered into a Share Purchase Agreement under which the Company acquired all of the issued and outstanding shares of Imagine Health located in Calgary, Alberta and Edmonton, Alberta. The purchase price was as follows: cash payment of \$1,300,000 (paid), issuance of 5,000,000 common shares of the Company (issued) (note 11) and the issuance of a secured vendor take-back note with a principal amount of \$800,000 payable in installments of 6, 12, and 18 months from the date of issuance (the "Note") (note 9). The Note is secured by the assets of Imagine Health. In addition, the Share Purchase Agreement includes a covenant to expand Imagine Health by way of working and growth capital contribution of up to \$1,000,000 to Imagine Health over a period of 12 months from the date of the acquisition.

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(Canadian dollars)

In May 2023, the Company obtained control over the operations in both locations and, as such, the acquisition was considered completed. The acquisition was accounted for as a business combination consistent with IFRS 3, *Business Combination*. The preliminary purchase price allocation was as follows:

Purchase price	\$	2,434,731
Assets acquired and liabilities assumed		
Cash and cash equivalents	\$	110,605
Trade and other receivables		181,000
Inventory		158,151
Property and equipment		148,215
Right-of-use asset		1,753,067
Intangible assets		1,150,005
Accounts payable and other liabilities		(481,144)
Lease liability		(1,753,067)
Deferred income taxes		(304,750)
Net asset acquired	\$	962,082
Goodwill (note 6)		1,472,649
Total	\$	2,434,731

Revenue and net loss of the Company had if the acquisition occurred on January 1, 2023 is as follows:

	As reported for the fifteen months ended March 31, 2024	Pro-forma for the fifteen months ended March 31, 2024
Revenue	\$ 9,754,617	\$ 11,064,973
Net loss	\$ (23,930,387)	\$ (23,754,126)

15 Contingency

A former employee of the Company filed a claim for wrongful dismissal seeking damages aggregating \$135,000. The Company filed a defence and counterclaim denying the claim and counterclaiming for certain losses incurred by the Company. The Company intends to defend the claim vigorously and the outcome of the claim cannot be reasonably estimated at this time. Accordingly, no provision has been recorded for the fifteen months ended March 31, 2024.

16 Loss on settlement of accounts payable

In July 2023, the Company entered into an agreement with Justera Health Ltd. related to amend the pricing of COVID-19 testing services incurred during 2021 to 2023. This resulted in the Company recording a loss on settlement of \$2,322,582 during the fifteen months ended March 31, 2024.

17 Subsequent events

On November 15, 2024, the Company fulfilled and completed its financial obligations arising from the litigation settlement between the Company and certain parties. As part of the settlement, the Company issued 15,000,000 common shares to settle the aggregate amount of \$750,000.