



Aisix Solutions Inc.

Unaudited Condensed Consolidated Financial Statements
For the nine-month periods ended September 30, 2024 and 2023

(Stated in Canadian Dollars)

(Unaudited – prepared by management)

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Notice to Reader

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

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of management.

The Company's Independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Condensed Consolidated Interim Statements of Financial Position
September 30, 2024 and December 31, 2023
(Unaudited - Stated in Canadian Dollars)

	Note	Nine-month period ended September 30, 2024	Year ended December 31, 2023 (Restated)
Assets			
Current Assets			
Cash and cash equivalents		\$ 63,411	\$ 648,497
GST receivable		60,958	44,466
Prepaid and other expenses		21,489	77,633
		<u>145,858</u>	<u>770,596</u>
Non-Current Assets			
Equipment	5	30,306	43,941
Right of use assets	6	149,409	188,276
Total Assets		<u>\$ 325,573</u>	<u>\$ 1,002,813</u>
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	11	\$ 392,582	\$ 135,241
Lease liability	7	45,284	47,720
		<u>437,866</u>	<u>182,961</u>
Non-Current Liabilities			
Loans and advances	11	237,000	-
Lease liability	7	84,628	111,346
		<u>759,494</u>	<u>294,307</u>
Shareholders' Equity			
Common shares	8	14,869,302	14,869,302
Option reserve	2,8	361,583	361,583
Deficit	2	(15,664,806)	(14,522,379)
Shareholders' Equity		<u>(433,921)</u>	<u>708,506</u>
Total Shareholders' Equity		<u>\$ 325,573</u>	<u>\$ 1,002,813</u>
Events after the reporting period	14		

s/ "Mihalis Belantis"

Director

s/ "Scott Davis"

Director

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the nine-month periods ended September 30, 2024 and 2023
(Unaudited - Stated in Canadian Dollars)

	Note	Three-month period ended September 30,		Nine-month period ended June 30,	
		2024	2023	2024	2023
Sales	12	\$ -	\$ -	\$ -	\$ 52,920
Expenses					
Advertising and promotion		\$ 3,856	\$ 16,957	\$ 106,845	\$ 57,123
Amortization	5,6	17,399	16,629	51,876	49,875
Consulting - Corporate development		20,000	29,041	54,950	29,041
Consulting - Product development	11	176,250	105,781	450,164	128,467
Directors' fees	11	-	-	-	31,500
Management fees	11	108,333	77,333	208,333	77,333
General and administrative	7	41,109	39,701	122,064	107,864
Professional fees	11	13,853	40,128	34,585	47,152
Regulatory and filing fees		-	5,626	32,445	32,601
Salaries and wages	11	-	-	-	416,528
Share-based compensation	11	-	335,195	-	335,428
Software application subscriptions		23,334	30,713	41,049	48,511
Transfer agent and filing fees		4,419	3,691	8,454	7,918
Travel		9,214	14,929	26,064	22,162
		<u>(417,767)</u>	<u>(715,724)</u>	<u>(1,136,829)</u>	<u>(1,391,503)</u>
Other Items					
Foreign exchange gain (loss)		125	(5,682)	509	(6,740)
Interest expense	7	(2,586)	(3,418)	(8,394)	(10,848)
Interest and other income		-	-	2,287	1,254
Gain on recovery of receivables		-	-	-	43,180
Extinguishment of accrued liabilities		-	-	-	52,500
		<u>(2,461)</u>	<u>(9,100)</u>	<u>(5,598)</u>	<u>79,346</u>
Loss and comprehensive loss		<u>\$ (420,228)</u>	<u>\$ (724,824)</u>	<u>\$ (1,142,427)</u>	<u>\$ (1,259,237)</u>
Loss per share:					
Basic and diluted		<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
		<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding					
Basic and diluted		<u>96,958,037</u>	<u>95,859,136</u>	<u>96,958,037</u>	<u>83,281,566</u>

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the nine-month periods ended September 30, 2024 and 2023
(Unaudited - Stated in Canadian Dollars)

	Note	Common Shares				Deficit (restated)	Total Shareholders' Equity
		Number of Shares	Amount	Option reserve (restated)	Warrant reserve (restated)		
Balance at December 31, 2022		76,958,037	\$ 13,876,918	\$ 755,117	\$ 152,477	\$ (13,739,334)	\$ 1,045,178
Issuance of common shares	8	20,000,000	1,000,000	-	-	-	1,000,000
Share issuance costs	8	-	(7,616)	-	-	-	(7,616)
Share-based compensation	8	-	-	335,428	-	-	335,428
Net loss and comprehensive loss		-	-	-	-	(1,259,237)	(1,259,237)
Balance at September 30, 2023		96,958,037	14,869,302	1,090,545	152,477	(14,998,571)	1,113,753
Share-based compensation	8	-	-	(43,977)	-	-	(43,977)
Net loss and comprehensive loss		-	-	-	-	(361,270)	(361,270)
Balance at December 31, 2023		96,958,037	14,869,302	1,046,568	152,477	(15,359,841)	708,506
Reserve restatement	2,8	-	-	(684,985)	(152,477)	837,462	-
Balance at December 31, 2023, restated		96,958,037	14,869,302	361,583	-	(14,522,379)	708,506
Net loss and comprehensive loss		-	-	-	-	(1,142,427)	(1,142,427)
Balance at June 30, 2024		96,958,037	\$ 14,869,302	\$ 361,583	\$ -	(15,664,806)	\$ (433,921)

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

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Condensed Consolidated Interim Statements of Cash Flows
For the nine-month periods ended September 30, 2024 and 2023
(Unaudited - Stated in Canadian Dollars)

	Nine-month period ended September 30,	
	2024	2023
Operating Activities		
Loss for the period	\$ (1,142,427)	\$ (1,259,237)
Items not involving cash		
Amortization	51,876	49,875
Share-based compensation	-	335,428
Interest on lease liability	8,394	10,848
Changes in non cash working capital items		
Accounts receivable	-	6,765
GST receivable	(16,492)	(21,272)
PST payable	-	(5,936)
Prepaid and other expenses	56,144	(49,500)
Accounts payable and accrued liabilities	257,341	(123,504)
Net cash used in operating activities	<u>(785,164)</u>	<u>(1,056,533)</u>
Financing Activities		
Shares issued for cash	-	1,000,000
Share issuance costs		(7,616)
Loans and advances	237,000	-
Payment of lease	(37,548)	(37,478)
Cash provided by financing activities	<u>199,452</u>	<u>954,906</u>
Investing Activities		
Acquisition of equipment	-	(11,462)
Disposal of furniture and equipment	626	7,294
Cash used in investing activities	<u>626</u>	<u>(4,168)</u>
Net change in cash and cash equivalents	(585,086)	(105,795)
Cash and cash equivalents, beginning balance	<u>648,497</u>	<u>1,140,192</u>
Cash and cash equivalents, ending balance	<u>\$ 63,411</u>	<u>\$ 1,034,397</u>
Cash and cash equivalents consist of:		
Cash	\$ 13,411	\$ 1,034,397
Cashable GIC	\$ 50,000	-

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

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine-month periods ended September 30, 2024 and 2023
(Unaudited - Stated in Canadian Dollars)

1. Nature and Continuance of Operations

Aisix Solution inc. (formerly Minerva Intelligence Inc.) (the “Company”) was incorporated on August 16, 2017 pursuant to the *Business Corporations Act* of British Columbia. On March 14, 2018, the Company completed its Initial Public Offering (“IPO”) and on March 26, 2018, the Company’s shares commenced trading on the TSX-V.

Minerva Intelligence (Canada) Ltd. (“Minerva Canada”) was incorporated on May 17, 2017 pursuant to the Business Corporations Act of Ontario. On April 23, 2019, Minerva Canada changed its jurisdiction of incorporation from Ontario to British Columbia. During the year ended December 31, 2019, the Company acquired Minerva Canada. Minerva Intelligence GmbH, a German subsidiary company, was incorporated on September 24, 2019.

On August 15, 2023, the Company announced the name change to Aisix Solutions Inc. and on August 16, 2023, the Company commenced trading on the TSX-V under the symbol “AISX”.

Minerva Intelligence (U.S.), Inc. was incorporated in Delaware on August 2, 2022. In October 2023, the Company dissolved the company, as the subsidiary had been formed to facilitate possible future US operations of operations which were sold in 2022. After review, it was determined that the subsidiary was no longer required for any future US activities.

The head office and principal place of business of the Company is located at Suite 810, 1166 Alberni Street, Vancouver, British Columbia V6E 3Z3. The registered office of the Company is located at 250 Howe Street, 20th floor, Vancouver, B.C. V6C 3R8.

The Company is a software and data analytics company focused on climate science and Artificial Intelligence (“AI”). The Company provides data and software to help people make informed, climate-resilient decisions. Company data-driven insights simplify climate risk management, allowing people and businesses to take actionable steps towards a more sustainable and secure future.

These unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As of September 30, 2024, the Company had a restated accumulated deficit of \$15,664,806 (restated December 31, 2023 - \$14,522,379) (Note 2), and, for the nine-month period ended September 30, 2024, a loss from continuing operations of \$1,136,829 (year ended December 31, 2023 - \$1,620,507) and cash used in operations of \$785,164 (December 31, 2023 - \$1,406,311). Future operations are dependent on the Company’s ability to raise additional financing and the attainment of profitable operations. The Company will require equity or debt financings in order to continue research and development, as required of, and to maintain and update, its intangible assets and fund its administrative operations.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.

These unaudited condensed consolidated interim 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 as a going concern.

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine-month periods ended September 30, 2024 and 2023
(Unaudited - Stated in Canadian Dollars)

2. Basis of Preparation

Statement of compliance

These unaudited condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 IFRS issued by the International Accounting Standards Board (“IASB”). These unaudited condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company’s most recent annual financial statements, but do not contain all of the information required for full annual financial statements. Accordingly, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s most recent annual financial statements, which were prepared in accordance with IFRS as issued by the IASB.

These unaudited condensed consolidated interim financial statements were approved for issuance by the Board of Directors on November 28, 2024.

Basis of presentation

The unaudited condensed consolidated interim financial statements have been prepared on an accrual basis, except for cash flow information, and are based on historical costs except for certain financial instruments, which are measured at fair value. The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise indicated, which is also the functional currency of the Company and Minerva Canada. The functional currency of Minerva Intelligence GmbH is the Euro. The preparation of the unaudited condensed consolidated interim financial statements in compliance with IFRS requires management to make 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 unaudited condensed consolidated interim financial statements are disclosed in Note 4.

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its three wholly owned subsidiaries. Subsidiaries are entities the Company controls, either directly or indirectly, where control is defined as the power over the entity, rights to variable returns from its involvement with the entity, and the ability to use its power to affect the amount of returns:

	Relationship	Ownership Percentage
Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)	Parent	
Minerva Intelligence (Canada) Ltd.	Subsidiary	100%
Minerva Intelligence GmbH	Subsidiary	100%

All inter-company balances and transactions have been eliminated on consolidation.

Change in accounting policy - Share based payments

During the year ended 2023, the Company changed its accounting policy for the treatment of the fair value related to expired and cancelled options. Management has determined that reclassifying the fair value of expired and cancelled options from reserves to deficit increases the relevance of the reserves balance by only including balances related to equity instruments that exist at year end, and therefore provides reliable and a more relevant basis for values included in reserves.

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
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Effective January 1, 2024 (and retrospectively applied), the Company reclassifies the fair value of any expired and cancelled options to deficit. In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the change in accounting policy has been applied retrospectively. The impact of the retrospective change in accounting policy on the consolidated statements of financial position is set out below:

	<u>Option reserve</u>	<u>Warrant reserve</u>	<u>Deficit</u>
2023 Balance, as previously reported	\$ 1,046,568	\$ 152,477	\$ (15,359,841)
Adjustment to the opening balance	(684,985)	(152,477)	837,462
Adjusted balances	<u>\$ 361,583</u>	<u>\$ -</u>	<u>\$ (14,522,379)</u>

There was no impact on basic or diluted loss per share as a result of the adjustments.

3. Summary of Significant Accounting Policies

The accounting policies applied in these unaudited condensed consolidated interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended December 31, 2023, except as stated in Note 2 above. The reader is referred to Note 3 of the December 31, 2023 audited financial statements for a description of the policies.

4. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. 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 change affects both. Material estimates and judgements are:

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock options, volatility and dividend yield and making assumptions about them. The fair value of expired and cancelled options and warrants is reclassified from reserves to deficit.

Economic recoverability and probability of future economic benefits of intangible assets and amortization

Management has determined that intangible asset costs incurred which were capitalized have future economic benefits and will be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life. The amortization expense related to intangible assets has been determined using estimates relating to the useful life of the intangible assets.

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
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Determination of functional currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determine the primary economic environment.

5. Equipment

	Leasehold Improvements	Computer equipment	Furniture and fixtures	Total
Cost:				
December 31, 2023	\$ 16,589	\$ 39,648	\$ 32,981	\$ 89,218
Additions	-	-	-	-
Disposals	-	(7,968)	-	(7,968)
September 30, 2024	\$ 16,589	\$ 31,680	\$ 32,981	\$ 81,250
Amortization:				
December 31, 2023	\$ (5,531)	\$ (21,755)	\$ (17,991)	\$ (45,277)
Additions	(2,488)	(4,966)	(5,555)	(13,009)
Disposals	-	7,342	-	7,342
September 30, 2024	\$ (8,019)	\$ (19,379)	\$ (23,546)	\$ (50,944)
Carrying Amount:				
At September 30, 2024	\$ 8,570	\$ 12,301	\$ 9,435	\$ 30,306
	Leasehold Improvements	Computer equipment	Furniture and fixtures	Total
Cost:				
December 31, 2022	\$ 16,589	\$ 43,372	\$ 40,275	\$ 100,236
Additions	-	14,753	-	14,753
Disposals	-	(18,477)	(7,294)	(25,771)
December 31, 2023	\$ 16,589	\$ 39,648	\$ 32,981	\$ 89,218
Amortization:				
December 31, 2022	\$ (2,214)	\$ (33,496)	\$ (10,317)	\$ (46,027)
Additions	(3,317)	(6,736)	(7,674)	(17,727)
Disposals	-	18,477	-	18,477
December 31, 2023	\$ (5,531)	\$ (21,755)	\$ (17,991)	\$ (45,277)
Carrying Amount:				
At December 31, 2023	\$ 11,058	\$ 17,893	\$ 14,990	\$ 43,941

Aisix Solutions Inc. (formerly Minerva Intelligence Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
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6. Right of Use Assets

The right of use asset is measured based on the initial amount of the lease liability on office space leased, adjusted for any initial direct costs incurred, less any lease incentives received. The right-of-use assets are subsequently amortized from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line method. The lease term includes consideration of an option to renew or to terminate if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset may be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease at 1166 Alberni Street commenced on May 1, 2022, and expires on April 30, 2027. There were no other leases in effect during the year.

	Nine-month period ended September 30, 2024	Year ended December 31, 2023
Cost:		
	\$ 268,135	\$ 268,135
Amortization		
Opening balance	\$ (79,859)	\$ (30,906)
Amortization	(38,867)	\$ (48,953)
Closing balance	<u>\$ (118,726)</u>	<u>\$ (79,859)</u>
Carrying amount	<u>\$ 149,409</u>	<u>\$ 188,276</u>

7. Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. The term of the new lease is for 60 months, with a discount rate of 6%, being the Company's incremental borrowing rate.

	Nine-month period ended September 30, 2024	Year ended December 31, 2023
Opening balance	\$ 159,066	\$ 198,232
Prepaid rent included in security deposit	9,714	9,786
Payments applied	(47,262)	(63,015)
Interest expense	8,394	14,063
Closing balance	<u>\$ 129,912</u>	<u>\$ 159,066</u>
Less than one year	\$ 45,284	\$ 47,720
One to five years	84,628	111,346
Total discounted lease obligations	<u>\$ 129,912</u>	<u>\$ 159,066</u>

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Notes to the Condensed Consolidated Interim Financial Statements
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The undiscounted Company's lease payments are due as follows:

2024	\$	15,754
2025		63,015
2026		63,015
2027		21,005
	\$	<u>162,789</u>

8. Shareholders' Equity

Authorized and issued share capital

The Company has authorized an unlimited number of common shares without par value.

During the nine-month period ended September 30, 2023, the Company closed its non-brokered private placement of 20,000,000 common shares at \$0.05 per share for total gross proceeds of \$1,000,000. A four month hold period expiring November 7, 2023, applies to the shares sold in this offering. No commissions or fees were paid in connection with the offering. Share issuance costs were \$7,616.

As of September 30, 2024, the Company had 96,958,037 shares issued and outstanding (December 31, 2023 - 96,958,037).

Subsequent to the quarter end, the Company closed an additional private placement for \$500,000. See note 14.

Stock options

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the then issued and outstanding common shares. The options will be exercisable for a period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors will determine the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

Stock options outstanding at September 30, 2024 and December 31, 2023 are as follows:

	<u>September 30, 2024</u>		<u>December 31, 2023</u>	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding, beginning of the year	7,135,000	0.07	4,492,625	0.19
Granted	-	-	6,200,000	0.065
Cancelled and Expired	(1,677,500)	0.07	(3,557,625)	0.196
Outstanding, end of the period	<u>5,457,500</u>	<u>\$ 0.07</u>	<u>7,135,000</u>	<u>\$ 0.07</u>

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Expiry Date	Outstanding	Exercisable	Exercise Price per Share	Remaining Contractual Life (years)
2024-11-15	457,500	457,500	\$ 0.18	0.13
2026-07-12	5,000,000	5,000,000	\$ 0.065	1.78
	5,457,500	5,457,500	\$ 0.07	1.64

During the period, 440,000 options priced at \$0.07 per share expired, and 1,200,000 options priced at \$0.06 per share as well as 37,500 options priced at \$0.18 per share were cancelled (2023 – 3,557,625), resulting in a reclassification of amounts totaling \$78,530 (2023 – \$684,985) from reserves to deficit.

During the year ended December 31, 2023, the Company granted of incentive stock options to certain of its directors, officers, and consultants to purchase up to an aggregate of 6,200,000 common shares in the capital stock of the Company, exercisable at \$0.065 per share over a period of 3 years. 3,557,625 options expired unexercised at prices ranging from \$0.07 to \$0.30. \$233 of share-based compensation was recognized on previously issued options, and \$291,218 of share-based compensation was recognized on new option issuances during the period.

Subsequent to the quarter end, 457,500 options expired unexercised. See note 14.

Warrants

As of September 30, 2024 and December 31, 2023, nil warrants are outstanding:

	December 31, 2023	
	Number of Warrants	Exercise Price \$
Outstanding, beginning of the year	17,149,166	0.24
Expired	(966,000)	0.20
	(1,200,000)	0.20
	(14,983,166)	0.25
Outstanding, end of the year	-	\$ -

In addition, 1,371,813 broker warrants, exercisable at a price of \$0.25 per share until September 17, 2023, expired unexercised during 2023.

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9. Financial Instruments

The fair values of the Company's financial instruments approximate the carrying values, due to their short terms to maturity. The Company is exposed to various financial risks resulting from its operations. The Company's management manages financial risks. There were no change in the significant risks compared to the prior year. The Company has not entered into financial instruments agreements, including derivative financial instruments for speculative purposes.

The Company's main financial risk exposures and its financial policies are as follows:

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 Company's cash and cash equivalents and accounts receivable are exposed to credit risk, with the carrying values being the Company's maximum exposure. All of the Company's cash and cash equivalents are held with chartered banks. The Company's accounts receivable consists of contract payments due from governments and companies, with the carrying amounts also being the Company's maximum exposure. Management believes the Company's exposure to credit risk is not material. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's accounts payable and accrued liabilities are all current and due within 90 days of the consolidated statement of financial position date. The Company seeks to ensure that it has sufficient capital to meet short-term financial obligations after taking into account its operating obligations and cash on hand. 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. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company maintains certain cash balances in GICs which renew periodically, and which rates reflect the market at the time of renewal. Management believes that the interest rate risk on these investments is nominal. The Company is not exposed to any other material interest rate risk aside from the GICs noted. The Company's exposure to and management of interest rate risk has not changed materially from that of the prior year.

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Currency risk

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 foreign exchange risk as it engages in transactions in other foreign currencies, from time to time. As of September 30, 2024 and December 31, 2023, the carrying values of the financial assets and liabilities denominated in US dollars were converted to CAD at a rate of 1.3637 (2023 - 1.3560) and Euros converted to CAD at the rate of 1.4687 (2023 - 1.4709). A 10% change in the foreign exchange rate would have an impact on profit and loss of \$869 (2022 - \$2,565):

	September 30, 2024		December 31, 2023
Cash (US dollar)	\$ 4,417	\$	4,535
Cash (Euro)	584		3,743
Accounts payable (Euros)	(13,689)		(539)
Total	<u>\$ (8,688)</u>	<u>\$</u>	<u>7,739</u>
10% change in the exchange rate impact	<u>\$ (869)</u>	<u>\$</u>	<u>774</u>

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

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 (other than those arising from interest rate risk or currency risk), 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. The Company is not exposed to significant other price risk. The Company's exposure to other price risk has not changed materially from that of the prior year.

10. Capital Management

The Company's capital currently consists of common shares, \$14,869,302 at September 30, 2024 (December 31, 2023 - \$14,869,302). Its principal sources of cash are from sales and from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate, acquire, and operate an interest in businesses or assets. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. There were no changes to the Company's capital management approach during the nine-month period ended September 30, 2024 or the year ended December 31, 2023.

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11. Related Party Transactions

Related parties include key management personnel, who are those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of key management personnel during the nine-month periods ended September 30, 2024 and 2023 were as follows:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2024	2023	2024	2023
Director's fees	\$ -	\$ -	\$ -	\$ 9,000
Salaries and wages	-	99,998	-	369,705
Professional fees & Consulting	99,998	-	199,998	-
Share-based compensation	-	200,035	-	200,035
	<u>\$ 99,998</u>	<u>\$ 300,033</u>	<u>\$ 199,998</u>	<u>\$ 578,740</u>

Amounts due to related parties at September 30, 2024 and December 31, 2023 are unsecured, interest free and due on demand. As at September 30, 2024, accounts payable and accrued liabilities include \$93,363 (December 31, 2023 - \$13,540) owing to the CEO for consulting fees and expenses, \$23,625 (December 31, 2023 - \$23,625) owing to the Chief Software Architect of the Company, and \$21,000 (December 31, 2023 - \$42,000) owing to former directors for directors' fees.

During the year ended December 31, 2023, \$30,000 of directors' fees accrued in 2022 were written down with the agreement of departing directors to whom the fees were owed.

On July 6, 2023, the Company closed its non-brokered private placement of 20,000,000 common shares at \$0.05 per share for total gross proceeds of \$1,000,000. The Chief Executive Officer of the Company subscribed for 900,000 shares in this offering.

During the period, the Chief Executive Officer of the Company advanced \$237,500 (2023: \$nil) as a shareholder's loan. This is classified as a long-term liability.

Subsequent to the quarter end, the Company closed an additional private placement for \$500,000. See note 14.

12. Segmented Information

At September 30, 2024 and December 31, 2023, the Company has one operating segment in the climate consulting area, and any sales are related to that area in Canada. All non-current assets are located in Canada.

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13. Income Taxes

At December 31, 2023, the company had non-capital losses from continuing operations of \$14,654,000 (2022 – \$13,226,000) available for carry-forward to reduce future years' income taxes. These losses will expire as follows:

2037	224,000
2038	1,236,000
2039	3,830,000
2040	2,603,000
2041	2,525,000
2042	2,808,000
2043	1,428,000
	<u>14,654,000</u>

14. Events after the reporting period

Subsequent to September 30, 2024, the Company completed the following:

- On October 16, 2024, the Company closed its non-brokered private placement of 16,666,666 common shares at a price per share of \$0.03 for aggregate proceeds of \$500,000. The shares issued are subject to a four-month and one-day hold period in accordance with applicable securities laws. The Chief Executive Officer of the Company subscribed for 4,100,000 shares. No commissions or fees were paid in connection with the offering.
- On November 15, 2024, 457,500 options exercisable at a price of \$0.18 per share expired unexercised. Accrued share-based compensation of \$48,199 was reclassified to deficit as a result of the expiry.