

**AGEDB TECHNOLOGY LTD.**  
**(formerly Adagio Capital Inc.)**

**Consolidated Financial Statements**

Year Ended April 30, 2024 and Period from Date of Incorporation on  
September 12, 2022 to April 30, 2023

(Expressed in Canadian Dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
AGEDB Technology Ltd. (formerly Adagio Capital Inc.)

### *Opinion*

We have audited the accompanying consolidated financial statements of AGEDB Technology Ltd. (formerly Adagio Capital Inc.) (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the year ended April 30, 2024 and for the period from incorporation on September 12, 2022 to April 30, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2024 and 2023, and its financial performance and its cash for the year ended April 30, 2024 and for the period from incorporation on September 12, 2022 to April 30, 2023 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of \$5,672,115 during the year ended April 30, 2024 and, as of that date, Company has a working capital of \$1,413,433. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yu Li.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

August 28, 2024

**AGEDB TECHNOLOGY LTD. (formerly Adagio Capital Inc.)**  
**Consolidated Statements of Financial Position**  
As at April 30, 2024 and 2023  
(Expressed in Canadian Dollars)

	Note	2024	2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 1,519,925	\$ 721,422
Restricted cash	13	-	30,000
Accounts receivable	7	3,959	683,376
Goods and services tax receivable	8	36,057	5,581
Advance to shareholders		-	8,506
Prepaid expenses		47,205	23,185
Deposits		11,522	20,056
<b>Total current assets</b>		<b>1,618,668</b>	<b>1,492,126</b>
<b>Non-current assets</b>			
Property and equipment	5	52,603	28,254
Right-of-use assets	9	89,694	-
Deposits		14,475	-
<b>TOTAL ASSETS</b>		<b>\$ 1,775,440</b>	<b>\$ 1,520,380</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 54,242	\$ 767,160
Goods and services tax payable	8	-	104,589
Employee deductions payable		35,560	16,937
Deferred revenue	15	41,096	-
Current portion of lease liabilities	9	74,337	-
<b>Total current liabilities</b>		<b>205,235</b>	<b>888,686</b>
<b>Non-current liabilities</b>			
Long-term lease liabilities	9	17,003	-
<b>TOTAL LIABILITIES</b>		<b>222,238</b>	<b>888,686</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	8,755,850	2,499,010
Contributed surplus		13,302	13,302
Options reserve	10	336,513	-
Warrants reserve	10	270	-
Deficit		(7,552,733)	(1,880,618)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,553,202</b>	<b>631,694</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 1,775,440</b>	<b>\$ 1,520,380</b>

Nature of Operations & Going Concern (Note 1)

**APPROVED ON BEHALF OF THE BOARD ON AUGUST 28, 2024**

“Young Seung Ko” Director “Christopher Cherry” Director

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

**AGEDB TECHNOLOGY LTD. (formerly Adagio Capital Inc.)****Consolidated Statements of Loss and Comprehensive Loss**

For the year ended April 30, 2024 and the period from date of incorporation on September 12, 2022 to April 30, 2023

(Expressed in Canadian Dollars)

	Note	2024	2023
<b>REVENUES</b>			
Professional service sales	15	\$ 1,109,604	\$ 1,388,000
Software license sales	15	644,200	703,787
		<b>1,753,804</b>	<b>2,091,787</b>
<b>COST OF SALES</b>			
	6, 16	<b>399,190</b>	<b>2,258,960</b>
<b>GROSS PROFIT (LOSS)</b>			
		<b>1,354,614</b>	<b>(167,173)</b>
<b>EXPENSES</b>			
Advertising and promotion		<b>43,416</b>	5,089
Depreciation	5, 9	<b>67,478</b>	3,132
Consulting fees	6	<b>98,298</b>	115,361
Insurance		<b>3,193</b>	739
Interest expense	9	<b>4,862</b>	-
Office	6	<b>85,218</b>	19,526
Professional fees	6	<b>135,718</b>	107,697
Regulatory & filing fees		<b>42,256</b>	-
Rental		<b>145,352</b>	28,323
Research and development expense	6	<b>2,529,917</b>	1,056,720
Salaries and wages		<b>1,817,820</b>	355,361
Share-based compensation	6, 10	<b>322,930</b>	-
Travel		<b>123,816</b>	25,395
		<b>5,420,274</b>	<b>1,717,343</b>
<b>LOSS FROM OPERATIONS</b>			
		<b>(4,065,660)</b>	<b>(1,884,516)</b>
<b>OTHER INCOME (EXPENSES)</b>			
Loss on disposal of equipment	5	<b>(761)</b>	-
Interest income		<b>75,135</b>	-
Gain (loss) on foreign exchange		<b>(22,407)</b>	3,898
Listing expense	4	<b>(1,658,422)</b>	-
		<b>(1,606,455)</b>	<b>3,898</b>
<b>LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>			
		<b>\$ (5,672,115)</b>	<b>\$ (1,880,618)</b>
<b>BASIC AND DILUTED LOSS PER COMMON SHARE</b>			
		<b>\$ (0.57)</b>	<b>\$ (0.72)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (BASIC &amp; DILUTED)</b>			
		<b>9,897,301</b>	<b>2,610,652</b>

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

**AGEDB TECHNOLOGY LTD. (formerly Adagio Capital Inc.)**

**Consolidated Statements of Changes in Equity**

For the year ended April 30, 2024 and the period from incorporation on September 12, 2022 to April 30, 2023

(Expressed in Canadian Dollars)

	Number of shares	Share capital	Contributed surplus	Options reserve	Warrants reserve	Deficit	Total shareholders' equity
<b>Balance, September 12, 2022</b>	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inception shares	3,000	10	-	-	-	-	10
Shares issued for cash	7,497,000	2,499,000	13,302	-	-	-	2,512,302
Loss for the period	-	-	-	-	-	(1,880,618)	(1,880,618)
<b>Balance, April 30, 2023</b>	<b>7,500,000</b>	<b>\$ 2,499,010</b>	<b>\$ 13,302</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,880,618)</b>	<b>\$ 631,694</b>
Shares issued for cash	2,513,000	5,026,000	-	-	-	-	5,026,000
Transaction restructuring	(8,013,000)	-	-	-	-	-	-
Shares issued for reverse takeover	40,052,000	1,050,000	-	59,806	27,087	-	1,136,893
Advisor's shares issued for reverse takeover	100,000	50,000	-	-	-	-	50,000
Exercise of options	152,000	84,223	-	(46,223)	-	-	38,000
Exercise of warrants	79,200	46,617	-	-	(26,817)	-	19,800
Share-based compensation	-	-	-	322,930	-	-	322,930
Loss for the year	-	-	-	-	-	(5,672,115)	(5,672,115)
<b>Balance, April 30, 2024</b>	<b>42,383,200</b>	<b>\$ 8,755,850</b>	<b>\$ 13,302</b>	<b>\$ 336,513</b>	<b>\$ 270</b>	<b>(7,552,733)</b>	<b>\$ 1,553,202</b>

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

**AGEDB TECHNOLOGY LTD. (formerly Adagio Capital Inc.)****Consolidated Statements of Cash Flows**

For the year ended April 30, 2024 and the period from date of incorporation on September 12, 2022 to April 30, 2023  
(Expressed in Canadian Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (5,672,115)	\$ (1,880,618)
Items not involving cash:		
Depreciation	67,478	3,132
Interest expense	4,862	-
Share-based compensation	322,930	-
Loss on disposal of equipment	761	-
Listing expense	1,658,422	-
Changes in non-cash operating working capital:		
Accounts receivable	679,417	(683,376)
Goods and services tax	(135,065)	99,008
Prepaid expenses and deposits	(19,886)	(51,747)
Trade payables and accrued liabilities	(712,918)	767,160
Deferred revenue	41,096	-
Employee deductions payable	18,623	16,937
<b>Net cash used in operating activities</b>	<b>(3,746,395)</b>	<b>(1,729,504)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash payment for reverse takeover	(473,098)	-
Acquisition of equipment	(35,160)	(31,386)
Proceeds from disposal of equipment	146	-
<b>Net cash used in investing activities</b>	<b>(508,112)</b>	<b>(31,386)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	5,026,000	2,512,312
Proceeds from exercise of options	38,000	-
Proceeds from exercise of warrants	19,800	-
Lease payments	(60,790)	-
<b>Net cash provided by financing activities</b>	<b>5,023,010</b>	<b>2,512,312</b>
<b>Change in cash during the period</b>	<b>768,503</b>	<b>751,422</b>
<b>Cash, beginning of period</b>	<b>751,422</b>	<b>-</b>
<b>Cash, end of period</b>	<b>\$ 1,519,925</b>	<b>\$ 751,422</b>
<b>Supplemental disclosure with respect to cash flows:</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

## 1. NATURE OF OPERATIONS & GOING CONCERN

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

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

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

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

The Company’s consolidated financial statements as of April 30, 2024, and for the year then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company had a net loss of \$5,672,115 for the year ended April 30, 2024 (2023 - \$1,880,618), an accumulated deficit of \$7,552,733 as of April 30, 2024 (2023 - \$1,880,618) and had a working capital of \$1,413,433 as of April 30, 2024 (2023 - \$603,440).

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

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

## 2. BASIS OF PRESENTATION

### Statement of Compliance

These consolidated financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

The consolidated financial statements have been authorized by the Company’s Board of Directors on August 28, 2024.

### Basis of Measurement

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

### Principles of Consolidation

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

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

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

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

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

### **Critical accounting estimates and judgments**

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

Estimates and judgments are significant when:

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

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

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

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

#### **Key sources of estimation uncertainty**

##### ***Recoverability of receivables***

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

##### ***Estimated useful lives of property and equipment***

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

## **Judgements**

### ***Going concern***

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

### ***Research versus development expenses***

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

### ***Income taxes***

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

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

#### Functional currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of the entity that are denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising from translation are included in loss and comprehensive loss.

#### Property, equipment, and right-of-use assets

Office furniture and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recorded using either the declining balance or the straight-line method and is intended to depreciate the costs of the assets over their estimated useful lives:

Computer equipment	30% declining balance method
Office furniture and equipment	20% declining balance method
Right-of-use assets	Shorter of the useful life and the lease term

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

#### Research and development costs

The research represents original and planned investigation conducted with the aim of acquiring new scientific or technical knowledge and comprehension. All research costs incurred are expensed. Development involves applying research findings or other knowledge to create a plan or design that leads to the production of new or significantly enhanced materials, devices, products, processes, systems, or services, before commencing commercial production or usage. Any qualifying development activities may be eligible for capitalization if they meet the recognition criteria. Specifically, development expenditures are capitalized only if the costs can be reliably measured, the product or process is technically and commercially feasible, there is a high likelihood of future economic benefits, and the Company has the intention and adequate resources to complete the development and utilize or sell the asset.

## **Financial instruments**

### Financial assets

The Company categorizes financial assets based on its business model for managing the assets and the contractual cash flow characteristics of the assets.

Assets classified as *fair value through profit or loss* include derivatives or assets acquired or incurred primarily for the purpose of selling or repurchasing them in the near term. These assets are presented in the statement of financial position at fair value, with any changes in fair value recognized through profit or loss.

Assets held at *amortized cost* are those held within a business model whose objective is to collect contractual cash flows, and the contractual terms of the asset generate cash flows that solely consist of payments of principal and interest on the outstanding principal amount. The Company's cash, restricted cash, accounts receivable and advance to shareholders are classified as assets held at amortized cost.

Financial assets classified as fair value through other comprehensive income are those held in a business model that aims to both collect contractual cash flows and sell financial assets.

All financial assets, except those classified as fair value through profit or loss, undergo regular impairment assessments at each reporting date. Impairment is recognized when there is objective evidence indicating that a financial asset or a group of financial assets has been impaired.

### Financial liabilities

The Company categorizes its financial liabilities based on the purpose for which the liability was acquired. The accounting policy for each category is as follows:

Financial liabilities classified as *fair value through profit or loss* include derivatives or liabilities acquired or incurred primarily for the purpose of selling or repurchasing the instrument in the near term. These liabilities are presented in the statement of financial position at fair value, with any changes in fair value recognized through profit or loss.

The Company classifies its liabilities into the category of *amortized cost*. This category includes liabilities that are carried at amortized cost using the effective interest method. Specifically, the Company's accounts payable and accrued liabilities, employee deductions payable and deferred revenue are classified under the amortized cost category.

### Derecognition of financial assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

### Derecognition of financial liabilities

The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or they expire.

### Financial instrument disclosures

The Company's disclosure practices aim to provide users with information that allows them to assess both (a) the importance of financial instruments in relation to the entity's financial position and performance, and (b) the nature and scope of risks associated with financial instruments during the reporting period and as of the statement of financial position date. These disclosures also shed light on how the Company manages these risks.

The Company furnishes detailed information about its financial instruments measured at fair value, categorizing them into three levels based on the relative reliability of the inputs utilized to estimate their fair value.

Level 1: represents the category of financial instruments with quoted prices in active markets for identical assets or liabilities. These quoted prices are considered unadjusted and readily available.

Level 2: includes financial instruments that have observable inputs other than quoted prices in active markets. These observable inputs can be obtained directly or indirectly from market data.

Level 3: comprises financial instruments for which the inputs used to determine fair value are unobservable. These inputs are not based on observable market data and require more judgment and estimation.

### **Income taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income/loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

The income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of loss and comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the period using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the tax benefit will be realized.

## **Leases**

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusts for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

## **Revenue recognition**

Revenue from the sale of software license and professional services is recorded when the significant risks and rewards of ownership of the product and services are transferred to the buyer, revenue can be measured reliably, and collectability is reasonably assured. The risk and rewards of ownership transfer when legal title passes to the external party. For software license and professional services, this is generally at the time when the external party passed the user acceptance test considering there are no agreed warranties in the sales agreement. Revenue is measured net of expense.

### **Recoverability of accounts receivable**

The amounts owed by customers for products and services provided in the normal course of business are referred to as accounts receivable. When these amounts are expected to be collected within one year or less, they are categorized as current assets. Otherwise, they are classified as non-current assets. Initially, accounts receivable is recognized at their fair value and subsequently measured at their amortized cost using the effective interest method. However, a provision for expected credit loss (“ECL”) is deducted, representing the estimated amount that may not be collected.

To determine the provisions for expected credit losses, an ECL model is utilized. This model considers future events and considers the possibility of default on the accounts receivable throughout the entire period they are held, particularly when there is a significant increase in credit risk. Indicators such as a customer's significant financial difficulties, likelihood of bankruptcy, financial reorganization, or default in payments are considered as signs that the accounts receivable may not be recovered. The provisions established reflect the difference between the carrying number of accounts receivable in the financial statements and the estimated collectible amount. Any changes in these provisions are recorded as bad debt expense or recovery in the statements of loss and comprehensive loss. As of April 30, 2024 and 2023, no expected credit losses have been identified by management

### **Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, which includes property and equipment, are reviewed at each reporting date to determine whether there are any events or changes that are indicators of impairment. If such an indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together in the smallest group of assets that generate cash inflows from continuing use that is largely independent of the cash inflows of other assets or groups of assets. The recoverable amount of an asset is the greater of its value in use and fair value less costs to sell. In assessing value in use, future discounted cash flows are estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of loss. The Company evaluates impairment losses for potential reversals (other than goodwill) when events or circumstances warrant such consideration.

### **Earnings or loss per share**

Basic earnings or loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period.

Diluted earnings or loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants as if they were exercised and that the proceeds for such exercises were used to acquire common stock at the average market price during the reporting periods, where the inclusion of these would not be anti-dilutive.

#### 4. REVERSE TAKE-OVER

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

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

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

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

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

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

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

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

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

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

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

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

## 5. PROPERTY AND EQUIPMENT

	Computer Equipment	Furniture	Equipment	Total
<b>Cost</b>				
Balance, September 12, 2022	\$-	\$-	\$-	\$-
Additions	20,444	6,997	3,944	31,385
Balance, April 30, 2023	20,444	6,997	3,944	31,385
Additions	26,820	3,962	4,378	35,160
Disposals	(747)	(358)	-	(1,105)
<b>Balance, April 30, 2024</b>	<b>\$46,517</b>	<b>\$10,601</b>	<b>\$8,322</b>	<b>\$65,440</b>
<b>Accumulated depreciation</b>				
Balance, September 12, 2022	\$-	\$-	\$-	\$-
Depreciation	2,133	867	131	3,131
Balance, April 30, 2023	2,133	867	131	3,131
Depreciation	7,423	1,682	799	9,904
Disposals	(76)	(122)	-	(198)
<b>Balance, April 30, 2024</b>	<b>\$9,480</b>	<b>\$2,427</b>	<b>\$930</b>	<b>\$12,837</b>
<b>Carrying amounts</b>				
As at April 30, 2023	\$18,311	\$6,130	\$3,813	\$28,254
<b>As at April 30, 2024</b>	<b>\$37,037</b>	<b>\$8,174</b>	<b>\$7,392</b>	<b>\$52,603</b>

## 6. RELATED PARTY TRANSACTIONS

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

	For the year ended April 30, 2024	For the period from date of incorporation on September 12, 2022 to April 30, 2023
Consulting fees(a)	\$59,180	\$25,000
Office and administration(b)	–	8,496
Professional fees(c)	10,652	–
Software licenses and professional services procurement(d)	399,190	2,258,960
Development fee(e)	2,529,917	1,056,720
<b>Total related party transactions</b>	<b>\$2,998,939</b>	<b>\$3,349,176</b>

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

The Company incurred stock-based compensation in the amount of \$287,049 (2023 - \$Nil) to officers and directors of the Company.

## 7. ACCOUNTS RECEIVABLE

	April 30, 2024	April 30, 2023
Trade receivable, net	\$–	\$683,376
Other receivables	<b>3,959</b>	–
<b>Total</b>	<b>\$3,959</b>	<b>\$683,376</b>

During the fiscal period ended April 30, 2023, the Company entered a sales contract for software development services, encompassing project management, data engineering and science, web application development, as well as server system monitoring and maintenance. The outstanding balance of \$683,376 as at April 30, 2023, associated with this transaction, was collected during the year ended April 30, 2024.

## 8. GOODS AND SERVICE TAX

During the year ended April 30, 2024 and the period from date of incorporation on September 12, 2022 to April 30, 2023, the Company collected GST on the sales of products and services as per the customer contracts. As of April 30, 2024, the outstanding net balance of GST was \$36,057 receivable (2023 - \$99,008 payable).

## 9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

### (a) Right-of-use assets

	2024	2023
Balance, beginning of period	\$–	\$–
Additions	147,268	–
Amortization for the year	(57,574)	–
Balance, end of period	<b>\$89,694</b>	\$–

### (b) Lease liabilities

	2024	2023
Balance, beginning of period	\$–	\$–
Additions	147,268	–
Interest	4,862	–
Lease payments	(60,790)	–
Balance, end of period	<b>91,340</b>	–
Current portion	<b>74,337</b>	–
Non-current portion	<b>\$17,003</b>	\$–

### (c) Undiscounted lease payments

As at April 30, 2024, the expected timing of the undiscounted lease payments are as follows:

Within one year	\$78,582
More than one year	\$17,792
	<b>\$96,374</b>

## 10. SHARE CAPITAL

Authorized:

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

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

For the period from date of incorporation on September 12, 2022 to April 30, 2023, the Company:

- (a) issued an aggregate of 20,400 (680,000 pre-Consolidation, pre-Split) common shares in the capital of the Company at a price of \$0.0033 (\$0.005 pre-Consolidation, pre-Split) per share for aggregate gross proceeds of \$68, on the date of incorporation, September 12, 2022. Subsequent to the closing of this private placement, the Company repurchased an aggregate of 17,400 (580,000 pre-Consolidation, pre-Split) of the common shares for cancellation on December 15, 2022 leaving 3,000 post-Consolidation, post-Split (100,000 pre-Consolidation, pre-Split) common shares issued and outstanding, valued at \$10.
- (b) completed a consolidation of its outstanding common shares on the basis of fifty (50) pre-consolidation common shares for each one (1) post-consolidation common share (the “**Consolidation**”) on February 9, 2023, resulting in 3,000 post-Consolidation, post-Split common shares issued and outstanding. Following the Consolidation, the Company also completed a non-brokered private placement on February 9, 2023 through the issuance of 7,497,000 post-Consolidation, post-Split common shares at a price of \$0.33 per post-Consolidation, post-Split for aggregate gross proceeds of \$2,499,000.

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

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

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- (d) completed a non-brokered private placement of 13,000 common shares at a price of \$2.00 per share for aggregate gross proceeds of \$26,000 on October 18, 2023.
- (e) completed the reverse take-over and issued 40,052,000 common shares to Former Advanced Graph shareholders on March 13, 2024 (Note 4).
- (f) issued 100,000 common shares valued at \$50,000 to an arm's length advisor on March 13, 2024 in connection with the reverse take-over (Note 4).
- (g) had 75,200 agent warrants exercised for aggregate gross proceeds of \$18,800 on March 21, 2024. The fair value of the agent warrants was calculated as \$25,463 using the Black Scholes pricing model with the assumptions listed in Note 4.
- (h) had 152,000 stock options exercised for aggregate gross proceeds of \$38,000 on March 21, 2024. The fair value of the options was calculated as \$46,223 using the Black Scholes pricing model with the assumptions listed in Note 4.
- (i) had 4,000 agent warrants exercised for aggregate gross proceeds of \$1,000 on April 23, 2024. The fair value of the agent warrants was calculated as \$1,354 using the Black Scholes pricing model with the assumptions listed in Note 4.

#### Value Security Escrow

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

As at April 30, 2024, an aggregate of 24,930,000 (2023 – Nil) common shares were placed in escrow, and an aggregate of 28,780,000 (2023 – Nil) common shares were subject to seed share resale restrictions in accordance with TSX-V policies.

#### Stock options

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

On August 21, 2023, Former Advanced Graph granted 2,925,000 options to offices, employees, and consultants. The stock options have an exercise price of \$0.08 and expire five (5) years from the date of grant. The options will vest as to 100% on the date that is two (2) years from the date of grant. The grant-date fair value was calculated as \$1,347,739 using the Black Scholes pricing model with the assumptions listed below. Prior to the completion of the Transaction (Note 4), 900,000 options were cancelled due to the termination of employments or relationships with Former Advanced Graph, leaving 2,025,000 options replaced upon the completion of the Transaction. The Company recorded a stock-based compensation of \$322,930 (2023 - \$Nil) for the year ended April 30, 2024 for the portion vested during the year.

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

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

	Number of options	Weighted average exercise price
<b>Balance, September 12, 2022 and April 30, 2023</b>	-	\$-
Deemed issued to former Adagio options holders (Note 4)	186,667	\$0.25
Replaced to Advance Graph options holders	2,025,000	\$0.08
Exercised – March 21, 2024	(152,000)	\$0.25
<b>Balance, April 30, 2024</b>	<b>2,059,667</b>	<b>\$0.09</b>

The following table summarizes information about the share options outstanding and exercisable at April 30, 2024:

Expiry date	Number of Options	Number of vested options	Weighted average exercise price \$	Weighted average remaining contractual life
13-Mar-2025	1,333	1,333	0.25	0.87 years
21-Dec-2027	33,334	33,334	0.25	3.64 years
21-Aug-2028	2,025,000	-	0.08	4.31 years

### Warrants

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

	Number of warrants	Weighted average exercise price
<b>Balance, September 12, 2022 and April 30, 2023</b>	-	\$-
Deemed issued to former Adagio warrants holders (Note 4)	80,000	\$0.25
Exercised – March 21, 2024	(75,200)	\$0.25
Exercised – April 23, 2024	(4,000)	\$0.25
<b>Balance, April 30, 2024</b>	<b>800</b>	<b>\$0.25</b>

The following table summarizes information about the warrants outstanding at April 30, 2024:

Expiry date	Number of warrants	Weighted average exercise price \$	Weighted average remaining contractual life
21-Dec-2025	800	0.25	1.64 years

## 11. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	<b>For the year ended April 30, 2024</b>	For the period from date of incorporation on September 12, 2022 to April 30, 2023
Loss for the period before income tax	<b>\$5,672,115</b>	\$1,880,618
Expected income tax recovery at statutory rates	<b>(1,531,000)</b>	(508,000)
Non-deductible expenses	<b>548,000</b>	-
Change in unrecognized deductible temporary differences	<b>983,000</b>	508,000
Total income tax recovery	<b>\$-</b>	<b>\$-</b>

The significant components of the Company's deferred tax assets and liabilities are as follows:

	<b>For the year ended April 30, 2024</b>	For the period from date of incorporation on September 12, 2022 to April 30, 2023
Non-capital losses	<b>\$1,488,000</b>	\$507,000
Property, plant and equipment	<b>3,000</b>	1,000
Unrecognized deferred income tax assets	<b>\$1,491,000</b>	\$508,000

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statements of financial position are as follows:

	<b>April 30, 2024</b>	<b>Expiry dates</b>	April 30, 2023	Expiry dates
<b>Temporary Differences</b>				
Non-capital loss carryforwards	<b>\$5,510,000</b>	<b>2043-2044</b>	\$1,878,000	2043
Property, plant and equipment	<b>13,000</b>	<b>No expiry date</b>	3,000	No expiry date

Tax attributes are subject to review and potential adjustment by tax authorities.

## 12. CAPITAL RISK MANAGEMENT

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

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

During the year ended April 30, 2024 and the period from date of incorporation on September 12, 2022 to April 30, 2023, there were no changes in the Company's capital management approach, and the Company is not bound by any externally imposed capital requirements.

## 13. FINANCIAL INSTRUMENTS AND RISK

### *Restricted cash*

	2024	2023
RBC GIC*		
Issued financial instrument	\$-	\$30,000
Balance, April 30	\$-	\$30,000

\* Guaranteed Investment Certificates (GIC)

A guaranteed investment certificate, commonly referred to as a GIC, is a financial instrument in which funds are lent to a bank for a predetermined period with the aim of earning interest. In the case of the Company's incorporation in 2022, a GIC was necessary for obtaining a secured credit card.

As of April 30, 2024, the Company deposited \$Nil (2023 - \$30,000) as a restricted cash on the guaranteed investment certificate for the bonded payment to the bank which enabled the Company to utilize the corporate credit card for its operational needs.

### *Risk exposure on financial instruments*

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

### *Credit risk*

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

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of April 30, 2024, the Company had a cash balance of \$1,519,925 (2023 - \$721,422) to settle current accounts payable and accrued liabilities of \$54,242 (2023 - \$767,160). All the Company's financial liabilities have contractual maturities of 30 days, or due on demand, and are subject to normal trade terms. To date, the Company has been reliant on funding from private equity investment (Note 1). The Company will continue to be reliant upon these sources of financing until a commercial software product is developed. There can be no assurance that the Company will be successful at obtaining such sources of funding in the future.

*Market risk*

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

a) Interest rate risk

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

b) Foreign currency risk

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

## 14. CONCENTRATION

*Volume of business*

The Company has concentrations in the volume of sales and purchases it conducts with its suppliers. For the fiscal year ended April 30, 2024, there were two buyers (2023 – one) which accounted for the total sales, and the aggregate sales amounted to \$1,753,804 (2023 - \$2,091,787). For the fiscal year ended April 31, 2024, there was one supplier (2023 – one) which accounted for the total cost of sales, and the aggregate cost of sales amounted to \$399,190 (2023 - \$2,258,960).

## 15. REVENUE

	2024	2023
Professional service sales	\$1,109,604	\$1,388,000
Software license sales	644,200	703,787
For the period ended April 30	<b>\$1,753,804</b>	\$2,091,787

On September 11, 2023, the Company entered into a license and services agreement with Rainbow Software Inc. (“Rainbow”) for the implementation of Master Data Management (MDM) System at a price of \$794,900.

On May 15, 2023, the Company entered into a subscription service agreement with TrueData for a variety of software support and professional services in relation to the Company’s software programs. Pursuant to the agreement, the Company received an upfront payment of \$1,000,000 on the annual subscription fees. During the year ended April 30, 2024, the Company recognized revenue of \$958,904. As at April 30, 2024, the balance of \$41,096 is recorded as deferred revenue on the consolidated statements of financial position.

On September 23, 2022, the Company entered into a license and services agreement with Datametrex AI Limited (“Datametrex AI”) for the implementation and delivery of a big data platform, at a total price of \$2,091,787. The sales agreement does not specify the terms and length of the warranty period because one-year warranty is the market norm, and Datametrex AI has not purchased or paid for the additional warranties.

## 16. COST OF GOODS SOLD

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

On October 3, 2022, the Company entered into an agreement with Graphizer Inc. to procure professional services with an intention of having them used and/or resold to Datametrex AI Limited regarding the big data platform implementation project licenses and services agreement made between the Company and Datametrex AI Limited.

On September 20, 2022, the Company entered into an agreement with Bitnine Global, Inc. to procure software licenses and professional services with an intention of having them used and/or resold to Datametrex AI Limited regarding the big data platform implementation project licenses and services agreement made between the Company and Datametrex AI Limited.

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

	2024	2023
Software licenses	<b>\$399,190</b>	\$611,800
Professional services	-	1,647,160
For the period ended April 30	<b>\$399,190</b>	\$2,258,960

## **17. SEGMENT INFORMATION**

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