

AADIRECTION CAPITAL CORP.

INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(Unaudited – Expressed in Canadian Dollars)

Notice of No Auditor Review

These unaudited interim financial statements of AADirection Capital Corp. (the “**Company**”) have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

AADIRECTION CAPITAL CORP.
Interim Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	September 30, 2022	December 31, 2021
	\$	\$
Assets		
Cash	344,730	369,311
Other receivables	1,081	-
	<u>345,811</u>	<u>369,311</u>
Liabilities and Equity		
Accounts payable & accrued liabilities	1,241	4,895
Equity		
Share capital	375,922	375,922
Contributed surplus	85,045	85,045
Accumulated deficit	(116,397)	(96,551)
	<u>344,570</u>	<u>364,416</u>
	<u>345,811</u>	<u>369,311</u>

Nature of operations and going concern (Note 1)

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

On behalf of the Board:

“Michael Woods”

Michael Woods, director

“Mary Ma”

Mary Ma, director

AADIRECTION CAPITAL CORP.Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	September 30		September 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
Expenses				
Listing and filing fees	40	804	8,166	26,001
Office & administration	-	22	-	236
Professional fees	700	472	6,942	9,442
Transfer agent fees	722	3,029	2,492	3,029
Annual shareholders' meeting fees	-	-	4,359	-
Share-based compensation		51,027	-	51,027
Loss before other items	(1,462)	(55,354)	(21,959)	(89,735)
Other Items				
Net interest income (expense)	1,440	-	2,113	-
Net loss and comprehensive loss	(22)	(55,354)	(19,846)	(89,735)
Net loss per share (Basic and Diluted)	(0.00)	(0.01)	(0.00)	(0.03)
Weighted average number of shares outstanding (basic and diluted)	6,000,000	3,913,043	6,000,000	2,644,689

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

AADIRECTION CAPITAL CORP.

Interim Statement of Cash Flow

(Unaudited - Expressed in Canadian dollars)

	Nine months ended September 30	
	2022	2021
	\$	\$
Cash provided by (used in)		
Operating activities		
Net loss	(19,846)	(89,735)
Add items not involving cash		
Share-based compensation		5,1027
Non-cash working capital items:		
Prepaid expenses		
Other receivables	(1,081)	(25)
Accounts payable & accrued liabilities	(3,654)	(487)
Net cash used in operating activities	(24,581)	(39,220)
Financing activities		
Proceeds from issuance of shares		400,000
Share issue costs	-	(90,060)
Net cash from financing activities	-	(309,940)
Change in cash	(24,581)	270,720
Cash, beginning of period	369,311	100,000
Cash, end of period	344,730	370,720

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

AADIRECTION CAPITAL CORP.
Interim Statement of Changes in Equity
(Unaudited - Expressed in Canadian dollars)

	Number of Shares	Share Capital	Contributed Surplus	Accumulated deficit	Shareholders' Equities
		\$	\$	\$	\$
Balance, January 1, 2021	2,000,000	100,000	-	(1,553)	98,447
Issuance of common shares	4,000,000	400,000			400,000
Share issuance cost (cash)		(90,060)		-	(90,060)
Share issuance cost (agent warrants)		(34,018)	34,018		-
Share-based compensation			51,027		51,027
Net loss				(89,735)	(89,735)
Balance, September 30, 2021	2,000,000	375,922	85,045	(91,288)	369,679
Balance, January 1, 2022	6,000,000	375,922	85,045	(96,551)	364,416
Net loss				(19,846)	(19,846)
Balance, September 30, 2022	6,000,000	375,922	85,045	(116,397)	344,570

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

AADIRECTION CAPITAL CORP.
Notes to the Interim Financial Statements
For the three months ended March 31, 2022
(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

AADirection Capital Corp. (the "Company") was incorporated under the Business Corporations Act of British Columbia on December 1, 2020 and is a capital pool company as defined by TSX Venture Exchange ("TSXV") Policy 2.4 (the "Policy"). The Company's principal business is to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction ("QT") as defined in the Policy. The Company is listed on the TSX Venture Exchange under the symbol "AAD.P".

Until the completion of a QT, the proceeds raised from the issuance of share capital may only be used for the identification and evaluation of assets or businesses for acquisition and amalgamation with the exception that not exceeding \$3,000 per month may be used for reasonable general and administrative expenses of the Company.

The Company's head office, principal address and registered and records office is 2110 – 28 Street, West Vancouver, BC, V7V 4M3.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the federal, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal, provincial and municipal governments.

2. BASIS OF PRESENTATION

Statement of compliance

These interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting, and the International Financial Reporting Interpretations Committee ("IFRIC").

The Company has consistently applied the same accounting policies in its interim financial statements and throughout all periods presented. These interim financial statements do not contain all of the information required for annual financial statements and, accordingly, should be read in conjunction with the audited annual financial statements and related notes of the Company for the year ended December 31, 2021 and the period from the incorporation on January 1, 2020 to December 31, 2020.

These interim financial statements were approved and authorized to issue on November 15, 2022.

2. BASIS OF PRESENTATION (*continued*)

Going Concern Assumption

The Company has not generated any revenues or cash flows from operations and relies on financing for its activities, and its continuation as a going concern is dependent upon its ability to complete a QT and raise additional financing if required. The financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

For the quarter ended September 30, 2022, the Company incurred a loss of \$22 as compared to a loss of \$55,354 for the same quarter of the prior year. The Company had working capital of \$344,570 and a cumulative deficit of \$116,397 as at September 30, 2022, as compared to working capital of \$364,416 and an accumulated deficit of \$96,551 as at December 31, 2021.

In assessing whether the going concern assumption is appropriate, the management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These annual financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may materially differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of changes in such estimates on the financial statements in future periods could be significant.

Basis of measurement

The financial statements have been prepared under the historical cost basis except for those as explained in the accounting policies below.

New accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

AADIRECTION CAPITAL CORP.
Notes to the Interim Financial Statements
For the three months ended March 31, 2022
(Unaudited - Expressed in Canadian dollars)

3. SHARE CAPITAL

Authorized

Unlimited common shares without par value.

Issued

Shares issued and outstanding as of September 30, 2022 were 6,000,000 (December 31, 2021 – 6,000,000).

In December 2020, the Company issued 2,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$100,000.

The Company completed its Initial Public Offering (“IPO”) and commenced trading as a capital pool company with TSXV on August 17, 2021. The Company issued a total of 4,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$400,000. In connection with this IPO, the Company paid cash commissions of \$40,000 and corporate finance fee of \$15,000 and issued 400,000 broker warrants with a fair value of \$34,018. The fair value of broker warrants was \$0.085 per warrant estimated using the Black Scholes option pricing model with the risk-free interest rate of 0.81%, dividend yield of 0%, expected volatility of 127.90% and expected life of 5 years. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.10 until August 16, 2026. In addition to the above costs, the Company paid legal fees and expenses of \$35,060.

Escrowed shares

Under the requirements of the TSXV, the 2,000,000 common shares issued as seed shares are held in escrow pursuant to the terms of a CPC Escrow Agreement and will be released from escrow in tranches over a period of 18 months from the date of the Final QT Exchange Bulletin as follows:

- 25% on the date of Final QT Exchange Bulletin;
- 25% on the date 6 months following Final QT Exchange Bulletin;
- 25% on the date 12 months following Final QT Exchange Bulletin; and
- 25% on the date 18 months following Final QT Exchange Bulletin.

Options

The Company has a stock option plan under which directors and officers are eligible to receive grants. Under the stock option plan, the granted stock options are exercisable over periods of up to ten years as determined by the Company’s Board of Directors. The maximum number of outstanding stock options under the plan is limited to 10% of the number of common shares outstanding. The number of stock options, the vesting periods, and the exercise price is set by the Company’s Board of Directors based on the market value at the time of granting.

On August 17, 2021, the Company granted 600,000 incentive stock options to directors and officers of the Company. These options vested immediately and are exercisable at \$0.10 per share for a period of five years, expiring on August 16, 2026. The fair value was \$0.085 per option, estimated by using the Black-Scholes Option Pricing Model with risk-free interest rate of 0.81%, dividend yield of 0%, expected volatility of 127.9% and expected life of 5 years. For the year ended December 31, 2021, the Company recognized \$51,027 in share-based compensation relating to these grants. For the year ended December 31, 2021, the volatility was estimated by using the historical volatility of other company in the same industry during the similar period.

AADIRECTION CAPITAL CORP.
Notes to the Interim Financial Statements
For the three months ended March 31, 2022
(Unaudited - Expressed in Canadian dollars)

3. SHARE CAPITAL (Continued)

As at June 30, 2022, the following options were outstanding and exercisable:

	Number of options	Weighted average exercise price	Remaining contractual life
		\$	(years)
Outstanding & exercisable, January 1, 2022	600,000	0.10	4.63
Outstanding and exercisable, September 30, 2022	600,000	0.10	3.88

Details of the share options outstanding and exercisable as at September 30, 2022 are as follows:

Expiry Date	Exercise price	Number of options Outstanding	Number of options exercisable	Remaining contractual life
August 16, 2026	\$0.10	600,000	600,000	3.88 years

Warrants

As at September 30, 2022, the following warrants were outstanding:

Expiry Date	Exercise price	Number of warrants outstanding	Number of warrants vested	Remaining contractual life
August 16, 2026	\$0.10	400,000	400,000	3.88 years

4. RELATED PARTY TRANSACTIONS

The related party balances and transactions not disclosed elsewhere in these financial statements are listed below. Related party transactions in normal course of operations are measured at the exchange amount.

The Company incurred accounting fees of \$700 and \$2,100 for the three and nine months ended September 30, 2022, respectively, (2021 - Nil) to a consulting firm controlled by a director and officer of the Company. While no legal fees incurred for this quarter, the Company incurred legal fees of \$2,568 for nine months period ended September 30, 2022, as compared to legal fees of \$8,160 and \$20,160 separately, for the same periods of the prior year to a law firm controlled by a director of the Company. As at September 30, 2022, \$700 plus GST recorded in accounts payable and accruals was due to the above mentioned consulting firm.

Key management personnel comprise the Company's Board of Directors and executive officers. Key management personnel were not paid post-employment benefit, termination fees or other long-term benefits during the three and six months ended September 30, 2022 and 2021.

5. CAPITAL MANAGEMENT

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital to include all the components of equity.

The Company is in the stage of identifying and evaluating potential acquisitions, and its primary objective in respect of capital management is to ensure it has sufficient cash resources to fund the identification and evaluation of businesses or assets for future investment.

Under the Policy, the proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses, with the exception that no more than the lesser of 30% of the gross proceeds from the sale of the Company's securities or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until the completion of a QT.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has classified its cash as fair value through profit or loss. The Company's other receivables and accounts payable and accrued liabilities are classified as amortized cost.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data.

As at September 30, 2022, the Company's financial instruments consist of cash, other receivables, and accounts payable. The carrying value of cash, other receivables and accounts payable approximates their fair value due to the immediate or short-term maturity of these instruments.

It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.