

**TRILOGY AI CORP. (FORMERLY AMBARI BRANDS INC.)**

Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

## **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 condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**TRILOGY AI CORP. (FORMERLY AMBARI BRANDS INC.)**

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	As at September 30, 2024	As at December 31, 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 31,143	\$ 562,705
Amounts receivable (Note 5)	5,017	11,545
Prepaid expenses and deposits (Note 6)	38,088	36,124
Inventory (Note 7)	-	7,874
<b>Total assets</b>	<b>\$ 74,248</b>	<b>\$ 618,248</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 8 and 12)	\$ 138,110	\$ 136,658
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	8,653,238	8,653,238
Accumulated other comprehensive income (loss)	(2,597)	(1,687)
Reserves (Note 9)	171,710	171,710
Deficit	(8,886,213)	(8,341,671)
<b>Total shareholders' equity</b>	<b>(63,862)</b>	<b>481,590</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 74,248</b>	<b>\$ 618,248</b>

Nature and continuance of operations – Note 1

APPROVED ON BEHALF OF THE BOARD:

"Melody Cooper" Director"Gurcharn Deol" Director

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

**TRILOGY AI CORP. (FORMERLY AMBARI BRANDS INC.)**

## Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Expenses				
Advertising and promotion	-	944,150	-	1,058,833
Consulting fees (Note 12)	27,617	10,700	114,956	67,199
General and administrative (Note 11)	19,227	24,463	52,296	88,219
Professional fees	64,374	39,355	199,030	99,096
Research and development (Note 16)	15,052	129,501	83,073	129,501
Salaries and benefits (Note 12)	4,820	2,093	12,884	10,549
<b>Total expenses</b>	<b>(131,090)</b>	<b>(1,150,262)</b>	<b>(462,239)</b>	<b>(1,453,397)</b>
Other Items				
Foreign exchange gain (loss)	(781)	(5,931)	(326)	(6,024)
Interest income	117	25	478	69
Net loss for the period from continuing operations	(131,754)	(1,156,168)	(462,087)	(1,459,352)
Net loss for the period from discontinued operations (Note 15)	(7,329)	(21,341)	(82,455)	(103,188)
<b>Total net loss for the period</b>	<b>(139,083)</b>	<b>(1,177,509)</b>	<b>(544,542)</b>	<b>(1,562,540)</b>
Exchange difference on translating discontinued foreign operations (Note 15)	390	14,277	(910)	(2,760)
<b>Total comprehensive loss from continuing operations</b>	<b>(131,754)</b>	<b>(1,156,168)</b>	<b>(462,087)</b>	<b>(1,459,352)</b>
<b>Total comprehensive loss from discontinued operations (Note 15)</b>	<b>(6,939)</b>	<b>(7,064)</b>	<b>(83,365)</b>	<b>(105,948)</b>
<b>Total Comprehensive loss</b>	<b>\$ (138,693)</b>	<b>\$ (1,163,232)</b>	<b>\$ (545,452)</b>	<b>\$ (1,565,300)</b>
Loss per common share – basic and diluted from continuing operations	\$ (0.00)	(0.02)	\$ (0.01)	\$ (0.03)
Loss per common share – basic and diluted from discontinued operations (Note 15)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
<b>Total loss per common share – basic and diluted</b>	<b>\$ (0.00)</b>	<b>(0.02)</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>
Weighted average number of common shares outstanding				
– basic and diluted	56,528,815	54,020,789	56,528,815	52,341,183

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

**TRILOGY AI CORP. (FORMERLY AMBARI BRANDS INC.)**

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the nine months ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Shares	Share Capital	Accumulated Other Comprehensive Income (Loss)	Reserves	Deficit	Total
<b>Balance, December 31, 2022</b>	<b>50,095,195</b>	<b>\$ 6,462,334</b>	<b>\$ 2,261</b>	<b>\$ 209,413</b>	<b>\$ (5,827,522)</b>	<b>\$ 846,486</b>
Private placements (Note 9)	5,750,000	2,000,000	-	-	-	2,000,000
Share issuance costs (Note 9)	-	(213,318)	-	90,118	-	(123,200)
Warrants exercised (Note 9)	35,000	17,500	-	-	-	17,500
Agent compensation options exercised (Note 9)	648,620	404,697	-	(138,869)	-	265,828
Translation adjustment	-	-	(2,760)	-	-	(2,760)
Net loss for the period from continuing operations	-	-	-	-	(1,459,352)	(1,459,352)
Net loss for the period from discontinued operations	-	-	-	-	(103,188)	(103,188)
<b>Balance, September 30, 2023</b>	<b>56,528,815</b>	<b>\$ 8,671,213</b>	<b>\$ (499)</b>	<b>\$ 160,662</b>	<b>\$ (7,390,062)</b>	<b>\$ 1,441,314</b>
<b>Balance, December 31, 2023</b>	<b>56,528,815</b>	<b>\$ 8,653,238</b>	<b>\$ (1,687)</b>	<b>\$ 171,710</b>	<b>\$ (8,341,671)</b>	<b>\$ 481,590</b>
Translation adjustment	-	-	(910)	-	-	(910)
Net loss for the period from continuing operations	-	-	-	-	(462,087)	(462,087)
Net loss for the period from discontinued operations	-	-	-	-	(82,455)	(82,455)
<b>Balance, September 30, 2024</b>	<b>56,528,815</b>	<b>\$ 8,653,238</b>	<b>\$ (2,597)</b>	<b>\$ 171,710</b>	<b>\$ (8,886,213)</b>	<b>\$ (63,862)</b>

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

**TRILOGY AI CORP. (FORMERLY AMBARI BRANDS INC.)**

## Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Nine months ended September 30, 2024		Nine months ended September 30, 2023	
<b>CASH FLOWS PROVIDED BY (USED IN)</b>				
<b>OPERATING ACTIVITIES</b>				
Net loss for the period from continuing operations (Note 16)	\$	(462,087)	\$	(1,459,352)
Changes in non-cash working capital items:				
Amounts receivable		6,191		(69,006)
Prepaid expenses and deposits		(2,352)		53,346
Inventory		-		
Accounts payable and accrued liabilities		13,062		(52,988)
Net cash used in continuing operating activities		(445,186)		(1,528,000)
Net cash used in discontinued operating activities (Note 15)		(85,466)		(84,051)
<b>FINANCING ACTIVITIES</b>				
Issuance of common shares		-		2,000,000
Share issue costs		-		(123,200)
Proceeds from warrants exercised				17,500
Proceeds from agent compensation options exercised				265,828
Net cash provided by continuing financing activities		-		2,160,128
Net cash provided by discontinued financing activities (Note 15)		-		-
Foreign exchange on cash		(910)		(2,760)
<b>Change in cash for the period</b>		<b>(531,562)</b>		<b>545,317</b>
<b>Cash, beginning of the period</b>		<b>562,705</b>		<b>247,301</b>
<b>Cash, end of the period</b>	\$	<b>31,143</b>	\$	<b>792,618</b>
<b>Cash paid for interest during the period</b>	\$	<b>-</b>	\$	<b>-</b>
<b>Cash paid for income taxes during the period</b>	\$	<b>-</b>	\$	<b>-</b>
<b>Non-cash transactions affecting cash flows from financing activities:</b>				
		Nine months ended September 30, 2024		Nine months ended September 30, 2023
Fair value of finder's warrants issued	\$	-	\$	90,118
Amounts reclassified from reserves to share capital upon the exercise of agent compensation options	\$	-	\$	138,869

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

## **TRILOGY AI CORP. (FORMERLY AMBARI BRANDS INC.)**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

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### **1 Nature and continuance of operations**

Trilogy AI Corp. (formerly Ambari Brands Inc.) (the "Company") was incorporated pursuant to the Business Corporations Act (British Columbia) on June 20, 2019. The Company was a luxury skincare and consumer packaged goods company and has developed a product line on its proprietary "Modern Blend". The Company's common shares trade on the Canadian Securities Exchange (the "CSE") under the trading symbol "TRAI", the OTCQB Venture Market under the symbol "TRAIF" and the Frankfurt Stock Exchange under the symbol "Y92". The Company's head office and registered and records office address is 2300 – 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5.

During the year ended December 31, 2023, the Company made the decision to cease the operations of its subsidiary Ambari Beauty USA, Inc ("Ambari USA"). The financial results of Ambari USA are reflected as discontinued operations in compliance with *IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations* (Note 15).

In July 2023, the Company commenced research and development towards an artificial intelligence-powered software name "Scarlett" with B2B and consumer applications. The software is intended to provide cutting-edge artificial intelligence technology and augmented reality to further personalize the beauty experiences of customers. The Company hopes that Scarlett will be able to identify and assess customers' skin and provide recommendations of the best products available for their unique individual needs. Additionally, the software will utilize augmented reality by means of a virtual try-on feature allowing the customers to try a wide range of beauty products. A long-term focus of the Company is implementing the technology within the retail sector, to potentially eliminate the need for human beauty advisors and provide customers individualized information within seconds.

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the nine months ended September 30, 2024, the Company had negative cash flows from continuing operations of \$445,186 (September 30, 2023 - \$1,528,000), a net loss from continuing operations of \$462,087 (September 30, 2023 - \$1,459,352), and as at that date an accumulated deficit of \$8,886,213 (December 31, 2023 - \$8,341,671). These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to raise adequate financing from external sources and generate profits and positive cash flows from operations in order to carry out its business objectives. The Company will require additional financing for continuing operations, to evaluate strategic opportunities, and for working capital purposes. However, there is no assurance that the Company will be able to secure such financing on favourable terms. These condensed consolidated interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the Company's condensed consolidated interim financial statements. Such adjustments could be material.

## **TRILOGY AI CORP. (FORMERLY AMBARI BRANDS INC.)**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2024 and 2023

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(Unaudited)

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### **1 Nature and continuance of operations** *(continued)*

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

### **2 Basis of preparation**

#### Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), including International Accounting Standards ("IAS") 34, *Interim Financial Reporting*.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are stated at fair value. In addition, they have been prepared using the accrual basis of accounting, except for the cash flow information.

The condensed consolidated interim financial statements were approved and authorized for issuance on November 25, 2024 by the Board of Directors.

#### Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Ambari USA. All inter-company balances, transactions, income, and expenses have been eliminated upon consolidation.

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an entity, when the Company is exposed, or has rights, to variable returns from the entity and when the Company has the ability to affect those returns through its power over the entity. Subsidiaries are included in the financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control.

#### Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the Company is the Canadian dollar ("CAD"). The functional currency of Ambari USA is the United States dollar ("USD").

The presentation currency of the Company and Ambari USA is the Canadian dollar.

## **TRILOGY AI CORP. (FORMERLY AMBARI BRANDS INC.)**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2024 and 2023

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### **2 Basis of preparation** *(continued)*

#### Foreign currencies *(continued)*

Accordingly, the accounts of Ambari USA are translated into CAD as follows:

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the statement of financial position.
- income and expense are translated at the average exchange rate over the reporting period; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive income (loss).

Transactions occurring in currencies other than the functional currency of the entity in question are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the initial transaction. Non-monetary items that are measured at fair values are reported at the exchange rate on the date when fair values are determined. Foreign currency translation differences are recognized in profit or loss.

#### Use of accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. These condensed consolidated interim financial statements have been prepared using the judgments, estimates and assumptions summarized below.

#### *Going concern*

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

#### *Inventory*

Inventory consists of raw materials, work in progress, shipping materials and finished goods recorded at the lower of cost and net realizable value. Inventory previously represented a significant portion of the asset base of the Company and its value was reviewed at each reporting period. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, expiry, damage, or slow moving. The assessment of whether inventory is slow moving is subject to management's estimates of future sales forecasts and expected shelf lives of inventory. Actual net realizable value can vary from the estimated provision. During the year ended December 31, 2023 inventory was impaired due to the decision taken to cease the operations of Ambari USA (Note 7).

## TRILOGY AI CORP. (FORMERLY AMBARI BRANDS INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

### 3 Material accounting policies

These condensed consolidated interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as the Company's audited annual consolidated financial statements for the year ended December 31, 2023 and should be read in conjunction with those annual consolidated financial statements and notes thereto.

### 4 Basis of fair value

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

The Company's financial instruments consist of cash, trade receivables, and accounts payable and accrued liabilities. The Company has no financial instruments carried at fair value.

The carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities.

There were no transfers between the levels of the fair value hierarchy during the nine months ended September 30, 2024 or 2023.

### 5 Amounts receivable

	As at September 30, 2024	As at December 31, 2023
Trade receivables	\$ -	\$ 337
Sales tax receivable	5,017	11,208
	\$ 5,017	\$ 11,545

**TRILOGY AI CORP. (FORMERLY AMBARI BRANDS INC.)**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

**6 Prepaid expenses and deposits**

	As at September 30, 2024	As at December 31, 2023
Retainers and prepayments for services	\$ 38,088	\$ 34,771
Prepaid insurance	-	1,353
	<b>\$ 38,088</b>	<b>\$ 36,124</b>

**7 Inventory**

	As at September 30, 2024	As at December 31, 2023
Finished goods	\$ -	\$ 7,874
	<b>\$ -</b>	<b>\$ 7,874</b>

During the nine months ended September 30, 2024, cost of sales includes \$7,918 (December 31, 2023 - \$61,869) of inventory, and impairment loss reversals related to inventory of \$102 (December 31, 2023 – impairment losses of \$645,760). The remaining costs of sales comprise of fulfilment costs.

**8 Accounts payable and accrued liabilities**

	As at September 30, 2024	As at December 31, 2023
Trade payables	\$ 60,922	\$ 73,164
Accrued and other liabilities	77,188	63,494
	<b>\$ 138,110</b>	<b>\$ 136,658</b>

**9 Share capital**Authorized

Unlimited common shares, without par value.

Common Shares Held in Escrow

As at September 30, 2024, 3,397,500 common shares (December 31, 2023 – 6,795,000 common shares) were held in escrow and restricted from trading. These common shares will be released from escrow as follows: 1,698,750 common shares released on January 25, 2025, and 1,698,750 common shares released on July 25, 2025.

## **TRILOGY AI CORP. (FORMERLY AMBARI BRANDS INC.)**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

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### **9 Share capital (continued)**

#### Issued, Cancelled, Commitment to Issue

During the nine months ended September 30, 2024:

On February 24, 2024, 1,112,000 finder's warrants with an exercise price of \$0.35 expired without being exercised.

On July 25, 2024, 3,359,462 warrants with an exercise price of \$0.50 and 5,870,887 warrants with an exercise price of \$0.75 expired without being exercised.

On August 18, 2024, 2,113,000 warrants with an exercise price of \$0.50 expired without being exercised.

During the year ended December 31, 2023:

On February 24, 2023, the Company closed a non-brokered private placement and issued 2,000,000 units of the Company for gross proceeds of \$500,000. Each unit is comprised of one common share of the Company and one-half of one warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of \$0.35 per common share and expires on February 24, 2024. The attached warrants were fair valued at \$Nil based on the residual value method.

The Company paid finder's fees of \$28,000 and issued 112,000 finder's warrants in connection with closing the non-brokered private placement. Each finder's warrant is exercisable into one common share of the Company at an exercise price of \$0.35 per common share and expires on February 24, 2024. The fair value of the finder's warrants was \$26,958 and was determined using the Black Scholes option pricing model using the following assumptions: estimated volatility of 99%, risk-free interest rate of 4.32%, expected life of 1 year, exercise price of \$0.35, a dividend yield of 0%, and a unit price of \$0.25.

On August 10, 2023, the Company issued 10,000 common shares pursuant to the exercise of 10,000 warrants for gross proceeds of \$5,000.

On August 16, 2023, the Company issued 25,000 common shares pursuant to the exercise of 25,000 warrants for gross proceeds of \$12,500.

On August 18, 2023, the Company closed a non-brokered private placement and issued 3,750,000 units of the Company for gross proceeds of \$1,500,000. Each unit is comprised of one common share of the Company and one-half of one warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of \$0.50 per common share and expires on August 18, 2024. The attached warrants were fair valued at \$Nil based on the residual value method.

The Company paid finder's fees of \$95,200 and issued 238,000 finder's warrants in connection with closing the non-brokered private placement. Each finder's warrant is exercisable into one common share of the Company at an exercise price of \$0.50 per common share and expires on August 18, 2024. The fair value of the finder's warrants was \$74,208 and was determined using the Black Scholes option pricing model using the following assumptions: estimated volatility of 126%, risk-free interest rate of 4.78%, expected life of 1 year, exercise price of \$0.50, a dividend yield of 0%, and a unit price of \$0.40.

**TRILOGY AI CORP. (FORMERLY AMBARI BRANDS INC.)**

Notes to the Condensed Consolidated Interim Financial Statements

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**9 Share capital (continued)**

On September 8, 2023, 531,656 agent compensation options (“ACOs”) were exercised for gross proceeds of \$265,828, and as a result the Company issued 648,620 units with each unit consisting of one common share and one-half of one warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of \$0.75 per common share and expires on July 25, 2024. In connection with the ACOs exercised, \$138,869 was reclassified from reserves to share capital.

During the year ended December 31, 2023, the Company incurred \$6,927 of legal costs associated with the share issuances throughout the year.

Warrants

	Number of Warrants		Weighted Average Exercise Price
<b>Outstanding, December 31, 2022</b>	<b>9,675,095</b>	<b>\$</b>	<b>0.64</b>
Issued – Private placements	2,875,000		0.45
Issued – Finder’s warrants	350,000		0.45
Issued – Agent compensation options	324,310		0.75
Exercised	(566,656)		0.50
Expired	(202,400)		0.50
<b>Outstanding, December 31, 2023</b>	<b>12,455,349</b>	<b>\$</b>	<b>0.60</b>
Expired	(12,445,349)		0.60
<b>Outstanding, September 30, 2024</b>	<b>-</b>	<b>\$</b>	<b>-</b>

As at September 30, 2024, there were no warrants outstanding.

**10 Revenue**

The Company generates revenue from the sale of skincare products directly to consumers and to luxury department stores, and on a wholesale basis to distributors and spas.

The Company’s revenue disaggregated by primary geographical markets is as follows:

During the nine months ended September 30, 2024 and 2023, the Company recognized no revenue relating to continuing operations.

		Nine months ended September 30, 2024				
		Direct Consumers	Distributors	Retailers	Other	Total
<b>From discontinued operations (Note 15)</b>						
United States	\$	1,884	\$	7,959	\$	-
	\$	<b>1,884</b>	\$	<b>7,959</b>	\$	<b>9,843</b>
				-	-	<b>9,843</b>

**TRILOGY AI CORP. (FORMERLY AMBARI BRANDS INC.)**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

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**10 Revenue (continued)**

Nine months ended September 30, 2023					
	Direct Consumers	Distributors	Retailers	Other	Total
<b>From discontinued operations (Note 15)</b>					
United States	\$ 5,990	\$ 50,908	\$ 7,713	\$ -	<b>64,611</b>
European Union	359	23,725	-	-	<b>24,084</b>
	<b>\$ 6,349</b>	<b>\$ 73,633</b>	<b>\$ 7,713</b>	<b>\$ -</b>	<b>88,695</b>

For the nine months ended September 30, 2024 and 2023, the following revenue from discontinued operations was recorded from customers that comprise 10% or more of revenue:

	Nine months ended September 30,	
	2024	2023
Customer A	\$ 7,959	\$ -
Customer B	\$ 1,884	\$ -
Customer C	\$ -	\$ 50,908
Customer D	\$ -	\$ 23,725
Customer E	\$ -	\$ 7,712

**11 General and administrative expenses**

From continuing operations:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Bank charges	\$ 1,150	\$ 2,908	\$ 2,931	\$ 1,304
Dues and subscriptions	816	164	1,485	480
Insurance	-	6,403	2,340	47,092
Regulatory and filing fees	17,261	14,988	45,540	38,998
Office expenses	-	-	-	345
	<b>\$ 19,227</b>	<b>\$ 24,463</b>	<b>\$ 52,296</b>	<b>\$ 88,219</b>

**TRILOGY AI CORP. (FORMERLY AMBARI BRANDS INC.)**

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

**11 General and administrative expenses (continued)**

From discontinued operations (Note 15):

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Bank charges	\$ 27	\$ 1,516	\$ 4,334	\$ 7,657
Dues and subscriptions	913	4,829	8,450	14,346
Rent	22	11,904	16,541	20,134
Office expenses	1,101	50	1,101	1,946
	\$ 2,063	\$ 18,299	\$ 30,426	\$ 44,083

**12 Related party transactions and balances**

Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director and/or officer in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

Key management compensation

Key management personnel are those having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, and include the Company's executive officers and members of the Board of Directors. Key management compensation consisted of the following:

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**12 Related party transactions and balances** *(continued)*

	Three months ended September		Nine months ended September	
	30,	2023	30,	2023
	2024	2023	2024	2023
<u>Consulting fees:</u>				
Spiral Investment Corp.; a company controlled by Gurcharn Deol, Director	\$ 9,000	\$ 9,000	\$ 27,000	\$ 27,000
9317-3516 Quebec Inc.; a company controlled by Meissam Hagh Panah, Director	1,500	1,500	4,500	4,500
1473267 BC Ltd.; a company controlled by Avtar Dhaliwal, Former Chief Executive Officer (“CEO”) and Director	-	-	9,000	-
Avneesh Dhaliwal, Former Director, Corporate Secretary, and CEO	-	-	50,000	-
1482882 BC Ltd.; a company controlled by Melody Cooper, CEO, Corporate Secretary and Director	10,500	-	14,000	-
End in Mind Capital Inc.; a company controlled by Alex McAulay, CFO	8,353	-	8,353	-
<u>Salaries and benefits:</u>				
Kate-Lynn Genzel, Former Chief Financial Officer (“CFO”)	-	1,950	-	9,750
Alex McAulay, CFO	4,500	-	12,000	-
<u>Accounting fees:</u>				
Treewalk Consulting Inc.; a company controlled by Alex McAulay, CFO	17,364	-	72,948	-
	\$ 51,217	\$ 12,450	\$ 197,801	\$ 41,250

Accounts payable and accrued liabilities

As at September 30, 2024, accounts payable and accrued liabilities includes \$Nil (December 31, 2023 - \$3,150) related to consulting fees due to Spiral Investment Corp., a company controlled by Gurcharn Deol, Director.

As at September 30, 2024, accounts payable and accrued liabilities includes \$Nil (December 31, 2023 - \$500) related to consulting fees due to 9317-3516 Quebec Inc., a company controlled by Meissam Hagh Panah, Director.

As at September 30, 2024, accounts payable and accrued liabilities includes \$Nil (December 31, 2023 - \$116) related to general and administration expenses due to Avneesh Dhaliwal, Former Director, Corporate Secretary and CEO.

As at September 30, 2024, accounts payable and accrued liabilities includes \$3,817 (December 31, 2023 - \$Nil) related to accounting fees due to Treewalk Consulting Inc., a company controlled by Alex McAulay, CFO.

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### **12 Related party transactions and balances** *(continued)*

As at September 30, 2024, accounts payable and accrued liabilities includes \$1,093 (December 31, 2023 - \$Nil) related to consulting fees due to End in Mind Capital Inc., a company controlled by Alex McAulay, CFO.

All the amounts noted above are unsecured, non-interest bearing, and have no fixed terms of repayment.

#### Accounts receivable and prepayments

As at September 30, 2024, prepaid expenses include \$Nil (December 31, 2023 - \$625) related to an overpayment of consulting fees paid to 9317-3516 Quebec Inc., a company controlled by Meissam Hagh Panah, Director, during the period.

### **13 Capital management**

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. In order to fund future product developments and pay for general administrative costs, the Company will raise additional amounts as needed.

The Company reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers shareholders' equity and working capital as components of its capital base. The Company may access capital through the issuance of shares or the disposition of assets. Management historically funds the Company's expenditures by issuing share capital rather than using capital sources that require fixed repayments of principal and/or interest. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto. There was no change to the Company's approach to capital management during the nine months ended September 30, 2024.

### **14 Risk management and liquidity**

The Company's risk exposures and the impact on the Company's condensed consolidated interim financial statements are summarized below.

#### Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash and trade receivables. The risk arises from the non-performance by counterparties of contractual financial obligations. To minimize credit risk, the Company places cash with high credit quality financial institutions. The Company's trade receivables consist of sales orders due from reputable luxury department stores, distributors, and third-party credit card processing services; and as such, trade receivables are not subject to significant credit risk.

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### **14 Risk management and liquidity** *(continued)*

#### Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The interest earned on cash is insignificant. The Company does not rely on interest income to fund its operations and does not have any interest-bearing debt.

#### Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next 12 months. The Company intends to settle these with funds from its positive working capital position.

#### Foreign currency risk

The Company may be exposed to foreign currency risk on fluctuations related to cash balances that are denominated in a foreign currency. As at September 30, 2024, the Company held cash of US\$4,135 (December 31, 2023 – US\$27,560), trade receivables of US\$Nil (December 31, 2023 – US\$255) and trade payables of US\$18,483 (December 31, 2023 – US\$27,643) denominated in US dollars which expose the Company to minimal foreign currency exchange rate risk. The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk as the Company consider this risk to be immaterial.

### **15 Discontinued operations**

During the year ended December 31, 2023, the Company discontinued the operations of Ambari USA. As a result, Ambari USA was classified as a discontinued operation in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* for the nine months ended September 30, 2024 and 2023.

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**15 Discontinued operations (continued)**

The loss and comprehensive loss from discontinued operations (Ambari USA) for the three and nine months ended September 30, 2024 and 2023 are comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue (Note 10)	13	377	9,843	88,695
Cost of sales (Note 7)	14	5,408	10,326	60,323
Gross profit (loss)	(1)	(5,031)	(483)	28,372
Expenses				
Advertising and promotion	935	(5,693)	3,589	67,854
Consulting fees (Note 12)	-	-	-	-
General and administrative (Note 11)	2,063	18,299	30,426	44,083
Professional fees	4,281	1,885	11,064	6,167
Disposal costs	49	-	36,893	-
Research & development	-	(17)	-	11,674
Total expenses	(7,328)	(14,474)	(81,972)	(129,778)
Other Items				
Foreign exchange gain (loss)	-	(1,836)	-	1,782
Interest income	-	-	-	-
Net loss for the period from discontinued operations	(7,329)	(21,341)	(82,455)	(103,188)
Exchange difference on translating discontinued foreign operations	390	14,277	(910)	(2,760)
Total comprehensive loss from discontinued operations	(6,939)	(7,064)	(83,365)	(105,948)
Loss per common share – basic and diluted from discontinued operations	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding				
– basic and diluted	56,528,815	54,020,789	56,528,815	52,341,183

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**15 Discontinued operations (continued)**

Cash flows from Ambari USA are as follows:

	<b>Nine months ended September 30, 2024</b>	<b>Nine months ended September 30, 2023</b>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Net loss for the period from discontinued operations	\$ (82,455)	\$ (103,188)
Changes in non-cash working capital items:		
Amounts receivable	337	2,540
Prepaid expenses and deposits	388	4,625
Inventory	7,874	54,983
Accounts payable and accrued liabilities	(11,610)	(43,011)
<b>Net cash used in operating activities in discontinued operations</b>	<b>(85,466)</b>	<b>(84,051)</b>
<b>Total cash used in discontinued operations</b>	<b>\$ (85,466)</b>	<b>\$ (84,051)</b>

**16 Retrospective Restatement**

Some of the comparative information for the nine months ended September 30, 2023, has been retrospectively restated to be in line with the accounting treatment applied in the preparation of the audited financial statements for the year ended December 31, 2023.

*Research and Development of Scarlett*

During the three and nine months ended September 30, 2023, the Company commenced research and development on Scarlett. In the condensed consolidated interim financial statements for the nine months ended September 30, 2023, the Company reported an intangible asset of \$86,334, relating to development costs associated with Scarlett. The remaining Scarlett-related research and development costs, which did not meet the development cost criteria allowing for capitalization as an intangible asset, were reported as research and development expenses amounting to \$43,167.

Subsequently, management assessed that the Scarlett development costs did not meet the criteria required to recognize an intangible asset under IAS 38 due to the absence of future economic benefits and uncertainty of Scarlett. It was determined that the development costs should be recognized as research and development expenses in the statement of loss and comprehensive loss.

**TRILOGY AI CORP. (FORMERLY AMBARI BRANDS INC.)**

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**16 Retrospective Restatement** *(continued)*

The condensed interim consolidated financial statements have been restated and the impact is shown below:

Condensed Interim Consolidated Statement of Loss and Comprehensive Loss for the three and nine months ended September 30, 2023

	<b>As previously reported</b>	<b>Adjustment</b>	<b>As restated</b>
	\$	\$	\$
Research and development	43,167	86,334	129,501
		<u>86,334</u>	

Condensed Interim Consolidated Statement of Changes in Equity for the nine months ended September 30, 2023

	<b>As previously reported</b>	<b>Adjustment</b>	<b>As restated</b>
	\$	\$	\$
<b>Deficit</b>			
Net loss for the period from continuing operations	(1,373,018)	(86,334)	(1,459,352)
		<u>(86,334)</u>	

Condensed Interim Consolidated Statement of Cash Flows for the nine months ended September 30, 2023

	<b>As previously reported</b>	<b>Adjustment</b>	<b>As restated</b>
	\$	\$	\$
<b>Operating Activities</b>			
Net loss for the period from continuing operations	(1,373,018)	(86,334)	(1,459,352)
<b>Investing Activity</b>			
Development of intangible asset	(86,334)	86,334	-
		<u>-</u>	