

# **TREATMENT.COM AI INC.**

**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Expressed in Canadian dollars)

**TREATMENT.COM AI INC.**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2024 AND DECEMBER 31, 2023**  
**(Expressed in Canadian Dollars)**

	June 30, 2024	December 31, 2023
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash	944,840	715,529
Amounts receivable	-	17,247
Prepaid expenses	85,797	6,530
<b>TOTAL ASSETS</b>	<b>1,030,637</b>	<b>739,306</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	559,745	892,573
Convertible debenture (Note 5)	-	442,135
Loan payable (Note 6)	100,334	142,651
<b>TOTAL LIABILITIES</b>	<b>660,079</b>	<b>1,477,359</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
Share capital (Note 7)	22,204,489	19,069,847
Reserve (Note 7)	9,337,474	7,819,953
Accumulated other comprehensive loss	(108,859)	(101,169)
Deficit	(31,062,546)	(27,526,684)
<b>TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)</b>	<b>370,558</b>	<b>(738,053)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>	<b>1,030,637</b>	<b>739,306</b>

Note 1: Nature of business and continuing operations  
Note 12: Contingencies  
Note 13: Subsequent events

Approved and authorized by the Board on August 28, 2024:

"Essam Hamza"  
Essam Hamza, Director

"Kevin Peterson"  
Kevin Peterson, Director

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

**TREATMENT.COM AI INC.**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
**(Expressed in Canadian Dollars)**

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
	\$	\$	\$	\$
Expenses				
Accretion and financing fees (Note 5)	12,040	18,941	33,360	37,568
Consulting and professional fees (Note 11)	952,104	158,325	1,276,086	404,949
General and administration	189,477	36,066	270,072	80,718
Research	-	-	27,100	-
Salaries & benefits (Note 11)	141,871	3,532	222,918	3,653
Stock-based compensation (Note 7)	442,481	71,205	833,784	142,410
Total expenses	1,737,973	288,069	2,663,320	669,298
Loss from operations	(1,737,973)	(288,069)	(2,663,320)	(669,298)
Other income	-	-	-	-
Foreign exchange loss	(6,432)	(1)	(7,727)	(253)
Loss on restructuring of convertible debt	(971,435)	-	(971,435)	-
Loss for the period	(2,715,840)	(288,070)	(3,642,482)	(669,551)
Foreign exchange translation	(3,213)	8,699	(7,690)	8,607
Comprehensive loss for the period	(2,719,053)	(279,371)	(3,650,172)	(660,944)
Loss per share – basic and diluted	(0.07)	(0.04)	(0.09)	(0.10)
Weighted average number of outstanding common shares, basic and diluted	39,839,369	6,628,195	38,568,671	6,628,151

**TREATMENT.COM AI INC.**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIENCY**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
**(Expressed in Canadian Dollars)**

	Number of Preferred Shares	Number of Common Shares	Share Capital \$	Subscriptions Receivable \$	Reserve \$	Accumulated Other Comprehensive Loss \$	Deficit \$	Total \$
Balance, December 31, 2022	10,001	6,624,399	14,508,513	-	7,208,230	(101,044 )	(23,804,302 )	(2,188,603 )
Shares issued to settle debts for services	-	4,900	2,736	-	-	-	-	2,736
Stock-based compensation	-	-	-	-	142,410	-	-	142,410
Other comprehensive income	-	-	-	-	-	8,607	-	8,607
Loss for the period	-	-	-	-	-	-	(669,551 )	(669,551 )
Balance, June 30, 2023	10,001	6,629,299	14,511,249	-	7,350,640	(92,437 )	(24,473,853 )	(2,704,401 )
Balance, December 31, 2023	10,001	37,105,115	19,069,847	-	7,819,953	(101,169 )	(27,526,684 )	(738,053 )
Shares issued to settle debts for services	-	1,143,403	1,169,468	-	263,194	-	-	1,432,662
Shares issued for exercise of warrants	-	20,000	5,100	-	-	-	-	5,100
Shares issued for exercise of RSUs	-	700,000	470,000	-	(470,000 )	-	-	-
Shares issued for Unit Placement	-	975,000	263,877	-	126,123	-	-	390,000
Expiration of warrants	-	-	-	-	(106,620 )	-	106,620	-
Shares issued for automatic conversion of special warrants	-	6,295,500	1,703,832	-	814,368	-	-	2,518,200
Share issuance costs – cash	-	-	(284,827 )	-	(136,136 )	-	-	(420,963 )
Share issuance costs – warrants	-	-	(192,808 )	-	192,808	-	-	-
Stock-based compensation	-	-	-	-	833,784	-	-	833,784
Other comprehensive loss	-	-	-	-	-	(7,690 )	-	(7,690 )
Loss for the period	-	-	-	-	-	-	(3,642,482 )	(3,642,482 )
Balance, June 30, 2024	10,001	46,239,018	22,204,489	-	9,337,474	(108,859 )	(31,062,546 )	370,558

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

**TREATMENT.COM AI INC.**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024 and 2023**  
**(Expressed in Canadian Dollars)**

<b>Six Months Ended June 30,</b>	<b>2024</b>	<b>2023</b>
	\$	\$
Cash flows used in operating activities		
Loss for the period	(3,642,482)	(669,551)
Items not involving cash		
Accretion and financing fees	19,080	37,568
Shares issued to settle debts for services	-	2,736
Loss on settlement of debt	971,435	-
Stock-based compensation	833,784	142,410
Changes in non-cash working capital items:		
- Receivable	27,247	16
- Prepaid expenses	(79,268)	6,965
- Accounts payable and accrued liabilities	(332,827)	387,059
Cash used in operating activities	(2,203,031)	(92,797)
Cash flows from financing activities		
Loan payable	(42,317)	82,169
Shareholder receivable	(10,000)	-
Exercise of warrants	5,100	-
Proceeds from private placement, net	2,487,249	-
Cash provided by financing activities	2,440,032	82,169
Effect of foreign exchange rate on cash	(7,690)	8,607
Net cash outflows	229,311	(2,021)
Cash, beginning of period	715,529	2,495
Cash, end of period	944,840	474
<b>Supplemental Disclosure of Non-Cash Operating, Investing, and Financing Activities</b>		
Interest converted to common shares	57,363	-

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

**TREATMENT.COM AI INC.**  
**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024 and 2023**  
**(Expressed in Canadian Dollars)**

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## **1. NATURE OF BUSINESS AND CONTINUING OPERATIONS**

Treatment.com AI Inc. (the "Company" or "Treatment") was incorporated on February 2, 2018, pursuant to the provisions of the *Canada Business Corporations Act*. The Company was continued under the *Business Corporations Act* (British Columbia) on June 21, 2023. The Company's registered head office address is Suite 1500, 1055 West Georgia Street, Vancouver, BC V6E 4N7.

Treatment, through its wholly owned subsidiary Treatment.com Inc. ("Treatment Inc."), is in the business of providing personalized health care information that is relevant and trustworthy, empowering patients to make responsible, informed decisions about their health while improving communications, reducing costs and in-clinic wait times for medical practitioners.

The Company has been relying on equity-based financing to fund its operations. As of June 30, 2024, the Company has yet to generate a positive net income and had an accumulated deficit of \$31,062,546. The Company will require additional financing either through equity or debt financing or a combination thereof to meet its administrative costs and to develop its business. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. These conditions indicate the existence of material uncertainties that cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern is in significant doubt. These unaudited condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Such adjustments could be material.

## **2. STATEMENT OF COMPLIANCE**

These unaudited condensed interim consolidated financial statements are prepared by the Company in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting*, and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2023.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of August 28, 2024, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as of and for the year ended December 31, 2023, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ended December 31, 2024 could result in restatement of these unaudited condensed interim consolidated financial statements.

## **3. MATERIAL ACCOUNTING POLICIES**

The accounting policies, critical judgements, and estimates used to prepare these condensed interim consolidated financial statements are consistent with those applied and disclosed in our consolidated financial statements for the year ended December 31, 2023.

## **4. BASIS OF PRESENTATION**

These unaudited condensed interim consolidated financial statements have been prepared using the historical cost basis, except those recognized at fair value and cash flow information.

The unaudited condensed interim consolidated financial statements include the accounts of Treatment Inc. and the accounts of Treatment, the subsidiary for accounting purposes.

**TREATMENT.COM AI INC.**  
**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**4. BASIS OF PRESENTATION (continued)**

A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investees. All intercompany transactions and balances have been eliminated in consolidation.

**5. CONVERTIBLE DEBENTURE**

Activity related to the Company's convertible debenture is as follows:

Balance, December 31, 2022	\$	366,208
Amortization of financing costs		18,627
Accretion and interests		18,941
Balance, June 30, 2023	\$	403,776
Amortization of financing costs		11,098
Accretion and interests		27,261
Balance, December 31, 2023	\$	442,135
Amortization of financing costs		7,431
Accretion and interests		11,649
Conversion to common shares		(461,215)
Balance, June 30, 2024	\$	-

During the year ended December 31, 2022, the Company issued a \$400,000 principal amount of unsecured convertible debentures (the "Debentures"). The Debentures were issued at original discount of 15% of the principal amount. The original discount amount is being amortized on straight line basis over the term of the Debentures. The Debentures bear interest at a rate of 8% per annum, calculated semi-annually and matures 24 months from the date of issuance. The principal of the Debentures, plus any interest accrual is convertible at the option of the Debentures' holders into one unit of the Company at the conversion price equal to \$0.41 per unit. Each unit consists of one common share and one transferable share purchase warrant, with each warrant being exercise into one common share at a price of \$0.50 for a period of two years from the date of issuance.

On inception, the Company allocated the total proceeds received of \$340,551 between liabilities and equity. The equity component of \$27,721 was valued using the residual method based on a discount rate of 12%.

During the six months ended June 30, 2024, the Company has recorded accretion and interest expense in the amount of \$11,649 (2023 - \$18,941).

On April 5, 2024, the Company entered into a debt settlement agreement with the holders of the Debentures in which the total principal and accrued interest obligations were cancelled in exchange for 1,143,403 of the Company's common shares and 571,700 warrants to purchase the Company's common shares at an exercise price of \$0.60 per warrant exercised. The Company recognized a loss of convertible debt restructuring of \$971,435 as a result of the conversion, which is the difference between the fair value of the common shares and warrants that would have been issued in connection with the original agreement and the fair value of the common shares and warrants that were issued in connection with the debt settlement agreement. Refer to Note 7 for further details of the impacts to share capital.

**6. LOAN PAYABLE**

As of June 30, 2024, the Company held a shareholders' loan in the amount of \$100,334 (December 31, 2023 - \$142,651). During the six months ended June 30, 2024, the Company made payments totaling \$42,317 on the shareholders' loan. As of June 30, 2024, accrued interest on the shareholders' loan was \$nil (December 31, 2023 - \$nil). The loan is non-interest bearing, unsecured and payable on demand.

**TREATMENT.COM AI INC.**  
**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024 and 2023**  
**(Expressed in Canadian Dollars)**

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## **7. SHARE CAPITAL AND RESERVES**

The Company has authorized an unlimited number of shares with no par value.

### **Capital Raise**

On March 14, 2024, the Company closed a non-brokered private placement of 6,295,500 special warrants of the Company (each, a "Special Warrant") at a price of \$0.40 per Special Warrant, for aggregate gross proceeds of \$2,518,200 and 975,000 units of the Company (each, a "Unit") at a price of \$0.40 per Unit, for aggregate gross proceeds of \$390,000 (the "Offering"). A total of \$126,123 was allocated to the warrants included in the Units using the relative fair value method.

Each Special Warrant automatically converts without payment of any additional consideration into one Unit on the date that is the earlier of (i) the third business day after a) a receipt from the applicable securities regulatory authorities for a (final) short form prospectus (a "Qualifying Prospectus") or b) the date of filing a prospectus supplement (the "Prospectus Supplement") to a short form base shelf prospectus qualifying the distribution of the Units issuable upon the conversion of the Special Warrants, and (ii) 4 months and one day after the issue date of the Special Warrants.

Each Unit is comprised of one common share of the Company (each, a "Share") and one-half of one share purchase warrant (each whole, a "Warrant") of the Company, with each Warrant exercisable into one additional Share at an exercise price of \$0.60 for two (2) years from the date of closing.

On June 18, 2024, the Company filed a Prospectus Supplement. As a result, the Special Warrants automatically converted into 6,295,500 Shares and 3,147,750 Warrants. The assumptions used in the Black Scholes option pricing model to determine the grant date fair value of the Warrants included in the Unit of \$1,624,869 were: (1) expected life of 2.00 years, (2) expected volatility of 286%, (3) dividend yield of 0%, and (4) risk-free rate of 4.00%. A total of \$814,368 was allocated to the warrants issued in the Units using the relative fair value method.

In connection with the Offering, the Company has paid finder's fees totaling \$220,816 and issued an aggregate 552,040 non-transferable broker warrants (the "Broker Warrants") to arm's-length parties. Each Broker Warrant entitles the holder to purchase one Share (a "Broker Share") at an exercise price of \$0.60 per Broker Share for a period of two (2) years from the date of closing. The assumptions used in the Black Scholes option pricing model to determine the grant date fair value of the Broker Warrants of \$284,963 were: (1) expected life of 2.00 years, (2) expected volatility of 286%, (3) dividend yield of 0%, and (4) risk-free rate of 4.00%.

Legal expenses and other transaction-related costs were \$200,147. The Company intends to use the proceeds raised from the Offering for working capital purposes.

Of the total share issuance cost of \$420,963, an amount of \$136,136 was allocated to the issuance of warrants included in the Units.

### **Settlement of Convertible Debentures in Capital Shares**

In connection with the debt settlement agreement described in Note 5, the Company issued 1,143,403 of the Company's common shares with a grant date fair value \$754,646 and issued 571,700 warrants to purchase common shares of the Company's common shares at a price of \$0.60 per share. The assumptions used in the Black Scholes option pricing model to determine the grant date fair value of the warrants of \$362,007 were: (1) expected life of 2.00 years, (2) expected volatility of 285%, (3) dividend yield of 0%, and (4) risk-free rate of 3.76%.



**TREATMENT.COM AI INC.**  
**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024 and 2023**  
**(Expressed in Canadian Dollars)**

**7. SHARE CAPITAL AND RESERVES (continued)**

**Stock Options**

The Company adopted the 10% stock option plan (the "Option Plan") on March 11, 2020. The Option Plan provides for the grant of stock options. Stock issued pursuant to awards granted under the 2020 Plan will consist of authorized but unissued common shares. Incentive stock options may be granted to directors, officers, employees and consultants of the Company or a subsidiary of the Company.

The Company has reserved 10% of the Company's issued and outstanding common shares. The exercise price shall not be less than the market value of the common shares.

The changes in options during the six months ended June 30, 2024 and the year ended December 31, 2023 were as follows:

	<b>Six months ended June 30, 2024</b>		<b>Year ended December 31, 2023</b>	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening	2,051,500	\$0.32	351,500	\$7.00
Granted	1,393,000	\$0.56	1,700,000	0.24
Ending	3,444,500	\$0.42	2,051,500	\$1.40
Exercisable	2,113,208	\$0.39	779,000	\$0.37

The weighted average assumptions that the Company used in the Black Scholes option pricing model to determine the grant date fair value of options granted during the six months ended June 30, 2024 were: (1) expected life of the options of 4.48 years, (2) expected volatility of 108%, (3) dividend yield of 0%, and (4) risk-free rate of 4.00%.

As of June 30, 2024, outstanding incentive stock options were as follows:

Grant Date	Options Outstanding	Options Exercisable	Exercise Price	Expiry Date	Remaining Contractual Life (Years)
December 1, 2020	307,500	302,500	\$ 0.32	12/1/2030	6.42
January 18, 2021	10,000	10,000	\$ 0.32	12/1/2030	6.42
August 11, 2021	24,000	14,000	\$ 5.00	8/11/2031	7.12
November 9, 2021	10,000	6,458	\$ 2.41	11/9/2026	2.36
October 3, 2023	300,000	150,000	\$ 0.20	10/3/2028	4.26
October 17, 2023	1,400,000	1,000,000	\$ 0.25	10/17/2028	4.30
January 8, 2024	25,000	6,250	\$ 0.50	1/8/2027	2.53
February 8, 2024	50,000	50,000	\$ 0.55	3/1/2029	4.67
February 26, 2024	100,000	100,000	\$ 0.55	2/26/205	0.66
March 1, 2024	870,000	348,000	\$ 0.55	3/1/2029	4.67
May 7, 2024	250,000	100,000	\$ 0.60	5/7/2029	4.85
May 27, 2024	48,000	16,000	\$ 0.51	5/27/2027	2.91
June 18, 2024	50,000	10,000	\$ 0.55	6/18/2027	2.97
Total	3,444,500	2,113,208	\$ 0.42		4.49

During the three and six months ended June 30, 2024, the Company recorded stock-based compensation of \$257,117 and \$532,689, respectively. (three and six months ended June 30, 2023 - \$71,205 and \$142,410, respectively) related to share option vesting.

**TREATMENT.COM AI INC.**  
**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024 and 2023**  
**(Expressed in Canadian Dollars)**

**7. SHARE CAPITAL AND RESERVES (continued)**

**Special Warrants**

	<b>Six months ended June 30, 2024</b>
	Number of Special Warrants
Opening	-
Issued	6,295,500
Converted	(6,295,500)
Ending	-

On June 21, 2024, the Special Warrants issued in connection with the March 14, 2024 capital raise automatically converted into Units without payment of additional consideration, following the successful filing of the Prospectus Supplement to short form base shelf prospectus, qualifying the distribution of the Units issuable upon the conversion of the Special Warrants. The automatic conversion of the Special Warrants into Units resulted in the issuance of 6,295,500 Shares and 3,147,750 Warrants.

**Warrants**

The changes in warrants during the six months ended June 30, 2024 and the year ended December 31, 2023 were as follows:

	<b>Six months ended June 30, 2024</b>		<b>Year ended December 31, 2023</b>	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening	175,000	\$0.26	-	-
Issued	4,758,990	\$0.60	175,000	\$0.26
Exercised	(20,000)	\$0.26	-	-
Ending	4,913,990	\$0.59	175,000	\$0.26

As of June 30, 2024, outstanding warrants are as follows:

Number of warrants outstanding	Weighted average exercise price	Expiry Date	Weighted average life remaining (months)
155,000	\$ 0.26	September 29, 2025	15.2
4,187,290	\$ 0.60	March 13, 2026	20.7
571,700	\$ 0.60	April 5, 2026	21.5
<b>4,913,990</b>	<b>\$ 0.59</b>		<b>20.6</b>

**Restricted Share Units**

The details of the restricted share units ("RSUs") issued are as follows:

**TREATMENT.COM AI INC.**  
**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024 and 2023**  
**(Expressed in Canadian Dollars)**

**7. SHARE CAPITAL AND RESERVES (continued)**

	<b>Six months ended June 30, 2024</b>	<b>Year ended December 31, 2023</b>
	Number of RSU	Number of RSU
RSUs outstanding, beginning	1,250,000	230,250
Granted	910,000	1,250,000
Exercised	(700,000)	
Expired	-	(230,250)
<b>RSU outstanding, ending</b>	<b>1,460,000</b>	<b>1,250,000</b>
<b>RSUs vested</b>	<b>700,000</b>	<b>233,333</b>

As of June 30, 2024, outstanding warrants are as follows:

RSUs Outstanding	Weighted Average Share Price on Grant Date for Outstanding RSUs	RSUs Vested	Weighted Average Share Price on Grant Date for Vested RSUs	Expiry Date	Weighted Average Life Remaining (months)
1,000,000	\$ 0.23	600,000	\$ 0.23	October 17, 2026	27.97
150,000	\$ 0.23	-	\$ -	October 17, 2028	52.33
110,000	\$ 0.46	80,000	\$ 0.46	February 8, 2027	31.77
200,000	\$ 0.70	20,000	\$ 0.70	April 16, 2027	34.00
<b>1,460,000</b>	<b>\$ 0.31</b>	<b>700,000</b>	<b>\$ 0.27</b>		<b>31.58</b>

During the three and six months ended June 30, 2024, the Company recorded stock-based compensation of \$185,364 and \$301,095, respectively. (three and six months ended June 30, 2023 - \$nil, respectively) related to share option vesting.

**8. MANAGEMENT OF CAPITAL**

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable. The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to managing capital for the six months June 30, 2024.

**9. FINANCIAL INSTRUMENTS**

**Classification of financial instruments**

Financial instruments included in the consolidated statement of financial position are as follows:

		<b>June 30, 2024</b>	<b>December 31, 2023</b>
		\$	\$
Cash	Fair Value	944,840	715,519
Amounts receivable	Fair Value	-	17,247
Trade payables	Fair Value	559,745	892,573
Loan and debentures	Amortized cost	100,334	584,786

**TREATMENT.COM AI INC.**  
**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**9. FINANCIAL INSTRUMENTS (continued)**

**Fair value**

The fair value hierarchy has three levels to classify the inputs to valuation techniques used to measure fair value described as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consisted of cash, receivables, trade payables and loan and debentures. The carrying value of receivables, trade payables, and accrued liabilities approximates fair value due to the short-term nature of the instruments. The loan and debentures are booked at amortized costs. Cash and cash equivalents are carried at fair value.

**Risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments:

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at June 30, 2024, the Company's working capital was a surplus of \$370,558, which was mainly due to cash proceeds from the Offering. As a result, the Company is currently subject to liquidity risk. Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

*Interest rate risk*

As of June 30, 2024 and December 31, 2023, the Company did not have any significant exposure to the risk of changes in market interest rates as the Company did not have any financial instruments that are exposed to variable interest rates.

*Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The potential concentration of credit risk consists mainly of cash and other receivables. The Company limits its counterparty exposures from its cash by only dealing with well-established financial institutions of a high quality credit standing. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position.

At the reporting date the majority of the Company's cash resources were deposited with reputable established financial institutions. As a result, management believes the Company is not exposed to significant credit risk due to the credit worthiness of these counterparties.

**TREATMENT.COM AI INC.**  
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**9. FINANCIAL INSTRUMENTS (continued)**

*Foreign currency risk*

Foreign currency risk arises from holdings of financial assets and liabilities in currencies other than the function currency to which they relate. The Company and its subsidiaries have minimal such holdings, consequently foreign currency risk is considered low.

**10. SEGMENTED INFORMATION**

The Company operates primarily in one business segment, which is the supply of personalized health care information that is relevant and trustworthy to patients. The Company has its head office in Canada and operates mainly in the U.S.A. The Company does not have non-current assets to report on.

**11. RELATED PARTY TRANSACTIONS**

a) Transactions with key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers. The aggregate values of transactions relating to key management are as follows:

<b>Six Months Ended June 30,</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b><u>Salaries, Wages and Consulting fees</u></b>		
Former Chief Executive Officer & former Chief Strategy Officer	-	40,431
Chief Executive Officer	120,000	-
Chief Financial Officer	81,642	-
Former Chief Financial Officer & Director	14,700	37,800
Chief Operating Officer	30,000	-
Corporate Secretary	21,645	-
Chief Medical Officer & Director	58,305	-

b) Balances due to related parties:

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

The Company has the following amounts due to related parties:

<b>Due to Related parties</b>	<b>Nature</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
		<b>\$</b>	<b>\$</b>
Former Chief Executive Officer & former Chief Strategy Officer	Consulting fees	-	35,722
Chief Executive Officer	Salary	-	-
Chief Medical Officer & Director	Consulting fees	25,334	67,651
Former Chief Financial Officer & Director	Accounting fee	-	50,635
Chief Financial Officer	Consulting fees	23,076	-

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**12. CONTINGENCIES**

From time to time, the Company may be involved in claims and litigations as part of its normal course of business. Accruals are made in instances where it is probable that liabilities have been incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, based on the information currently available, the Company does not believe that any additional provisions are required to be recognized.

**13. SUBSEQUENT EVENTS**

Subsequent to June 30, 2024, through the date of this filing, the Company has issued 893,690 shares of common stock resulting from the exercise of warrants for gross proceeds of \$527,589, has issued 1,160,713 shares of common stock in exchange for the settlement of payables, and has granted 300,000 RSUs in exchange for services.