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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**SOLVBL SOLUTIONS INC.**

Three Months Ended March 31, 2023  
(Unaudited, Expressed in Canadian Dollars)

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# **Solvbl Solutions Inc.**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Three Months Ended March 31, 2023

(Unaudited, Expressed in Canadian Dollars)

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## NOTICE TO READERS

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, the interim financial statements must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

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

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

Alan Rootenberg, Director  
June 9, 2023

# Solvbl Solutions Inc.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

As at March 31, 2023 and December 31, 2022

	Notes	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	6	\$ 43,728	\$ 43,445
GIC investment	7	-	150,000
Prepaid expenses and sundry assets		58,192	44,103
Tax receivables		232,862	222,569
		<b>334,782</b>	<b>460,117</b>
<b>Non-current assets:</b>			
Equipment	8	8,389	9,069
<b>Total assets</b>		<b>\$ 343,171</b>	<b>\$ 469,186</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	9	\$ 1,321,717	\$ 658,452
Deferred revenue	10	144,955	144,955
Darkhorse acquisition - contingent consideration	5	444,317	444,317
		<b>1,910,989</b>	<b>1,247,724</b>
<b>Long-term liabilities:</b>			
Darkhorse acquisition - contingent consideration	5	579,683	579,683
Government loan	11	57,835	57,143
<b>Total liabilities</b>		<b>2,548,507</b>	<b>1,884,550</b>
<b>Shareholders' equity (deficiency)</b>			
Share capital	12	5,180,903	5,180,903
Obligation to issue shares for acquisition	13	2,143,490	2,143,490
Warrants reserve	14	1,498,851	1,498,851
Stock option reserve	15	710,373	710,373
Contributed surplus	16	312,706	312,706
Deficit		(12,051,659)	(11,261,687)
<b>Total shareholders' equity (deficiency)</b>		<b>(2,205,336)</b>	<b>(1,415,364)</b>
<b>Total liabilities and equity</b>		<b>\$ 343,171</b>	<b>\$ 469,186</b>

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

Going concern - Note 1

**“Vikas Gupta”**

Director

**“Alan Rootenberg”**

Director

## Solvbl Solutions Inc.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited, Expressed in Canadian Dollars)

Three months ended March 31, 2023 and 2022

	Notes	2023	2022
<b>Revenue</b>		\$ -	\$ -
<b>Expenses:</b>			
Professional and consulting fees		494,624	126,515
Salaries and benefits		260,548	107,313
General and administrative		31,322	25,068
Shareholder services		2,106	114,372
Share-based compensation	15	-	87,653
Depreciation	8	680	430
<b>Loss from operations</b>		<b>(789,280)</b>	<b>(461,351)</b>
<b>Other income (expense)</b>			
Interest income	7	-	1,276
Interest expenses	11	(692)	(600)
		<b>(692)</b>	<b>676</b>
<b>Loss before income tax expense</b>		<b>(789,972)</b>	<b>(460,675)</b>
Income tax expense		-	-
<b>Loss and comprehensive loss</b>		<b>\$ (789,972)</b>	<b>\$ (460,675)</b>
<b>Weighted average number of shares - basic and diluted</b>		<b>275,247,678</b>	<b>152,533,063</b>
<b>Loss per share - basic and diluted</b>		<b>\$ (0.003)</b>	<b>\$ (0.003)</b>

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

## Solvbi Solutions Inc.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Unaudited, Expressed in Canadian Dollars)

Three months ended March 31, 2023 and 2022

	Notes	Number of Shares	Share Capital	Obligation to issue shares for acquisition	Warrants	Stock option reserve	Contributed Surplus	Deficit	Total
<b>Balance, January 1, 2022</b>		152,533,063	\$ 5,180,903	\$ -	\$ 1,498,851	\$ 545,849	\$ 312,706	\$ (5,598,963)	\$ 1,939,346
Share-based compensation	15	-	-	-	-	87,653	-	-	87,653
Net loss for the period		-	-	-	-	-	-	(460,675)	(460,675)
<b>Balance, March 31, 2022</b>		152,533,063	\$ 5,180,903	\$ -	\$ 1,498,851	\$ 633,502	\$ 312,706	\$ (6,059,638)	\$ 1,566,324
<b>Balance, January 1, 2023</b>		275,247,678	\$ 5,180,903	\$ 2,143,490	\$ 1,498,851	\$ 710,373	\$ 312,706	\$ (11,261,687)	\$ (1,415,364)
Net loss for the period		-	-	-	-	-	-	(789,972)	(789,972)
<b>Balance, March 31, 2023</b>		275,247,678	\$ 5,180,903	\$ 2,143,490	\$ 1,498,851	\$ 710,373	\$ 312,706	\$ (12,051,659)	\$ (2,205,336)

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

**Solvbl Solutions Inc.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited, Expressed in Canadian Dollars)

Three months ended March 31,	Notes	2023	2022
<b>Cash flows from operating activities</b>			
Net loss for the period		\$ (789,972)	\$ (460,675)
Adjustments to net loss for non-cash items:			
Share-based compensation	15	-	87,653
Interest expenses - accretion	11	692	600
Depreciation - equipment	8	680	430
		<b>(788,600)</b>	<b>(371,992)</b>
Changes in non-cash working capital:			
(Increase) decrease in prepaid expenses and sundry assets		<b>(14,088)</b>	70,731
Increase in tax receivables		<b>(10,293)</b>	(25,925)
(Decrease) increase in accounts payables and accrued liabilities		<b>663,264</b>	(58,703)
		<b>(149,717)</b>	<b>(385,889)</b>
<b>Cash flows from investing activities</b>			
Purchase of computer equipment	8	-	(3,149)
GIC investment matured	7	150,000	-
GIC investment purchased	7	-	(800,000)
		<b>150,000</b>	<b>(803,149)</b>
<b>(Decrease) / increase in cash</b>		<b>283</b>	<b>(1,189,038)</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>43,445</b>	<b>1,928,722</b>
<b>Cash and cash equivalents, end of period</b>		<b>\$ 43,728</b>	<b>\$ 739,684</b>
Cash and cash equivalents		\$ 43,728	\$ 739,282
Cash held in trust		-	402
		<b>\$ 43,728</b>	<b>\$ 739,684</b>

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

# Solvbl Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
Three months ended March 31, 2023 and 2022  
(Unaudited, Expressed in Canadian Dollars)

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## 1. Nature of Operations

Solvbl Solutions Inc. (“Solvbl” or “the Company”) - formerly Stowe One Investments Corp. (“Stowe One”) was incorporated under the Business Corporations Act (British Columbia) (“BCBCA”) on June 16, 2017, head and registered office was located at Suite 650, 1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3. Stowe One was incorporated as a wholly-owned subsidiary of Anacott Resources Corp. (“Anacott”). Stowe One entered into an arrangement agreement dated June 26, 2017 among Anacott, Stowe One and other subsidiaries of Anacott (the “Anacott Arrangement Agreement”) in connection with a plan of arrangement (the “Anacott Arrangement”), which was approved by the shareholders of Anacott on July 27, 2017. On July 28, 2017, the Court granted the Final Order approving the Arrangement in accordance with Part 9 of the BCBCA and Stowe One was spun out and became a reporting issuer in Alberta and British Columbia.

Since the completion of the Anacott Arrangement until the closing of the three-cornered amalgamation pursuant to the provisions of the BCBCA, whereby 1191212 B.C. Ltd. (“1191212”) a wholly-owned subsidiary of Stowe One and Agile Blockchain Corp. (“Agile”) amalgamated on February 10, 2021 (“Closing”), with 1191212 B.C. Ltd (“Amalco”) surviving as a wholly-owned subsidiary of the Company (“Amalgamation”). Agile was incorporated on March 2, 2018 in the Province of British Columbia, Canada. Agile was a software company developing software that would help different companies address their supply chain issues within their respective businesses using blockchain backed software solutions. Prior to the Closing, Stowe One did not have any business operations or assets other than cash and did not have written or oral agreements in principle for the acquisition of an asset or business other than the Amalgamation Agreement. Immediately prior to Closing, Stowe One changed its name to “SoLVBL Solutions Inc.”, “the Company”.

The Company commenced trading on the Canadian Securities Exchange (“CSE”) under the symbol SOLV at the open of business on February 23, 2021. On July 1, 2021, the Company moved its head office to First Canadian Place, 100 King Street West, Suite 5700, Toronto, Ontario, M5X 1C7.

### Business acquisition

To expand the Solvbl suite of digital products, deploy and integrate its Blockchain product Q by SoLVBL™ flagship cybersecurity technology within new business verticals, on October 26, 2022, the Company acquired Darkhorse Films Limited (“Darkhorse”) (the “Acquisition”). Darkhorse is a United Kingdom Web 3 blockchain powered film production and digital entertainment & e-commerce business. For details of the Acquisition please refer to Note 5.

### Going Concern

As of March 31, 2023, the Company had an accumulated deficit amounted to \$12,051,659 (December 31, 2022: \$11,261,687). As of March 31, 2023, the Company had current liabilities exceeding current assets by \$1,576,207 (December 31, 2022: 787,607). The Company has generated negative operating cashflow of \$149,717 for the three months ended March 31, 2023 (2022: \$385,889). The ability of the Company to continue as a going concern is dependent upon generating profitable operations from its developed products, the continuing financial support of shareholders or other investors, or obtaining new financing on commercial terms acceptable to the Company. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

The accompanying condensed interim consolidated financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. These condensed interim



# Solvbl Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
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(Expressed in Canadian Dollars)

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consolidated financial statements do not include any adjustments to reflect any events since December 31, 2022 or the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from this uncertainty.

## Covid – 19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

## 2. Basis of preparation

### a) Statement of Compliance:

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”). These condensed interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2022 and 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These condensed interim consolidated financial statements were approved by the Board of Directors of the Company for issuance on June 9, 2022.

### b) Functional and Presentation Currency:

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value.

The functional currency of Solvbl is the Canadian Dollar, which is also the presentation currency of these condensed interim consolidated financial statements. The functional currency of Darkhorse is the GB Pound.

### c) Principles of consolidation

#### Subsidiaries

The condensed interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2022. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

All intra-company balances, transactions, unrealized gains and losses resulting from inter-company transactions and dividends are eliminated in full.

The condensed interim consolidated financial statements of the Company include the following significant subsidiaries:

Name of Subsidiaries	Place of Domicile	Percentage Ownership
1191212 B. C. Ltd.	Canada	100%
Darkhorse Films Limited	United Kingdom	100%

## Solvbi Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

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The Company consolidated all of its subsidiaries on the basis that it controls these subsidiaries through its ability to govern their financial and operating policies. All intercompany transactions and balances are eliminated on consolidation.

#### d) Accounting estimates and judgements

The preparation of these condensed interim consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the condensed interim consolidated financial statements.

On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses various factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual results could differ from the estimates used under different assumptions and conditions.

The most significant judgments applying to the Company's condensed interim consolidated financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.
- Impairment of non-financial assets
- Purchase price allocation in business combinations
- Determination of fair value of acquisition consideration and contingent consideration
- Provisions

Significant estimates or key sources of estimation uncertainty include:

- Current and deferred income taxes
- Allowance for expected credit losses
- Useful lives of non-financial assets
- Share-based payment transactions and warrants

### 3. Significant Accounting Policies

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company in its consolidated financial statements for the years ended December 31, 2022 and 2021, other than as disclosed in Note 4, Adoption of New Accounting Standards.

### 4. Adoption of New Accounting Standards

IFRS 3 Business Combinations (Amendments) - In May 2020, the International Accounting Standards Board (IASB) issued amendments to update IFRS 3 Business Combinations without significantly changing its requirements which were incorporated into Part I of the CPA Canada Handbook – Accounting in September 2020.

Future accounting standards:

IAS 1 Presentation of Financial Statements (Amendments) - In January 2020, the International Accounting Standards Board (IASB) issued amendments to IAS 1 which were incorporated into Part I of the CPA Canada Handbook – Accounting in April 2020.

## Solvbl Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
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IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (Amendments) - In February 2021, the International Accounting Standards Board (IASB) issued amendments to IAS 1 Presentation of Financial Statements which were incorporated into Part I of the CPA Canada Handbook – Accounting and IFRS Practice Statement 2 Making Materiality Judgements in June 2021.

IAS 1 Presentation of Financial Statements (Amendments) - In October 2022, the International Accounting Standards Board (IASB) issued amendments to IAS 1 which were incorporated into Part I of the CPA Canada Handbook – Accounting in December 2022.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendments) - In February 2021, the International Accounting Standards Board (IASB) issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which were incorporated into Part I of the CPA Canada Handbook – Accounting in June 2021.

The Company does not anticipate the adoption of the above amendments will have a significant impact on its condensed interim consolidated financial statements.

### 5. Business acquisition

On October 26, 2022 (the “Closing Date”), the Company completed (the “Closing Date”) the acquisition (“Acquisition”) of Darkhorse Films Limited (“Darkhorse”). Darkhorse is a United Kingdom Web3 blockchain powered film production and digital entertainment & e-commerce business.

Pursuant to the terms of a Share Purchase Agreement (“SPA”) dated and executed on September 29, 2022, and a valuation report issued by qualified professionals that determine the fair value of the Acquisition purchase price, the Company has acquired all the issued and outstanding shares of Darkhorse, in an arm's-length transaction. On Closing Date, the vendors of Darkhorse have been entitled of 115,384,615 SolVBL common shares at market price of \$0.02 per share subject to a four-month hold-period, with a fair value of \$1,996,890 after valuation discount. The valuation was calculated using the Finnerty model with inputs of volatility of 105.0%, 0.33 years expiration and stock price of \$0.02. An increase in the volatility of 20% would result in a decrease in the fair value of \$60,000 and a decrease in the volatility of 20% would result in an increase in the fair value of \$50,000. Darkhorse will continue to operate under the existing Darkhorse Films brand and ensure the quality and continuity of service that it has delivered to date.

Pursuant to the SPA, \$150,000 of the total purchase price will be paid upon the Company raising at least \$500,000 in a private placement, and \$2,500,000 of the balance of the purchase price will be settled in cash (“Cash Balance”) and the remainder in restricted shares of Solvbl. The Cash Balance will be payable in tranches and only once certain operational and financing milestones have been met, which include the Company completing an aggregate financing of \$10,000,000 within 24 months of the closing of the Acquisition, as follows: \$1,000,000 payable to the vendors of Darkhorse, if the Company raises at least \$4,000,000 in private placement financing within 12 months from the Closing Date, and an additional \$1,500,000 is payable if the Company raises an additional \$6,000,000 of private placement financing within 24 months of Closing Date.

A valuation has been performed by an independent valuator after the Closing Date, pursuant the valuation report dated May 26, 2023, the total fair value of consideration as of Closing Date was \$3,690,490. The Company and the vendors of Darkhorse have agreed further that the cash deposit of \$150,000 payable as of the Closing Date would be settled in shares on May 31, 2023. Discounting it using the Risk Free Rate of 3.87% gives a fair value of \$146,600 as of Closing Date, with 7,330,000 Solvbl common shares to be issued at the market price of \$0.02 per share as of October 26, 2022. The discounted fair value of the contingent \$2,500,000 cash consideration was determined as \$1,547,000 as at the Closing Date (October 26, 2022), using a weighted average

## Solvbl Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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cost of capital ("WACC") rate of 12.95% and a probability of closing the financings of 75%. An increase or decrease in the estimate of the probability of closing the financings of 5% would result in a change of approximately \$100,000.

No finder's fees are payable in connection with this acquisition of Darkhorse. All shares issued to Darkhorse shareholders in connection with the transaction are subject to an escrow of a minimum of four (4) months and are subject to voting trust agreements typical for these types of transactions. The escrow conditions for the shares will include their release based on the Company meeting certain financing milestones. The post transaction condensed interim consolidated financial statements of the Company and its subsidiaries include the assets and liabilities of Darkhorse which, on March 31, 2023 comprise total assets of \$12,933, total liabilities of \$1,084,215 and an accumulated shareholders deficiency of \$1,071,282.

The following table summarized the consideration payable, the fair value of the identifiable assets acquired on the date of acquisition:

	<b>October 26, 2022</b>
Cash deposit to be settled on issuance of Solvbl common shares	<b>\$ 146,600</b>
Consideration by issuance of Solvbl common shares	1,996,890
Contingent cash consideration	1,547,000
<b>Total consideration settled</b>	<b>3,690,490</b>
Total identifiable net assets at fair value	37,710
<b>Impairment loss arising on Acquisition</b>	<b>\$ 3,652,780</b>

The Company recorded an impairment loss on the acquisition based on the fair value of total identifiable net assets acquired. The Company prepared a discounted cashflow analysis which did not support the valuation of the consideration paid in excess of the net assets acquired. Accordingly, the consideration paid in excess of net assets acquired of \$3,653,780 has been recorded as an impairment loss in 2022.

On December 31, 2022, the Company revised the fair value of the contingent cash consideration, based on a weighted average cost of capital ("WACC") rate of 13.45% and a probability of closing the financings of 50%, to \$1,024,000. An increase in the estimate of the probability of closing the financings of 5% would result in an increase to the fair value of approximately \$176,000. A decrease in the estimate of the probability of closing the financings of 5% would result in a decrease to the fair value of approximately \$44,000. The change in the fair value of the contingent cash consideration of \$523,000 was included in the Company's consolidated statements of loss and comprehensive loss for the year ended December 31, 2022. \$Nil change in the fair value of the contingent cash consideration recognized in the Company's condensed interim consolidated financial statements for the three months ended March 31, 2023.

From the date of the Acquisition (October 26, 2022) to December 31, 2022, Darkhorse contributed \$Nil to consolidated revenue and \$476,080 to consolidated loss of the Company.

For the three months ended March 31, 2023, Darkhorse contributed \$Nil to consolidated revenue and \$632,912 to consolidated loss of the Company.

## Solvbi Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
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### 6. Cash and cash equivalents

	March 31, 2023	December 31, 2022
Cash in bank	\$ 26,478	\$ 26,195
Redeemable/variable rate GIC	17,250	17,250
	<b>\$ 43,728</b>	<b>\$ 43,445</b>

### 7. GIC investment

	March 31, 2023	December 31, 2022
One year locked GIC	\$ -	\$ 150,000

As of December 31, 2022, the Company held \$150,000 one-year locked GIC investment with annual interest rate of 2.3% maturing on March 18, 2023.

As of March 31, 2023, the Company held no GIC investments.

\$Nil and \$1,276 interest income has been earned in the three months ended March 31 2023 and 2022, respectively.

### 8. Equipment

	Blockchain Hardware	Computer Equipment	Total
<b><u>Cost</u></b>			
<b>Balance, January 1, 2022</b>	\$ 3,989	\$ 16,710	\$ 20,699
Additions	-	6,070	6,070
<b>Balance, December 31, 2022</b>	<b>3,989</b>	<b>22,780</b>	<b>26,769</b>
Additions	-	-	-
<b>Balance, March 31, 2023</b>	<b>\$ 3,989</b>	<b>\$ 22,780</b>	<b>\$ 26,769</b>
<b><u>Accumulated depreciation</u></b>			
<b>Balance, January 1, 2022</b>	(\$ 2,261)	(\$ 12,698)	(\$ 14,959)
Additions	(463)	(2,278)	(2,741)
<b>Balance, December 31, 2022</b>	<b>(2,724)</b>	<b>(14,976)</b>	<b>(17,700)</b>
Additions	(95)	(585)	(680)
<b>Balance, March 31, 2023</b>	<b>(\$ 2,819)</b>	<b>(\$ 15,561)</b>	<b>(\$ 18,380)</b>
<b><u>Net book value, January 1, 2023</u></b>	<b>\$ 1,265</b>	<b>\$ 7,804</b>	<b>\$ 9,069</b>
<b><u>Net book value, March 31, 2023</u></b>	<b>\$ 1,170</b>	<b>\$ 7,219</b>	<b>\$ 8,389</b>

## Solvbi Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
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### 9. Accounts Payable and Accrued Liabilities

	March 31, 2023	December 31, 2022
Accounts payable	\$ 236,412	\$ 113,015
Accrued liabilities	1,041,404	501,854
Payroll deductions payable	43,901	43,583
	<b>\$ 1,321,717</b>	<b>\$ 658,452</b>

### 10. Deferred Revenue

	Deferred revenue
Balance, March 31, 2023 and December 31, 2022	<b>\$ 144,955</b>

### 11. Government loans

On April 16, 2020, the Company received a loan of \$40,000 through the Canadian Emergency Business Account Program ("CEBA Loan"), which provides financial relief for Canadian small businesses during the COVID-19 pandemic. On December 21, 2020, the Company received further \$20,000 as extension of this loan. The CEBA Loan has an initial term date on December 31, 2022 (the "Initial Term Date") and may be extended to December 31, 2025. The CEBA Loan is non-revolving, with an interest rate of 0% per annum up to January 20, 2022. The outstanding balance was converted to a term loan on January 21, 2022, remaining interest free until December 31, 2023, and with no minimum payment schedule during this time. Repaying \$40,000 of the CEBA loan on or before December 31, 2023, will result in loan forgiveness of \$20,000 out of the total \$60,000 loan.

An interest rate of 5% per annum will be applied to any outstanding balance as of January 1, 2024, and the remaining balance is required to be paid in full no later than December 31, 2025.

The balance of the loans as of March 31, 2021 and December 31, 2022 was \$57,835 and \$57,143, respectively.

The Company recognized an accretion expense of \$692 and \$600 that reflected as interest expenses in its condensed interim consolidated statements of loss and comprehensive loss for the three months ended March 31, 2023 and 2022, respectively.

### 12. Share Capital

#### Authorized

Unlimited common shares

	Note	Number of Shares	Amount
Balance as at March 31, 2023 and December 31, 2022		<b>152,533,063</b>	<b>\$ 5,180,903</b>

## Solvbi Solutions Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
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### 13. Obligation to issue shares for acquisition

	Note	Number of Shares	Amount
<b>Balance as at January 1, 2022</b>		-	\$ -
Shares to be issued as consideration of acquisition	5	115,384,615	1,996,890
Shares to be issued to settle Acquisition cash deposit	5	7,330,000	146,600
<b>Balance as at March 31, 2023 and December 31, 2022</b>		<b>122,714,615</b>	<b>\$ 2,143,490</b>

### 14. Warrants Reserve

	Note	Number of Warrants	Amount
<b>Balance as at March 31, 2023 and December 31, 2022</b>		<b>76,735,887</b>	<b>\$ 1,498,851</b>

The weighted average exercise price of the issued warrants is \$0.12 and the remaining life of the warrants is 0.31 years.

### 15. Stock Option Reserve

#### Stock option reserve:

The Company has an incentive stock options plan (the "Stock Option Plan") under which the directors of the Company were authorized to grant options up to 10% of the issued and outstanding Common Shares from time to time, to the Company's employees, directors, officers, and persons providing ongoing services to the Company.

The Stock Option Plan allows for the option price at the time each option is granted to be not less than the closing marketed price of the Company's common shares on the day immediately preceding the day upon which the option is granted, less a maximum discount allowable under CSE policies. Options granted under the Stock Option Plan may be exercisable for a period up to ten years. Vesting is determined at the discretion of the Board of Directors and in accordance with the policies of the CSE.

As of March 31, 2023 and December 31, 2022, the Company had outstanding stock options as follows:

Grant Date	Options Outstanding	Options Vested	Options Unvested	Exercise Price	Fair Value (per option)	Expiration Date	Total Value
20-Oct-18	650,000	650,000	-	\$0.10	\$0.0789	20-Oct-26	\$ 51,285
1-Sep-19	625,000	625,000	-	\$0.10	\$0.0764	1-Sep-26	47,750
3-Sep-19	1,175,000	1,175,000	-	\$0.10	\$0.0766	3-Sep-26	90,005
25-Sep-19	1,540,000	1,540,000	-	\$0.10	\$0.0765	25-Sep-26	117,810
30-Sep-19	850,000	850,000	-	\$0.10	\$0.0767	30-Sep-26	65,195
4-May-20	746,666	746,666	-	\$0.15	\$0.1334	4-May-27	99,605
29-Nov-21	4,650,000	4,650,000	-	\$0.075	\$0.0518	29-Nov-26	240,870
	<b>10,236,666</b>	<b>10,236,666</b>	-				<b>\$ 712,520</b>

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Range of Exercise Prices	Options Outstanding		Options Exercisable	
	Options Outstanding	Weighted Average Remaining Contractual Life	Options Exercisable	Weighted Average Exercise Price
\$0.075 - \$0.15	10,236,666	3.59	10,236,666	\$0.09

No stock options were granted in the three months ended March 31, 2023 and 2022, respectively. Total fair value expense for stock options recognized in the three months ended March 31, 2023 and 2022 were \$Nil and \$87,653, respectively.

On February 12, 2022, 75,000 fully vested stock options granted to a former employee of the Company on December 31, 2019 were forfeited after three months grace period. Recognized vested fair value of \$5,753 of the forfeited stock options has been reversed in the three months ended March 31, 2022.

### 16. Contributed Surplus

	Balance
Balance, March 31, 2023 and December 31, 2022	\$ 312,706

### 17. Related Party Transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

For the three months ended March 31, 2023 and 2022, \$211,371 and \$60,000 in service fees and salaries were paid to its key management and directors, respectively.

In the three months ended March 31, 2023, the Company incurred \$479,751 of service fees with two related parties as critical shareholders whose shareholding exceeded 10% of the Company's total issued and outstanding common shares, (2022: \$Nil).

As of March 31, 2023 and December 31, 2022, the amounts due to related parties' were \$627,693 and \$891,270. The amounts due to related parties are recorded at the exchange amounts as agreed upon by the related parties under contracts signed with them, non-interest bearing, unsecured and with no fixed repayment terms. The balances are included in the accounts payable and accrued liabilities on the consolidated statements of financial position.

In the three months ended March 31, 2023 and 2022, the Company recorded an amount of \$Nil and \$72,426, respectively being the fair value of vested stock options granted to related parties.

### 18. Operating Segments

The Company has evaluated its various business activities and has identified two reportable segments:

1) Films production and transmission services that are mainly conducted by Darkhorse Films Limited, a subsidiary that has been acquired through the business acquisition closed in October 2022 and described in Note 5;



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2) Blockchain based software development and services (Solvbl). IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the chief operating decision maker for the purpose of performance assessment and resource allocation. For the Company, this measurement is profit before income tax.

The following shows profit before income tax by segment for the three months ended March 31, 2023 and 2022:

In Cdn\$	Three months ended March 31, 2023				Three months ended March 31, 2022			
	Solvbl	Darkhorse	Non-allocated	Total	Solvbl	Darkhorse	Non-allocated	Total
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses:								
Professional and consulting fees	88,304	406,320	-	494,624	126,515	-	-	126,515
Salaries and benefits	40,201	220,347	-	260,548	107,313	-	-	107,313
General and administrative	25,077	6,245	-	31,322	25,068	-	-	25,068
Shareholder services	2,106	-	-	2,106	114,372	-	-	114,372
Share-based compensation	-	-	-	-	87,653	-	-	87,653
Depreciation	680	-	-	680	430	-	-	430
Loss from operations	(156,368)	(632,912)	-	(789,280)	(461,351)	-	-	(461,351)
Other income (expense)								
Interest income	-	-	-	-	1,276	-	-	1,276
Interest expenses	(692)	-	-	(692)	(600)	-	-	(600)
	(692)	-	-	(692)	676	-	-	676
Loss before income tax expense	\$ (157,060)	\$ (632,912)	\$ -	\$ (789,972)	\$ (460,675)	\$ -	\$ -	\$ (460,675)

The following shows total assets by segment as of March 31, 2023 and December 31, 2022:

In Cdn\$	As at March 31, 2023				As at December 31, 2022			
	Solvbl	Darkhorse	Non-allocated	Total	Solvbl	Darkhorse	Non-allocated	Total
Cash and cash equivalents	\$ 30,795	\$ 12,933	\$ -	\$ 43,728	\$ 24,267	\$ 19,178	\$ -	\$ 43,445
Cash held in trust	-	-	-	-	-	-	-	-
GIC investment	-	-	-	-	150,000	-	-	150,000
Prepays and sundry assets	58,192	-	-	58,192	44,103	-	-	44,103
Other taxes receivable	232,862	-	-	232,862	222,569	-	-	222,569
Property, plant and equipment	8,389	-	-	8,389	9,069	-	-	9,069
Total assets	\$ 330,238	\$ 12,933	\$ -	\$ 343,171	\$ 450,008	\$ 19,178	\$ -	\$ 469,186

## 19. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of these condensed interim consolidated financial statements in assessing the extent of risk related to financial instruments.

### (a) Fair value

Financial instruments included in the condensed interim consolidated statement of the financial position as of March 31, 2023 consist of cash and cash equivalents, cash held in trust, GIC investment, accounts payable and accrued liabilities, Darkhorse acquisition – contingent consideration and government loan with March 31, 2023 carrying amounts which approximates their respective fair values.

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(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the following types of risk: credit risk, foreign exchange risk, liquidity risk and cash flow risk.

(c) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to the liquidity of its various cash and receivable balances.

(d) Foreign exchange risk

The Company is not exposed to any significant foreign exchange risk. The Company did not have any hedges, or any other transactions related to foreign currency clearance at the time that these condensed interim consolidated financial statements were issued. In the opinion of management, the foreign exchange risk exposure to the Company is low.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity risk through cash and equity management strategies. Such strategies include continuously monitoring forecasted and actual cash flows from operating, financing, and investing activities.

The Company's cash flow is generated from debt financing or equity private placements.

The Company monitors cash on a regular basis and reviews expenses to ensure costs and commitments are being paid in a timely manner. Management has worked with and negotiated with vendors to ensure payment arrangements are satisfactory to all parties and that monthly cash commitments are managed within the Company's operating cash flow capabilities.

As of March 31, 2023, the Company had a cash and cash equivalents balance of \$43,728. The following table summarizes the gross amount and maturity periods of the Company's contractual obligations of financial instruments as of March 31, 2023:

	Within 1 year	1-3 years	Total
Accounts payable and accrued liabilities	\$ 1,321,717	-	\$ 1,321,717
Government loan	-	57,835	57,835
Darkhorse acquisition - contingent consideration	\$ 1,000,000	1,500,000	2,500,000
	<b>\$ 2,321,717</b>	<b>\$ 1,557,835</b>	<b>\$ 3,879,552</b>

(f) Cash flow interest risk

Cash flow interest risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount, such as a debt instrument held with a floating interest rate. In the opinion of management, the cash flow risk exposure to the Company is low.

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### **20. Capital Management**

The Company includes equity, comprised of common shares, warrant reserve, stock option reserve, contributed surplus and deficit, in the definition of capital. The Company's objectives when managing capital are as follows:

- (i) To safeguard the Company's assets and ensure the Company's ability to continue as a going concern; and
- (ii) To raise sufficient capital to achieve the ongoing business objectives including funding of future growth opportunities and meeting its general and administrative expenditures.

The Company manages its capital structure and adjusts it, based on general economic conditions, the Company's short-term working capital requirements, and its planned capital requirements and strategic growth initiatives.

The Company's principal source of capital is from the issuance of common shares or special warrants. To achieve its objectives, the Company expects to spend its working capital, when applicable, and raise additional funds as required.

The Company does not have any externally imposed capital requirements.