Form 51-102F4
Business Acquisition Report

Item 1 Identity of Company

1.1 Name and Address of Company

FintechWerx International Software Services (the "**Company**" or "**FintechWerx**")
315 – 1275 West 6th Avenue
Vancouver, British Columbia, V6H 1A6

1.2 Executive Officer

The name, position and business telephone number of an executive officer who is knowledgeable about this significant acquisition and this Form 51-102F4 – *Business Acquisition Report* (this "**Report**") is as follows:

Francisco Carasquero
Executive Chairman and Interim Chief Financial Officer
Telephone: +1 (778) 652-3669

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

The Company completed the acquisition of 1378871 BC Ltd. (the "**EMT Provider**") pursuant to the terms of an amalgamation agreement (the "**Amalgamation Agreement**") among SmartWerx Solutions Inc. ("**SmartWerx**"), its wholly-owned subsidiary, and the EMT Provider, dated October 30, 2024. Pursuant to the Amalgamation Agreement, the Company has acquired all of the outstanding securities of the EMT Provider (collectively, the "**EMT Provider Shares**") from the shareholders of the EMT Provider by way of a "three-cornered" amalgamation (the "**Transaction**").

The EMT Provider has developed a tool for the automated reconciliation of email money transfer records that is designed for businesses that rely on certain content management systems such as WordPress and WooCommerce (the "**Technology**"). Prior to the completion of the Transaction, the Technology was being licensed to SmartWerx pursuant to a license and services agreement dated January 20, 2023, as amended and restated on August 1, 2023 (the "**EMT License Agreement**"). Pursuant to the Amalgamation Agreement, the Company, SmartWerx and the EMT Provider agreed that any present and future obligations under the EMT License Agreement will be of no further force or effect as of the completion of the Transaction. In addition to the above, the EMT Provider has an agreement with OpenPath, Inc., a company that provides merchants based in the USA with an instant direct payment product (similar to email money transfers in Canada), pursuant to which the EMT Provider receives a commission when it successfully refers the OpenPath services to merchants. FintechWerx anticipates that it can generate revenue by selling the OpenPath services to merchants that will be, or already are, engaging with FintechWerx's platform.

2.2 Acquisition Date

Closing of the Transaction (the "**Closing**") occurred on November 14, 2024.

2.3 Consideration

Pursuant to the terms of the Amalgamation Agreement, the Company acquired all of the issued and outstanding EMT Provider Shares by way of a "three-cornered" amalgamation whereby SmartWerx and the EMT Provider amalgamated to form a new entity ("**AmalCo**"), a wholly-owned subsidiary of the Company upon closing of the Transaction (the "**Closing**"). At the effective time of the Closing, each of the outstanding EMT Provider Shares were cancelled and, in consideration for such EMT Provider Shares, the EMT Provider shareholders received an aggregate of 20,000,000 units (each, a "**Unit**"), at a deemed price of $0.05 per Unit. Each Unit consists of one common share (each, a "**Share**") in the capital of the Company, one-half of one warrant to purchase a Share at an exercise price of $0.10 per Share (the "**$0.10 Half Warrants**"), and one-half of one warrant to purchase a Share at an exercise price of $0.15 per Share (the "**$0.15 Half Warrants**" and together with the $0.10 Half Warrants, the "**Warrants**"). The Warrants are exercisable for a period of two years from the date of Closing.

Following the Closing of the Transaction, the Company has 24,295,410 Shares issued and outstanding, of which approximately 22% of the Shares are held by the pre-Transaction shareholders of the Company and approximately 78% are held by the former shareholders of the EMT Provider. No change of control or creation of a new control person occurred to the Company as a result of the Transaction.

2.4 Effect on Financial Position

Upon completion of the Transaction, the EMT Provider became a wholly-owned subsidiary of the Company. The business and operations of the EMT Provider have been combined with those of the Company and are managed concurrently.

The Company has no current plans or proposals for material changes in its business affairs or the affairs of the EMT Provider which may have a significant effect on the financial performance and financial position of the Company.

2.5 Prior Valuations

Not applicable.

2.6 Parties to Transaction

The Transaction was not with an informed person, associate or affiliate of the Company.

2.7 Date of Report

January 27, 2025

Item 3 Financial Statements

The audited financial statements of the EMT Provider for the year ended April 30, 2024 and for the period from incorporation on September 14, 2022 to April 30, 2023 are attached hereto as Schedule "A" and, in addition thereto, the unaudited interim financial statements for the six months ended October 31, 2024 are attached hereto as Schedule "B".

The Company has obtained the consent of the auditors to include the audit report on the audited financial statements of the EMT Provider for the year ended April 30, 2024 and for the period from incorporation on September 14, 2022 to April 30, 2023 contained in this Report.

SCHEDULE "A"

1378871 BC Ltd. Audited Annual Financial Statements for the year ended April 30, 2024 and the period from incorporation on September 14, 2022 to April 30, 2023

[*See Attached*]

1378871 B.C. Ltd.

Financial Statements

For the Year Ended April 30, 2024
and period from September 14, 2022 (date of incorporation) to April 30, 2023

(Expressed in Canadian Dollars)

1378871 B.C. Ltd.

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April 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Directors of
1378871 BC Ltd.

Opinion

We have audited the accompanying financial statements of 1378871 BC Ltd. (the "Company"), which comprise the statement of financial position as at April 30, 2024, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The financial statements of the Company for the period from September 14, 2022 (date of incorporation) to April 30, 2023 are unaudited. Accordingly, we do not express an opinion on them.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

"Davidson & Company LLP"

Vancouver, Canada

Chartered Professional Accountants

January 21, 2025

1378871 B.C. LTD
Statements of Financial Position
(Expressed in Canadian dollars)

	April 30, 2024 $	April 30, 2023 (Unaudited) $
Assets		
Current assets		
Cash	757	4,969
Accrued interest receivable (Note 8)	–	694
Total current assets	757	5,663
Non-current assets		
Intangible asset (Note 5)	15,000	15,000
Loans to shareholder (Note 8)	–	95,000
Total Assets	15,757	115,663
Liabilities and Shareholders' Equity (Deficit)		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	24,583	2,635
Deferred revenue (Note 7)	35,417	85,417
Due to related party (Note 8)	360	–
Income tax payable (Note 12)	5,203	1,346
Total Liabilities	65,563	89,398
Shareholders' Equity		
Share capital (Note 9)	15,000	15,000
Retained earnings (deficit)	(64,806)	11,265
Total Shareholders' Equity (Deficit)	(49,806)	26,265
Total Liabilities and Shareholders' Equity (Deficit)	15,757	115,663

Nature and continuance of operations (Note 1)
Subsequent events (Note 13)

Approved and authorized for dissemination by the Board of Directors on January 20, 2025:

"Francisco Carasquero"

Francisco Carasquero, Director

The accompanying notes are integral to these financial statements.

1378871 B.C. LTD
Statements of Income (Loss) and Comprehensive Income (Loss)
For the Year Ended April 30, 2024 and Period from September 14, 2022 (date of incorporation) to April 30, 2023
(Expressed in Canadian dollars)

	For the year ended April 30, 2024 $	For the period from September 14, 2022 (date of incorporation) to April 30, 2023 (Unaudited) $
Revenue		
License revenue (Note 7)	50,000	14,583
Gross profit	50,000	14,583
Operating Expenses		
General and administration	73	31
Professional fees	21,947	2,635
Total operating expenses	(22,020)	(2,666)
Income from operations	27,980	11,917
Other Income (Expense)		
Interest revenue (Note 8)	7,813	694
Write-off of loan and interest receivable (Note 8)	(108,007)	–
Income (loss) before income taxes	(72,214)	12,611
Provision for income taxes (Note 12)	(3,857)	(1,346)
Net income (loss) and comprehensive income (loss)	(76,071)	11,265
Earnings (loss) per share, basic	(0.51)	0.17
Earnings (loss) per share, diluted	(0.51)	0.17
Weighted average shares outstanding, basic and diluted	150,100	65,889

The accompanying notes are integral to these financial statements.

1378871 B.C. LTD
Statements of Changes in Shareholders' Equity (Deficit)
For the Year Ended April 30, 2024 and Period from September 14, 2022 (date of incorporation) to April 30, 2023 (Unaudited)
(Expressed in Canadian dollars except the number of shares)

	Common shares		Class A preferred shares		Retained earnings (deficit)	Total shareholders' equity (deficit)
	Number of shares	Amount $	Number of shares	Amount $	$	$
Balance, September 14, 2022 (date of incorporation)	–	–	–	–	–	–
Shares issued upon incorporation	100	–	–	–	–	–
Shares issued to acquire intangible asset	150,000	15,000	–	–	–	15,000
Net income for the period	–	–	–	–	11,265	11,265
Balance, April 30, 2023	150,100	15,000	–	–	11,265	26,265
Net loss for the year	–	–	–	–	(76,071)	(76,071)
Balance, April 30, 2024	150,100	15,000	–	–	(64,806)	49,806

The accompanying notes are integral to these financial statements.

1378871 B.C. LTD
Statements of Cash Flows
For the Year Ended April 30, 2024 and Period from September 14, 2022 (date of incorporation) to April 30, 2023
(Expressed in Canadian dollars)

	For the year ended April 30, 2024 $	For the period from September 14, 2022 (date of incorporation) to April 30, 2023 (Unaudited) $
Operating activities		
Net income (loss)	(76,071)	11,265
Items not involving cash:		
Accrued interest receivable	(7,813)	(694)
Write-off of loan and interest receivable	108,007	–
Changes in non-cash operating working capital:		
Accounts payable and accrued liabilities	21,948	2,635
Deferred revenue	(50,000)	85,417
Due to related party	360	–
Income tax payable	3,857	1,346
Net cash provided by operating activities	288	99,969
Investing activities		
Loans to shareholder	(4,500)	(95,000)
Net cash used in investing activities	(4,500)	(95,000)
(Decrease) increase in cash	(4,212)	4,969
Cash, beginning of period	4,969	–
Cash, end of period	757	4,969
Non-cash investing and financing activities:		
Common shares issued to acquire intangible asset	–	15,000
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

1. Nature and Continuance of Operations

1378871 B.C. Ltd (the "Company") was incorporated under the Business Corporations Act (British Columbia) on September 14, 2022. The Company's registered office address is 1275 W 6th Avenue, Suite 315, Vancouver, British Columbia, Canada, V6H 1A6. The Company's business is an e-commerce technology company.

These financial statements have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at April 30, 2024, the Company has a deficit of $64,806 since its inception, and expects to generate further losses as it continues the development of its business. Uncertainties surrounding future profitability and cash flows cast significant doubt about the Company's ability to continue as a going concern. The Company is dependent upon making sales or raising debt and equity financing to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to develop and deploy its technology. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

2. Statement of Compliance and Basis of Presentation

<u>Statement of Compliance</u>

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements.

<u>Basis of Presentation</u>

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. Significant Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during this period. Although management uses historical experience and its best knowledge of the amount, events, or actions to form the basis for judgments and estimates, actual results may differ from these estimates. Critical judgments and estimates exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

<u>Significant Accounting Judgements</u>

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and 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.

3. Significant Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Impairment of long-lived assets

The carrying value and the recoverability of intangible assets are evaluated at each reporting date. Management assesses for indicators of impairment, which includes assessing whether facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount. Management also applies judgement in assessing the useful life of intangible assets.

Revenue

The identification of revenue-generating contracts with customers, the identification of performance obligations, the determination of the transaction price and allocation between identified performance obligations, the use of appropriate revenue recognition method for each performance obligation and the measure of progress for performance obligation satisfied over time are the main aspects of the revenue recognition, all of which require the exercise of judgment and use of assumptions. The Company primarily derives revenue from granting its EMT Plug-in software that allows for automated reconciliation for Email Money Transfer (“EMT”) records. Revenue includes license fees derived from license granted.

If the Company has received payment for revenues where the performance obligation has not been satisfied, the amount received is recognized as deferred revenue on the statements of financial position until the performance obligation is satisfied. A contract asset is the Company’s right to consideration when the right is conditioned on something other than the passage of time.

Key Sources of Estimation Uncertainty

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. No deferred tax assets have been deemed probable to date.

4. Material Accounting Policy Information

a) Financial Instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

4. Material Accounting Policy Information (continued)

a) Financial Instruments (continued)

(i) Classification (continued)

The following table shows the classification under IFRS 9:

Financial Assets	
Cash	Amortized cost
Accrued interest receivable	Amortized cost
Loan to shareholder	Amortized cost
Financial Liabilities	
Accounts payable and accrued liabilities	Amortized cost
Due to related party	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income (“OCI”). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

4. Material Accounting Policy Information (continued)

a) Financial Instruments (continued)

(iii) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognizes financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit and loss.

b) Intangible Assets

Intangible assets including EMT Plug-in software that are acquired by the Company and have indefinite useful lives are carried at cost less any accumulated impairment losses.

c) Impairment of Non-financial Assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

d) Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on fair value at the date the shares were issued. The fair value is determined by referring to concurrent financing or recent private placements for cash.

4. Material Accounting Policy Information (continued)

e) Revenue Recognition

The Company primarily derives revenue from granting licenses of the EMT Plug-in software.

Revenue from granting licenses of the EMT Plug-in software is to grant access the Company's EMT Plug-in technology over a period of time, along with associated support, it is generally recognized over the contractual period on a straight-line basis.

Foreseeable losses, if any, are recognized in the year or period in which the loss is determined. Payment due or received in advance of revenue recognition is recorded as deferred revenue.

f) Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current income tax

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

Deferred income tax

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

g) Earnings per Share

Basic earnings (loss) per share is calculated by dividing the net income (loss) available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. At April 30, 2024 and 2023, the Company had no potential dilutive shares outstanding and basic and diluted income per share is the same for the periods presented.

h) Accounting Standards Issued But Not Yet Effective or Adopted

Certain pronouncements have been issued by the IASB that are mandatory for annual accounting periods after April 30, 2024:

(i) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) effective for annual periods beginning on or after January 1, 2024.

(ii) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases) effective for annual periods beginning on or after January 1, 2024.

None of these pronouncements are expected to have a material impact on the Company's financial statements upon adoption.

(Expressed in Canadian Dollars)

5. Intangible Assets

	EMT Plug-in Software $
Balance, September 14, 2022 (date of incorporation)	–
Acquisition	15,000
Balance, April 30, 2023 (Unaudited) and 2024	15,000

On January 20, 2023 (the “Effective Date”), the Company entered into an Asset Purchase Agreement (the “Agreement”) with its sole shareholder, Looking Glass Media Ltd. (“Looking Glass”), to acquire the rights to intellectual property known as Email Money Transfer Plugin (“EMT Plugin”). On January 20, 2023, the Company issued 150,000 common shares with a fair market value of $15,000 as full payment for the assets.

6. Accounts Payable and Accrued Liabilities

	April 30, 2024 $	April 30, 2023 (Unaudited) $
Accounts payable	4,583	2,376
Accrued liabilities	20,000	259
Total	24,583	2,635

7. Software License and Deferred Revenue

On January 20, 2023 (the “Effective Date”), the Company entered into a License Agreement with Smartwerx Solutions Inc. (“Smartwerx”), a company with a common director. The License Agreement grants Smartwerx a non-exclusive and non-transferable license to market, distribute and sublicense the EMT Plug-in software and a non-exclusive and non-transferable license to use the EMT Plug-in software solely to provide support services to customers. The initial term of this agreement is 2 years from the Effective Date (“Initial Term”). The Initial Term will automatically renew for additional 2-year periods (each a “Renewal Term”) unless one party provides the other party with notice of non-renewal at least 30 days’ prior to the commencement of the next Renewal Term. As consideration, Smartwerx shall pay the Company $100,000.

On August 1, 2023, the Company signed an Amended and Restated Agreement (the “Amended Agreement”) with Smartwerx Under the Amended Agreement, the Initial Term of the original agreement was extended from 2 years to 10 years and the Renewal Term was extended from 2-year periods to 5-year periods. The Company acknowledges that, under the original License Agreement, Smartwerx paid a license fee of $100,000 to cover the first 2 years. For the subsequent 8 years, including any additional 5-year renewal terms, Smartwerx shall pay the Company $50,000 annually for the software license during both the balance of the Initial Term and the Renewal Term.

As at April 30, 2024, the Company had deferred revenue of $35,417 (2023 – $85,417 (Unaudited)) for prepayment pursuant to License Agreement.

8. Related Party Transactions

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Transactions

On January 20, 2023, the Company entered into an Asset Purchase Agreement with its sole shareholder, Looking Glass (Note 5).

On January 20, 2023, as amended on August 1, 2023, the Company entered into a License Agreement with Smartwerx, a company with a common director (Note 7).

Subsequent to the year ended April 30, 2024, the Company entered into an amalgamation agreement with Smartwerx (Note 13(b)) and settled $121,250 of debt owed by Looking Glass (Note 13(d)).

Balances

As at April 30, 2024, the Company was owed a total of $nil (2023 – $95,000 (Unaudited)) for loans the Company provided to its sole shareholder, Looking Glass, net of an allowance for doubtful accounts of $99,500 (2023 – $nil (Unaudited)). The amounts owing are unsecured, bear interest at 8% per annum and have maturities ranging between March 31, 2025 and February 28, 2026. As at April 30, 2024, the Company has accrued interest receivable of $nil (2023 – $694 (Unaudited)), net of an allowance for doubtful accounts of $8,507 (2023 – $nil (Unaudited)). During the year ended April 30, 2024, the Company recognized a write-off of loan and interest receivable of $108,007 (2023 – $nil (Unaudited)) pertaining to the shareholder loan.

At April 30, 2024, the Company owed $360 (2023 – $nil (Unaudited)) to a director of the Company for expenses incurred on behalf of the Company. The amounts owing are unsecured, non-interest bearing and has no specified terms of repayment.

9. Share Capital

Authorized

- Unlimited number of common shares without par value.
- Unlimited number of preferred shares without par value (Non-voting and redeemable at the option of the Company).

Issued Share Capital

On September 14, 2022, the Company issued 100 founder shares for $0.01 (Unaudited).

On January 20, 2023, the Company issued 150,000 common shares with a fair value of $15,000 pursuant to an asset acquisition (Note 5).

10. Capital Management

The Company's objective in managing capital is to ensure sufficient liquidity to fund research and development and engage in sales and marketing activities while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is composed entirely of equity. The Company uses capital to finance its operating losses. There is substantial uncertainty that the Company will be able to continue to finance its operation.

The Company currently funds these requirements from revenue generated from granting licenses and cash raised through the issuance of common shares. There is a risk that the Company will not be able to raise funds through the issuance of shares or on terms advantageous to the Company or its shareholders.

The Company monitors its capital on the basis of the adequacy of its cash resources to fund its business plan. There is no external restriction on the Company's capital. The Company did not initiate any changes to its capital management strategy during the year ended April 30, 2024. The Company is not subject to externally imposed capital requirements.

11. Financial Instruments

The Company's financial instruments consist of cash, accrued interest receivable, loans to shareholder, accounts payable and accrued liabilities, and due to related party and the carrying values approximate their fair values because of the relatively short-term nature of the instruments. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumption could significantly affect the estimates.

There are three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The Company's cash is considered to be Level 1 within the fair value hierarchy. The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approves and monitors the risk management process, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Credit risk

The Company's cash is held in large Canadian financial institutions. The Company has not experienced nor is exposed to any significant credit losses. Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, accrued interest receivable and loans to shareholder. The carrying amount of cash, accrued interest receivable and loans to shareholders represents the maximum exposure to credit risk, and as at April 30, 2024, this amounted to $108,764 (2023 - $100,663 (Unaudited)).

(Expressed in Canadian Dollars)

11. Financial Instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial liabilities with fixed interest rates over a specified period of time expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates, and loans to shareholder with fixed rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company aims to have sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from its ability to raise equity capital or borrowing sufficient funds and its holdings of cash and cash equivalents.

Price risk

The ability of the Company to explore its new software technologies and the future profitability of the Company are directly related to the market price of software licenses. The Company monitors prices to determine the appropriate course of action to be taken by the Company.

12. Income Tax

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

	April 30, 2024 $	April 30, 2023 (Unaudited) $
Income (loss) before income taxes	(72,213)	12,611
Statutory tax rate	11%	11%
Income tax (recovery) computed at the statutory rate	(7,943)	1,387
Deductible temporary differences	11,800	(41)
Expected income tax expense	3,857	1,346

13. Subsequent Events

a) On September 10, 2024, the Company entered into loan agreements with third-party lenders for a principal amount totaling $400,000. The loans bear interest at a rate of 5% per annum and mature on September 10, 2025.

b) On November 14, 2024, the Company completed an amalgamation agreement with SmartWerx Solutions Inc., a wholly-owned subsidiary of Fintechwerx International Software Services Inc. ("Fintechwerx"). Pursuant to the amalgamation agreement, Fintechwerx acquired all of the issued and outstanding shares of the Company by way of a "three-cornered" amalgamation (the "Transaction") in consideration for 20,000,000 units. Each unit consists of one common share, one-half of one warrant to purchase a common share at $0.10 per share for a period of 2 years from the closing date, and one-half of one warrant to purchase a common share at $0.15 per share for a period of 2 years from the closing date.

c) Subsequent to the year ended April 30, 2024, the Company received subscriptions of $13,750 for 550,000 common shares at $0.025 per common share.

d) Subsequent to the year ended April 30, 2024, the Company issued 19,305,000 shares to extinguish $361,375 of debt owed by the Company and $121,250 of debt owed by Looking Glass.

SCHEDULE "B"

Unaudited Interim Financial Statements for the Six Months ended October 31, 2024

[*See Attached*]

1378871 B.C. Ltd.

Interim Financial Statements

For the Six Months Ended October 31, 2024

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the six-month period ended October 31, 2024.

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

1378871 B.C. LTD
Interim Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	October 31, 2024 $	April 30, 2024 $
Assets		
Current assets		
Cash and cash equivalents	401,208	757
Accrued interest receivable (Note 8)	5,826	–
Loans to shareholder (Note 8)	134,250	–
Total current assets	541,284	757
Non-current assets		
Intangible asset (Note 4)	15,000	15,000
Total Assets	556,284	15,757
Liabilities and Shareholders' Equity (Deficit)		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	30,463	24,583
Loans payable (Note 6 and 8)	38,625	–
Deferred revenue (Note 7)	10,417	35,417
Due to related party (Note 8)	360	360
Income tax payable	5,203	5,203
Total Liabilities	85,068	65,563
Shareholders' Equity (Deficit)		
Share capital (Note 9)	511,248	15,000
Deficit	(40,032)	(64,806)
Total Shareholders' Equity (Deficit)	471,216	(49,806)
Total Liabilities and Shareholders' Equity (Deficit)	556,284	15,757

Nature and continuance of operations (Note 1)
Subsequent event (Note 12)

Approved and authorized for dissemination by the Board of Directors on January 21, 2024:

"Francisco Carasquero"

Francisco Carasquero, Director

1378871 B.C. LTD
Interim Statements of Income and Comprehensive Income
(Expressed in Canadian dollars)
(Unaudited)

	For the three months ended October 31, 2024 $	For the three months ended October 31, 2023 $	For the six months ended October 31, 2024 $	For the six months ended October 31, 2023 $
Revenue				
License revenue (Note 7)	12,500	12,500	25,000	25,000
Gross profit	12,500	12,500	25,000	25,000
Operating Expenses				
General and administration	153	18	171	36
Professional fees	5,880	–	5,880	438
Total operating expenses	(6,033)	(18)	(6,051)	(474)
Income from operations	6,467	12,482	18,949	24,526
Other Income				
Interest revenue (Note 8)	3,819	1,966	5,825	3,888
Net income and comprehensive income	10,286	14,448	24,774	28,414
Earnings per share, basic	0.00	0.10	0.01	0.19
Earnings per share, diluted	0.00	0.10	0.01	0.19
Weighted average shares outstanding, basic and diluted	3,386,497	150,100	1,768,298	150,100

The accompanying notes are integral to these interim financial statements.

1378871 B.C. LTD
Interim Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian dollars except the number of shares)
(Unaudited)

	Common shares		Class A preferred shares		Retained earnings (deficit)	Total shareholders' equity (deficit)
	Number of shares	Amount $	Number of shares	Amount $	$	$
Balance, April 30, 2023	150,100	15,000	–	–	11,265	26,265
Net income for the period	–	–	–	–	28,414	28,414
Balance, October 31, 2023	150,100	15,000	–	–	39,679	54,679
Balance, April 30, 2024	150,100	15,000	–	–	(64,806)	(49,806)
Issuance of common shares for cash	544,900	13,623	–	–	–	13,623
Issuance of common shares for settlement of debt	19,305,000	482,625	–	–	–	482,625
Net income for the period	–	–	–	–	24,774	24,774
Balance, October 31, 2024	20,000,000	511,248	–	–	(40,032)	471,216

The accompanying notes are integral to these interim financial statements.

1378871 B.C. LTD
Interim Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	For the six months ended October 31, 2024 $	For the six months ended October 31, 2023 $
Operating activities		
Net income	24,774	28,414
Items not involving cash and cash equivalents:		
Accrued interest receivable	(5,826)	(3,888)
Changes in non-cash operating working capital:		
Accounts payable and accrued liabilities	5,880	438
Deferred revenue	(25,000)	(25,000)
Net cash and cash equivalents used in operating activities	(172)	(36)
Investing activities		
Loans to shareholder	(13,000)	(2,500)
Net cash and cash equivalents used in investing activities	(13,000)	(2,500)
Financing activities		
Proceeds from issuance of common shares for cash	13,623	–
Proceeds from loans payable	400,000	–
Net cash and cash equivalents provided by financing activities	413,623	–
Increase (decrease) increase in cash and cash equivalents	400,451	(2,536)
Cash and cash equivalents, beginning of period	757	4,969
Cash and cash equivalents, end of period	401,208	2,433
Cash and cash equivalents are comprised of:		
Cash in bank	400,000	2,433
Cash held in cashable guaranteed investment certificates	1,208	–
	401,208	2,433
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–
Non-cash investing and financing activities:		
Issuance of common shares for settlement of loans payable	361,375	–
Issuance of common shares for settlement of intercompany loan payable	121,250	–

The accompanying notes are integral to these interim financial statements.

1. Nature and Continuance of Operations

1378871 B.C. Ltd (the "Company") was incorporated under the Business Corporations Act (British Columbia) on September 14, 2022. The Company's registered office address is 1275 W 6th Avenue, Suite 315, Vancouver, British Columbia, Canada, V6H 1A6. The Company's business is an e-commerce technology company.

These interim financial statements have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at October 31 2024, the Company has a deficit of $40,032 since its inception, and expects to generate further losses as it continues the development of its business. Uncertainties surrounding future profitability and cash flows cast significant doubt about the Company's ability to continue as a going concern. The Company is dependent upon making sales or raising debt and equity financing to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to develop and deploy its technology. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

These interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

2. Statement of Compliance and Basis of Presentation

Statement of Compliance

These interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The interim financial statements should be read in conjunction with the annual financial statements for the year ended April 30, 2024, which have been prepared in accordance with IFRS as issued by IASB. The Company uses the same accounting policies and methods of computation as in the annual financial statements for the year ended April 30, 2024.

Basis of Presentation

These interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using accrual basis of accounting except for cash flow information. These interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. Significant Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of these interim financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during this period. Although management uses historical experience and its best knowledge of the amount, events, or actions to form the basis for judgments and estimates, actual results may differ from these estimates. Critical judgments and estimates exercised in applying accounting policies that have the most significant effect on the amounts recognized in the interim financial statements are as follows:

Significant Accounting Judgements

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and 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.

(Expressed in Canadian Dollars)

3. Significant Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Impairment of long-lived assets

The carrying value and the recoverability of intangible assets are evaluated at each reporting date. Management assesses for indicators of impairment, which includes assessing whether facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount. Management also applies judgement in assessing the useful life of intangible assets.

Revenue

The identification of revenue-generating contracts with customers, the identification of performance obligations, the determination of the transaction price and allocation between identified performance obligations, the use of appropriate revenue recognition method for each performance obligation and the measure of progress for performance obligation satisfied over time are the main aspects of the revenue recognition, all of which require the exercise of judgment and use of assumptions. The Company primarily derives revenue from granting its EMT Plug-in software that allows for automated reconciliation for Email Money Transfer ("EMT") records. Revenue includes license fees derived from license granted.

If the Company has received payment for revenues where the performance obligation has not been satisfied, the amount received is recognized as deferred revenue on the statements of financial position until the performance obligation is satisfied. A contract asset is the Company's right to consideration when the right is conditioned on something other than the passage of time.

Key Sources of Estimation Uncertainty

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. No deferred tax assets have been deemed probable to date.

4. Intangible Assets

	EMT Plug-in Software $
Balance, April 30, 2024 and October 31, 2024	15,000

On January 20, 2023 (the "Effective Date"), the Company entered into an Asset Purchase Agreement (the "Agreement") with its sole shareholder, Looking Glass Media Ltd. ("Looking Glass"), to acquire the rights to intellectual property known as Email Money Transfer Plugin ("EMT Plugin"). On January 20, 2023, the Company issued 150,000 common shares with a fair market value of $15,000 as full payment for the assets.

5. Accounts Payable and Accrued Liabilities

	October 31, 2024 $	April 30, 2024 $
Accounts payable	10,463	4,583
Accrued liabilities	20,000	20,000
Total	30,463	24,583

6. Loans Payable

On September 10, 2024, the Company entered into unsecured loans with third-party lenders for a principal amount totaling $400,000. The loans bear interest at a rate of 5% per annum, commencing on November 1, 2024, and mature on September 10, 2025. On October 16, 2024, the Company issued 14,455,000 common shares with a fair value of $361,375 to settle $361,375 of the outstanding loans payable (Note 9). As at October 31, 2024, the outstanding principal is $13,625.

7. Software License and Deferred Revenue

On January 20, 2023 (the “Effective Date”), the Company entered into a License Agreement with Smartwerx Solutions Inc. (“Smartwerx”), a company with a common director. The License Agreement grants Smartwerx a non-exclusive and non-transferable license to market, distribute and sublicense the EMT Plug-in software and a non-exclusive and non-transferable license to use the EMT Plug-in software solely to provide support services to customers. The initial term of this agreement is 2 years from the Effective Date (“Initial Term”). The Initial Term will automatically renew for additional 2-year periods (each a “Renewal Term”) unless one party provides the other party with notice of non-renewal at least 30 days’ prior to the commencement of the next Renewal Term. As consideration, Smartwerx shall pay the Company $100,000.

On August 1, 2023, the Company signed an Amended and Restated Agreement (the “Amended Agreement”) with Smartwerx Under the Amended Agreement, the Initial Term of the original agreement was extended from 2 years to 10 years and the Renewal Term was extended from 2-year periods to 5-year periods. The Company acknowledges that, under the original License Agreement, Smartwerx paid a license fee of $100,000 to cover the first 2 years. For the subsequent 8 years, including any additional 5-year renewal terms, Smartwerx shall pay the Company $50,000 annually for the software license during both the balance of the Initial Term and the Renewal Term.

As at October 31, 2024, the Company had deferred revenue of $10,417 (April 30, 2024 – $35,417) for prepayment pursuant to License Agreement.

8. Related Party Transactions

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

<u>Transactions</u>

On October 16, 2024, the Company issued 4,850,000 common shares with a fair value of $121,250 to settle debt of $121,250 of its sole shareholder Looking Glass (Note 9).

Subsequent to the year ended April 30, 2024, the Company entered into an amalgamation agreement with Smartwerx (Note 12).

<u>Balances</u>

As at October 31, 2024, the Company was owed a total of $134,250 (April 30, 2024 – $nil), net of an allowance for doubtful accounts of $99,500 (April 30, 2024 – $99,500) for loans the Company provided to its sole shareholder, Looking Glass. The amounts owing are unsecured, bear interest at 8% per annum and have maturities ranging between March 31, 2025 and February 28, 2026. As at October 31, 2024, the Company has accrued interest receivable of $4,040 (April 30, 2024 – $8,507), net of an allowance for doubtful accounts of $8,057 (April 30, 2024 – $8,057).

At October 31, 2024, the Company owed $360 (April 30, 2024 – $360) to a director of the Company for expenses incurred on behalf of the Company. The amounts owing are unsecured, non-interest bearing and has no specified terms of repayment.

9. Share Capital

Authorized

- Unlimited number of common shares without par value.
- Unlimited number of preferred shares without par value (Non-voting and redeemable at the option of the Company).

Issued Share Capital

Share transactions for the six months ended October 31, 2024:

a) On October 16, 2024, the Company issued 544,900 common shares at $0.025 per share for gross proceeds of $13,623.

b) On October 16, 2024, Company issued 19,305,000 shares to settle a total of $361,375 of debt owed by the Company and $121,250 of debt owed by Looking Glass (Note 6 and 8).

There were no share transactions during the six months ended October 31, 2023.

10. Capital Management

The Company's objective in managing capital is to ensure sufficient liquidity to fund research and development and engage in sales and marketing activities while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is composed entirely of equity. The Company uses capital to finance its operating losses. There is substantial uncertainty that the Company will be able to continue to finance its operation.

The Company currently funds these requirements from revenue generated from granting licenses and cash raised through the issuance of common shares. There is a risk that the Company will not be able to raise funds through the issuance of shares or on terms advantageous to the Company or its shareholders.

The Company monitors its capital on the basis of the adequacy of its cash resources to fund its business plan. There is no external restriction on the Company's capital. The Company did not initiate any changes to its capital management strategy during the six months ended October 31, 2024. The Company is not subject to externally imposed capital requirements.

11. Financial Instruments

The Company's financial instruments consist of cash, accrued interest receivable, loans to shareholder, accounts payable and accrued liabilities, and due to related party and the carrying values approximate their fair values because of the relatively short-term nature of the instruments. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumption could significantly affect the estimates.

<u>There are three levels of the fair value hierarchy as follows:</u>

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The Company's cash is considered to be Level 1 within the fair value hierarchy. The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approves and monitors the risk management process, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

11. Financial Instruments (continued)

The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Credit risk

The Company's cash is held in large Canadian financial institutions. The Company has not experienced nor is exposed to any significant credit losses. Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, accrued interest receivable and loans to shareholder. The carrying amount of cash and cash equivalents, accrued interest receivable and loans to shareholders represents the maximum exposure to credit risk, and as at October 31, 2024, this amounted to $541,284 (April 30, 2024 – $108,764).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial liabilities with fixed interest rates over a specified period of time expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates, and loans to shareholder with fixed rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company aims to have sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from its ability to raise equity capital or borrowing sufficient funds and its holdings of cash and cash equivalents.

Price risk

The ability of the Company to explore its new software technologies and the future profitability of the Company are directly related to the market price of software licenses. The Company monitors prices to determine the appropriate course of action to be taken by the Company.

12. Subsequent Event

On November 14, 2024, the Company completed an amalgamation agreement with SmartWerx Solutions Inc., a wholly-owned subsidiary of Fintechwerx International Software Services Inc. ("Fintechwerx"). Pursuant to the amalgamation agreement, Fintechwerx acquired all of the issued and outstanding shares of the Company by way of a "three-cornered" amalgamation (the "Transaction") in consideration for 20,000,000 units. Each unit consists of one common share, one-half of one warrant to purchase a common share at $0.10 per share for a period of 2 years from the closing date, and one-half of one warrant to purchase a common share at $0.15 per share for a period of 2 years from the closing date.