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# **Fireswirl Technologies Inc.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED  
SEPTEMBER 30, 2019**

**(Expressed in Canadian Dollars)**

**(UNAUDITED)**

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## **Notice to Reader**

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the three and nine months ended September 30, 2019 have not been reviewed by the Company's auditors.

# Fireswirl Technologies Inc.

Condensed Interim Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars)  
(Unaudited)

	September 30, 2019	December 31, 2018
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 12,772	\$ 4,553
Trade and other receivables (note 5)	20,216	9,881
Deposits and prepayments	2,825	-
Assets held for sale (note 4)	-	43,836
Total current assets	35,813	58,270
Non-current assets		
Equipment (note 7)	1,827	3,035
Total non-current assets	1,827	3,035
<b>Total Assets</b>	<b>\$ 37,640</b>	<b>\$ 61,305</b>
<b>Liabilities and shareholders' deficiency</b>		
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	\$ 248,807	\$ 376,915
Liabilities associated with assets held for sale (note 4)	-	613,668
<b>Total liabilities</b>	<b>248,807</b>	<b>990,583</b>
<b>Shareholders' equity</b>		
Common shares (note 8)	8,451,506	8,233,881
Contributed surplus (note 8)	3,671,365	3,671,365
Accumulated other comprehensive loss	-	(150,000)
Accumulated other comprehensive income relating to assets held for sale	-	272,033
Deficit	(12,334,038)	(12,865,857)
Total equity attributable to shareholders of the Company	(211,167)	(838,578)
Non-controlling interest associated with assets held for sale (note 9)	-	(90,700)
<b>Total shareholders' equity</b>	<b>(211,167)</b>	<b>(929,278)</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 37,640</b>	<b>\$ 61,305</b>

Going concern assumption (note 2 (b))

Subsequent events (note )

Approved by the Board of Directors:

Director: Gurdeep Bains \_\_\_\_\_

Director: Ji Yoon \_\_\_\_\_

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

# Fireswirl Technologies Inc.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)  
(Expressed in Canadian Dollars)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Operating expenses</b>				
General administration	\$ 38,900	\$ 65,819	\$ 218,573	\$ 325,052
Sales and marketing	-	9,363	-	37,498
	38,900	75,182	218,573	362,550
<b>Operating loss before below items</b>	(38,900)	(75,182)	(218,573)	(362,550)
Foreign exchange gain (loss)	(853)	(132)	904	(1,660)
Gain on settlement of debt	-	-	63,126	-
Loss on disposition of investment (note 6)	-	-	(25,000)	-
Interest and other income	-	-	-	5
Finance costs	-	-	-	(3,123)
<b>Net loss for the period from continuing operations</b>	(39,753)	(75,314)	(179,543)	(367,328)
<b>Net income (loss) for the period from discontinued operations (note 4)</b>	770,800	(86,968)	799,929	(299,200)
<b>Net income (loss) for the period</b>	\$ 731,047	\$ (162,282)	\$ 620,386	\$ (666,528)
<b>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods (net of tax):</b>				
Exchange differences on translation of foreign operations	(273,929)	9,136	(119,900)	(36,201)
<b>Net comprehensive Income (loss) for the period</b>	\$ 457,118	\$ (153,146)	\$ 500,486	\$ (702,729)
<b>Net income (loss) for the period attributable to:</b>				
Common shareholders of the Company	\$ 612,423	\$ (152,248)	\$ 531,819	\$ (627,924)
Non-controlling interest	118,624	(10,034)	88,567	(38,604)
	731,047	(162,282)	620,386	(666,528)
<b>Net comprehensive income (loss) for the period attributable to:</b>				
Common shareholders of the Company	\$ 521,691	\$ (144,319)	\$ 591,186	\$ (662,503)
Non-controlling interest	(64,573)	(8,827)	(90,700)	(40,226)
	457,118	(153,146)	500,486	(702,729)
<b>Basic and diluted Income (loss) per share of:</b>				
Loss from continuing operations attributable to common shareholders of the Company	\$ (0.01)	\$ (0.07)	\$ (0.10)	\$ (0.36)
Income (loss) from discontinued operations attributable to common shareholders of the Company	\$ 0.29	\$ (0.08)	\$ 0.43	\$ (0.29)
<b>Weighted average number of shares outstanding, basis and diluted</b>	2,682,286	1,070,252	1,840,709	1,031,571

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

# Fireswirl Technologies Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency  
 (Expressed in Canadian Dollars)  
 (Unaudited)

	Number of shares issued and outstanding	Share capital	Contribution surplus	Accumulated other comprehensive loss	Accumulated other comprehensive relating to assets held for sale	Accumulated deficit	Total	Non- controlling interest	Total shareholders' equity
Balance, December 31, 2017	950,252	\$ 7,933,881	\$ 3,722,331	\$ 366,416	\$ (205,131)	(12,156,700)	(339,203)	(44,145)	(383,348)
Net loss for the period	-	-	-	-	-	(627,924)	(627,924)	(38,604)	(666,528)
Shares issued pursuant to private placement	120,000	300,000	-	-	-	-	300,000	-	300,000
Share-based compensation	-	-	7,504	-	-	-	7,504	-	7,504
Exchange differences on translation of foreign operations	-	-	-	(44,041)	9,462	-	(34,579)	(1,622)	(36,201)
Balance, September 30, 2018	1,070,252	\$ 8,233,881	\$ 3,729,835	\$ 322,375	\$ (195,669)	(12,784,624)	(694,202)	(84,371)	(778,573)
Balance, December 31, 2018	1,070,252	\$ 8,233,881	\$ 3,671,365	\$ (150,000)	\$ 272,033	(12,865,857)	(838,578)	(90,700)	(929,278)
Shares issued for settlement of debt	1,612,034	217,625	-	-	-	-	217,625	-	217,625
Net loss for the period	-	-	-	-	-	531,819	531,819	88,567	620,386
Exchange differences on translation of foreign operations	-	-	-	150,000	(272,033)	-	(122,033)	2,133	(119,900)
Balance, September 30, 2019	2,682,286	\$ 8,451,506	\$ 3,671,365	\$ -	\$ -	(12,334,038)	(211,167)	-	(211,167)

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

# Fireswirl Technologies Inc.

Condensed Interim Consolidated Statements of Cash Flows  
(Expressed in Canadian Dollars)  
(Unaudited)

	Nine Months Ended September 30,	
	2019	2018
<b>Operating Activities</b>		
Net loss for the period	\$ (179,543)	\$ (367,328)
Add (deduct) items not affecting cash:		
Depreciation and amortization	1,208	1,459
Loss on disposition of investment	25,000	-
Share-based compensation	-	7,504
Interest and other income	-	(5)
Finance costs	-	3,123
Changes in non-cash working capital items:		
Trade and other receivable	(10,335)	(14,210)
Taxes recoverable	-	13,960
Due from/to related parties	-	59,658
Deposits and prepayments	(2,825)	2,816
Accounts payable and accrued liabilities	89,517	54,474
Deferred revenue	-	5,031
	(76,978)	(233,518)
Interest received	-	5
Interest paid	-	(3,123)
<b>Net cash flows used in operating activities of continuing operations</b>	<b>(76,978)</b>	<b>(236,636)</b>
<b>Investing Activities</b>		
Acquisition of property and equipment	-	(3,246)
Proceeds from disposition of investment	125,000	-
Advances to discontinued operations	(39,803)	-
<b>Cash provided by (used in) investing activities of continuing operations</b>	<b>85,197</b>	<b>(3,246)</b>
<b>Financing Activities</b>		
Repayment of a director loan	-	(77,120)
Shares issued for cash	-	300,000
Cash provided to discontinued operations	-	(4,219)
<b>Cash provided by financing activities of continuing operations</b>	<b>-</b>	<b>218,661</b>
<b>Effect of exchange rate changes on cash and cash equivalents of continuing operations</b>	<b>-</b>	<b>15,382</b>
<b>Change in cash during the period of continuing operations</b>	<b>8,219</b>	<b>(5,839)</b>
<b>Cash, beginning of the period of continuing operations</b>	<b>4,553</b>	<b>9,440</b>
<b>Cash, end of the period</b>	<b>\$ 12,772</b>	<b>\$ 3,601</b>
<b>Net cash flows used in operating activities of discontinued operations</b>	<b>\$ (87,669)</b>	<b>\$ (273,940)</b>
<b>Cash provided by (used in) financing activities of discontinued operations</b>	<b>39,803</b>	<b>4,219</b>
<b>Effect of exchange rate changes on cash and cash equivalents discontinued operations</b>	<b>4,030</b>	<b>(9,854)</b>
<b>Change in cash during the year discontinued operations</b>	<b>(43,836)</b>	<b>(279,575)</b>
<b>Cash, beginning of the period discontinued operations</b>	<b>43,836</b>	<b>340,503</b>
<b>Cash, end of the period, discontinued operations</b>	<b>\$ -</b>	<b>\$ 60,928</b>

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

# Fireswirl Technologies Inc.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

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### 1. Reporting Entity

Fireswirl Technologies Inc. (the "Company") was founded in 1999 and became publicly listed in 2006. The Company through its subsidiaries focus on conducting e-commerce, including operating official online stores for international brands in China and reselling branded products on these online stores and online store content development and deployment. Starting in February 2017, the Company also commenced the business of providing multimedia and interactive marketing solutions, specializing in three dimensional visualizations, computer graphics and digital design.

The address of the Company's registered office is 1200 - 750 West Pender Street, Vancouver, British Columbia. The Company's shares are listed on the NEX under the symbol FSW.H.

On January 15, 2019, the Company consolidated its common shares on a basis of 50 old shares to 1 new share. As part of the share consolidation, the stock options were also consolidated and the exercise price adjusted to reflect the consolidation. The consolidation has been reflected in these unaudited condensed interim financial statements and all applicable references to the number of shares and stock options and their strike price and per share information has been adjusted.

In accordance with TSX Venture Exchange Policy 2.5, the company has not maintained the requirements for a TSX Venture Exchange Tier 2 company. Therefore, effective July 22, 2019, the company's listing transferred to the NEX. As of July 22, 2019, the company is subject to restrictions on share issuances and certain types of payments as set out in the NEX policies. The trading symbol for the company will change from FSW to FSW.H.

### 2. Basis of Preparation

#### a) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of November 28, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent audited consolidated financial statements as at and for the period ended December 31, 2018. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2019 could result in restatement of these unaudited condensed interim consolidated financial statements.

#### b) Going concern assumption

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. If the going concern assumptions were not appropriate for these financial statements then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement to financial position classifications.

For the nine months ended September 30, 2019, the Company incurred an operating income of \$620,386. As at September 30, 2019, the Company had an accumulated deficit of \$12,334,038 since inception.

# **Fireswirl Technologies Inc.**

**Notes to Condensed Interim Consolidated Financial Statements**  
**September 30, 2019 and 2018**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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## **2. Basis of Preparation (continued)**

### **b) Going concern assumption (continued)**

The continuation of the Company as a going concern is dependent upon its ability to raise additional financing and ultimately attain and maintain profitable operations. There can be no assurance that such financing and profitability will occur in the amounts and with terms expected. In the event that cash flow from operations, if any, together with the proceeds of any future financings, are insufficient to meet the Company's current operating needs, the Company will be required to re-evaluate its planned expenditures and allocate its total resources in such a manner as the Board of Directors and management deems to be in the Company's best interest.

There is material uncertainty that the Company will be able to achieve profitable operations or continue raising funds in the future. These factors raise significant doubt about the Company's ability to continue as a going concern. These unaudited condensed interim consolidated financial statements do not give effect to adjustments to the carrying value and classification of assets and liabilities and related expense that would be necessary should the Company be unable to continue as a going concern.

## **3. Significant Accounting Policies**

### **New accounting standard adopted**

IFRS 16, Leases ("IFRS 16") On January 13, 2016, the IASB published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. The Company adopted IFRS 16 on January 1, 2019 and adoption of this standard does not have material impact on the Company's unaudited condensed interim consolidated financial statements.

# Fireswirl Technologies Inc.

Notes to Condensed Interim Consolidated Financial Statements  
September 30, 2019 and 2018  
(Expressed in Canadian Dollars)  
(Unaudited)

## 4. Discontinued operations

The major classes of assets and liabilities of Fireswirl Asia Ltd. and AMZON (HK) Limited classified as held for sale as at September 30, 2019 and December 31, 2018 are as follows:

As at September 30, 2019, the discontinued operations have been disposed of for no considerations and the assets held for sale and liabilities relating to assets held for sale were \$nil.

As at December 31, 2018	Asia	HK	Shenzhen	Beijing	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 414	\$ -	\$ 43,253	\$ 169	\$ 43,836
<b>Total assets held for sale</b>	<b>414</b>	<b>-</b>	<b>43,253</b>	<b>169</b>	<b>43,836</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	(169,196)	(46,203)	(213,230)	-	(428,629)
Due to related parties		(185,039)		-	(185,039)
Total liabilities relating to assets held for sale	(169,196)	(231,242)	(213,230)	-	(613,668)
Accumulated other comprehensive income relating to assets held for sale	(199,870)	(74,570)	32,729	(30,322)	(272,033)
Non-controlling interest associated with assets held for sale	-	(90,700)	-	-	(90,700)
<b>Net assets held for sale</b>	<b>\$(368,652)</b>	<b>\$(396,512)</b>	<b>\$(137,248)</b>	<b>\$ (30,153)</b>	<b>\$(932,565)</b>

The operating results of Asia and HK for the three months ended September 30, 2019 have been presented as discontinued operations as below:

	Asia	HK	Shenzhen	Total
<b>Operating expenses</b>				
General administration	\$ 9,760	\$ -	\$ 8,198	\$ 17,958
Sales and marketing	1,691	-	79	1,770
	11,451	-	8,277	19,728
	(11,451)	-	(8,277)	(19,728)
Gain on settlement of debt	19,808	296,560	200,231	516,599
Foreign exchange loss	216,938	82,260	(25,269)	273,929
<b>Net income from discontinued operations</b>	<b>\$ 225,295</b>	<b>\$ 378,820</b>	<b>\$ 166,685</b>	<b>\$ 770,800</b>



# Fireswirl Technologies Inc.

Notes to Condensed Interim Consolidated Financial Statements  
September 30, 2019 and 2018  
(Expressed in Canadian Dollars)  
(Unaudited)

## 4. Discontinued operations (continued)

The operating results of Asia and HK for the nine months ended September 30, 2019 have been presented as discontinued operations as below:

	Asia	HK	Shenzhen	Total
<b>Operating revenue</b>	\$ -	\$ 6,561	\$ -	\$ 6,561
<b>Cost of sales</b>	-	4,710	-	4,710
	-	1,851	-	1,851
<b>Operating expenses</b>				
General administration	10,093	61,691	24,275	96,059
Sales and marketing	1,691	15,302	236	17,229
	11,784	76,993	24,511	113,288
	(11,784)	(75,142)	(24,511)	(111,437)
Gain on settlement of debt	140,641	296,560	200,231	637,432
Foreign exchange loss	216,938	82,260	(25,269)	273,929
Interest income	-	-	5	5
<b>Net loss from discontinued operations</b>	\$ 345,795	\$ 303,678	\$ 150,456	\$ 799,929

The operating results of Asia and HK for the three months ended September 30, 2018 have been presented as discontinued operations as below:

	Asia	HK	Shenzhen	Total
<b>Operating revenue</b>	\$ -	\$ 34,561	\$ -	\$ 34,561
<b>Cost of sales</b>	-	3,923	-	3,923
	-	30,638	-	30,638
<b>Operating expenses</b>				
General administration	46,147	55,706	16,413	118,266
Sales and marketing	-	20	231	251
	46,147	55,726	16,644	118,517
	(46,147)	(25,088)	(16,644)	(87,879)
Foreign exchange loss	863	-	-	863
Interest income	-	-	48	48
<b>Net loss from discontinued operations</b>	\$ (45,284)	\$ (25,088)	\$ (16,596)	\$ (86,968)

# Fireswirl Technologies Inc.

Notes to Condensed Interim Consolidated Financial Statements  
September 30, 2019 and 2018  
(Expressed in Canadian Dollars)  
(Unaudited)

## 4. Discontinued operations (continued)

The operating results of Asia and HK for the nine months ended September 30, 2018 have been presented as discontinued operations as below:

	Asia	HK	Shenzhen	Total
<b>Operating revenue</b>	\$ -	\$ 142,892	\$ 23,267	\$ 166,159
<b>Cost of sales</b>	-	28,992	23,274	52,266
	-	113,900	(7)	113,893
<b>Operating expenses</b>				
General administration	149,597	207,704	41,783	399,084
Sales and marketing	15,823	2,708	1,134	19,665
	165,420	210,412	42,917	418,749
	(165,420)	(96,512)	(42,924)	(304,856)
Foreign exchange loss	5,396	-	-	5,396
Interest income	-	-	260	260
<b>Net loss from discontinued operations</b>	\$ (160,024)	\$ (96,512)	\$ (42,664)	\$ (299,200)

The net cash flows from discontinued operations for the nine months ended September 30, 2019 and 2018 are as follows:

Nine months ended September 30,	2019	2018
<b>Net cash used in operating activities</b>	\$ (87,669)	\$ (273,940)
<b>Net cash provided by (used in) financing activities</b>	39,803	4,219
<b>Effect of exchange rate changes on cash and cash equivalents</b>	4,030	(9,854)
<b>Change in cash during the year for discontinued operations</b>	(43,836)	(279,575)
<b>Cash, beginning of the year for discontinued operations</b>	43,836	340,503
<b>Cash, end of the period, discontinued operations</b>	\$ -	\$ 60,928

## 5. Trade and Other Receivables

	September 30, 2019	December 31, 2018
VAT/GST receivable	\$ 20,216	\$ 9,881
	\$ 20,216	\$ 9,881

## 6. Investment in Empower Environmental Solutions Ltd.

On August 4, 2015, the Company subscribed 1,000,000 common shares of Empower Environmental Solutions Ltd. ("EMP"), an unrelated entity, at a price of \$0.15 per share for total of \$150,000, representing approximately 4% equity interest in EMP. EMP is a private entity based in Canada and is in a recycling business focusing on reusing and recycling of asphalt shingles in North America. The investment in EMP is classified as available for sale and is presented as a non-current asset. The maximum risk exposure is the amount the Company invested in EMP. As at December 31, 2018, the fair value of investment in EMP was \$nil (2017 - \$20,023). During the nine months ended September 30, 2019, the Company sold the EMP shares for proceeds of \$125,000 and recorded a loss on disposition of investment of \$25,000.

# Fireswirl Technologies Inc.

Notes to Condensed Interim Consolidated Financial Statements  
September 30, 2019 and 2018  
(Expressed in Canadian Dollars)  
(Unaudited)

## 7. Property, plant and equipment

Property, plant and equipment is represented by the following:

<b>Cost</b>	<b>Computer &amp; Office Equipment</b>
Balance at December 31, 2018 and September 30, 2019	\$ 16,638

  

<b>Accumulated depreciation</b>	<b>Computer &amp; Office Equipment</b>
Balance at December 31, 2018	\$ 13,603
Amortization for the period	1,208
Balance at September 30, 2019	\$ 14,811

  

<b>Carrying amount</b>	<b>Computer &amp; Office Equipment</b>
At December 31, 2018	\$ 3,035
At September 30, 2019	\$ 1,827

## 8. Share Capital

### a) Share capital

(i) Authorized:

Unlimited number of common shares, voting, without par value.  
Unlimited number of preferred shares, issuable in series.

(ii) Issued and outstanding:

The Company had 2,682,286 common shares issued and outstanding as at September 30, 2019.

On May 23, 2019, the Company completed the debt settlement described in its news release of April 18, 2019. The Company issued an aggregate of 1,612,034 common shares at a deemed value of \$0.135 per share to settle outstanding debt totaling \$217,625.

### b) Stock option plan

The Company has established the stock option plan under which stock options to purchase common shares may be granted to directors, officers and employees of the Company and to any other person or Company permitted by the applicable regulatory authorities to purchase unissued common shares. The aggregate number of Shares issuable upon the exercise of all options granted under the plan shall not exceed 10% of the common shares of the corporation.

# Fireswirl Technologies Inc.

Notes to Condensed Interim Consolidated Financial Statements  
 September 30, 2019 and 2018  
 (Expressed in Canadian Dollars)  
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## 8. Share Capital (continued)

### b) Stock option plan (continued)

A summary of the share option activity during the periods is presented below:

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2017	77,000	\$ 2.50
Forfeited/expired	(31,000)	2.50
Balance, September 30, 2018	46,000	\$ 2.50
Balance, December 31, 2018 and September 30, 2019	46,000	\$ 2.50

The following table summarizes information about stock options outstanding at September 30, 2019:

Exercise Price (\$)	Number of options	Remaining contractual life (years)	Number of Options	Remaining contractual life (years)
2.50	16,000	2.69	16,000	2.69
2.50	26,000	1.91	26,000	1.91
4.50	2,000	0.94	2,000	0.94
6.00	2,000	0.76	2,000	0.76
-	46,000	2.17	46,000	2.17

## 9. Non-Controlling Interest

As at September 30, 2019, the Company had disposed of its 60% interest in AMZON and as a result, the non-controlling interest ("NCI") representing the 40% interest in AMZON was removed. The continuity of NCI is summarized below:

Balance, December 31, 2018	\$ (90,700)
Net loss attributable to non-controlling interest	88,567
Other comprehensive loss attributable to non-controlling interest	2,133
Balance, September 30, 2019	\$ -

# Fireswirl Technologies Inc.

Notes to Condensed Interim Consolidated Financial Statements  
September 30, 2019 and 2018  
(Expressed in Canadian Dollars)  
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## 10. Related Party Transactions

The related party transactions are in the normal course of operations and are measured and recorded at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these consolidated financial statements are listed below:

### a) Due to related parties

	September 30, 2019	December 31, 2018
Amounts due to related parties included in accounts payable	\$ -	\$ 252,845

### b) Key management compensation

Key management includes directors (executive and non-executive), chief executive officer and chief financial officer of the Company. The compensation paid or payable to key management personnel during the periods ended September 30, 2019 and 2018 is as follows:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2019	2018	2019	2018
Salaries and fees:				
- Salaries and consulting fees	\$ 22,500	\$ 75,000	\$ 61,500	\$ 225,000
- Director fees	-	4,000	-	12,000
	22,500	79,000	61,500	237,000
Share-based compensation	-	2,826	-	6,693
<b>Total</b>	<b>\$ 22,500</b>	<b>\$ 81,826</b>	<b>\$ 61,500</b>	<b>\$ 243,693</b>

Key management personnel were not paid post employment benefits or other long-term benefits during the period ended September 30, 2019. As at September 30, 2019, the Company owed \$61,500 (December 31, 2018 - \$nil) to two directors which was included in the accounts payable and accrued liabilities. These amounts are unsecured, non-interest bearing with no fixed term of repayment.

## 11. Segmented Information

The Company's long-term assets located in Canada, Hong Kong and China at September 30, 2019 and December 31, 2018 are as follows:

September 30, 2019	Hong Kong and China	Canada	Total
Property and equipment	\$ -	\$ 1,827	\$ 1,827

  

December 31, 2018	Hong Kong and China	Canada	Total
Property and equipment	\$ -	\$ 3,035	\$ 3,035

# Fireswirl Technologies Inc.

Notes to Condensed Interim Consolidated Financial Statements  
September 30, 2019 and 2018  
(Expressed in Canadian Dollars)  
(Unaudited)

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## 12. Financial Instruments

### a) Fair value

Fair value is the amount at which a financial instrument could be exchanged between willing parties based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

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

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The Company's financial assets include cash and cash equivalents which are classified as amortized cost. The Company's financial liabilities include accounts payable and accrued liabilities which are all classified as financial liabilities at amortized cost.

The fair values of cash and cash equivalents and accrued liabilities, and due to related parties approximate their carrying values due to the short-term nature of these instruments. As at September 30, 2019, the Company did not have financial liabilities measured at fair value on a recurring basis.

### b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalent, restricted cash, trade receivable and due from a related party.

The Company limits its exposure to credit risk on cash and cash equivalents by depositing only with reputable financial institutions. Maximum credit risk related to cash and cash equivalents amounted to \$12,772 at September 30, 2019 (December 31, 2018 - \$4,553).

# Fireswirl Technologies Inc.

Notes to Condensed Interim Consolidated Financial Statements  
September 30, 2019 and 2018  
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(Unaudited)

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## 12. Financial Instruments (continued)

### c) Currency risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company uses the Canadian dollar as its reporting currency for these consolidated financial statements. The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates. The Company is exposed to foreign exchange rate when the Company undertakes transactions and hold assets and liabilities in currencies other than its functional currencies. The Company currently does not use derivative instruments to hedge its exposure to those risks. As at September 30, 2019, the Company is subject to immaterial currency risk as it did not have material assets or liabilities held in currencies other than its functional currencies.

### d) Interest risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest risk as at September 30, 2019.

### e) Liquidity risk

The purpose of liquidity risk management is to maintain a sufficient amount of cash and cash equivalents. Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost.

As at September 30, 2019, the Company had total debt in the amount of \$248,807 due within 12 months (December 31, 2018 - \$990,583) and \$212,994 of working capital deficiency (December 31, 2018 - working capital deficiency of \$932,313).

## 13. Capital Management

The Company has defined its capital as common shares, contributed surplus, accumulated other comprehensive income and accumulated deficit.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to maintain appropriate cash reserves on hand to support continued operations and shareholder returns, maintain capital structure while keeping capital costs at a minimum, and to invest cash on hand in highly liquid, highly rated financial instruments.

The Company is not exposed to externally imposed capital restrictions, and the Company's objectives and strategies described above have not changed since last year. These objectives and strategies are reviewed on a continuous basis.