Hero Innovation Group Inc.
(Formerly Euro Asia Pay Holdings Inc.)

Financial Statements

For the years ended September 30, 2023 and 2022

Expressed in Canadian Dollars

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of Hero Innovation Group Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the statements of Hero Innovation Group Inc. (the "Company") which comprise the statements of financial position as at September 30, 2023 and 2022 and the statements of loss and comprehensive loss, statements of changes in equity (deficiency), and statements of cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2023 and 2022, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs).

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 is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended September 30, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Valuation of Convertible Debentures

Description of the matter

We draw attention to Note 8 to the financial statements. The Company entered into series term loan arrangements with a shareholder during the year ended September 30, 2022. On December 14, 2022, the

Company and the shareholder entered into amended loan agreements by adding conversion features on the original loan agreements.

The conversion feature is fixed to fixed such that it does not met the definition of a derivative liability and was classified as a component of shareholders' equity.

Why the matter is a key audit matter

The determination of the fair value of the amended host debt and conversion feature was significant to our audit and considered a key audit matter due to the significance of its value and the degree of judgement and subjectivity in evaluating management's estimates. In particular, the judgement was made that the amendment was considered a significant modification and accordingly was accounted for as an extinguishment of the original term loans. Also, the valuation is based on, and sensitive to, changes in specific inputs, such as discount rates.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- Obtained and reviewed convertible loan agreements that used to replace original shareholder loan agreements;
- Assessed whether the amendment from term loans to convertible loans should be treated as extinguishment of loans by conducting quantitative and qualitative assessments;
- Reviewed management prepared accounting memo and assessed management's accounting treatment of convertible debenture for appropriateness;
- Obtained confirmation from the shareholders;
- Performed recalculation on the value of equity and debt portions of convertible debenture;
- Reviewed and assessed the adequacy of corresponding disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 IFRSs, 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Ying Xu, CPA, CA.

MSLL CPA LLP

Chartered Professional Accountants

Vancouver, Canada

January 31, 2024

Hero Innovation Group Inc.
Statement of Financial Position
(Expressed in Canadian Dollars)
(Audited)

	September 30, 2023	September 30, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 164,639**	$ 398,715
Short term investments	**28,750**	29,368
Receivables (Note 4)	**62,057**	41,545
Prepaid expenses and deposits	**399,923**	135,663
Total Current Assets	**655,369**	605,291
Non-Current Asset		
Equipment (Note 5)	**2,490**	149
TOTAL ASSETS	**$ 657,859**	$ 605,440
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade payables and accrued liabilities (Note 6)	**$ 1,136,808**	$ 851,704
Convertible loan (Note 8)	**2,710,841**	-
Loan and accrued interest payable (Note 7, 11)	**1,660,424**	1,953,926
Total Current Liabilities	**5,508,073**	2,824,846
Non-current Liabilities		
Government loan payable (Note 7)	**-**	19,216
Total Liabilities	**5,508,073**	2,824,846
Shareholders' Equity (Deficiency)		
Share capital (Note 9)	**8,772,687**	8,772,687
Reserve (Note 9)	**2,081,712**	1,313,718
Accumulated deficit	**(15,704,613)**	(12,305,811)
Total Shareholders' Equity (Deficiency)	**(4,850,214)**	(2,219,406)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	**$ 657,859**	$ 605,440

Nature and Continuance of Operations (Note 1)
Commitments (Note 12)
Subsequent Event (Note 17)

Approved on behalf of the Board:

"Mao Sun"
Mao Sun, Director

"William Ying"
William Ying, Director

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

Hero Innovation Group Inc.

Statement of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)
(Audited)

		Year ended September 30, 2023		Year ended September 30, 2022
REVENUE	**$**	**182,292**		110,033
COST OF REVENUE		**37,353**		26,546
GROSS PROFIT		**144,939**		83,487
OPERATING EXPENSE				
Consulting fees (Note 11)		**50,298**		186,611
Depreciation (Note 5)		**2,797**		4,113
General and administrative		**862,753**		1,001,273
Marketing		**521,987**		723,674
Professional fees (Note 11)		**102,097**		154,427
Research and development		**836,209**		1,412,554
Share-based payments (Note 10)		**482,176**		223,196
Total Operating Expenses		**2,858,317**		3,705,848
OTHER ITEM				
Interest income		**1,628**		2,930
Other income		**1,590**		87
Loss on loan amendment		**(6,777)**		-
Interest expense		**(681,865)**		(70,961)
Total Other Item		**(685,424)**		(67,944)
NET LOSS and COMPREHENSIVE LOSS	$	(3,398,802)	$	(3,690,305)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:				
BASIC		**73,709,435**		72,281,770
DILUTED		**73,709,435**		72,281,770
NET LOSS PER SHARE – basic and diluted	**$**	**(0.05)**	$	(0.05)

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

Hero Innovation Group Inc.

Statement of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)
(Audited)

				Reserve						
	Number of Shares		Amount		Share-Based Payment		Other		Accumulated Deficit	Total Shareholders' Equity (Deficiency)
September 30, 2021	**68,392,111**	**$**	**7,443,356**	**$**	**1,089,632**	**$**	**889**	**$**	**(8,615,506)**	**$ (81,629)**
Issued for cash	2,301,128		575,282							575,282
Shares issued upon conversion of debt	3,016,196		754,049							754,049
Share based payments					223,197					223,197
Net loss for the year									(3,690,305)	(3,690,305)
September 30, 2022	**73,709,435**		**8,772,687**		**1,312,829**		**889**		**(12,305,811)**	**(2,219,406)**
Convertible loan							29,845			29,845
Sharehoder loan							255,974			255,974
Share based payments					482,175					482,175
Net loss for the year									(3,398,802)	(3,398,802)
September 30, 2023	**73,709,435**	**$**	**8,772,687**	**$**	**1,795,004**	**$**	**286,708**	**$**	**(15,704,613)**	**$ (4,850,214)**

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

Hero Innovation Group Inc.

Statement of Cash Flows

(Expressed in Canadian Dollars)

(Audited)

		For the year ended September 30, 2023		For the year ended September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	**$**	**(3,398,802)**	$	(3,690,305)
Items not affecting cash:				
Depreciation		**2,797**		4,114
Share-based payments		**482,176**		223,197
Interest and accretion expense		**681,865**		71,870
Loss on loan amendment		**6,777**		
Changes in non-cash working capital:				
Receivables		**(20,513)**		(15,547)
Prepaid expenses		**(264,260)**		(39,972)
Trade payables and accrued liabilities		**275,104**		506,674
Net cash used in operating activities		**(2,234,856)**		(2,939,970)
CASH FLOWS FROM INVESTING ACTIVITIES				
Redemption of GIC		**29,367**		29,472
Investment in GIC		**(28,750)**		(29,845)
Purchase of equipment		**(5,138)**		-
Net cash used in investing activities		**(4,520)**		(373)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of CEBA loan		**-**		(20,000)
Proceeds from related party loans		**2,005,300**		1,900,000
Proceeds from share issuance		**-**		857,282
Net cash provided by financing activities		**2,005,300**		2,755,282
Change in cash and cash equivalents		**(234,076)**		(185,061)
Cash and cash equivalents, beginning		**398,715**		583,776
Cash and cash equivalents, ending	**$**	**164,639**	$	398,715

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

1. Nature and Continuance of Operations

Hero Innovation Group Inc. (formerly Euro Asia Pay Holdings Inc.) (the "Company") was incorporated under the British Columbia Business Corporations Act on October 16, 2017. The head office and principal place of business of the Company is located at 170 – 422 Richards Street, Vancouver, British Columbia V6B 2Z4. The Company is a financial technology company. From inception to September 30, 2023, the Company has concentrated its efforts on research and development and has incurred costs related to the development of a mobile application platform.

On February 25, 2021, the Company completed its initial public offering (the "IPO") and its common shares are listed for trading on the Canadian Securities Exchange under the symbol "HRO".

These financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. The business of the Company involves a high degree of risk. The Company has not yet generated significant revenue from operations and incurred a net loss of $3,398,802 for the year ended September 30, 2023, has an accumulated deficit of $15,704,613 and working capital deficit of $4,852,704 as at September 30, 2023. Furthermore, there is no assurance that the Company will be profitable in the future. The continued operations of the Company are dependent on its ability to generate future cash flows from operations or obtain additional financing. These factors raise significant doubt as to the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate.

2. Basis of presentation

These financial statements have been prepared on the historical cost basis except for certain assets and financial instruments that are measured at their fair values, as explained in the significant accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for assets.

The financial statements were authorized for issuance on January 29, 2023 by the directors of the Company.

(a) Statement of Compliance with International Financial Reporting Standards

The financial statements of the Company have been prepared in accordance and using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. Basis of presentation (continued)

(b) Use of Estimates and Judgments

The preparation of the Company's financial statements in accordance with IFRS requires the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Areas requiring a significant degree of estimation include fair value measurements for financial instruments, useful life of equipment, and estimating the fair value of share-based payment transactions. Areas requiring a significant degree of judgement included evaluation of research and development costs for capitalization, the recoverability and measurement of deferred tax assets and liabilities, and assessment of the Company's ability to continue as a going concern. In addition, the Company made judement in determing whether the amendment of loans was considered a significant modification and accordingly should be accounted for as an extinguishment of the original term loans during the year ended September 30, 2023. The inputs used in determing fair value of convertible loans and shareholder loans also required significant estimates.

3. Significant accounting policies

(a) Cash and Cash Equivalents

(b) The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value, to be cash equivalents. As at Septmeber 30, 2023, the Company holds majority of cash in an electronic money institution who is an Registered MSB ("Money Service Business") with the Financial Transactions and Reporting Analysis Centre of Canada (FINTRAC).*Equipment*

All equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. Depreciation commences when the equipment is out into use. Depreciation is recognized in the statement of loss and comprehensive loss using the declining balance method with the rate of 55%.

(c) Revenue Recognition

The Company recognizes revenue based on the five-step model as follows:

1. Identifying the contract with a customer;
2. Identifying the performance obligations with the contract;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognizing revenue when/as performance obligation(s) are satisfied.

The Company's revenue is derived through card activation fees, subscription fees and margins on customer loads of a prepaid credit card. Card activation fees are recognized when the account registration is completed and the cards are mailed to the students and the activation fees are collected. Subscription fees are recognized as per the terms of the arrangement. Revenue from margins on customer loads are recognized when the underlying transactions have been completed and collection is reasonably assured.

3. Significant Accounting Policies (continued)

(d) Share-based Payments

The fair value method of accounting is used for share-based payments. Under this method, the cost of stock options and other equity-settled share-based payment arrangements is recorded based on the date of grant estimated fair market value of each tranche using the Black-Sholes Option Pricing Model, and charged to earning over the vesting period. Compensation expense is recognized over the tranche's vesting period by increasing reserves based on the number of awards expected to vest. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on non-market vesting conditions. It recognizes the impact of the revision of original estimates, if any, in the statement of loss and comprehensive loss, with the corresponding adjustment to equity.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions and measured at the fair value of goods and services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

(e) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Significant Accounting Policies (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(f) Income and Loss Per Share

Basic income and loss per share amounts are calculated by dividing income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted income or loss per share amounts are determined by adjusting the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

(g) Research and Development

Research costs are expensed when incurred. Internally-generated software costs, including personnel costs of the Company's development group, are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. After initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses.

(h) Investment Tax Credits

The Company claims investment tax credits as a result of incurring scientific research and experimental development expenditures ("SR&ED"). SR&ED investment tax credits are recognized when the related expenditures are incurred and there is reasonable assurance of their realization. SR&ED investment tax credits are accounted for as a reduction of research and development expense on the statement of loss and comprehensive loss.

(i) *Convertible debenture*

A convertible debenture is a compound financial instrument that is accounted for based on its components of financial liability and equity. The financial liability component represents the Company's future obligation to pay coupon interest and principal. The liability component is initially measured at its net present value and subsequently measured at its amortized cost. After the net present value of the financial liability is determined, any residual amount is reported as an equity instrument at the convertible debentures' issuance date.

When valuing the financial liability component of the convertible notes, the Company used specific interest rates, assuming no conversion features existed. The resulting liability component is accreted to its face value over the convertible debenture's term until its maturity date.

3. Significant Accounting Policies (continued)

(j) Financial Instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

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. Classification of the Company's financial instruments is as follows:

Financial Assets	
Cash and cash equivalents	FVTPL
Deposit at Berkely Escrow	FVTPL
Receivables, net of GST	Amortized cost
Financial Liabilities	
Trade payables and due to related parties	Amortized cost
Loans	Amortized cost

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. Receivables, trade payables and accrued liabilities, government loan payable, and loan and accrued interest payable are recognized at amortized cost.

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 loss and 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 loss and comprehensive loss in the period in which they arise. Cash and cash equivalents are recognized as FVTPL.

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 recognised in profit or loss. Other net gains and losses are recognised 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 recognised 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 recognised 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 credit risk of 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.

3. Significant Accounting Policies (continued)

(k) Government grants and loans

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grant will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.
The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.
A forgivable loan from the government is treated as a government grant as long as there is reasonable assurance that the Company will meet the terms for forgiveness of the loan.

(l) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share warrants are classified as equity instruments. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds. Proceeds received on the issuance of units, consisting of common shares and warrants are allocated to share capital. The Company uses the residual method to value warrants issued in connection to the issuance of units.

(m) Accounting standards issued but not yet effective

There are certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

(Expressed in Canadian Dollars)

4. Receivables

Receivables consist of the following:

	September 30, 2023	September 30, 2022
GST	**$ 22,823**	$ 20,028
Other	**39,234**	21,517
	$ 62,057	$ 41,545

5. Equipment

A continuity of the Company's equipment is as follows:

	Computer equipment
<u>Cost:</u>	
Balance, September 30, 2021	$ 4,263
Additions	-
Dispositions	-
Depreciation	(4,114)
Balance, September 30, 2022	149
Additions	5,138
Dispositions	-
Depreciation	(2,797)
Balance, September 30, 2023	**$ 2,490**

6. Trade Payables and Accrued Liabilities

Trade payables and accrued liabilities consists of the following:

	September 30, 2023	September 30, 2022
Trade payables	**$ 95,643**	$ 179,965
Accrued liabilities	**407,594**	115,757
Wages payable	**18,603**	29,635
Prepaid card liability	**614,968**	526,347
	$ 1,136,808	$ 851,704

7. Government Loans Payable

On May 13, 2020, under the Canada Emergency Business Account ("CEBA") program, the Company received a $40,000 loan (the "CEBA Loan"). The CEBA Loan was made available on certain terms and conditions, and in reliance on attestations made by the Company in the loan agreement.

On February 26, 2021, the Company received an additional $20,000 loan (the "CEBA Expansion") on terms and conditions similar to the CEBA loan. If the Company repays the balance of the loan on or before January 18, 2024, it will result in loan forgiveness of up to 33 percent (up to $20,000). If on January 18, 2024, the Company has not repaid the loan, it may exercise the option for a 3-year term extension and, accordingly, a 5% interest rate will be applied during this extension period on any balance remaining.

For the year ended September 30, 2023, the Company repaid $20,000 of the CEBA loans.

On January 15, 2024, the Company repaid additional $20,000 of the CEBA loans. The repayments would result in loan forgiveness of the remaining balance of $20,000.

The funds from the CEBA Loan may only be used by the Company to pay non-deferrable operating expenses including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, and may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation.

Upon initial receipt, the Company recorded the CEBA Loan and CEBA Expansion at fair values of $24,492 and $8,470 respectively, based on a prevailing market rate of 8%. For the year ended September 30, 2023, the Company recorded interest of $376 (2022 - $1,991) and $800 (2022 - $995) respectively on the CEBA Loan and CEBA Expansion.

8. Convertible loan

On December 13, 2022, the Company amended a series of loans with a director of the Company (the "Lender") entered on February 8, 2022, February 24, 2022, March 8, 2022, March 31, 2022, April 6, 2022, April 27, 2022, May 11, 2022, May 26, 2022, June 16, 2022, June 30, 2022, July 21, 2022, August 10, 2022, August 23, 2022, September 21, 2022, and October 20, 2022 (collectively, the "Loan Agreements"), with an aggregate principal amount of $2,400,000 (collectively, the "Loan").

The Company and the Lender agreed to amend the terms of the Loan Agreements to provide for the convertibility of the Loan and any accrued and unpaid interest thereon into units of the Company (each, a "Conversion Unit") at a conversion price of $0.08 per Conversion Unit. Each Conversion Unit will consist of one common share (each, a "Share") in the capital of the Company and one Share purchase warrants (each, a "Warrant"), with each Warrant entitling the holder to acquire one additional Share at a price of $0.45 per Share for a period of 24 months from the date of issuance.

The amendment of the Loan is accounted for as an extinguishment of the original loans and a loss of $6,777 was recognized as a result of extinguishment of the original loan. Transaction costs of $22,500 associated with these loans were incurred. The loans were discounted at effective interest rates in the range from 18.24% to 25.49% determined by using credit card interest rate per BMO Mastercard adjusted by the prime interest rate change during the year. The difference of $29,845 between carrying value of the loans and present value of the loans were recorded into equity reserve account.

For the fiscal year ended on September 30, 2023, the Company made no debt repayment to the Lender.

The continuity of the Company's convertible debentures is summarized as follows:

(Expressed in Canadian Dollars)

	Convertible debenture liability $
Carrying amount, September 30, 2022	-
Addition	2,369,302
Repayment	-
Accretion expense	341,539
Carrying amount, September 30, 2023	2,710,841
Interest payable, as of September 30, 2023	208,882
Total interest expense, for the year ended September 30, 2023	208,882

9. Share Capital

(a) Authorized

The Company has authorized an unlimited number of common shares.

(b) Issued share capital

On January 7, 2022, the Company closed a non-brokered private placement at a price of $0.25 per unit (the "Offering") for gross proceeds of $575,282. The Company issued and sold an aggregate of 2,301,128 units to various subscribers, with each unit consisting of one common share of the Company and one share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of $0.45 per share for a period of 24 months.

On January 7, 2022, in connection with the Offering, the Company converted outstanding debt relating to an unsecured convertible debenture of $300,000 issued on October 1, 2021, a loan with a company related to a director of the Company of $400,000 and accrued interest of $54,049 into 3,016,196 units on identical terms.

(Expressed in Canadian Dollars)

9. Share Capital (continued)

On February 25, 2021, the Company completed the IPO consisting of the sale and issue of 8,376,000 units at a price of $0.25 per unit for gross proceeds of $2,094,000. Each unit included one common share of the Company and one warrant exercisable into one common share at a price of $0.45 per common share until February 25, 2023. In connection with the IPO, the Company paid Canaccord Genuity Corp. (the "Agent") a cash commission of $97,520, a corporate finance fee of $157,500 as a combination of $75,000 cash, of which $20,000 was expensed in the prior year, and 330,000 units at a price of $0.25 per unit valued at $82,500 and reimbursed costs totalling $67,500. Each unit included one common share of the Company and one warrant exercisable into one common share at a price of $0.45 per common share until February 25, 2023. The Company also issued 390,808 finder warrants with a fair value of $61,280. The warrants expired on February 25, 2023.

(c) Common share purchase warrants

Information regarding warrants outstanding as at September 30, 2023 is as follows:

Expiry date	Exercise Price	Number of warrants outstanding
January 7, 2024	0.45	5,317,324

The warrants outstanding as at September 30, 2023 had a weighted average contractual life of 0.27 years. The weighted average exercise price was $0.45 for warrants issued.

(d) Share-based payment reserve

The share-based payment reserve records items recognized as share-based payment expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

(e) Other reserve

The other reserve records the deferred benefit recognized on loans with related parties. The deferred benefit is amortized over the term of the loan and recognized as other income.

(f) Escrow shares

As at September 30, 2023, 7,891,670 common shares of the Company are held in escrow (September 30, 2022 - 23,675,002).

(Expressed in Canadian Dollars)

10. Stock Options

Pursuant to the Company's stock option plan, directors of the Company may, from time to time, authorize the issuance of stock options to directors, officers, employees, and consultants of the Company. The terms of the granted options as well as the vesting conditions are at the sole discretion of the directors.

During the year ended September 30, 2023, the Company recorded $497,189 (2022 - $223,196) in share-based payments related to the vesting of previously granted stock options.

Continuity schedule of the incentive stock options is as follows:

	Number of options	Weighted average exercise price
Outstanding, September 30, 2021	5,300,000	0.20
Granted	1,300,000	0,15
Cancelled	(2,175,000)	
Outstanding, September 30, 2022	4,425,000	0.19
Granted	2,800,000	0.18
Cancelled	(3,375,000)	-
Outstanding, September 30, 2023	3,850,000	0.19

Additional information regarding stock options outstanding as at September 30, 2023 is as follows:

Expiry date		Exercise Price	Weighted average remaining contractual life	Number of options outstanding	Number of options vested (exercisable)
August 23, 2024		0.18	0.9 years	200,000	200,000
December 2, 2024		0.18	1.18 years	200,000	200,000
February 28, 2025		0.18	1.42 years	30,000	30,000
June 26, 2025		0.18	1.74 years	400,000	400,000
August 4, 2026		0.26	2.85 years	695,000	695,000
April 29, 2027		0.15	3.58 years	600,000	600,000
February 7, 2028		0.18	4.36 years	1,725,000	1,725,000
	$	**0.19**	**3.32 years**	**3,850,000**	**3,850,000**

The fair value of options granted was estimated on the date of grant using the Black-Scholes Option Pricing Model assuming no expected dividends and the following assumptions:

	September 30, 2023	September 30, 2022
Expected stock price volatility	178%	137%
Risk-free interest rate	3.25%	2.75%
Expected life of options	5 Years	5 Years
Forfeiture rate	0%	0%

(Expressed in Canadian Dollars)

11. Related Party Transactions

(a) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the Company. The key management personnel of the Company are the members of the Company's executive management team and the Board of Directors. During the years ended September 30, 2023 and 2022, compensation of key management personnel was as follows:

	September 30, 2023	September 30, 2022
Short-term benefits	**$ 189,146**	$ 309,308
Share-based compensation	**103,323**	120,183
	$ 292,469	$ 429,491

As of September 30, 2023, the Company owes $14,700 (September 30, 2022 - $10,500) to key management personnel which is unsecured, non-interest bearing and due on demand. The amount is included in accounts payables and accrued liabilities.

(b) Transactions with other related parties

During the period February 2022 to July 2022, the Company entered into a series of loan agreements with a company related to a director of the Company (the "Lender"). Under the agreements, the Company received loans of $1,400,000 which are unsecured, interest bearing at a rate of 8% per annum.

During the period of August 2022 to October 2022, the Company entered into a series of loan agreements with the Lender. Under the agreements, the Company received loans of $1,000,000 which are unsecured, interest bearing at a rate of 15% per annum and 2.5% administrative fee.

On December 13, 2022, the Company entered into a loan amendment amending the Loan Agreements with the Lender. (Note 8)

During the period of November 2022 to September 2023, the Company entered into a series of loan agreements with the Lender. Under these agreements, the Company received loans of $1,560,000 which are unsecured, interest bearing at a rate of 15% per annum mature between September and December 2023 and administrative fee of 2.5%. The Company incurred $54,700 during the year ended September 30, 2023. The loans were discounted at effective interest rates in the range from 25.5% to 32.79% determined by using credit card interest rate per BMO Mastercard adjusted by the prime interest rate change during the year. The difference of $74,069 between carrying value of the loans and present value of the loans were recorded into equity reserve account. Interest accretion of $193,101 plus interest expense of $118,997 were recognized in profit and loss.

For the year ended September 30, 2023, the Company has accrued interest expenses of $118,997 (2022 - $53,926) related to the series of related party loans.

12. Commitments

(a) Platform agreement

On July 19, 2019, the Company entered into a platform agreement (the "Platform Agreement") with PayWith and PayWith Canada Inc., a wholly owned subsidiary of PayWith ("PWC"), pursuant to which PayWith and PWC agreed to license the cloud-based technology platform developed and owned by PayWith to the Company in exchange for the payment of certain fees including a monthly flat fee and a volume-based fee. The monthly flat fee is tied to the completion of outstanding deliverables from a Professional Services Agreement dated and effective May 15, 2018 and as amended on July 1, 2018. The volume-based fee is based on 15% of gross monthly revenue generated by the Company upon sales of its product and began accruing on August 1, 2019. During the year ended September 30, 2023, the Company incurred $ nil (2022 - $ nil) in monthly flat fees and $ nil (2022 - $ nil) in volume-based fees.

(b) Consulting agreements

On September 1, 2018, the Company entered into an agreement with a consultant regarding the provision of general administrative, office support and organizational services. The consultant is to be compensated with a monthly fee of $6,000, which was amended to $3,000 during the third quarter of fiscal 2021. For the year ended September 30, 2023, the Company recorded $6,000 (2022 - $36,000) in consulting fees related to this agreement. The agreement was terminated in November 2022.

On June 16, 2020, the Company entered into an agreement with a company controlled by the Chief Financial Officer of the Company regarding the provision of chief financial officer services. The company was compensated with a monthly fee of $5,000, which was amended to $18,333 in February 2023 when the former Chief Financial Officer was appointed as Chief Executive Officer. For the year ended September 30, 2023, the Company recorded $108,667 (2022 - $60,000) in professional fees related to this agreement and $30,000 with a company controlled by the new Chief Financial Officer.

(Expressed in Canadian Dollars)

13. Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	September 30, 2023 $	September 30, 2022 $
Net loss	(3,398,802)	(3,690,305)
Statutory income tax rate	27%	27%
Expected income tax recovery	(917,677)	(996,382)
Non-deductible items	132,017	60,263
Change in unrecognized deferred income tax assets	785,659	936,119
Tax recovery for the year	-	

The Company has the following deferred tax assets and liabilities:

	September 30, 2023 $	September 30, 2022 $
Deferred tax assets		
Non-capital losses	3,778,127	2,993,100
Equipment	672	40
Net deferred tax assets	3,778,799	2,993,140
Unrecognized deferred income tax assets	(3,778,799)	(2,993,140)
Net deferred income tax assets	—	

The Company has accumulated non-capital losses of $11,086,000 which may be deducted in the calculation of taxable income in future years. The non-capital losses expire as follows:

2038	$	2,016,000
2039		2,207,000
2040		1,612,000
2041		1,766,000
2042		3,485,000
2043		2,908,000
	$	13,994,000

14. Management of Capital

The Company’s capital structure consists of cash and share capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business.

In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company’s approach to capital management since inception. The Company is not subject to external capital requirements.

(Expressed in Canadian Dollars)

15. Financial Instruments and Risk Management

(a) Categories of Financial Instruments and Fair Value Measurements

	September 30, 2023	September 30, 2022
Financial Assets		
Cash and short term investments	**$ 193,389**	$ 428,083
Receivables, excluding GST	**39,234**	21,517
Total financial assets	**$ 232,623**	$ 449,600
Financial Liabilities		
Trade payables and due to related parties	**$ 729,214**	$ 735,947
Loan and accrued interest payable	**4,371,265**	1,953,926
Total financial liabilities	**$ 5,100,479**	$ 2,689,873

The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of financial instruments at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial instruments recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

15. Financial Instruments and Risk Management (continued)

(b) Management of Financial Risks

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 processes, 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 provided as follows:

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and deposits in Berkely escrow account. The Company manages its credit risk relating to cash through the use of a major financial institution which has a high credit quality as determined by rating agencies. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed on the statement of financial position.

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's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has nominal sources of revenue and has obligations to meets its administrative overheads and to settle amounts payable to its creditors. The Company has been successful in raising equity financing; however, there is no assurance that it will be able to do so in the future. The Company assesses liquidity risk as high.

Market Risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

Foreign Exchange Risk
Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to any significant foreign exchange risk.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents consist of cash held in bank accounts and redeemable short-term investment certificates. The Company is not exposed to significant interest rate risk.

16. Comparative figures

Certain comparative figures have been reclassified to conform to the current period presentation. These reclassifications shall not have an impact on results of operations for the year ended September 30, 2023 and 2022.

17. Subsequent Events

On December 18, 2023, the Company received loans from a company related to a director of the Company (the “Lender”) of $30,000 which are unsecured, interest bearing at a rate of 15% per annum.

On January 15, 2023, the Company repaid additional $20,000 of the CEBA loans. The repayments would result in loan forgiveness of the remaining balance of $20,000.