

**FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC.**  
**(formerly 1378882 B.C. Ltd.)**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended October 31, 2023

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

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**Fintechwerx International Software Services Inc.**  
**(formerly 1378882 B.C. Ltd.)**

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October 31, 2023

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**FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC. (formerly 1378882 B.C. Ltd.)**

Condensed Consolidated Interim Statement of Financial Position

*(Unaudited - Expressed in Canadian dollars)*

		October 31, 2023	April 30, 2023
	Note	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash		571,393	726,846
Trade and other receivable		10,879	1,196
Prepays and deposit		450	1,354
<b>Total current assets</b>		<b>582,722</b>	<b>729,396</b>
<b>Non-current assets</b>			
Software licenses	3	202,083	277,083
<b>Total Assets</b>		<b>784,805</b>	<b>1,006,479</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	4	170,878	224,077
<b>Total liabilities</b>		<b>170,878</b>	<b>224,077</b>
<b>Shareholders' Equity</b>			
Share capital	5	845,500	399,475
Subscriptions received		-	190,000
Obligation to issue preferred shares		-	198,000
Special warrants		-	52,200
Accumulated deficit		(231,573)	(57,273)
<b>Total Shareholders' Equity</b>		<b>613,927</b>	<b>782,402</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>784,805</b>	<b>1,006,479</b>

*Nature and Continuation of Operations (Note 1)**Subsequent events (Note 10)*

Approved and authorized for dissemination by the Board of Directors on December 19, 2023:

***"Francisco Carasquero"****Francisco Carasquero, Director****"George Hofsink"****George Hofsink, Director**The accompanying notes are integral to these condensed consolidated interim financial statements.*

**FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC. (formerly 1378882 B.C. Ltd.)**

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss

For the Six Months Ended October 31, 2023

*(Unaudited - Expressed in Canadian dollars)*

	<b>Three months ended October 31, 2023</b>	<b>Six months ended October 31, 2023</b>
<b>Revenue</b>	<b>\$</b>	<b>\$</b>
Revenue	41,860	72,059
Cost of sales	(54,557)	(114,606)
<b>Gross loss</b>	<b>(12,697)</b>	<b>(42,547)</b>
<b>Operating expenses</b>		
Management and consulting fees	10,675	23,628
General and administration recovery	(713)	(319)
Professional fees	42,929	93,688
Listing fees	8,700	8,700
Travel and accommodation	2,906	2,906
Marketing	-	3,150
<b>Total operating expenses</b>	<b>(64,497)</b>	<b>(131,753)</b>
<b>Loss and comprehensive loss</b>	<b>(77,194)</b>	<b>(174,300)</b>
<b>Basic and diluted loss per share</b>	<b>(0.00)</b>	<b>(0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>22,454,100</b>	<b>21,516,122</b>

*The Company was incorporated on September 14, 2022. There were no transactions recorded during the comparative period ended October 31, 2022.*

*The accompanying notes are integral to these condensed consolidated interim financial statements.*

**FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC. (formerly 1378882 B.C. Ltd.)**

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

For the Six Months Ended October 31, 2023

*(Unaudited - Expressed in Canadian dollars except the number of shares)*

		Number of	Number of	Obligation to					
	Note	Common	Class A	Preferred	Special	Subscriptions	Accumulated		Total
		Shares	Preferred	Share Capital	Warrants	Received	Deficit		
			Shares	\$	Shares	\$	\$	\$	\$
<b>Balance at April 30, 2023</b>		<b>19,135,100</b>	-	<b>399,475</b>	<b>198,000</b>	<b>52,200</b>	<b>190,000</b>	<b>(57,273)</b>	<b>782,402</b>
Preferred shares issued for private placement	5	-	3,960,000	198,000	(198,000)	-	-	-	-
Share issuance costs		-	-	(1,675)	-	-	-	-	(1,675)
Special warrants issued	5	-	-	-	-	197,500	(190,000)	-	7,500
Special warrants converted to common shares		3,319,000	-	249,700	-	(249,700)	-	-	-
Net loss for the period		-	-	-	-	-	-	(174,300)	(174,300)
<b>Balance at October 31, 2023</b>		<b>22,454,100</b>	<b>3,960,000</b>	<b>845,500</b>	-	-	-	<b>(231,573)</b>	<b>613,927</b>

*The Company was incorporated on September 14, 2022. There were no transactions recorded during the comparative period ended October 31, 2022.*

*The accompanying notes are integral to these condensed consolidated interim financial statements.*

**FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC. (formerly 1378882 B.C. Ltd.)**

Notes to the Condensed consolidated Interim Statements of Cash Flows

For the Six Months Ended October 31, 2023

*(Unaudited - Expressed in Canadian dollars)*

	<b>Six months ended October 31, 2023</b>
	\$
<b>Operating activities</b>	
Net loss for the period	(174,300)
Items not affecting cash:	
Amortization	75,000
<b>Changes in non-cash working capital items:</b>	
Prepays and deposit	904
Trade and other receivables	(2,183)
Accounts payable and accrued liabilities	(53,199)
<b>Net cash flows used in operating activities</b>	<b>(153,778)</b>
<b>Financing activities</b>	
Share issuance costs	(1,675)
<b>Net cash flows used in financing activities</b>	<b>(1,675)</b>
Net change in cash	(155,453)
Cash, beginning	726,846
<b>Cash, ending</b>	<b>571,393</b>
<b>Supplemental cash flow information</b>	
Software license in accounts payable and accrued liabilities	100,000
Issuance of preferred shares	198,000
Conversion of warrants to common shares	249,700

*The Company was incorporated on September 14, 2022. There were no transactions recorded during the comparative period ended October 31, 2022.*

*The accompanying notes are integral to these condensed consolidated interim financial statements.*

## **FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC. (formerly 1378882 B.C. Ltd.)**

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended October 31, 2023

*(Unaudited - Expressed in Canadian dollars)*

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### **1. Nature and Continuance of Operations**

Fintechwerx International Software Services Inc. (formerly 1378882 B.C. Ltd.) (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on September 14, 2022.

On November 21, 2022, the Company changed its name from 1378882 B.C. Ltd. to Fintechwerx International Software Services Inc.

The Company's registered office address is 1275 W 6<sup>th</sup> Avenue, Suite 315, Vancouver, British Columbia, Canada, V6H 1A6 The Company's business is an e-commerce technology company.

The condensed consolidated Interim consolidated financial statements of the Company comprise the condensed consolidated interim financial statements of Fintechwerx International Software Services Inc. (formerly 1378882 B.C. Ltd.) and the condensed consolidated interim financial statements of its wholly owned subsidiary Smartwerx Solutions Inc. (formerly 1390503 B.C. Ltd.) ("Smartwerx") together referred to as "the Company".

These condensed consolidated interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At October 31, 2023, the Company had not yet achieved profitable operations, had accumulated losses of \$231,573 since its inception, and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. Such adjustments could be material. 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 condensed consolidated 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.

In February 2022, Russian commenced a military invasion of Ukraine which generated a response in the form of strict economic sanctions from multiple countries and corporations around the world, including Canada. Although the Company does not have operations in Russia or Ukraine, the global impact of this conflict in commodity prices, foreign currency exchange rates, supply chain challenges and increased fuel prices may have adverse impacts on our costs of doing business.

## **FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC. (formerly 1378882 B.C. Ltd.)**

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended October 31, 2023

*(Unaudited - Expressed in Canadian dollars)*

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### **2. Significant Accounting Policies and Basis of Preparation**

#### *Statement of compliance with International Financial Reporting Standards*

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual financial statements for the period September 14, 2022 (inception) to the year ended April 30, 2023.

The condensed consolidated interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company’s annual financial statements as at and for the period September 14, 2022 (inception) to the year ended April 30, 2023.

#### Basis of Consolidation

The Company’s condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, Smartwerx, registered in Vancouver, Canada.

A subsidiary is an entity controlled by the Company, where control is achieved by the Company having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. The condensed consolidated interim financial statements are consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases. All intercompany transactions and balances have been eliminated.

#### Basis of preparation

These condensed consolidated interim financial statements have been prepared on an 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 condensed consolidated interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company’s functional currency.



## **FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC. (formerly 1378882 B.C. Ltd.)**

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended October 31, 2023

*(Unaudited - Expressed in Canadian dollars)*

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### **2. Significant Accounting Policies and Basis of Preparation (continued)**

#### Significant accounting judgments, estimates and assumptions

The preparation of these condensed consolidated 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 condensed consolidated interim consolidated financial statements and the reported revenues and expenses during this period. These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 condensed consolidated interim consolidated financial statements are as follows:

#### 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 the sale of its software plug-in that allows for automated reconciliation for Email Money Transfer ("EMT") records. Revenue includes subscriptions derived from software sales.

#### Share-based payments and warrants

The estimation of share-based payment costs and warrant values requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the expected volatility of its own shares, the expected life of share options and warrants granted, the estimated number of share options and warrants expected to vest and the expected time of exercise of those stock options and warrants. The model used by the Company is the Black-Scholes option pricing valuation model.

## FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC. (formerly 1378882 B.C. Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended October 31, 2023

(Unaudited - Expressed in Canadian dollars)

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### 2. Significant Accounting Policies and Basis of Preparation (continued)

#### *Income taxes*

The Company operates in British Columbia, Canada and subject to its provincial corporate tax rates and rules of taxation. The Company calculates deferred income taxes based upon temporary differences between the assets and liabilities that are reported in its consolidated financial statements and their tax bases as deferred tax assets or liabilities, when applicable, as determined under applicable tax legislation. The future realization of deferred tax assets can be affected by many factors, including current and future economic conditions. No deferred tax assets have been deemed probable to date.

### 3. Software Licenses

During the period ended, October 31, 2023, and the year ended April 30, 2023 the Company's software license is as follows:

Balance, September 14, 2022	\$	-
Addition		300,000
Amortization		(22,917)
<b>Balance, April 30, 2023</b>	<b>\$</b>	<b>277,083</b>
Amortization		(75,000)
<b>Balance, October 31, 2023</b>	<b>\$</b>	<b>202,083</b>

As at October 31, 2023, the Company have the following licenses:

I. Software license with 1387771 B.C. Ltd.

On January 20, 2023 ("Effective Date"), a non-exclusive and non-transferable license to market, distribute and sublicense the Email Money Transfer records ("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 Company recorded a fair value of \$100,000 to acquire this license for the license term of 2 years (Note 10(I)).

August 1, 2023, the Company signed an amended and restated agreement with 1387771 B.C. Ltd. As per the amended agreement, the license term of the original agreement was extended from 2 years to 10 years ("Initial Term"). 1387771 B.C. Ltd. acknowledges that, under the original license agreement, the Company paid a license fee of \$100,000 to cover the first 2 years of the license agreement. For the subsequent 8 years after the Effective Date and for each year of the renewal term, which is an additional 5-year term ("Renewal Term"), unless otherwise agreed, the Company shall pay 1387771 B.C. Ltd. \$50,000 for the software license for each year of the balance of the Initial Term and for each year of the Renewal Term. The total value of the software license with 1387771 B.C. Ltd. after the amended agreement and the completion of the Initial Term is \$500,000 (Note 10(I)).

## **FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC. (formerly 1378882 B.C. Ltd.)**

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended October 31, 2023

*(Unaudited - Expressed in Canadian dollars)*

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### **3. Software Licenses (continued)**

#### **II. Enrollment software with 1396015 B.C. Ltd.**

This license automates business identity verification, automating the onboarding of merchants, independent sales organizations, and consumers and their payment service applications, providing payment gateway integration and payment processor integration. On February 22, 2023 (“Effective Date”), the enrollment license is a non-exclusive and non-transferable license to use the technology solely to provide support services to customers. The Company recorded a fair value of \$100,000 to acquire this license for the license term of 2 years (Note 10(II)).

On August 1, 2023, the Company signed the first amended and restated agreement with 1396015 B.C. Ltd. amending the fees for initial and renewal terms. On October 12, 2023, the Company signed the second amended and restated agreement wherein the parties agreed to supersede the first amended terms and fees and replaced by the second amended terms and fees.

As per the second amended and restated agreement, 1396015 B.C. Ltd. acknowledges that, under the original license agreement, the Company paid \$50,000 towards the enrollment software license fee to cover the first year of the 10 year term (“Initial Term”). For the subsequent 9 years of the Initial Term and for each year of the additional 5-year term (“Renewal Term”), unless otherwise agreed to by the parties, the Company shall pay 1396015 B.C. Ltd. \$50,000 for the license fee for each year of the balance of the Initial Term and for each year of the Renewal Term and are due on each applicable anniversary of the Effective Date of the original license agreement. The total value of the software license with 1396015 B.C. Ltd. after the second amended agreement and the completion of the Initial Term is \$500,000 (Note 10(II)).

#### **III. Gateway software license with CPT Secure Inc.**

This license provides services consisting of the collection, storage and transmission of transaction data between a merchant and a processor. On February 22, 2023 (“Effective Date”), the Company recorded a fair value of \$100,000 to acquire this license for the license term of 2 years (Note 10(III)).

On August 1, 2023, the Company signed the first amended and restated agreement with CPT Secure Inc. amending the fees for initial and renewal terms. On October 12, 2023, the Company signed the second amended and restated agreement wherein the parties agreed to supersede the first amended terms and fees and replaced by the second amended terms and fees.

As per the second amended and restated agreement, CPT Secure Inc. acknowledges that, under the original license agreement, the Company paid \$50,000 towards the license fee to cover the first year of the 10 year term (“Initial Term”). For the subsequent 9 years of the Initial Term and for each year of the additional 5-year term (“Renewal Term”), unless otherwise agreed to by the parties, the Company shall pay CPT Secure Inc. \$50,000 for the license for each year of the balance of the Initial Term and for each year of the Renewal Term and are due on each applicable anniversary of the effective date of the original license agreement. The total value of the software license with CPT Secure Inc. after the second amended agreement and the completion of the Initial Term is \$500,000 (Note 10(III)).

**FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC. (formerly 1378882 B.C. Ltd.)**

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended October 31, 2023

*(Unaudited - Expressed in Canadian dollars)***3. Software Licenses (continued)**

The license agreements for the software are in place with companies 1387771 B.C. Ltd., 1396015 B.C. Ltd. and CPT Secure Inc. of which are related to the Company by a common directors, Francisco Carasquero and George Hofsink.

**4. Accounts payable and Accrued Liabilities**

	October 31, 2023	April 30, 2023
	\$	\$
Account payable	52,977	6,484
Accrued liabilities	9,957	13,917
Amounts due to related parties (Note 6)	107,944	203,676
<b>Accounts payable and accrued liabilities</b>	<b>170,878</b>	<b>224,077</b>

**5. Share Capital*****Authorized***

- Unlimited number of common shares without par value
- Up to 4,000,000 Class A Preferred Series 1 Convertible Shares without par value (Non-voting, convertible to 2.5 common shares of the Company for each Class A Preferred Series 1 Convertible Share)

***Issued share capital***

As at October 31, 2023, there were 22,454,100 common shares issued and outstanding (April 30, 2023 – 19,135,100).

As at October 31, 2023, there were 3,960,000 Class A Preferred Series 1 Convertible Shares without par value issued and outstanding (April 30, 2023 – Nil).

On May 17, 2022, the Company issued 3,960,000 Class A preferred shares of the Company with a fair value of \$198,000 in connection with the debt settlement and subscription agreements entered into by the Company with the creditors dated April 7, 2023, whereby the Company settled the outstanding loans principal of \$198,000. The Company recognized an obligation during the year ended April 30, 2023.

On June 22, 2023, the Company converted 3,319,000 of special warrants into 3,319,000 common shares with a fair value of \$249,700. In connection with the conversion of special warrants, the Company issued 1,975,000 warrants. Each warrant allows the holder to acquire one common share of the Company for an exercise price of \$0.12 with an expiry date of June 22, 2028.

As at October 31, 2023, there were no stock options issued or outstanding.

**FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC. (formerly 1378882 B.C. Ltd.)**

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended October 31, 2023

*(Unaudited - Expressed in Canadian dollars)***5. Share Capital (continued)*****Special warrants***

A summary of the continuity of the Company's special warrants for the period ended October 31, 2023 is as follows:

	<b>Number of Special Warrants</b>
Balance, April 30, 2023	1,344,000
Issued	1,975,000
Converted	(3,319,000)
Balance, October 31, 2023	-

***Special warrants***

On May 23, 2023, the Company closed its special warrant offering for gross proceeds of \$197,500 by issuing 1,975,000 units of special warrants which entitles the holder to automatically receive one common share of the Company and one share purchase warrant, on the conversion date solely determined by the Company but no later than the date when the shares of the Company are listed on a stock exchange in Canada. Each share purchase warrant gives the holder the right to acquire one common share of the Company at a price of \$0.12 for a period of five years from the date of issuance. \$190,000 of the gross proceeds were received in advance of closing during the year ended April 30, 2023. As at October 31, 2023, \$7,500 of the gross proceeds was recorded in other receivables.

On June 22, 2023, the Company converted 3,319,000 of special warrants into 3,319,000 common shares with a fair value of \$249,700. In connection with the conversion of special warrants, the Company issued 1,975,000 warrants. Each warrant allows the holder to acquire one common share of the Company for an exercise price of \$0.12 with an expiry date of June 22, 2028.

***Warrants***

A summary of the continuity of the Company's warrants for the period ended October 31, 2023 is as follows:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price (\$)</b>
Balance, April 30, 2023	13,135,000	0.10
Issued	1,975,000	0.12
Balance, October 31, 2023	15,110,000	0.10

The weighted average remaining life of the warrants is 4.51 years.

## **FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC. (formerly 1378882 B.C. Ltd.)**

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended October 31, 2023

*(Unaudited - Expressed in Canadian dollars)*

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### **6. Related Party Transactions**

#### Balances

At October 31, 2023, accounts payable and accrued liabilities include \$7,944 (April 30, 2023 - \$3,676) owing to Francisco Carasquero, a director of the Company for reimbursements various operating expenses of the Company and \$100,000 (April 30, 2023 - \$200,000) that are owing to companies related to the Company by common directors, Francisco Carasquero and George Hofsink, for the purchase of software licenses (Note 3). The amount owing are unsecured, non-interest bearing and has no specified term of repayment.

#### Transactions

All related party transactions are in the normal course of operations and have been measured at the agreed to amount, which is the amount of consideration established and agreed to by the related parties. Refer to Note 3 for related party transactions.

### **7. Revenue**

The Company's primary source of revenue is the sale of software EMT Plug-in that allows for automated reconciliation for electronic money transfer records. All of the Company's sales are considered to occur in one demographic market, Canada.

### **8. 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 operating losses.

The Company currently funds these requirements from 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's objectives when managing capital are to ensure that the Company will have enough liquidity to continue to develop its software and services and engage in sales and marketing activities in order to obtain returns on investment.

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 period ended October 31, 2023. The Company is not subject to externally imposed capital requirements.

## **FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC. (formerly 1378882 B.C. Ltd.)**

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended October 31, 2023

*(Unaudited - Expressed in Canadian dollars)*

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### **9. Financial Instruments**

The Company's financial instruments consist of cash, trade and other receivables, and accounts payable and accrued liabilities 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. The Company's receivable consists of trade receivables. Based on the valuation of receivables at October 31, 2023, the company believes that its receivables are collectable, and management has determined that the credit risk is moderate.

#### 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, but it does not believe it is currently subject to any significant interest rate risk.

**FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC. (formerly 1378882 B.C. Ltd.)**

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months Ended October 31, 2023

*(Unaudited - Expressed in Canadian dollars)*

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**9. Financial Instruments (continued)**

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 subscriptions. The Company monitors prices to determine the appropriate course of action to be taken by the Company.

**10. Subsequent events**

On December 8, 2023, the Company converted its 3,960,000 of preferred shares to 9,900,000 common shares.

On December 8, 2023, the Company began trading on the Canadian Stocks Exchange under the stock symbol "WERX".