

**51-102F3**  
**MATERIAL CHANGE REPORT [F]**

**Item 1 Name and Address of Company**

FintechWerx International Software Services Inc. (the “**Company**”)  
1275 W 6<sup>th</sup> Avenue, Suite 315  
Vancouver, BC V6H 1A6

**Item 2 Date of Material Change**

July 9, 2024 and July 18, 2024

**Item 3 News Release**

The news release dated July 10, 2024 was disseminated by Stockwatch on July 11, 2024 and the news release dated July 18, 2024 was disseminated by The Newswire.

**Item 4 Summary of Material Change**

The Company announced that it entered into an amalgamation agreement (the “**Amalgamation Agreement**”) among Smartwerx Solutions Inc. (“**SmartWerx**”), its wholly-owned subsidiary, 1396015 BC Ltd. (“**NumberCo**”) and Looking Glass Media Limited (“**LGM**”), dated July 9, 2024, pursuant to which the Company will acquire all of the outstanding securities of NumberCo (collectively, the “**NumberCo Shares**”) from the sole securityholder of NumberCo by way of a “three-cornered” amalgamation (the “**Transaction**”). On July 18, 2024, the Company announced that it entered into an amending agreement to the Amalgamation Agreement to amend the number of Shares (as defined herein) to be issued to the shareholders of NumberCo.

The closing of the Transaction is subject to conditions precedent as are customary for transactions of a similar nature, including but not limited to, receipt of all necessary consents and regulatory approvals, as applicable, and all required filings with the Canadian Securities Exchange (the “**CSE**”).

**Item 5 Full Description of Material Change**

*5.1 Full Description of Material Change*

The Company entered into the Amalgamation Agreement with SmartWerx and NumberCo whereby the Company will acquire all of the NumberCo Shares.

NumberCo is a wholly-owned subsidiary of LGM that has developed consumer enrollment technology provided through a portal which brings together identity verification functions and merchant payment account opening capabilities in one platform (the “**Technology**”). The Technology is currently being licensed to SmartWerx pursuant to a license and services agreement dated February 22, 2023, as amended and restated on August 1, 2023 (the “**Enrollment License Agreement**”). Pursuant to the Amalgamation Agreement, the Company, SmartWerx and NumberCo agreed that any present and future obligations under the Enrollment License Agreement will be of no further force or effect as of the completion of the Transaction (the “**Closing**”).

Pursuant to the terms of the Amalgamation Agreement, as amended, the Company has agreed to acquire all of the issued and outstanding NumberCo Shares by way of a “three-cornered” amalgamation whereby SmartWerx and NumberCo will amalgamate to form a new entity (“**AmalCo**”), and AmalCo will be a wholly-owned subsidiary of the Company upon Closing. At the effective time of the Closing, each of the outstanding NumberCo Shares will be cancelled and, in consideration for such NumberCo Shares, the sole NumberCo shareholder will receive an aggregate of 5,600,000 common shares (each, a “**Share**”) in the capital of the Company, at a deemed price of \$0.07 per Share. No change of control or creation of a new control person is anticipated to occur to the Company as a result of the Transaction.

The Shares will be subject to a voluntary escrow agreement between the Company and the NumberCo shareholder, whereby the Shares shall be released as to 10% on the date of Closing (the “**Closing Date**”) and 15% every six months following the Closing Date, or as otherwise determined by the Company and agreed to in writing by the shareholder of NumberCo.

At Closing, Amalco will be named SmartWerx Solutions Inc., and the following individuals will be appointed as directors and officers of SmartWerx:

- (i) George Hofsink as Director and Chief Executive Officer;
- (ii) Nafees Khan as Director and President;
- (iii) Francisco Kent Carasquero as Director; and
- (iv) Claudio Lai as Chief Technical Officer.

Pursuant to the Amalgamation Agreement, the Company has committed to invest, or cause AmalCo to invest, a minimum of \$200,000 in the Technology on or before the date that is two years from the Closing Date, with eligible investments related to the integration and development of: (i) generative artificial intelligence interfaces and software; (ii) machine learning workflows and software; (iii) smart contracts; (iv) blockchain; and (v) open banking solutions (the “**Minimum Investment Requirement**”). If the Company fails, or fails to cause AmalCo, to satisfy the Minimum Investment Requirement, AmalCo will grant a perpetual, exclusive, transferable, and royalty free license to the Technology to LGM.

Francisco Kent Carasquero, the Executive Chairman of the Board of the Company, is a Director and President of NumberCo, and LGM, a company controlled by Mr. Carasquero, is the sole shareholder of NumberCo, holding 100% of the issued and outstanding NumberCo Shares. The participation of NumberCo and LGM in the Transaction constitutes a “related party transaction” under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”). The Transaction is exempt from the valuation requirement of MI 61-101 by virtue of the exemptions contained in section 5.5(b) of MI 61-101 as the Company’s common shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(1)(a) of MI 61-101 in that the fair market value of the Shares will not exceed 25% of the Company’s market capitalization. The Company did not file a material change report more than 21 days before the anticipated closing date as the details of the Transaction were not finalized until immediately prior to the execution of the Amalgamation Agreement, and the Company wishes to close the Transaction on an expedited basis for sound business reasons.

The closing of the Transaction is subject to conditions precedent as are customary for transactions of a similar nature, including but not limited to, receipt of all necessary consents and regulatory approvals, as applicable, and all required filings with the CSE.

**Disclosure Required by MI 61-101**

Pursuant to MI 61-101, the Transaction will constitute a “related party transaction”, as Francisco Kent Carasquero, the Executive Chairman of the Board of the Company, is a Director and President of NumberCo., and LGM, a company controlled by Mr. Carasquero, is the sole shareholder of NumberCo.

The following supplementary information is provided in accordance with Section 5.2 of MI 61-101 in connection with the Transaction.

***(a) a description of the transaction and its material terms:***

See Items 4 and 5 above for a description of the Transaction.

***(b) the purpose and business reasons for the transaction:***

The purpose of the Transaction is to acquire the Technology, which is currently being licenced to the Company pursuant to the Enrollment License Agreement.

***(c) the anticipated effect of the transaction on the issuer’s business and affairs:***

See Items 4 and 5 above for a description of the Transaction.

***(d) a description of:***

***(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:***

LGM, a company controlled by Mr. Carasquero, will acquire 5,600,000 Shares on closing of the Transaction.

***(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:***

The following table sets out the effect of the Transaction on the percentage of securities of the Company beneficially owned or controlled by Francisco Kent Carasquero:

Name and Position	No. of Securities Held prior to Closing of the Transaction	Percentage of Issued and Outstanding Securities prior to Closing of the Transaction	No. of Securities Held After Closing of the Transaction	Percentage of Issued and Outstanding Securities After Closing of the Transaction
Francisco Kent Carasquero Director	Undiluted: 1,875,100 <sup>(1)</sup>	Undiluted: 5.8% <sup>(3)</sup>	Undiluted: 7,475,100 <sup>(5)</sup>	Undiluted: 19.7% <sup>(7)</sup>
	Partially Diluted: 2,475,100 <sup>(2)</sup>	Partially Diluted: 7.5% <sup>(4)</sup>	Partially Diluted: 7,475,100 <sup>(6)</sup>	Partially Diluted: 19.7% <sup>(8)</sup>

<sup>(1)</sup> Comprised of: (i) 1,500,000 Shares held directly by Mr. Carasquero, (ii) 375,000 Shares held indirectly by Stanlark Ventures Inc. (“Stanlark”), a company wholly owned by Mr. Carasquero, and (iii) 100 Shares held indirectly by LGM.

<sup>(2)</sup> Comprised of: (i) 1,500,000 Shares held directly by Mr. Carasquero, (ii) 375,000 Shares held indirectly by Stanlark, (iii) 100 Shares held indirectly by LGM, and (iv) warrants held indirectly by Stanlark, 300,000 of which are exercisable into one Share at a price of \$0.10 per Share until April 26, 2028 and 300,000 of which are exercisable into one Share at a price of \$0.12 per Share until June 22, 2028.

<sup>(3)</sup> Based on 32,354,100 Shares outstanding prior to the completion of the Transaction.

<sup>(4)</sup> Based on 32,954,100 Shares outstanding on a partially-diluted basis prior to the completion of the Transaction, comprised of: (i) 32,354,100 Shares outstanding prior to the completion of the Transaction and (ii) 600,000 Shares that may be issuable on exercise of warrants held indirectly by Stanlark.

<sup>(5)</sup> Comprised of: (i) 1,500,000 Shares held directly by Mr. Carasquero, (ii) 375,000 Shares held indirectly by Stanlark, and (iii) 5,600,100 Shares held indirectly by LGM.

<sup>(6)</sup> Comprised of: (i) 1,500,000 Shares held directly by Mr. Carasquero, (ii) 375,000 Shares held indirectly by Stanlark, and (iii) 5,600,100 Shares held indirectly by LGM. The warrants set forth in footnote (2) are not included in this calculation because they are subject to a limitation on exercise whereby the holder cannot exercise the warrants if, after giving effect to such exercise, the holder or any of its affiliates would beneficially own in excess of 19.9% of the issued and outstanding Shares.

<sup>(7)</sup> Based on 37,954,100 Shares outstanding following the completion of the Transaction.

<sup>(8)</sup> Based on 37,954,100 Shares outstanding following the completion of the Transaction. See note (6) for more information regarding the limitation on exercise of the warrants.

***(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:***

The Transaction was approved by disinterested members of the board of directors of the Company and Francisco Kent Carasquero abstained from voting on the resolution of the board of directors approving the Transaction. A special committee was not established in connection with the approval of the Transaction, and no materially contrary view or abstention was expressed or made by any director.

***(f) a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:***

Not applicable.

**(g) disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that related to the subject matter of or is otherwise relevant to the transaction:**

**(i) that has been made in the 24 months before the date of the material change report:**

Not applicable.

**(ii) the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:**

Not applicable.

**(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

The Company has entered into the Amalgamation Agreement with SmartWerx, NumberCo and LGM with respect to the Transaction. See Items 4 and 5 for a description of the Amalgamation Agreement and its material terms, as amended.

**(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:**

The Transaction is exempt from the valuation requirement of MI 61-101 by virtue of the exemptions contained in section 5.5(b) of MI 61-101 as the Company's common shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(1)(a) of MI 61-101 in that the fair market value of the FintechWerx Shares will not exceed 25% of the Company's market capitalization. The Company did not file a material change report more than 21 days before the anticipated closing date as the details of the Transaction were not finalized until immediately prior to the execution of the Amalgamation Agreement, and the Company wishes to close the Transaction on an expedited basis for sound business reasons.

#### *5.2 Disclosure for Restructuring Transactions*

Not Applicable

#### **Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

Not Applicable

#### **Item 7 Omitted Information**

None

**Item 8 Executive Officer**

Nafees Khan, President, (604) 992-5125

**Item 9 Date of Report**

July 18, 2024