FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC.

CONSOLIDATED FINANCIAL STATEMENTS

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

(Expressed in Canadian dollars)

Fintechwerx International Software Services Inc.

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April 30, 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Fintechwerx International Software Services Inc.

Opinion

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

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Matters

The consolidated financial statements of the Company for the period from September 14, 2022 (date of incorporation) to April 30, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on June 15, 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Valuation of Intangible Assets ("Intangible Assets")

As described in Note 5 of the consolidated financial statements, the company had Intangible Assets with a carrying amount of $236,110 at April 30, 2024. As more fully described in Note 3 and 4 to the consolidated financial statements, management assesses the Intangible Assets for indicators of impairment at each reporting date, and applies significant judgement in determining their estimated useful life.

The principal considerations for our determination that the valuation of the Intangible Assets is a key audit matter is that there was judgment made by management when assessing the useful life of the Intangible Assets and reviewing for potential impairment indicators. This in turn led to a high degree of auditor judgement, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management..

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Review of the contracts underlying the Intangible Assets.
- Assessing useful life and recalculating depreciation.
- Evaluating management's assessment of impairment indicators.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Daniel Nathan.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

August 27, 2024

FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	April 30, 2024 $	April 30, 2023 $
Assets		
Current assets		
Cash	485,503	726,846
Trade and other receivable	1,689	1,196
Prepaids and deposit	–	1,354
Total current assets	487,192	729,396
Non-current assets		
Software licenses (Notes 5 and 7)	236,110	277,083
Total Assets	723,302	1,006,479
Liabilities and Shareholders' Equity		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	93,955	20,401
Due to related parties (Note 7)	259,733	203,676
Total liabilities	353,688	224,077
Shareholders' Equity		
Share capital (Note 8)	841,200	399,475
Subscriptions received (Note 8)	–	190,000
Obligation to issue preferred shares (Note 8)	–	198,000
Special warrants (Note 8)	–	52,200
Accumulated deficit	(471,586)	(57,273)
Total Shareholders' Equity	369,614	782,402
Total Liabilities and Shareholders' Equity	723,302	1,006,479

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

Approved and authorized for dissemination by the Board of Directors on August 27, 2024:

"Francisco Carasquero"
Francisco Carasquero, Director

"George Hofsink"
George Hofsink, Director

The accompanying notes are integral to these consolidated financial statements.

FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC.
Consolidated Statements of Loss and Comprehensive Loss
For the Year Ended April 30, 2024, and Period from September 14, 2022 (date of incorporation) to April 30, 2023
(Expressed in Canadian dollars)

	For the year ended April 30, 2024 $	For the period from September 14, 2023 (date of incorporation) to April 30, 2023 $
Revenue	162,691	20,332
Cost of sales (Note 5)	(108,064)	(30,861)
Gross income (loss)	54,627	(10,529)
Operating Expenses		
Amortization (Note 5)	40,561	10,417
General and administration	29,685	1,245
Listing fees	19,200	–
Management and consulting fees (Note 7)	184,592	14,525
Marketing	6,150	6,300
Professional fees	174,931	14,257
Regulatory and transfer agent fees	8,660	–
Travel and accommodation	4,922	–
Total operating expenses	(468,701)	(46,744)
Net loss before other items	(414,074)	(57,273)
Other income or expense		
Finance costs	(239)	(8,966)
Gain on settlement of loans (Note 8)	–	8,966
Net loss and comprehensive loss	(414,313)	(57,273)
Loss per share, basic and diluted	(0.16)	(0.14)
Weighted average shares outstanding, basic and diluted	2,586,856	415,657

The accompanying notes are integral to these consolidated financial statements.

FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC.

Consolidated Statements of Changes in Shareholders' Equity

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

(Expressed in Canadian dollars except the number of shares)

	Common shares		Class A preferred shares		Obligation to Issue preferred shares	Special warrants	Subscriptions received	Accumulated Deficit	Total shareholders' equity
	Number of shares	Amount $	Number of shares	Amount $	$	$	$	$	$
Balance, September 14, 2022	10	–	–	–	–	–	–	–	–
Shares issued for private placement	600,000	30,000	–	–	–	–	–	–	30,000
Share issuance costs	–	(6,025)	–	–	–	–	–	–	(6,025)
Obligation to issue preferred shares	–	–	–	–	198,000	–	–	–	198,000
Special warrants issued	–	–	–	–	–	427,700	–	–	427,700
Special warrants converted to common shares	1,313,500	375,500	–	–	–	(375,500)	–	–	–
Subscriptions received	–	–	–	–	–	–	190,000	–	190,000
Net loss for the period	–	–	–	–	–	–	–	(57,273)	(57,273)
Balance, April 30, 2023	1,913,510	399,475	–	–	198,000	52,200	190,000	(57,273)	782,402
Preferred shares issued for private placement	–	–	3,960,000	198,000	(198,000)	–	–	–	–
Conversion of preferred shares to common shares	990,000	198,000	(3,960,000)	(198,000)	–	–	–	–	–
Share issuance costs	–	(5,975)	–	–	–	–	–	–	(5,975)
Special warrants	–	–	–	–	–	197,500	(190,000)	–	7,500
Special warrants converted to common shares	331,900	249,700	–	–	–	(249,700)	–	–	–
Net loss for the year	–	–	–	–	–	–	–	(414,313)	(414,313)
Balance, April 30, 2024	3,235,410	841,200	–	–	–	–	–	(471,586)	369,614

(*) The Company effected a 10:1 share consolidation on August 20, 2024. All share and per share amounts have been retrospectively presented to reflect the share consolidation.

The accompanying notes are integral to these consolidated financial statements.

FINTECHWERX INTERNATIONAL SOFTWARE SERVICES INC.
Consolidated Statements of Cash Flows
For the Year Ended April 30, 2024, and Period from September 14, 2022 (date of incorporation) to April 30, 2023
(Expressed in Canadian dollars)

	For the year ended April 30, 2024 $	For the period from September 14, 2022 (date of incorporation) to April 30, 2023 $
Operating activities		
Net loss	(414,313)	(57,273)
Items not involving cash:		
Amortization of software licenses	60,973	22,917
Accrued interest on loans	–	8,966
Gain on settlement of loans	–	(8,966)
Changes in non-cash operating working capital:		
Prepaids and deposit	(493)	(1,354)
Trade and other receivables	1,354	(1,196)
Accounts payable and accrued liabilities	178,554	20,401
Due to related parties	56,057	3,676
Net cash used in operating activities	(117,868)	(12,829)
Investing activities		
Intangible asset additions	(125,000)	(100,000)
Net cash used in investing activities	(125,000)	(100,000)
Financing activities		
Shares issued for cash, net of share issuance costs	–	23,975
Share issuance costs	(5,975)	–
Special warrants issued for cash	7,500	427,700
Subscriptions received	–	190,000
Loans received	–	198,000
Net cash provided by financing activities	1,525	839,675
(Decrease) increase in cash	(241,343)	726,846
Cash, beginning of period	726,846	–
Cash, end of period	485,503	726,846
Non-cash investing and financing activities:		
Conversion of special warrants to common shares	249,700	–
Conversion of Class A preferred shares to common shares	198,000	–
Intangible assets in accounts payable and accrued liabilities	95,000	200,000
Loans settled for preferred shares	–	198,000
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

The accompanying notes are integral to these consolidated financial statements.

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

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

These consolidated 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 April 30, 2024, the Company had not yet achieved profitable operations, had accumulated losses of $471,586 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. 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 consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

2. Statement of Compliance and Basis of Presentation

<u>Statement of Compliance</u>

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”)

<u>Basis of Consolidation</u>

The Company’s consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Smartwerx Solutions Inc., incorporated in British Columbia, 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 consolidated 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.

2. Statement of Compliance and Basis of Presentation (continued)

Basis of Presentation

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

Certain comparative figures on the consolidated statements of financial position and consolidated statements of loss and comprehensive loss were reclassified in order to conform with current year presentation.

3. Significant Accounting Judgments and Key Sources of Estimation Uncertainty

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

Significant Accounting Judgements

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Useful life and Impairment of intangible assets

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

Revenue

The identification of revenue-generating contracts with customers, the identification of performance obligations, the determination of the transaction price and allocation between identified performance obligations, the use of appropriate revenue recognition method for each performance obligation and the measure of progress for performance obligation satisfied over time are the main aspects of the revenue recognition, all of which require the exercise of judgment and use of assumptions. The Company primarily derives revenue from 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.

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

Key Sources of Estimation Uncertainty

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.

Income taxes

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

4. Material Accounting Policy Information

Financial Instruments

(i) Classification

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

The following table shows the classification under IFRS 9:

Financial Assets	
Cash	FVTPL
Trade and other receivables	Amortized cost
Financial Liabilities	
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

4. Material Accounting Policy Information (continued)

Financial Instruments (continued)

(ii) Measurement

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

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

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

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

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

(iii) Derecognition

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

4. Material Accounting Policy Information (continued)

Financial Instruments (continued)

(iii) Derecognition (continued)

Financial liabilities

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

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

Intangible Assets

Intangible assets including software licenses that are acquired by the Company and have finite useful lives are carried at cost less accumulated amortization and any accumulated impairment losses.

Amortization of intangible assets is dependent upon estimates of useful lives based on management's judgment. The estimated useful lives, residual values and amortization methods are reviewed annually and any changes in estimates are accounted for prospectively. Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognized in the consolidated statement of loss.

Impairment of Non-financial Assets

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

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

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

4. Material Accounting Policy Information (continued)

Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on fair value at the date the shares were issued. The fair value is determined by referring to concurrent financing or recent private placements for cash. The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The share component of the unit is measured at fair value determined by referring to concurrent financing or recent private placements for cash, and the warrant component is measured by reference to the residual value, if any. Any value allocated to the warrant component is credited to reserves.

Revenue Recognition

The Company primarily derives revenue from the provision of plug-in software. Revenue includes licenses derived from software and software services.

The Company generates revenue from subscriptions. Revenue from subscriptions is to access the Company's software over a period of time, along with associated support, it is generally recognized over the contractual period on a straight-line basis.

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

Share-based Payments

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 transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the equity instruments issued is used.

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees, and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received. The fair value of share options is charged to profit or loss, with the offsetting credit to reserves. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in reserves are transferred to share capital. In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in reserves.

4. Material Accounting Policy Information (continued)

Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

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

Loss per Share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share is the same for the periods presented.

Reclassifications

Certain balances on the previously issued consolidated statement of loss and comprehensive loss have been reclassified to be consistent with the current period presentation. The reclassification had no impact on total financial position, net income, or stockholders' equity.

Recent Accounting Pronouncements

Amendments to IAS 1 and IFRS Practice Statement 2

The IASB has issued amendments titled '*Disclosure of Accounting Policies*' to IAS 1 and IFRS Practice Statement 2, effective from January 1, 2023. These changes guide entities to prioritize the disclosure of 'material' over 'significant' accounting policies. The amendments provide clarity on identifying material policies, emphasizing that information can be material due to its inherent nature, even if related amounts are immaterial. Additionally, IFRS Practice Statement 2 has been enhanced to support these changes. The adoption of these amendments resulted in certain changes to the Company's accounting policy disclosures.

4. Material Accounting Policy Information (continued)

Recent Accounting Pronouncements (continued)

Amendments to Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduced a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, and apply to changes in accounting policies and accounting estimates that occur on or after the start of that period. The adoption of these amendments had no impact on the consolidated financial statements.

Amendments to IAS 12 Income Taxes

Deferred Tax related to Assets and Liabilities arising from a Single Transaction clarifies the accounting for deferred tax on transactions such as leases and decommissioning obligations by removing the initial recognition exemption for transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual periods beginning on or after January 1, 2023. The adoption of these amendments had no impact on the consolidated financial statements.

Accounting Standards Issued But Not Yet Effective or Adopted

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

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

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

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

(Expressed in Canadian dollars)

5. Software Licenses

	EMT Plug-in License $	Enrollment License $	Gateway License $	Total $
Balance, September 14, 2022 (date of incorporation)	–	–	–	–
Addition	100,000	100,000	100,000	300,000
Amortization	(12,500)	(8,333)	(2,084)	(22,917)
Balance, April 30, 2023	87,500	91,667	97,916	277,083
Addition	–	20,000	–	20,000
Amortization	(20,412)	(20,337)	(20,224)	(60,973)
Balance, April 30, 2024	67,088	91,330	77,692	236,110

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

On January 20, 2023 (“Effective Date”), the Company acquired 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.

On 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 unamortized license fee at the amendment date is amortized over the remaining term of the agreement using the straight-line method as the term of the agreement was extended. Each subsequent license fee payment will be capitalized when it becomes due as the Company retains rights of termination under various conditions.

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.

5. Software Licenses (continued)

On February 22, 2023 ("Effective Date"), the Company acquired a non-exclusive and non-transferable license to use the technology solely to provide support services to customers (the "Enrollment License"). The Company recorded a fair value of $100,000 to acquire this license for the license term of 2 years.

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 unamortized license fee at the amendment date is amortized over the remaining term of the agreement using the straight-line method as the term of the agreement was extended. Each subsequent license fee payment of $50,000 will be capitalized when it becomes due as the Company retains rights of termination under various conditions.

III. Gateway software license with CPT Secure Inc.

On February 22, 2023 ("Effective Date"), the Company acquired a license from CPT Secure Inc. which provides services consisting of the collection, storage and transmission of transaction data between a merchant and a processor (the "Gateway License"). The Company recorded a fair value of $100,000 to acquire this license for the license term of 2 years.

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.

(Expressed in Canadian dollars)

5. Software Licenses (continued)

The unamortized license fee at the amendment date is amortized over the remaining term of the agreement using the straight-line method as the term of the agreement was extended. Each subsequent license fee payment of $50,000 will be capitalized when it becomes due as the Company retains rights of termination under various conditions.

1378871 B.C. Ltd., 1396015 B.C. Ltd. and CPT Secure Inc. are related to the Company by common directors, Francisco Carasquero and George Hofsink.

During the year ended April 30, 2024, the Company incurred amortization of software licenses of $60,973 (period from September 14, 2022 (date of incorporation) to April 30, 2023 – $22,917), of which $20,412 (period from September 14, 2022 (date of incorporation) to April 30, 2023 – $12,500) was included in cost of sales. The amortization for the EMT Plug-in license is included in cost of sales while the amortization for the Enrollment and Gateway licenses is included in operating expenses as no revenue was generated from these two licenses during the year ended April 30, 2024, and the period from September 14, 2022 (date of incorporation) to April 30, 2023).

6. Accounts Payable and Accrued Liabilities

	April 30, 2024 $	April 30, 2023 $
Accounts payable	64,879	6,484
Accrued liabilities	29,076	13,917
Total	93,955	20,401

7. Related Party Transactions

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

	For the year ended April 30, 2024	For the period from September 14, 2022 (date of incorporation) to April 30, 2023
	$	$
Management and consulting fees	181,367	–
Management fees included in cost of sales	42,867	–
Software license fees (Note 5)	–	300,000
	224,234	300,000

7. Related Party Transactions (continued)

Balances

At April 30, 2024, the Company owed $9,349 (2023 – $3,676) to a director of the Company for expenses incurred on behalf of the Company, and $63,000 (2023 – $nil) to a company controlled by the director of the Company for management and consulting fees. The amounts owing are unsecured, non-interest bearing and have no specified terms of repayment.

At April 30, 2024, the Company owed $31,500 (2023 – $nil) of management and consulting fees to a company controlled by the Chief Executive Officer of the Company. The amount owing is unsecured, non-interest bearing and has no specified terms of repayment.

At April 30, 2024, the Company owed $10,500 (2023 – $nil) of management and consulting fees to a company controlled by the former Chief Technology Officer of the Company. The amount owing is unsecured, non-interest bearing and has no specified terms of repayment.

At April 30, 2024, the Company owed $31,500 (2023 – $nil) of consulting fees to the President of the Company, and $3,150 (2023 – $nil) to a company controlled by the President of the Company for marketing expenses. The amount owing is unsecured, non-interest bearing and has no specified terms of repayment.

At April 30, 2024, the Company owed $10,272 (2023 – $nil) of management and consulting fees to a company controlled by a former director of the Company. The amount owing is unsecured, non-interest bearing and has no specified terms of repayment.

At April 30, 2024, the Company owed $5,462(2023 – $nil) of consulting expense to a company controlled by the Chief Technology Officer of the Company. The amount owing is unsecured, non-interest bearing and has no specified terms of repayment.

At April 30, 2024, the Company owed a total of $95,000 (2023 – $200,000) for software license fees to companies controlled by directors and officers of the Company. The amount owing are payable under the terms of their related software license agreements (Note 5).

8. Share Capital

Authorized

- Unlimited number of common shares without par value.
- Up to 400,000 Class A Preferred Series 1 Convertible Shares without par value (Non-voting, convertible to 25 common shares of the Company for each Class A Preferred Series 1 Convertible Share)

Issued Share Capital

On September 14, 2022, the Company issued 10 founder shares for $0.01.

On December 5, 2022, the Company completed a private placement by issuing 600,000 common shares at $0.05 per share for gross proceeds of $30,000. In connection with the private placement, the Company incurred $6,025 in share issuance costs.

8. Share Capital (continued)

Issued Share Capital *(continued)*

On April 26, 2023, the Company converted 1,313,500 special warrants into 1,313,500 common shares with a fair value of $375,500. In connection with the conversion of special warrants, the Company issued 1,313,500 warrants. Each warrant allows the holder to acquire one common share of the Company for an exercise price of $1.00 with an expiry date of April 26, 2028.

On May 17, 2023, the Company issued 3,960,000 Class A preferred shares of the Company with a fair value of $198,000 in connection with 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. In connection with the issuance of Class A preferred shares, the Company paid share issuance costs of $1,675.

On June 22, 2023, the Company converted 331,900 of special warrants into 331,900 common shares with a fair value of $249,700. In connection with the conversion of special warrants, the Company issued 197,500 warrants. Each warrant allows the holder to acquire one common share of the Company for an exercise price of $1.20 with an expiry date of June 22, 2028.

On December 8, 2023, the Company issued 990,000 common shares upon the conversion of 3,960,000 Class A preferred shares. In connection with the conversion of Class A preferred shares, the Company paid share issuance costs of $4,300.

On August 20, 2024, the Company effected a 10-for-1 share consolidation. All share and per share amounts have been retrospectively presented to reflect the share consolidation.

Omnibus Share Incentive Plan

The Company has adopted an equity incentive plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Canadian Securities Exchange requirements, grant to directors, officers, employees, consultants and service providers, non-transferable stock options, share unit or deferred share unit ("DSU") to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Options will be exercisable for a period of up to a maximum of ten years from the date of grant. Share units and DSUs entitle the recipient participant to receive a cash payment equal to the market share value or allow the participant to acquire shares of the Company upon settlement.

In connection with the foregoing, the number of common shares reserved for issuance to any one optionee in any 12 month period will not exceed five percent (5%) of the issued and outstanding common shares, the number of common shares reserved for issuance to consultants in any 12 month period will not exceed two percent (2%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all persons providing investor relations activities in any 12 month period will not exceed one percent (1%) of the issuance and outstanding common shares. As at April 30, 2024 and 2023, the Company has no options, shares units and DSUs granted under the Omnibus Share Incentive Plan.

(Expressed in Canadian dollars)

8. Share Capital (continued)

Special Warrants

A summary of the continuity of the Company's special warrants for the year ended April 30, 2024, and the period from September 14, 2022 to April 30, 2023 is as follows:

	Number of Special Warrants
Balance, September 14, 2022	–
Issued	1,447,900
Converted	(1,313,500)
Balance, April 30, 2023	134,400
Issued	197,500
Converted	(331,900)
Balance, April 30, 2024	–

On January 30, 2023, the Company closed its special warrant offering for gross proceeds of $187,500 by issuing for 937,500 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 $1.00 for a period of five years from the date of issuance.

On March 29, 2023, the Company closed its special warrant offering for gross proceeds of $188,000 by issuing 376,000 units of special warrant 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 $1.00 for a period of five years from the date of issuance.

On March 29, 2023, the Company closed a special warrant offering of 104,400 special warrants for gross proceeds of $52,200. An additional 30,000 special warrants were issued as a service fee with a fair value of $5,358 using the Black-Scholes pricing model. The fair value was measured using the following assumptions: share price of $0.50; exercise price of $0.50; expected life of one year; volatility of 88.96% and a risk-free-rate of 4.20%. These special warrants will be converted to a common share on a date solely determined by the Company on or before the Company's shares begin trading on a Canadian stock exchange.

On April 26, 2023, the Company converted a total of 1,313,500 special warrants into 1,313,500 common shares with a fair value of $375,500. In connection with the conversion of special warrants, the Company issued 1,313,500 warrants. Each warrant allows the holder to acquire one common share of the Company for an exercise price of $1.00 with an expiry date of April 26, 2028.

(Expressed in Canadian dollars)

8. Share Capital (continued)

Special Warrants (continued)

On May 23, 2023, the Company closed its special warrant offering for gross proceeds of $197,500 by issuing 197,500 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 $1.20 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. During the year ended April 30, 2024, the Company received the remaining gross proceeds of $7,500.

On June 22, 2023, the Company converted 331,900 of special warrants into 331,900 common shares with a fair value of $249,700. In connection with the conversion of special warrants, the Company issued 197,500 warrants. Each warrant allows the holder to acquire one common share of the Company for an exercise price of $1.20 with an expiry date of June 22, 2028.

Warrants

A summary of the continuity of the Company's warrants for the year ended April 30, 2024 and for the period from September 14, 2022 to April 30, 2023 is as follows:

	Number of Warrants	Weighted Average Exercise Price $
Balance, September 14, 2022	–	
Issued	1,313,500	1.00
Balance, April 30, 2023	1,313,500	1.00
Issued	197,500	1.20
Balance, April 30, 2024	1,511,000	1.00

The weighted average remaining life of the warrants is 4.01 years.

Warrants outstanding and exercisable at April 30, 2024 are as follows:

Number of Warrants	Exercise Price $	Expiry Date	Weighted Average Remaining Life
1,313,500	1.00	April 26, 2028	3.99
197,500	1.20	June 22, 2028	4.15
1,511,000			

9. Segmented Information

For the fiscal year ended April 30, 2024 and for the period from September 14, 2022 (inception) to April 30, 2023, the Company operated in a single operating segment and evaluates the performance of the business as a single segment. 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.

The Company's gross revenue for the year ended April 30, 2024 and for the period from September 14, 2022 (inception) to April 30, 2023 was $162,691 and $20,332, respectively. During the year ended April 30, 2024, 100% of revenues were derived primarily from EMT Plug-in subscriptions. A total of 84% of revenues represents the sale of EMT Plug-in subscriptions from two customers. During the period from September 14, 2022 to April 30, 2023 - 100% of revenues were derived primarily from EMT Plug-in subscriptions. 63% of revenues represents the sale of EMT Plug-in subscriptions from one customer.

10. Capital Management

The Company's objective in managing capital is to ensure sufficient liquidity to fund research and development and engage in sales and marketing activities while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is composed entirely of equity. The Company uses capital to finance its operating losses. There is substantial uncertainty that the Company will be able to continue to finance its 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 year ended April 30, 2024. The Company is not subject to externally imposed capital requirements.

11. Financial Instruments

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

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

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The Company's cash is considered to be Level 1 within the fair value hierarchy.

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

Foreign exchange risk

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

Credit risk

The Company's cash is held in large Canadian financial institutions. The Company has not experienced nor is exposed to any significant credit losses. Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, and trade and other receivables. The carrying amount of cash, and trade and other receivables represent the maximum exposure to credit risk, and as at April 30, 2024, this amounted to $487,192 (2023 - $728,042).

The Company's receivable consists of trade receivables. Based on the valuation of receivables at April 30, 2024, 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.

(Expressed in Canadian dollars)

11. 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.

12. Income Tax

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

	April 30, 2024 $	April 30, 2023 $
Net loss for the period	(414,313)	(57,273)
Statutory tax rate	27%	27%
Expected income tax recovery	(111,865)	(15,464)
Items deductible for income tax purposes	(1,613)	(1,627)
True-up of non-capital losses	(10,319)	–
Current and prior tax attributes not recognized	123,797	17,091
Deferred income tax recovery	–	–

Details of deferred tax assets are as follows:

	April 30, 2024 $	April 30, 2023 $
Non-capital loss	115,970	9,602
Intangible assets	22,651	6,188
Share issuance costs	2,267	1,301
Less: Unrecognized deferred tax assets	(140,888)	(17,091)
	–	–

12. Income Tax (continued)

The Company has approximately $391,301 of non-capital losses available, which will expire through to 2044 and may be applied against future taxable income. At April 30, 2024, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

13. Subsequent Events

a) On July 31, 2024, the Company closed the transactions contemplated in an amalgamation agreement dated July 9, 2024, as amended by an amendment agreement dated July 18, 2024 with 1396015 BC Ltd. ("NumberCo"), a private non-arm's length company, Smartwerx Solutions Inc., a wholly-owned subsidiary of the Company, and Looking Glass Media Limited ("LGM"), the parent company of NumberCo, pursuant to which the Company completed a business combination with NumberCo and acquired all of the outstanding shares of NumberCo (collectively, the "NumberCo Shares") from the shareholders of NumberCo by way of a "three-cornered" amalgamation (the "Transaction").

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"). Prior to the closing, the Technology was 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"). Following the closing, the Company, through its subsidiary, now owns the Technology, subject to the Minimum Investment Requirement.

Pursuant to the terms of the amalgamation agreement, the Company acquired all of the issued and outstanding NumberCo Shares by way of a "three-cornered" amalgamation whereby Smartwerx and NumberCo amalgamated to form a new entity ("AmalCo"), and AmalCo became a wholly-owned subsidiary of the Company upon the closing. At the effective time of the closing, each of the outstanding NumberCo Shares were cancelled and, in consideration for such NumberCo Shares, the sole NumberCo shareholder received an aggregate of 560,000 common shares in the capital of the Company.

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.

13. Subsequent Events (continued)

Upon closing, LGM acquired, as consideration from the Company, 560,000 common shares. When combined with the common shares held by Mr. Carasquero, the controlling shareholder of LGM, and Stanlark Ventures Inc. ("Stanlark"), a company wholly-owned by Mr. Carasquero (together, the "Group"), in aggregate, the Group now beneficially owns a total of 747,510 common shares of the Company representing 19.7% of the total issued and outstanding Shares on an undiluted and partially diluted basis. Stanlark beneficially owns 60,000 warrants (the "Warrants") to purchase Shares that are subject to a limitation on exercise whereby Stanlark cannot exercise the Warrants if, after giving effect to such exercise, Stanlark or any of its affiliates would beneficially own in excess of 19.9% of the total issued and outstanding shares.

The Company has determined that substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset, being the Technology, and as such expects this to be accounted for as an asset acquisition outside the scope of IFRS 3.

b) On August 20, 2024, the Company effected a 10-for-1 share consolidation. All share and per share amounts have been retrospectively presented to reflect the share consolidation.