

NEO-TECH SMART SOLUTIONS INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

NEO-TECH SMART SOLUTIONS INC.
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YEAR ENDED MARCH 31, 2023

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Chartered
Professional
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Directors of: Neo-Tech Smart Solutions Inc.

Opinion

We have audited the accompanying financial statements of Neo-Tech Smart Solutions Inc., which comprise the balance sheet as at March 31, 2023 and the statements of earnings and deficit and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Neo-Tech Smart Solutions Inc. as at March 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Neo-Tech Smart Solutions Inc. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Guelph, Ontario
May 19, 2023



Chartered Professional Accountants
Licensed Public Accountants

NEO-TECH SMART SOLUTIONS INC.

BALANCE SHEET (IN CDN \$)


AS AT MARCH 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 13,521	\$ 5,221
Accounts receivable	39,056	35,500
Government remittances receivable	<u>910</u>	<u>1,454</u>
	53,487	42,175
PROPERTY, PLANT AND EQUIPMENT (note 4)	<u>0</u>	<u>4,550</u>
	<u>\$ 53,487</u>	<u>\$ 46,725</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ <u>7,000</u>	\$ <u>6,000</u>
SHAREHOLDER'S EQUITY		
SHARE CAPITAL		
Authorized		
An unlimited number of Class A Common Shares		
An unlimited number of Class B Common Shares		
An unlimited number of Class A special shares, non-voting, non-cumulative, discretionary dividend, redeemable and retractable		
Issued Capital		
250,000 Class A Common shares	250,000	250,000
DEFICIT	<u>(203,513)</u>	<u>(209,275)</u>
	<u>46,487</u>	<u>40,725</u>
	<u>\$ 53,487</u>	<u>\$ 46,725</u>

Rohan Kapur


NEO-TECH SMART SOLUTIONS INC.
STATEMENT OF EARNINGS AND DEFICIT (IN CDN \$)
FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
REVENUE (note 5)	\$ <u>16,619</u>	\$ <u>336,497</u>
OPERATING EXPENSES		
Amortization	1,960	2,944
Bad debts	817	0
Interest and bank charges	16	24
Professional fees	<u>8,000</u>	<u>7,000</u>
	<u>10,793</u>	<u>9,968</u>
EARNINGS FROM OPERATIONS	<u>5,826</u>	<u>326,529</u>
OTHER INCOME (EXPENSES)		
Foreign exchange gain (loss)	2,526	(4,080)
Loss on disposal of property, plant and equipment	<u>(2,590)</u>	<u>0</u>
	<u>(64)</u>	<u>(4,080)</u>
NET EARNINGS for the year	5,762	322,449
DEFICIT beginning of year	<u>(209,275)</u>	<u>(531,724)</u>
DEFICIT, end of year	\$ <u>(203,513)</u>	\$ <u>(209,275)</u>

Rohan Kapur


NEO-TECH SMART SOLUTIONS INC.
STATEMENT OF CASH FLOWS (IN CDN \$)
FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net earnings for the year	\$ 5,762	\$ 322,449
Items not requiring an outlay of cash		
Amortization	1,960	2,944
Loss on disposal of property, plant and equipment	<u>2,590</u>	<u>0</u>
	10,312	325,393
Changes in non-cash working capital		
Accounts receivable	(3,556)	0
Government remittances receivable	544	129
Accounts payable and accrued liabilities	<u>1,000</u>	<u>0</u>
	<u>8,300</u>	<u>325,522</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Loan payable to related party	0	(286,163)
Advances to shareholders	<u>0</u>	<u>(35,510)</u>
	<u>0</u>	<u>(321,673)</u>
NET INCREASE IN CASH	8,300	3,849
NET CASH, BEGINNING OF YEAR	<u>5,221</u>	<u>1,372</u>
NET CASH, END OF YEAR	<u>\$ 13,521</u>	<u>\$ 5,221</u>

See notes to the financial statements

NEO-TECH SMART SOLUTIONS INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

1. NATURE OF OPERATIONS

The company is incorporated under the provisions of the Ontario Business Corporations Act and is primarily involved in providing engineering consulting services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises and include the following significant accounting policies:

(a) **REVENUE RECOGNITION**

Revenue is recognized as earned when shipped to the customer and collection is reasonably assured.

(b) **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are recorded at cost and amortized on the basis of their estimated useful life using the following methods and rates:

Furniture and fixtures	- 5	years straight line basis
Office equipment	- 5	years straight line basis

(c) **IMPAIRMENT OF LONG LIVED ASSETS**

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(d) **USE OF ESTIMATES**

The preparation of financial statements in conformity with Canadian accounting principles for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring management's estimates include an estimate for the allowance of doubtful accounts, accrued liabilities and the estimated useful life of the property, plant and equipment. Actual results could differ from those estimates.

(e) **FINANCIAL INSTRUMENTS**

Measurement of financial instruments

The company initially measures its financial assets and liabilities at fair value, except for a related party transaction which is recorded at cost and measured using the carrying amount or exchange amount depending on the circumstances.

The company subsequently measures all its financial assets and financial liabilities at amortized cost, unless otherwise noted below.

Cost in a related party transaction with no repayment terms is determined using the consideration transferred or received by the company in the transaction.

NEO-TECH SMART SOLUTIONS INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) **FINANCIAL INSTRUMENTS (continued)**

Impairment

For financial assets measured at cost or amortized cost, the company determines whether there are indications of possible impairment. When there are, and the company determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(f) **INCOME TAXES**

The company applies the future income taxes method of accounting for income taxes.

(g) **TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND ITEMS**

The company uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses, except for the cost of inventories included in the cost of goods sold and amortization translated at the historical rate, are translated at the average rate for the year. Exchange gains and losses are included in the income statement.

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments. The extent of the company's exposure to these risks did not change in 2023 compared to the previous period.

The company does not have a significant exposure to any individual customer or counterpart.

Transacting in financial instruments exposes the company to certain financial risks and uncertainties. These risks include:

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the company by failing to discharge an obligation. The company's credit risk is mainly related to accounts receivable. The company provides credit to its clients in the normal course of its operations.

NEO-TECH SMART SOLUTIONS INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2023	Net 2022
Furniture and fixtures	\$ 0	\$ 0	\$ 0	\$ 379
Office equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,171</u>
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,550</u>

5. RELATED PARTY TRANSACTIONS

During the year, the company had the following transactions with a related company that is related by virtue of common control:

	2023	2022
Sales to The Hi-Tech Gears Ltd.	\$ 16,619	\$ 336,497