

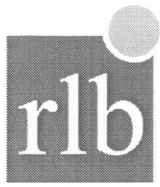
NEO-TECH SMART SOLUTIONS INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

NEO-TECH SMART SOLUTIONS INC.
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YEAR ENDED MARCH 31, 2022

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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, 2022 and the statements of earnings (loss) 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, 2022 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 29, 2022




Chartered Professional Accountants
Licensed Public Accountants

NEO-TECH SMART SOLUTIONS INC.

BALANCE SHEET

AS AT MARCH 31, 2022

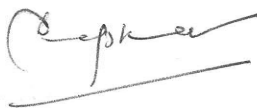
	2022	2021
ASSETS		
CURRENT		
Cash	\$ 5,221	\$ 1,372
Accounts receivable	35,500	35,500
Government remittances receivable	<u>1,454</u>	<u>1,583</u>
	42,175	38,455
PROPERTY, PLANT AND EQUIPMENT (note 4)	<u>4,550</u>	<u>7,494</u>
	<u>\$ 46,725</u>	<u>\$ 45,949</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 6,000	\$ 6,000
Loan payable to shareholder, non-interest bearing, no set repayment terms, unsecured	0	35,510
Loan payable to related party (note 5)	<u>0</u>	<u>286,163</u>
	<u>6,000</u>	<u>327,673</u>
SHAREHOLDER'S EQUITY (DEFICIT)		
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>(209,275)</u>	<u>(531,724)</u>
	<u>40,725</u>	<u>(281,724)</u>
	<u>\$ 46,725</u>	<u>\$ 45,949</u>





NEO-TECH SMART SOLUTIONS INC.
 STATEMENT OF EARNINGS (LOSS) AND DEFICIT
 FOR THE YEAR ENDED MARCH 31, 2022

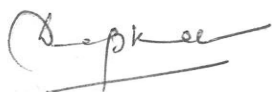
	2022	2021
REVENUE (note 5)	\$ <u>336,497</u>	\$ <u>0</u>
OPERATING EXPENSES		
Amortization	2,944	3,070
Recovery of employees' benefits	0	(1,371)
Interest and bank charges	24	1
Professional fees	<u>7,000</u>	<u>8,000</u>
	<u>9,968</u>	<u>9,700</u>
EARNINGS (LOSS) FROM OPERATIONS	326,529	(9,700)
REALIZED EXCHANGE LOSS	<u>(4,080)</u>	<u>(669)</u>
NET EARNINGS (LOSS) for the year	322,449	(10,369)
DEFICIT beginning of year	<u>(531,724)</u>	<u>(521,355)</u>
DEFICIT, end of year	\$ <u><u>(209,275)</u></u>	\$ <u><u>(531,724)</u></u>

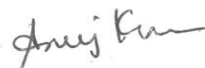




NEO-TECH SMART SOLUTIONS INC.
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net earnings (loss) for the year	\$ 322,449	\$ (10,369)
Items not requiring an outlay of cash		
Amortization	<u>2,944</u>	<u>3,070</u>
	325,393	(7,299)
Changes in non-cash working capital		
Government remittances receivable	<u>129</u>	<u>(1,353)</u>
	<u>325,522</u>	<u>(8,652)</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Loan payable to related party	(286,163)	9,353
Advances to shareholders	<u>(35,510)</u>	<u>0</u>
	<u>(321,673)</u>	<u>9,353</u>
NET INCREASE IN CASH	3,849	701
NET CASH, BEGINNING OF YEAR	<u>1,372</u>	<u>671</u>
NET CASH, END OF YEAR	<u>\$ 5,221</u>	<u>\$ 1,372</u>





NEO-TECH SMART SOLUTIONS INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

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

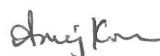
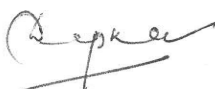
The preparation of financial statements in conformity with Canadian generally accepted accounting principles for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at 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 certain non-arm's length transactions.

The company subsequently measures all its financial assets and financial liabilities at amortized cost.



NEO-TECH SMART SOLUTIONS INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) FINANCIAL INSTRUMENTS (continued)

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net earnings. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is 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 net earnings.

Transaction costs

The company recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(f) INCOME TAXES

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

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 its financial instruments. The extent of the company's exposure to these risks did not change in 2022 compared to the previous period.

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

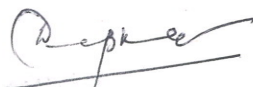
Transacting in financial instruments exposes the company to certain financial risks and uncertainties. These risks include:

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.

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization	Net 2022	Net 2021
Furniture and fixtures	\$ 1,275	\$ 896	\$ 379	\$ 595
Office equipment	14,073	9,902	4,171	6,899
	<u>\$ 15,348</u>	<u>\$ 10,798</u>	<u>\$ 4,550</u>	<u>\$ 7,494</u>





NEO-TECH SMART SOLUTIONS INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022

5. LOAN PAYABLE TO RELATED PARTY

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

	2022	2021
Sales to The Hi-Tech Gears Limited	\$ 336,497	\$ 0

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The loan payable to related party is non-interest bearing, unsecured and has no specified repayment terms. The related party, The Hi-Tech Gears Canada Inc., is wholly-owned by the parent company of Neo-Tech Smart Solutions Inc.

