

No securities regulatory authority has expressed an opinion about these securities, and it is an offence to claim otherwise.

PROSPECTUS

NEW ISSUE

March 2, 2026



INCEPTUS CAPITAL LTD.

(the "Company")

**Suite 205, 15225 - 104 Avenue
Surrey, British Columbia V3R 6Y8**

This Prospectus (as defined herein) is being filed with the British Columbia, Alberta and Ontario Securities Commissions to enable Inceptus Capital Ltd. (the "Company"), a capital pool company pursuant to TSXV Policy 2.4 – Capital Pool Companies (the "CPC Policy"), to complete its Qualifying Transaction (the "Proposed Qualifying Transaction") as defined under the CPC Policy with Smartwell Technology Inc. ("Smartwell").

This Prospectus also qualifies the distribution by the Company by offering (the "Offering"), on a commercially reasonable efforts basis, of a minimum of 2,500,000 units (the "Units") at a price of \$0.20 per Unit (the "Offering Price") for total gross proceeds to the Company of \$500,000 through its agent, Research Capital Corporation (the "Agent"). Each Unit consists of one Class A voting, participating common share without par value in the capital of the Company (each a "Common Share" and collectively, "Common Shares") and one common share purchase warrant (a "Warrant") exercisable to purchase an additional Common Share (a "Warrant Share") at \$0.50 per Warrant Share for a period of 24 months following the closing of the Offering. See "Plan of Distribution".

	<u>Offering Price</u>	<u>Agent's Commission⁽¹⁾</u>	<u>Proceeds to the Company⁽²⁾</u>
Per Unit	\$0.20 ⁽³⁾	\$0.012	\$0.188
Total Offering	\$500,000	\$30,000	\$470,000

(1) The Agent has agreed to act as agent in connection with the Offering and will receive a cash commission (the "Agent's Commission") equal to 6.0% of the gross proceeds of the Offering, provided that the Agent's Commission payable for Units sold by the Agent to purchasers (the "President's List Subscribers") introduced to the Agent by the directors or officers of the Company or Smartwell (the "President's List") will be reduced to 1.0%. In addition, the Agent will be reimbursed for its reasonable expenses incurred pursuant to the Offering, including legal fees. As additional compensation, the Company will also grant to the Agent compensation options (the "Agent's Options") to acquire Units (the "Agent's Option Units") in an amount equal to 6.0% of the number of Units sold under the Offering at an exercise

price of \$0.20 per Agent's Option Unit, exercisable for a period of 24 months, provided that no Agent's Options will be issued to the Agent in respect of Units sold by the Agent to purchasers on the President's List. Each Agent's Option Unit is exercisable into one Unit which consists of one Class A voting, participating common share without par value in the capital of the Company and one common share purchase warrant exercisable to purchase an additional Common Share at \$0.50 per Warrant Share for a period of 24 months following the closing of the Offering. In addition, the Company has granted to the Agent an option (the "Over-Allotment Option"), exercisable in whole or in part in the sole discretion of the Agent at any time until the date which is 30 calendar days following the closing of the Offering, to purchase up to an additional 375,000 Units, representing up to 15% of the aggregate number of the Units to be offered under the Offering at a price equal to the Offering Price to cover over-allocations, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, Agent's Commission and net proceeds to the Company (before payment of the expenses of the Offering) will be \$575,000, \$34,500, and \$540,500, respectively, assuming no Units are purchased by the President's List Subscribers. The Company will also pay to the Agent a cash corporate finance fee equal to 2.0% of the gross proceeds of the Offering. The Company will also grant to the Agent corporate finance fee options (the "Corporate Finance Fee Options") to acquire Units (the "Corporate Finance Fee Units") in an amount equal to 2% of the number of Units sold under the Offering at an exercise price of \$0.20 per Corporate Finance Fee Unit for a period of 24 months. Each Corporate Finance Fee Option is exercisable into one Unit which consists of one Class A voting, participating common share without par value in the capital of the Company and one common share purchase warrant exercisable to purchase an additional Common Share at \$0.50 per Warrant Share for a period of 24 months following the closing of the Offering. The Corporate Finance Fee Options are qualified under this Prospectus. The Agent will receive a work fee of \$75,000 and 100,000 Common Shares (the "Sponsorship Shares") priced at the Offering Price, plus GST payable in cash on the closing of the Offering. See "Plan of Distribution".

(2) Before deducting costs of the Offering. See "Use of Proceeds".

(3) The price per Unit has been determined by arm's length negotiation between the Company and the Agent.

The following table sets out the maximum number of securities issuable to the Agent assuming the Over-Allotment Option is exercised in full and the Offering is completed.

<u>Agent's Position</u>	<u>Maximum Size or Number of Securities Available</u>	<u>Exercise Period or Acquisition date</u>	<u>Exercise Price or average acquisition price</u>
Over-Allotment Option	Offering of up to 375,000 Over-Allotment Option Units for sale to the public ¹	Any time until the date which is 30 calendar days following closing of the Offering	\$0.20 per Over-Allotment Option Unit
Agent's Option ¹	150,000 Agent's Options and up to 22,500 additional Agent's Options if the Over-Allotment Option is exercised	Any time for a period of 24 months from the closing of the Offering	\$0.20 per Agent's Option
Corporate Finance Fee Options ¹	50,000 Corporate Finance Fee Options and up to 7,500 additional Corporate Finance Fee Options if the Over-Allotment Option is exercised	Any time for a period of 24 months from the closing of the Offering	\$0.20 per Corporate Finance Fee Option
Sponsorship Shares ¹	100,000 Common Shares	At the closing of the Offering	\$0.20 per Sponsorship Share

1. This Prospectus qualifies the distribution of the Agent's Options, the Corporate Finance Fee Options, the grant of the Over-Allotment Option and any Over-Allotment Units issued upon exercise of the Over-Allotment Option, any securities issuable thereunder, as well as the Sponsorship Shares. See "*Plan of Distribution*". No Agent's Options will be issued to the Agent in respect of Over-Allotment Units sold by the Agent to purchasers on the President's List.

Concurrently with the Offering, Smartwell will undertake a concurrent financing (the "Concurrent Financing") of 12,500,000 units (the "Smartwell Units") per Smartwell Unit for total gross proceeds to Smartwell of \$2,500,000. Each Smartwell Unit consists of one common share of Smartwell (each a "Smartwell Common Share" and collectively, "Smartwell Common Shares") and one common share purchase warrant (the "Smartwell Warrant") exercisable into an additional Smartwell Common Share at \$0.50 per Smartwell Common Share for a period of 24 months following the closing of the

Concurrent Financing. The Concurrent Financing will close concurrently with the Proposed Qualifying Transaction.

The Company was formed on February 1, 2017 and completed the initial public offering of its Common Shares as a capital pool company on November 9, 2017 at an issue price of \$0.10 per Common Share. The Common Shares were listed for trading on the TSXV under the symbol “ICI.P”.

In accordance with the CPC Policy, the Company’s business has been restricted to the identification and evaluation of assets and businesses in connection with a potential Qualifying Transaction and, upon identifying and evaluating such opportunities, to negotiate an acquisition or participation subject to acceptance by the TSXV. The Company and Smartwell entered into the Share Exchange Agreement on February 5, 2024, as amended on June 30, 2024, November 30, 2024 and September 30, 2025, pursuant to which the Company will acquire all the securities of Smartwell.

The Proposed Qualifying Transaction is intended to serve as the Company’s Qualifying Transaction under the CPC Policy. The Proposed Qualifying Transaction must be approved by the TSXV in accordance with the CPC Policy. Except as specifically contemplated in the CPC Policy, until completion of the Proposed Qualifying Transaction (the “Completion of the Transaction”), the Company has not carried on and will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction.

As of the date of this Prospectus, the Common Shares are listed on the TSXV under the symbol “ICI.P”. Trading of the Common Shares was halted on October 9, 2018, following the announcement of a now abandoned proposed qualifying transaction pursuant to the policies of the TSXV. At the time of the trading halt, the Common Shares closed at a trading price of \$0.21 per Common Share. The Common Shares were suspended by the TSXV on November 15, 2019.

All information contained in this Prospectus with respect to Smartwell and its subsidiaries was provided by Smartwell for inclusion herein.

Neither the TSXV nor any securities regulatory authority has in any way passed upon the merits of the Proposed Qualifying Transaction described in this Prospectus.

An investment in securities of the Company is speculative and involves a high degree of risk. In reviewing this Prospectus, you should carefully consider the matters described under the heading “Risk Factors”.

Mr. Yang He, the proposed CEO and a proposed director of the Resulting Issuer and Zhongyi Li, the proposed Chief Technology Officer of the Resulting Issuer, reside outside of Canada and have both appointed Pacific Star Corporate Finance Law, at Suite 1600-409 Granville Street, Vancouver, BC, V6C 1T2 as agent for service of process.

Investors are advised that it may not be possible to enforce judgments obtained in Canada against any person who resides outside of Canada, even if the party has appointed an agent for service of process.

The Company’s head office is Suite 205, 15225 - 104 Ave, Surrey, BC, V3R 6Y8 and its registered and records office is Suite 530, 355 Burrard Street, Vancouver, BC, V6C 2G8 Canada.

The Units are conditionally offered, subject to prior sale, if, as and when issued by the Company, and in accordance with the conditions contained in the Agency Agreement, which will be executed and filed prior to the filing of the final Prospectus, referred to under “Plan of Distribution” and subject to approval of certain legal matters by Getz Prince Wells LLP on behalf of the Company and by Vantage Law Corporation on behalf of the Agent. All funds received from subscriptions for Units will be held by the Agent pursuant to the terms of the Agency Agreement. If the Offering is not completed within 90 days of the issuance of a receipt for this Prospectus, all subscription funds will be returned to subscribers without interest or deduction. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates evidencing the Common Shares and Warrants in definitive form will be available for delivery at the closing of the Offering unless the Agent elects for delivery in electronic book form through CDS Clearing and Depository Services Inc. (“CDS”) or its nominee. If delivered in book entry form, purchasers of Units will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased and a Warrant certificate. No person is authorized to provide any information or to make any representation in connection with this Offering other than as contained in this Prospectus.

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ABOUT THIS PROSPECTUS

An investor should rely only on the information contained in this Prospectus and is not entitled to rely on parts of the information contained in this Prospectus to the exclusion of others. The Company has not authorized anyone to provide investors with additional or different information. If anyone provides a prospective investor with additional, different, or inconsistent information, including statements in the media about the Company, such information should not be relied on. The information contained in this Prospectus is accurate only as of the date of this Prospectus or the date indicated, regardless of the time of delivery of this Prospectus.

As used in this Prospectus, the terms “the Company”, “us” and “our”, mean the Company as the context requires, unless otherwise indicated.

FORWARD-LOOKING INFORMATION

This Prospectus contains “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our business, financial position, business strategy, growth plans and strategies, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances.

More particularly and without limitation, this Prospectus contains forward-looking statements and information relating to the following:

- the performance characteristics of Smartwell’s products
- projections of costs
- future product developments
- capital programs
- treatment under governmental regulatory regimes and tax laws
- capital expenditures

Although the Company believes that the expectations reflected in the forward-looking statements and information in this Prospectus are reasonable, it can give no assurance that such expectations will prove to be correct. Since forward-looking statements and information address future events and conditions, they involve inherent risks and uncertainties by their very nature. Actual results may differ materially from those currently anticipated due to a number of factors and risks.

This forward-looking information and other forward-looking information are based on management's opinions, estimates and assumptions considering our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Material factors underlying forward-looking information and management's expectations include certain assumptions in respect of: our ability to affect our business strategy in our markets, our ability to retain key personnel; favourability of operating conditions, including the ability to operate in a safe, efficient and effective manner; the receipt of governmental and other third party approvals, licences and permits for our products; obtaining required renewals for existing approvals, licences and permits and obtaining all other required approvals, licences and permits; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the changes and trends in our industry and the global economy; and changes in laws, rules, regulations, and global standards.

The forward-looking information in this Prospectus is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements were made. It is also subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the following risk factors described in greater detail under the heading entitled "Risk Factors":

- Risks associated with the Company's business
- Conflicts of interest
- Economic uncertainty
- Competition
- Risk of changes in foreign currency exchange rates
- Applicability of patents and proprietary technology
- Regulation and regulatory approval
- Substantial competition and rapid technological change
- Product commerciality
- Future issues of Common Shares could be dilutive

The forward-looking statements and information contained in this Prospectus are made as of the date hereof and, unless so required by applicable law, the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise. The forward-looking statements and information contained in this Prospectus are expressly qualified by this cautionary statement.

GENERAL DISCLOSURE INFORMATION

An investor should rely only on the information contained in this Prospectus. Prospective investors should read this entire Prospectus and consult their professional advisors to assess the income tax, legal, risk factors and other aspects of an investment in the Units.

CURRENCY AND CERTAIN INFORMATION

Unless otherwise indicated or the context otherwise requires, all dollar amounts contained in this Prospectus are in Canadian dollars (\$). Aggregated figures in graphs, charts and tables contained in this Prospectus may not add due to rounding. Historical statistical data and or historical returns do not

necessarily indicate future performance. Unless stated otherwise, the market and industry data contained in this Prospectus is based upon information from industry and other publications and the knowledge of management and experience of the Company in the markets in which the Company operates. Words importing the singular number include the plural and *vice versa*, and words importing any gender, or the neuter include both genders and the neuter.

GLOSSARY

The following is a glossary of certain terms used in this Prospectus, including the summary hereof. Terms and conditions used in the financial statements are defined separately, and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

“Affiliate”	means a company that is affiliated with another company as described below. A company is an affiliate of another company if (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same person. A company is “controlled” by a person if (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that person, and (b) the voting securities, if voted, entitle the person to elect a majority of the directors of the company. A person beneficially owns securities that are beneficially owned by (a) a company controlled by that person, or (b) an affiliate of that person or an affiliate of any company controlled by that person.
“Agency Agreement”	Means the agency agreement with respect to the Offering between the Company and the Agent which will be executed and filed prior to the filing of the final Prospectus.
“Agent”	means Research Capital Corporation.
“Associate”	means, if used to indicate a relationship with a person, (a) a partner, other than a limited partner, of that person, (b) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as trustee or in a similar capacity, (c) an issuer in respect of which that person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the issuer, or (d) a relative, including the spouse, of that person or a relative of that person's spouse, if the relative has the same home as that person.
“Articles”	means the Company’s articles, as amended.
“Audit Committee”	means the audit committee established by the Board of Directors.
“BCSC”	means the British Columbia Securities Commission.
“BCBCA”	means the <i>Business Corporations Act</i> (British Columbia).
“Board of Directors” or “Board”	means the Board of Directors of the Company.
“CEO”	means Chief Executive Officer.

“CFO”		means Chief Financial Officer.
“Company”		means Inceptus Capital Ltd.
“Company Shareholders”		means the holders of Common Shares of the Company.
“Common Shares”		means the Class A voting, participating common shares without par value in the capital of the Company.
“Concurrent Financing”		means the offering of 12,500,000 Smartwell Units for gross proceeds of \$2,500,000 to be closed concurrently with the Proposed Qualifying Transaction.
“Control Person”		means (a) a person who holds a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer, or (b) each person in a combination of persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, which holds in total a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer, and, if a person or combination of persons holds more than 20% of the voting rights attached to all outstanding voting securities of an issuer, the person or combination of persons is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of the issuer.
“CPC Agreement”	Escrow	means the escrow agreement among the Company, the Escrow Agent and certain shareholders of the Company pursuant to TSXV policy 2.4.
“Escrow Agent”		means Computershare Investor Services Inc (Canada), as escrow agent for the Common Shares held in escrow.
“Escrow Agreement”		means the escrow agreement among the Company, the Escrow Agent and certain shareholders of the Company pursuant to TSXV policy 5.4.
“Listing”		means the listing on the TSXV.
“Listing Date”		means the date on which the Common Shares are listed and posted for trading on the TSXV.
“IP”		means Intellectual Property.
“Insider”		has the meaning ascribed to that term in the <i>Securities Act</i> (British Columbia), which includes the Directors and senior officers of the Company or any subsidiaries of the Company and any person that has direct or indirect beneficial ownership of, or control or direction over, securities of the Company carrying more than 10% of the voting rights attached to the Company’s outstanding voting securities.
“MD&A”		means Management Discussion and Analysis.

“Name Change”	means the proposed name for the Resulting Issuer being Smartwell Technology Corp., or such other name as determined by Smartwell.
“NI 51-102”	means National Instrument 51-102 Continuous Disclosure Requirements.
“NI 52-110”	means National Instrument 52-110 Audit Committees.
“NI 58-101”	means National Instrument 58-101 Disclosure of Corporate Governance Practices.
“NI 58-201”	means National Policy 58-201 Corporate Governance Guidelines.
“NP 46-201”	means National Policy 46-201 Escrow for Initial Public Offerings as published by the Canadian Securities Administrators.
“Offering”	means the offering of a minimum of 2,500,000 Units pursuant to this Prospectus.
“Prospectus”	means this Prospectus and any appendices, schedules or attachments hereto.
“Principals”	principals include all persons or companies that fall into one of the following categories: a) Directors and senior officers of the Company, as listed in this Prospectus, b) promoters of the Company, c) those who own and/or control more than 10% of the Company's voting securities, d) associates and affiliates of any of the above.
“Promoter”	has the meaning set out in the <i>Securities Act</i> (British Columbia).
“Related Person”	means an “Insider”, which has the meaning set forth in the <i>Securities Act</i> (British Columbia) being: a) a Director or senior officer of the Company that is an insider of a subsidiary of the Company, b) a Director or senior officer of the Company, c) a person that beneficially owns or controls, directly or indirectly, voting share carrying more than 10% of the voting rights attached to all outstanding voting shares of the Company, d) the Company itself if it holds any of its own securities.
“SEDARplus” or “SEDAR+”	means the System for Electronic Document Analysis and Retrieval + (www.sedarplus.ca).
“Smartwell”	means Smartwell Technology Inc.
“Smartwell Shares”	means the common shares of Smartwell.
“Smartwell Shareholders”	means the holders of common shares of Smartwell.

“Smartwell Warrants”	means the common share warrants of Smartwell exercisable at \$0.50 for a period of 24 months following the closing of the Concurrent Financing.
“Smartwell Warrantholders”	means the holders of Smartwell Warrants.
“Smartwell Units”	means the Smartwell Shares and Smartwell Warrants forming part of the units in the Concurrent Financing.
“TSXV”	means the TSX Venture Exchange.

SUMMARY OF PROSPECTUS

The following is a summary of the principal features of this Prospectus and should be read together with the more detailed information, and financial data and financial statements contained elsewhere in this Prospectus. All information contained in this Prospectus with respect to Smartwell and its subsidiaries was provided by Smartwell for inclusion herein.

General: The Company was incorporated and registered on February 1, 2017 under the BCBCA. The address of the registered and records office of the Company is Suite 530, 355 Burrard Street, Vancouver, BC, V6C 2G8, Canada.

The Company's Business: The Company completed its IPO of Common Shares at an issue price of \$0.10 per Common Share on November 9, 2017 for gross proceeds of \$214,750. Following its IPO, the Company qualified as a CPC and the Common Shares were listed for trading on the TSXV under the trading symbol "ICI.P". In accordance with the CPC Policy, the principal business of the Company has been to identify businesses and assets with a view to completing a Qualifying Transaction and, having identified and evaluated such opportunities, to negotiate a proposed Qualifying Transaction subject to acceptance by the TSXV. See "The Company". See "Narrative Description of the Business".

Smartwell: Smartwell was incorporated and registered on June 22, 2021 under the BCBCA. The address of the registered office of the Company is 1600-409 Granville Street, Vancouver, BC, V6C 1T2, Canada.

Smartwell's Business: Smartwell's business is in developing intelligent algorithms which transform vast amounts of input data from multiple sources to create "digital twins", or simulation models, of planted areas as small as a family farm or as large as entire provinces or regions. The algorithms use artificial intelligence and deep, machine learning techniques to continuously refine and improve themselves, instead of relying on interactive or manual programming. This improves accuracy, reduces overhead costs and allows ready application in different agricultural environments regionally, nationally or internationally.

Smartwell has two main product lines. One is the controlled environment agriculture system, which consists of various sensors deployed in a greenhouse and automation control devices (including lighting, irrigation, temperature control, etc.) and the corresponding data analysis which aims to improve the quality and yield of crops for high-value indoor farming customers. The controlled environment agriculture system is mainly applied to the greenhouse farming of cherry tomatoes, cucumbers, lettuce and other high-value crops.

The second product is the agricultural remote sensing big data platform, which provides high-value agricultural data in designated areas for field farming and agricultural finance clients through satellite remote sensing data analysis technology. This product is used for agricultural monitoring and forecasting as well as risk management analysis of agricultural financial institutions, with faster data acquisition, lower cost and more accurate data analysis results. See "Smartwell". See "Narrative Description of the Business".

Proposed Qualifying Transaction:	The Company has identified Smartwell as an appropriate target for the Company to acquire for the purpose of completing its Qualifying Transaction. The Proposed Qualifying Transaction will be completed pursuant to the Share Exchange Agreement, pursuant to which the Company has agreed to acquire all of the Smartwell Shares and Smartwell Warrants which will be outstanding immediately prior to Completion of the Transaction. The Completion of the Transaction will be effected pursuant to the terms of the Share Exchange Agreement and receipt of the necessary regulatory approvals. Upon Completion of the Transaction and subject to the approval of the TSXV, the Resulting Issuer will become a Tier 2 Technology Issuer on the TSXV. The Proposed Qualifying Transaction is intended to serve as the Company's Qualifying Transaction under the CPC Policy. The Proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction pursuant to the definition of such term in the CPC Policy and is not a Related Party Transaction under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transaction. Consequently, the Proposed Qualifying Transaction does not require any approval of the Company's Shareholders. See "The Proposed Qualifying Transaction".
Share Exchange Agreement:	On February 5, 2024, the Company, Smartwell, the Smartwell Shareholders and the Smartwell Warrantholders entered or will enter into the Share Exchange Agreement, which agreement sets out the terms and conditions pursuant to which the Company will acquire all of the issued and outstanding Smartwell Shares and Smartwell Warrants. The Company will issue Common Shares and Warrants to the holders of Smartwell Shares and Smartwell Warrants, respectively, on a one-for-one exchange basis where one Consideration Share will be issued for each one Smartwell Share and one Consideration Warrant will be issued for each one Smartwell Warrant (the "Exchange Ratio"). The Share Exchange Agreement was amended on June 30, 2024, November 30, 2024 and September 30, 2025 to extend the drop dead date for the closing to May 31, 2026. See "The Proposed Qualifying Transaction – Details of the Transaction".
Escrow:	Upon completion of the Proposed Qualifying Transaction, a number of the RI Shares, as hereinafter defined, will be subject to escrow pursuant to the policies of the TSXV. See "The Resulting Issuer – Escrowed Securities".
Business of the Resulting Issuer:	Following Completion of the Transaction, the Resulting Issuer's principal business will be that of Smartwell. See "Smartwell – Overview of Smartwell".
The Offering:	This Offering is made on a commercially reasonable efforts basis by the Agent of 2,500,000 Units at a price of \$0.20 per Unit for total gross proceeds to the Company of \$500,000. Each Unit consists of one Common Share and one Warrant exercisable at \$0.50 for a period of 24 months following the closing of the Offering.
Concurrent Financing:	Concurrently with the Offering, Smartwell will undertake the Concurrent Financing of 12,500,000 Smartwell Units at a price of \$0.20 Smartwell Unit for total gross proceeds to Smartwell of \$2,500,000. Each Smartwell Unit consists of

one Smartwell Common Share and one Smartwell Warrant exercisable at \$0.50 for a period of 24 months following the closing of the Concurrent Financing.

**Funds Available
and Use of
Available Funds:**

As of January 31, 2026, the estimated working capital of Smartwell was approximately \$797,663¹ and the Company has a working capital deficit of \$237,152. In addition, the net proceeds of the Offering of \$470,000 and the net proceeds of Concurrent Financing of \$2,500,000 will be available to the Resulting Issuer. On the Completion of the Transaction, a total of \$3,530,511 will be available to the Resulting Issuer, plus any working capital that may arise from the net proceeds of the Over-Allotment Option. See "The Resulting Issuer – Available Funds and Principal Uses of Funds".

The following table set out information respecting the Resulting Issuer's intended uses of such funds upon Completion of the Transaction. The amounts shown in the tables are estimates only and are based upon the information available to Smartwell and the Company as of the date hereof. The intended uses of such funds and/or the Resulting Issuer's development capital needs may vary based upon a number of factors. See "The Resulting Issuer – Risk Factors".

Use of Funds	Amount \$
Product Development – CEA	150,000
Product Development – Algorithms	500,000
Product Development – Insurance Product	50,000
Salaries	700,000
Marketing Costs	120,000
Computers Server construction	100,000
General and Administrative Costs	150,000
Professional Fees	160,000
Costs of the Offering	200,000
Corporate Finance Fee	10,000
Work Fee	75,000
Unallocated Working Capital	1,315,511
Total	\$3,530,511

Please see "Use of Proceeds".

The above use of available funds should be considered as an estimate only. Assuming the Completion of the Transaction, management of the Resulting Issuer may seek additional capital by way of debt or equity financing in order to finance its future development. There may be circumstances where, for some business reasons, a reallocation of funds may be necessary, in particular if revenues are slower than expected. It is difficult at this time to definitely project the total funds necessary to accomplish the business objectives of the Resulting Issuer. For these reasons, management considers it to be reasonable and in the best interests of the Resulting Issuer to permit management a reasonable degree of flexibility with respect to the use of funds. See "The Resulting Issuer – Available Funds and Principal Uses of Funds".

¹ RMB 1 = CAD 0.1951 as at January 31, 2026

**Pro Forma
Consolidated
Capitalization:**

The following table summarizes the Resulting Issuer's consolidated capitalization as at September 30, 2025, based on the pro forma consolidated statement of financial position contained in this Prospectus, after giving effect to the Completion of the Transaction and the closing of the Offering and the Concurrent Financing.

Resulting Issuer Pro Forma as at September 30, 2025 (\$)	
Total Assets	\$3,180,668
Total Liabilities	\$878,473
Revenue	\$187,265
Gross Profit	\$80,755
Total Expenses	\$2,499,739
Net Profit (Loss)	(\$2,425,083)

See "Appendix "E" – Unaudited Pro Forma Consolidated Financial Statements of the Resulting Issuer".

**Selected
Financial
Information of
Smartwell:**

The following table presents selected financial information of Smartwell in summary form for the years ended December 31, 2024 and December 31, 2023 and for the nine months ended September 30, 2025. The following financial information has been derived from and should be read in conjunction with the audited financial statements of Smartwell for the years ended December 31, 2024 and December 31, 2023 and the nine months ended September 30, 2025 and the notes thereto set forth in Appendix "A" and "B" to this Prospectus.

Category	September 30, 2025 (unaudited)⁽¹⁾	December 31, 2024 (audited)⁽²⁾	December 31, 2023 (audited)⁽²⁾
Total Assets	\$327,941	\$794,900	\$562,828
Total Liabilities	\$637,963	\$543,878	\$286,287
Revenue	\$221,041	\$2,478,369	\$2,117,503
Gross Profit	\$82,833	\$2,103,332	\$1,851,716
Comprehensive Loss	(\$561,044)	(\$790,506)	(\$645,134)

(1) See the unaudited financial statements of Smartwell for the interim period ended September 30, 2025 in "Appendix "B" – Financial Statements and MD&A of Smartwell".

(2) See the audited financial statements of Smartwell for the years ended December 31, 2024 and December 31, 2023 in "Appendix "A" – Financial Statements and MD&A of Smartwell".

**Market for
Securities:**

The outstanding Inceptus Shares are listed on the TSXV under the trading symbol "ICI.P". Upon Completion of the Transaction, it is expected that the Resulting Issuer will apply and change its trading symbol to "SMWE" following approval of the Name Change from "Inceptus Capital Ltd." to "Smartwell Technology Corp.". As of the date of this Prospectus, no public market exists for the Smartwell Shares.

Risk Factors: An investment in the Resulting Issuer is speculative and involves a high degree of risk. Accordingly, prospective investors should carefully consider and evaluate all risks and uncertainties involved in an investment in the Resulting Issuer, including risks related to: limited operating history; execution of business plan; product development costs; regulatory approvals; approval procedures in other countries; product liability; additional requirements for capital; lack of operating cash flow; market acceptance of the products; acquisition, development and commercialization of addition product candidates; attraction and retention of qualified personnel; competition; intellectual property rights related risks; infringement of intellectual property rights; market risk for securities; conflict of interest; increased costs and demands upon management as a public company; dilution as a result of future issuances of securities; risks related to doing business internationally; risks associated with the development and expansion of business in new markets; risks relating to auditor oversight; investors' ability to exercise statutory rights and remedies under Canadian securities laws; difficulty in enforcement of judgments; adverse effect on our operations and financial results by public health threat; forward-looking information may prove inaccurate and conflicts of interests.

For a complete discussion of the risks associated with the Resulting Issuer and the Completion of the Transaction, see "The Resulting Issuer – Risk Factors".

1) THE COMPANY

Name, Address and Incorporation

The Company was incorporated on February 1, 2017 under the BCBCA, with the name Inceptus Capital Ltd. The Company's address is Suite 205, 15225 - 104 Ave, Surrey, BC, V3R 6Y8, and the registered and records office is located at Suite 530 – 355 Burrard Street, Vancouver, British Columbia, V6C 2G8. The Company has no material subsidiaries.

Overview of the Company

The Company is a Capital Pool Company established pursuant to the CPC Policy and, since its incorporation, has not carried on any business or operations other than the identifying and evaluating business opportunities for the purposes of completing a Qualifying Transaction.

The Company completed its IPO of Common Shares at an issue price of \$0.10 per Common Share on November 9, 2017 for gross proceeds of \$214,750. The Common Shares were listed for trading on the TSXV under the symbol "ICI.P". On October 9, 2018, the TSXV halted trading in the Common Shares. The Common Shares were suspended by the TSXV on November 15, 2019.

History

On January 17, 2022, the Company entered into a non-binding letter of intent with Smartwell to negotiate and complete a Qualifying Transaction. The letter of intent was amended on May 17, 2022 to make it a binding letter of intent. On February 5, 2024, the Company entered into the Share Exchange Agreement whereby the Company has agreed to acquire all securities of Smartwell, subject to the terms and conditions of the Share Exchange Agreement. The Share Exchange Agreement was amended June 30, 2024, November 20, 2024 and September 30, 2025 to extend the drop dead date for the closing to May 31, 2026.

2) NARRATIVE DESCRIPTION OF THE BUSINESS

The Company is a Capital Pool Company and, pursuant to the CPC Policy, to date has not carried on any operations. For information on the proposed principal business to be conducted following the Completion of the Qualifying Transaction, see "Smartwell – Business of Smartwell".

3) DIVIDENDS OR DISTRIBUTIONS

To date, the Company has not declared any dividends or distributions on the Common Shares although there are no restrictions precluding the Company from declaring any such dividends. The Company intends to direct its cash towards the development of its business and the identification and evaluation of assets or businesses, and does not expect to declare or pay any dividends or distributions in the foreseeable future.

4) SELECTED FINANCIAL INFORMATION OF THE COMPANY AND MD&A

Financial Statements

The following table presents selected financial information of the Company for the periods indicated. This table should be read in conjunction with the audited consolidated financial statements of the Company for the years ended March 31, 2025 and March 31, 2024, and the unaudited condensed interim consolidated financial statements of the Company for the six months ended September 30, 2025 and the respective notes thereto, which are set forth in Appendices “C”, “D” and “E” to this Prospectus.

	Six Months Ended September 30, 2025 (\$)	Fiscal Year Ended March 31, 2025 (\$)	Fiscal Year Ended March 31, 2024 (\$)
Total Assets	12,727	12,782	20,131
Revenue	Nil	Nil	Nil
Total Expenses from continuing operations	8,002	152,794	61,246
Long Term Liabilities	Nil	Nil	Nil
Net Profit (Loss)	(8,002)	(152,488)	(61,246)

Management's Discussion and Analysis

Please refer to Appendices “C”, “D” and “E” for the management's discussion and analysis of the financial condition and results of operations of the Company for the years ended March 31, 2024 and March 31, 2025 and for the six months ended September 30, 2025 which should be read in conjunction with the Company’s Financial Statements and the notes thereto included elsewhere in this Prospectus.

Certain information included in such management's discussion and analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See “Notice Concerning Forward Looking Statements”.

5) DESCRIPTION OF SECURITIES

Common Shares

The Company is authorized to issue an unlimited number of Common Shares, Class B Voting, Non-participating, common shares without par value, unlimited Class C Non-Voting, Participating, common shares without par value and unlimited Class D Non-Voting, Non-participating, common shares without par value. As at the date of this Prospectus, 4,747,500 Common Shares were issued and outstanding as fully paid and non-assessable and no other common shares are issued and outstanding. In addition, 474,750 Common Shares are reserved for issuance pursuant to stock options (“Incentive Stock Options”) granted to officers and directors of the Company.

Each holder of the Common Shares shall be entitled to receive notice of and to attend all meetings of the Company Shareholders, except meetings at which only holders of other classes or series of shares are entitled to attend, and at all such meetings shall be entitled to one vote in respect of each common share held by such holder. The holders of the Common Shares shall be entitled to receive dividends if and when declared by the Board. In the event of any liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company among the Company Shareholders for the purpose of winding-up its affairs, the holders of the Common Shares shall be entitled, subject to the rights of holders of shares of any class ranking prior to the Common Shares, to receive the remaining

property or assets of the Company. All of the Common Shares issued and outstanding upon Completion of the Transaction will be fully paid and nonassessable.

The holders of Common Shares and Class B Voting, Non-participating, common shares are entitled to receive notice of and attend all meetings of the shareholders of the Company and are entitled to one vote in respect of each Common Share held at such meetings. In the event of liquidation, dissolution or winding-up of the Company, the holders of Common Shares and Class B Voting, Non-Participating, common shares are entitled to share rateably the remaining assets of the Company, subject to the rights of holders of such shares.

6) CONSOLIDATED CAPITALIZATION

There have no material changes to the Company's consolidated capitalization since December 31, 2024. For information regarding changes in the Company's consolidated capitalization since December 31, 2024 that will result from the Proposed Qualifying Transaction, see "The Resulting Issuer – Pro Forma Consolidated Capitalization of the Resulting Issuer".

7) PRIOR SALES

Prior Sales

During the 12 months period prior to the date of this Prospectus, the Company has not issued any securities.

Trading Price and Volume

The outstanding Common Shares are listed on the TSXV under the trading symbol "ICLP". The trading of the Common Shares was halted on October 9, 2018 following the filing of a news release announcing a now abandoned Qualifying Transaction. The Common Shares were reinstated for trading on December 11, 2018, halted again on February 12, 2019, reinstated for trading on September 19, 2019, halted again on November 13, 2019 and suspended from trading by the TSX on November 15, 2019.

The last trade of the Common Shares prior to the trading halt (which trade occurred on October 9, 2018) was \$0.21 per Common Share. As of the date hereof, trading in the Common Shares has not yet resumed.

The following table sets forth the high and low sales prices and trading volumes of board lots of Common Shares as reported by the TSXV from the quarter ended June 30, 2021 to the date of this Prospectus.

Period	High	Low	Trading Volume
October 1, 2022 to Present	\$0.21	\$0.21	Suspended
Quarter ended September 30, 2022	\$0.21	\$0.21	Suspended
Quarter ended June 30, 2022	\$0.21	\$0.21	Suspended
Quarter ended March 31, 2022	\$0.21	\$0.21	Suspended
Quarter ended December 31, 2021	\$0.21	\$0.21	Suspended
Quarter ended September 30, 2021	\$0.21	\$0.21	Suspended
Quarter ended June 30, 2021	\$0.21	\$0.21	Suspended

8) ESCROWED SECURITIES

The following table sets out, as at the date hereof, the number of securities of the Company, which are currently held in escrow. There are no pooling agreements.

Name and Municipality of Residence of Shareholder	Common Shares	Number of Securities Held in Escrow	Percentage of Common Shares prior to completion of the Offering	Percentage to be owned assuming completion of the Proposed Qualifying Transaction, Offering and Concurrent Financing⁽¹⁾
Peter Yung Tan Chen <i>Richmond, British Columbia</i>	840,000	840,000 Common Shares and 144,510 Incentive Stock Options to acquire Common Shares at \$0.10	17.69%	0.7%
Jason Kuei Hai Lan <i>Richmond, British Columbia</i>	840,000	840,000 Common Shares and 82,560 Incentive Stock Options to acquire Common Shares at \$0.10	17.69%	0.7%
Christopher Trevor Twells <i>Richmond, British Columbia</i>	300,000	300,000 Common Shares and 82,560 Incentive Stock Options to acquire Common Shares at \$0.10	6.32%	0.3%
Tony Yee Chong Chan ⁽²⁾ <i>Richmond, British Columbia</i>	100,000	100,000 Common Shares and 82,560 Incentive Stock Options to acquire Common Shares at \$0.10	2.11%	0.1%
Eric Wing Kin Lam <i>Richmond, British Columbia</i>	100,000	100,000 Common Shares and 82,560 Incentive Stock Options to acquire Common Shares at \$0.10	2.11%	0.1%
Christina Chen <i>Taipei, Taiwan</i>	200,000	200,000 Common Shares	4.21%	0.2%
Danny Sng <i>Port Moody, British Columbia</i>	100,000	100,000 Common Shares	2.11%	0.1%
Randall Shaw <i>White Rock, British Columbia</i>	100,000	100,000 Common Shares	2.11%	0.1%
Valencia Remple <i>White Rock, British Columbia</i>	100,000	100,000 Common Shares	2.11%	0.1%

- (1) Assuming no securities are purchased by such persons pursuant to the Offering including the Over-Allotment Option or Concurrent Financing.
- (2) Mr. Chan holds his shares indirectly through Winnetka Holdings Ltd., a company wholly owned by him.
- (3) The depositary under the CPC Escrow Agreement is the Escrow Agent.
- (4) The Incentive Stock Options expire on the date that is five years from the date of the Completion of the Transaction.

Where the securities of the Company which are required to be held in escrow are held by a non-individual (a "holding company"), each holding company pursuant to the CPC Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the CPC Escrow Agreement which would result in a change of control of the holding company, without the consent of the TSXV. Any holding company must sign an undertaking to the TSXV that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities could reasonably result in a change of control of the holding company. In addition, the TSXV may require an undertaking from any control person of the holding company not to transfer the shares of that company.

Under the CPC Escrow Agreement, 25% of the escrowed Common Shares and Incentive Stock Options will be released from escrow (the "Initial Release") on the issuance of the TSXV bulletin confirming its final acceptance of the Qualifying Transaction (the "Final TSXV Bulletin") and an additional 25% will be released on each of the dates which are 6 months, 12 months and 18 months following the Initial Release.

The TSXV's prior consent must be obtained before a transfer within escrow of escrowed Common Shares and Incentive Stock Options. Generally, the TSXV will only permit a transfer within escrow to be made to incoming Principals in connection with a proposed Qualifying Transaction.

If a Final TSXV Bulletin is not issued, the escrowed Common Shares and Incentive Stock Options will not be released. Under the Escrow Agreement, each Non Arm's Length Party to the Company who holds escrowed Common Shares acquired at a price below the offering price under the Concurrent Financing has irrevocably authorized and directed Computershare to immediately: (a) cancel all of those escrowed Common Shares upon the issuance by the TSXV of a bulletin delisting the Common Shares of the Company; or (b) if the Company lists on NEX board of the TSXV, either (i) cancel all Common Shares purchased by Non-Arm's Length Parties to the Company at a discount to the offering price under the Concurrent Financing, in accordance with section 11.2(a) of the CPC Policy, or (ii) subject to majority shareholder approval, cancel that number of Common Shares purchased by Non-Arm's Length Parties to the CPC so that the average cost of the remaining Common Shares purchased by Non-Arm's Length Parties to the Corporation is at least equal to the IPO price.

9) **PRINCIPAL SECURITYHOLDERS**

The following table lists those Persons who beneficially own, directly or indirectly or exercise control or direction over more than 10% of the issued and outstanding Common Shares as at the date of this Prospectus:

Name and municipality of residence	Type of ownership	Number of Common Shares	Percentage owned of the current issued and outstanding Common Shares	Percentage to be owned following Completion of Offering, Proposed Qualifying Transaction and the Concurrent Financing ⁽¹⁾
Peter Yung Tan Chen <i>Richmond, British Columbia</i>	Direct	840,000	17.69%	0.7%
Jason Kuei Hai Lan <i>Richmond, British Columbia</i>	Direct	840,000	17.69%	0.7%

- (1) Assuming no securities are purchased by such persons pursuant to the Offering including the Over-Allotment Option or Concurrent Financing.

10) DIRECTORS, OFFICERS AND PROMOTERS

The following table sets out, for each of the Company's directors and officers, the person's name, municipality of residence, positions with the Company, principal occupation and, if a director, the month and year in which the person became a director.

Name, position with the Company and municipality of residence	Director/Officer since	Principal occupation(s) during the past five years	Common Shares owned or controlled⁽²⁾	Percentage on completion of Offering, Proposed Qualifying Transaction and the Concurrent Financing⁽³⁾⁽⁴⁾
Peter Yung Tan Chen ⁽¹⁾⁽⁵⁾ Director, President, CEO & Promoter <i>Richmond, BC</i>	February 1, 2017	President of Proterra Management Group Inc., a company providing management consulting and accounting services to private and publicly listed companies, since 2000; self-employed Financial Consultant since January 1994.	840,000	0.7%
Jason Kuei Hai Lan Director <i>Richmond, BC</i>	February 1, 2017	Self-employed Business Consultant since May 2011.	840,000	0.7%
Tony Yee Chong Chan ⁽¹⁾ Director <i>Richmond, BC</i>	February 1, 2017	Self-employed as a Private Investor since 2011.	100,000 ⁽⁶⁾	0.1%
Christopher Trevor Twells ⁽¹⁾ Director <i>Richmond, BC</i>	February 1, 2017	Controller (since November 2020) of QuadReal Property Group, a Vancouver based real estate investment, operating and development company.	300,000	0.3%
Eric Wing Kin Lam Chief Financial Officer <i>Richmond, BC</i>	February 1, 2017	Accountant at Proterra Management Group Inc., a company specializing in management consulting and accounting services, since May 2012.	100,000	0.1%

- (1) Member of the Audit Committee. The chair of the Audit Committee is appointed at the start of each meeting of the Audit Committee. The Company does not have any other committees.
- (2) These shares are subject to escrow restrictions, (see "Escrowed Securities") and do not reflect the 474,750 Common Shares issuable on exercise of Incentive Stock Options granted to the Company's directors and officers (see "Incentive Stock Options").
- (3) Assuming no securities are purchased by such persons pursuant to the Offering including the Over-Allotment Option or Concurrent Financing.

- (4) As of the date of this Prospectus, the directors and officers of the Company, as a group, beneficially own, directly or indirectly, 2,180,000 Common Shares, representing 45.92% of the issued and outstanding Common Shares. Following completion of this Offering, the directors and officers of the Company, as a group, will beneficially own, directly or indirectly, 1.85% of the Company's issued and outstanding Common Shares after the completion of the Offering, the Proposed Qualifying Transaction and the Concurrent Financing, assuming no securities are purchased by such persons pursuant to the Offering including the Over-Allotment Option or Concurrent Financing.
- (5) As of the date of this Prospectus, the promoter of the Company, Peter Chen, beneficially owns, directly or indirectly, 17.69% of the issued and outstanding Common Shares. Assuming completion of this Offering, the Proposed Qualifying Transaction and the Concurrent Financing, the promoter of the Company will beneficially own, directly or indirectly, 0.7% of the then issued and outstanding Common Shares of the Company, assuming no securities are purchased by Mr. Chen pursuant to the Offering including the Over-Allotment Option or Concurrent Financing.
- (6) Mr. Chan holds his shares through Winnetka Holdings Ltd., a company wholly owned by him.

Set forth below is a description of the background of the directors and officers of the Company, including a description of each individual's principal occupation(s) within the past five years.

Peter Yung Tan Chen – President, Chief Executive Officer, Director and Promoter (Age: 63)

Mr. Chen has been the President of Proterra Management Group Inc., a private company that provides management consulting and accounting services to publicly listed and private companies, since August 2000. Mr. Chen obtained a diploma in Accounting from Douglas College in 1993.

Jason Kuei Hai Lan – Director (Age: 57)

Mr. Lan has been a self-employed business management consultant since May 2011.

Tony Yee Chong Chan – Director (Age: 68)

Mr. Chan acquired a Bachelor of Arts degree from the University of British Columbia in 1979 and a Chartered Market Technician designation from the Market Technicians Association in February 2016. Mr. Chan is a self-employed private investor.

Christopher Trevor Twells – Director (Age: 52)

In 1999 Mr. Twells has a Chartered Professional Accountant designation issued by the Chartered Professional Accountants Association of British Columbia and a Financial Management Diploma from the British Columbia Institute of Technology in Burnaby, British Columbia. Mr. Twells has been the Controller of QuadReal Property Group, a Vancouver based real estate investment, operating and development company since November 2020.

Eric Wing Kin Lam – Director (Age: 42)

Mr. Lam holds both Chartered Professional Accountant and Certified General Accountant designations obtained from the Chartered Professional Accountants Association of British Columbia in February 2010 as well as a Bachelor of Business Administration obtained from Kwantlen Polytechnic University in August 2006. Mr. Lam has been the accountant of Proterra Management Group Inc. since May 2012.

Other Reporting Issuer Experience

No directors or officers of the Company are, or have been within the last five years, directors and officers of other issuers that are or were reporting issuers in any Canadian jurisdiction.

Promoter

Peter Yung Tan Chen, the President, Chief Executive Officer and a director of the Company, took the initiative in founding the Company and is therefore deemed to be its “promoter” within the meaning of the *Securities Act* (British Columbia). Mr. Chen owns 840,000 Common Shares representing 17.69% of the Company’s total issued and outstanding share capital as at the date of this Prospectus. In addition, the Company has granted to Mr. Chen, Incentive Stock Options to purchase 144,510 Common Shares. See “Principal Shareholders” and “Incentive Stock Options”.

Corporate Cease Trade Orders or Bankruptcies

None of the directors, executive officers, Insiders or promoters of the Company or shareholders holding a sufficient number of securities of the Company to materially affect the control of the Company is, or has been within 10 years before the date of the Prospectus, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- (a) was subject to an order⁽¹⁾ that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
- (b) was subject to an order⁽¹⁾ that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

(1) “order” as used above means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

None of the directors, officers, Insiders or promoters of the Company or shareholders holding a sufficient number of securities of the Company to materially affect the control of the Company:

- (a) is, as at the date of the Prospectus, or has been within the 10 years before the date of the Prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of the Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

Other than as disclosed below, no director, officer, Insider or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company, has:

- a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- b) been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision,

except for Tony Yee Chong Chan who inadvertently omitted to include reference to his employment with King Lung Commodities between December 1982 and June 1983 in an application submitted to the TSXV. The TSXV issued a \$500 fine and statement of facts dated July 8, 1991, and the matter was resolved.

Indebtedness of Directors and Officers

None of the directors or officers of the Company or any of their respective Associates or Affiliates has been indebted to the Company since the date of the Company's incorporation.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers, Insiders and promoters of the Company will be subject in connection with the operation of the Company. The directors, officers, Insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Company for businesses or assets in order to close a Qualifying Transaction. See "Directors, Officers and Promoters". Accordingly, situations may arise where the directors, officers, Insiders and promoters will be in direct competition with the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA.

11) EXECUTIVE COMPENSATION

Stock Option Plan

On April 28, 2017, the Company's Board of Directors adopted the Option Plan pursuant to which it may from time to time, in its discretion and in accordance with the Exchange requirements, grant to "Eligible Persons" (as defined in the Option Plan) non-transferable Incentive Stock Options to purchase common shares exercisable for periods of up to 10 years from the date of grant. The Option Plan was accepted by the Exchange concurrent with Exchange approval of listing of the Company's Common Shares on the Exchange.

Summary of the Option Plan

For so long as the Company is a Capital Pool Company under the policies of the Exchange, the Option Plan provides that:

1. Eligible Persons under the Option Plan are restricted to the Company's directors, officers or technical consultants (where permitted by applicable securities laws) and their permitted assigns;
2. the number of common shares reserved for issuance under the Option Plan and common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time may not exceed in aggregate 10% of the aggregate number of common shares issued and outstanding upon completion by the Company of its initial public offering, which is a reserve of 474,750 common shares; and
3. the Option Plan is not subject to approval by the Company's shareholders as it does not reserve for issuance under the Option Plan common shares in excess of 10% of the Company's issued and outstanding common shares and is not at the present time a 10% rolling plan.

Subsequent to completion by the Company of its Qualifying Transaction under the policies of the Exchange, the Option Plan provides that:

1. Eligible Persons under the Option Plan include any director, executive officer, employee, consultant, investor relations person or management company employee of the Company or any affiliate of the Company and their permitted assigns (as those terms are defined by the policies of the Exchange and National Instrument 45-106 – *Prospectus Exemptions*, as amended from time to time);
2. the number of common shares reserved for issuance under the Option Plan and common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time may not exceed in aggregate such number of common shares as is equal to 10% of the Company's common shares issued and outstanding at the time of a grant (i.e. a 10% rolling stock option plan); and
3. the Option Plan must be approved by the Company's shareholders and submitted to the Exchange for approval on an annual basis.

For clarity and notwithstanding annual receipt of shareholder approval of the Company's Option Plan, the Option Plan reserve will remain at 474,750 common shares and the Option Plan will not become a 10% rolling stock option plan in accordance with the policies of the Exchange until after completion by the Company of its Qualifying Transaction.

Further, for so long as the Company is a Capital Pool Company, the number of common shares reserved for issuance to any individual director or officer cannot exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares.

The exercise price of Incentive Stock Options granted under the Option Plan will be determined by the Board of Directors, but the exercise price must not be less than the Fair Market Value (as such term is defined in the Option Plan) of the option shares on the date of grant of the Incentive Stock Options. As the Company's common shares are listed on the Exchange, the Fair Market Value (as such term is defined in the Option Plan) is the lowest price permitted by the Exchange.

The Option Plan provides for adjustments to outstanding Incentive Stock Options in the event of any consolidation, subdivision, conversion or exchange of the common shares of the Company. Our directors may, at their discretion at the time of any grant, impose a schedule over which period of time

the Incentive Stock Options will vest and become exercisable by the optionee, subject to limitations set out in the Option Plan and applicable Exchange policies and prior Exchange acceptance for changes to the vesting schedule.

For those option holders who do not carry on as directors, officers, employees or consultants of the Company following completion of its Qualifying Transaction, any Incentive Stock Options granted by the Board and then outstanding will terminate 12 months after the completion by the Company of its Qualifying Transaction; and for Incentive Stock Options holders who do carry on as directors, officers, employees or consultants of the Company following completion of its Qualifying Transaction, Incentive Stock Options will terminate on the earlier of 90 days following cessation of the optionee's position with the Company or the expiry date of the Incentive Stock Options. If the cessation of office, directorship, employment or consulting arrangement is by reason of death, the Incentive Stock Options may be exercised by the heirs or administrators of the optionee for a period of 12 months after the optionee's death, subject to the earlier expiry of such Incentive Stock Options in accordance with its term.

Any common shares acquired pursuant to the exercise of Incentive Stock Options by the Company's directors and officers prior to completion of a Qualifying Transaction are required to be deposited in escrow and subject to escrow until a Qualifying Transaction is completed. See "The Resulting Issuer – Escrowed Securities".

The Board may amend, suspend or terminate the Option Plan or any portion thereof at any time, but an amendment may not be made without shareholder approval if such approval is necessary to comply with any applicable regulatory requirement.

Incentive Stock Options

The Company has granted the following Incentive Stock Options pursuant to the Stock Option Plan prior to the date of this Prospectus:

Name	Number of Incentive Stock Options	Exercise Price	Expiry Date
Peter Yung Tan Chen	144,510	\$0.10	November 14, 2027
Jason Kuei Hai Lan	82,560	\$0.10	November 14, 2027
Tony Yee Chong Chan	82,560	\$0.10	November 14, 2027
Christopher Trevor Twells	82,560	\$0.10	November 14, 2027
Eric Wing Kin Lam	82,560	\$0.10	November 14, 2027

12) INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or officers of the Company or any of their respective Associates or Affiliates has been indebted to the Company since the date of the Company's incorporation.

13) RISK FACTORS

An investment in the Company or the Resulting Issuer following completion of the Proposed Qualifying Transaction involves a high degree of risk. There are risks inherent with completion of the Proposed Qualifying Transaction and with respect to the business of the Resulting Issuer. You should carefully consider the information in this Prospectus and the information set out under “The Resulting Issuer – Risk Factors”.

14) LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no actual or, to the knowledge of the Company, contemplated legal proceedings to which the Company is a party or of which any of its property is the subject matter.

15) INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed below or otherwise disclosed in the section “The Company – Management's Discussion and Analysis”, the directors, officers, promoters and shareholders of the Company and any Associates and Affiliates thereof have not had any direct or indirect material interest in any transaction or proposed transaction since the date of incorporation of the Company to the date of this Prospectus.

16) AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Company is Davidson & Company LLP, Chartered Professional Accountants, located at 1200 – 609 Granville Street, Vancouver, BC, V7Y 1G6.

The Transfer Agent and Registrar for the Common Shares is Computershare Trust Company of Canada located at 100 University Ave., 8th Floor, Toronto, ON, M5J 2Y1.

17) MATERIAL CONTRACTS

The Company has not entered into any contracts currently outstanding which are material to investors in the Common Shares since incorporation, other than:

- a) the Share Exchange Agreement dated February 5, 2024 among the Company, Smartwell, the Smartwell Shareholders and the Smartwell Warrantholders in connection with the Proposed Qualifying Transaction (see “The Proposed Qualifying Transaction”);
- b) the Amending Agreement dated June 30, 2024 among the Company, Smartwell, the Smartwell Shareholders and the Smartwell Warrantholders in connection with the Proposed Qualifying Transaction;
- c) the Amending Agreement dated November 30, 2024 among the Company, Smartwell, the Smartwell Shareholders and the Smartwell Warrantholders in connection with the Proposed Qualifying Transaction;
- d) the Amending Agreement dated September 30, 2025 among the Company, Smartwell, the Smartwell Shareholders and the Smartwell Warrantholders in connection with the Proposed Qualifying Transaction;
- e) the CPC Escrow Agreement; and

- f) the Agency Agreement which will be executed and filed with the final Prospectus.

Copies of all material contracts referred to in this Prospectus may be found on the Company's SEDARplus profile at www.sedarplus.ca.

18) SMARTWELL

All information contained in this Prospectus with respect to Smartwell and its subsidiaries was provided by Smartwell for inclusion herein.

Name, Address and Incorporation

Smartwell was incorporated on June 22, 2021 under the BCBCA, with the name Smartwell Technology Inc. Smartwell's address is 1600-409 Granville Street, Vancouver, BC V6C 1T2 and its registered and records office is 1600-409 Granville Street, Vancouver, BC V6C 1T2.

Intercorporate Relationships

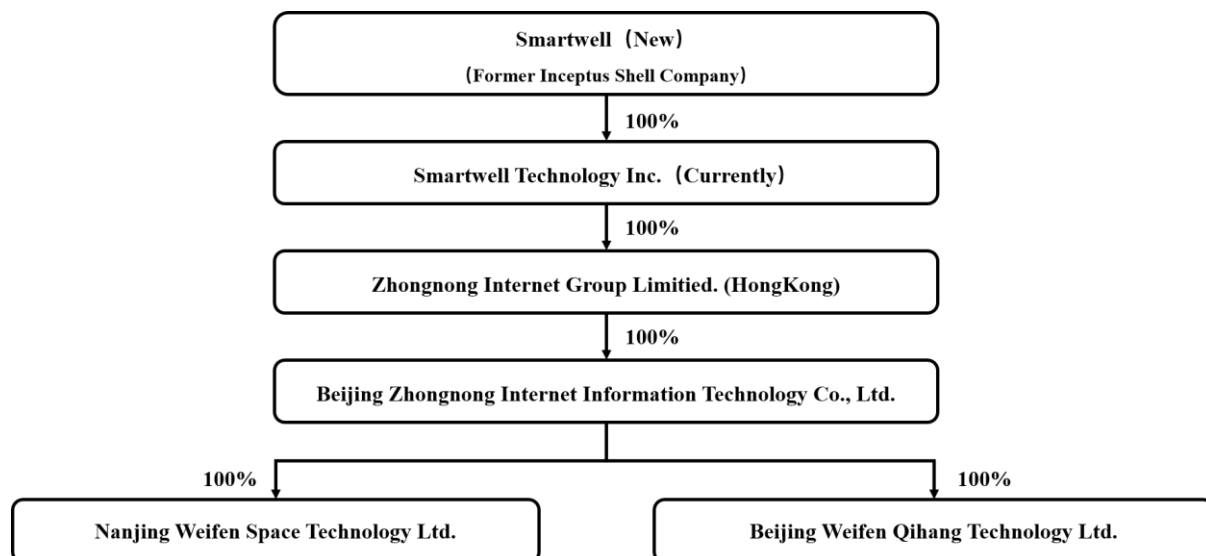
Smartwell has one wholly-owned subsidiary - Zhongnong Internet Group Limited, a Hong Kong company ("HK Co.") which was incorporated on April 14, 2022. Its head and registered office is located at Room A1-13, 3/F, Yulin Industrial Centre, 2-28 Kwai Lok Street, Kwai Chung, Hong Kong, China.

Pursuant to equity exchange agreements, on July 7, 2022, HK Co. acquired all the issued and outstanding shares of Beijing Zhongnong Internet Information Technology Co. Ltd. ("Zhongnong"), a Beijing, China company. Zhongnong was incorporated on May 25, 2015 and its head and registered office is located at 9-81, Building 6, Ronghui Park, Linkong Economic Core Zone, Shunyi District, Beijing. As a result of the equity exchange, the original Zhongnong shareholders owned 100% of the Company, immediately after the share exchange, and the Company owned 100% of Zhongnong through its subsidiary, HK Co. Mr. He and Mr. Li are shareholders, directors and officers of Zhongnong and Mr. He was a director of HK Co. from April 14, 2022. Each participated in the equity exchange on the same terms and conditions as all other shareholders of Zhongnong.

Zhongnong is the main operating company for Smartwell's business.

Zhongnong has two wholly-owned subsidiaries – Beijing Weifen Qihang Technology Co., Ltd. and Nanjing Weifen Space Technology Co., Ltd., both companies incorporated in Beijing, China and having their respective head and registered office located at Room 601, 6/F, Building 4, Courtyard 1, Yuxi No.1 Street, Tongzhou District, Beijing and Room R425, Yougu, No. 12 Mozhou East Road, Jiangning District, Nanjing City.

The diagram below provides an overview of the intercorporate relationships among Smartwell and its subsidiaries:



Zhongnong Internet Group Limited (Hong Kong) is the group’s regional headquarters for Asia. It is a wholly-owned subsidiary of Smartwell and is responsible for smart agriculture business development in Southeast Asia. It benefits from local tax incentives in Hong Kong.

Beijing Zhongnong Internet Information Technology Co., Ltd. is the group’s regional headquarters for China. It is a wholly-owned subsidiary of HK Co., and is primarily responsible for the development and execution of smart agriculture projects and government initiatives across mainland China, with a focus on Northern China.

Nanjing Weifen Space Technology Ltd. is a wholly-owned subsidiary of Zhongnong, and is primarily responsible for smart agriculture business development and execution in southern China.

Beijing Weifen Qihang Technology Ltd. is a wholly-owned subsidiary of Zhongnong, and is classified as a small-scale taxpayer in China, eligible for tax incentives. It is primarily responsible for signing and executing smart agriculture projects for small-scale clients in China.

Overview of Smartwell

Smartwell is a service provider dedicated to offering solutions and data for the agricultural planting sector. Its core technologies include the construction of optimal crop growth models and algorithms for crop satellite image recognition, which are continuously optimized through deep machine learning. The optimal crop growth model is applied to customers planting high-value crops in greenhouses. Constructed from 173 influencing factors across four dimensions—planting environment, crop status, crop growth form, and planting behaviour—this model is designed to effectively boost crop yield, optimize input usage (water, fertilizer), reduce pests and diseases, and enable control of agricultural automation equipment through software, thereby reducing labour costs. The crop satellite image recognition algorithm is primarily used for monitoring outdoor crop growth, yield estimation, and disaster warning. It aids in data collection and analysis for industries such as agricultural loans, agricultural insurance, and large farms, replacing traditional manual data collection methods to improve efficiency and accuracy while cutting costs.

Smartwell has two main product lines through the Controlled Environment Agriculture (“CEA”) system, which consists of hardware and software. The hardware includes various sensors deployed in soil, air and crops and automation control devices within the greenhouse. Automation control devices include

lighting, irrigation, fertilization, temperature and humidity control, insect control, support equipment for growth control, and small weather stations. The software includes Smartwell's proprietary digital twin plant growth models, data analysis and control systems. The software products can be used with hardware devices already deployed by customers. Therefore, based on customer requirements, Smartwell can deploy new hardware and software systems for customers or utilize existing hardware systems for software deployment.

Through the optimal growth models and real-time environmental parameters collected by sensors, the CEA system regulates the automated control equipment in the greenhouse. The computer will automatically determine the optimal inputs to ensure the best-growing conditions for crops, with the goal of increasing the yield and optimizing the use of water resources, pesticides, and fertilizers to protect the environment and reduce pollution.

As the name suggests, these facilities are sealed off from the outside environment. Everything plants need at their various growing stages is provided artificially, including water, temperature, humidity levels, ventilation, light, CO₂, nutrients and planting density. The CEA improves the quality and yield of crops for high-value indoor farming customers to enhance economic benefits, and makes the whole growing process smarter and greener. The CEA system is mainly applied to the greenhouse farming of cherry tomatoes, cucumbers, lettuce, and other high-value crops.

The second product is the agricultural remote sensing big data platform, which provides high-value agricultural data in designated areas for field farming and agricultural finance clients through satellite remote sensing data analysis technology (the "Yuntong System"). The agricultural data gathered by the Yuntong System includes visual and hyperspectral imagery collected by satellite or drones, meteorological data, and remote sensors connected to the Internet of Things that measure light, temperature, and humidity. Big data applications in agriculture can improve crop yield forecasting, assess the impact of pests, diseases, droughts, and natural disasters in real time, and optimize inputs (fertilizers, herbicides, seeds, water) to maximize yields per unit of arable land. This product is used for agricultural monitoring and forecasting as well as risk management analysis of agricultural financial institutions, with faster data acquisition, lower cost, and more accurate data analysis results than the manual analysis. Smartwell has provided the agricultural remote sensing big data analysis service to the MYbank agricultural credit loan program of Ant Financial in 2021, which services covered approximately 15,609 km² of area in Yantai City, Shandong Province, Linyi County, Shanxi Province and Luochuan County, Shanxi Province.

Zhongnong applied for and obtained the software copyright of the smart control platform system for industrial hemp cultivation (as part of its CEA system) with digital twin and virtual simulation technology in November 2020 in China. Zhongnong also obtained two registered integrated circuit layout design rights in April 2021, one for monitoring crop growth based on AI image recognition technology (Registration Certificate: No. 44049) and the other for environmental monitoring and automated control based on crop growth model (Registration Certificate: No. 44048) in China. As the date of this Prospectus, Smartwell, through Zhongnong, holds 63 Intellectual Property Rights ("IPR") related to agricultural algorithms and 36 IPRs related to remote sensing big data in China.

Historical Business Operations

Smartwell was incorporated on June 22, 2021 and acquired Zhongnong on July 7, 2022.

Founded in 2015, Zhongnong officially launched operations in 2018. It released the first generation Yuntong System in March 2018.

Smartwell's market development goal is to expand from a single market in China to markets in North America and China. Through the CEA system and Yuntong System with intelligent algorithms as the core and SaaS²/DaaS³ services as the means, Smartwell provides high-value actionable data and convenient application software to various agricultural industry customers and aims to build a smart agricultural data service system for international markets including Canada. As described below, Smartwell's digital agriculture solutions are intended to make agricultural production more technologically advanced, intelligent, energy-saving, and efficient, reducing water and energy consumption and carbon emissions, and contributing to environmental protection.

19) NARRATIVE DESCRIPTION OF THE BUSINESS

Smart Agriculture

Smart agriculture is a modern agricultural technology that uses technologies such as artificial intelligence, robots, Internet of Things, positioning systems and sensors to help farmers analyse the health of crops and increase the quantity and quality of crops. Smart agriculture reduces labour costs, increases output, and applies many technologies, such as precision irrigation and plant nutrition, climate control, sensors, software platforms, remote sensing satellites, drones, big data analysis and optimization platforms.

According to the report titled "Smart Agriculture Market Size, Share, Trends, Analysis, and Forecast 2025–2034"⁴ released by Research and Markets, a market research firm, in August 2025, the global smart agriculture technology market is valued at approximately USD 15.9⁵billion in 2025, and is expected to expand at a compound annual growth rate (CAGR) of 11.8%, reaching USD 43.3 billion by 2034. The precision farming application segment is the largest segment of the smart agriculture market in 2023⁶. Precision farming monitors the yield of the crops and tracks and maps fields with accurate and precise methods. One of the important applications in this segment is weather tracking and forecasting. The water scarcity and growing environmental concerns are the main drivers for the expansion of segment. The yield monitoring segment accounted for approximately 44.3% of revenue in 2023⁷. Precision farming employs various methods, including the use of sensors installed in farms, to monitor crop yield and accurately map fields. These sensors are strategically placed throughout the fields to collect data on factors such as soil moisture, nutrient levels, temperature, and crop health. By continuously monitoring these parameters, farmers can gain insights into the conditions of their fields in real-time.

For example, soil moisture sensors measure the amount of moisture present in the soil, allowing farmers to determine when and where irrigation is needed. Similarly, nutrient sensors assess the levels of essential nutrients in the soil, helping farmers optimize fertilizer application and prevent over or under-fertilization.

² Software as a service (SaaS) allows users to connect to and use cloud-based apps over the Internet. Common examples are email, calendaring, and office tools (such as Microsoft Office 365). SaaS provides a complete software solution that you purchase on a pay-as-you-go basis from a cloud service provider.

³ Data as a service (DaaS) is a cloud-based software tool used for working with data, such as managing data in a data warehouse or analyzing data with business intelligence. It is enabled by software as a service (SaaS).

⁴ <https://www.researchandmarkets.com/reports/5349308/smart-agriculture-market-size-share-trends>

⁵ The "Smart Agriculture Market Size, Share, Trends, Analysis, and Forecast 2025–2034" 's statistical scope focuses exclusively on the smart agriculture technology, systems, and services market—including sensors, software, automation equipment, and AI platforms. It does not cover data related to agricultural production, distribution, or product sales. Therefore, the report reflects the development scale of the agri-technology industry, rather than the total value of agricultural output or the agricultural product market.

⁶ <https://www.precedenceresearch.com/smart-agriculture-market>

⁷ <https://www.precedenceresearch.com/smart-agriculture-market>

In addition to sensors, precision farming may also utilize remote sensing technologies, such as satellite imagery and drones, to collect data over large areas quickly and efficiently. This data can then be processed and analyzed to create detailed maps of fields, identifying areas of variability and enabling farmers to tailor their management practices accordingly.

Overall, precision farming leverages accurate and precise methods, including sensor technology, to monitor crop yield and map fields effectively, enabling farmers to make data-driven decisions and optimize their farming operations.

The smart greenhouse application segment is the fastest growing segment of the smart agriculture market in 2023⁸.

Smart greenhouses manage water and fertilizer effectively and efficiently through the integration of advanced technology and precise monitoring systems. These greenhouses utilize sensor-based monitoring systems to continuously measure key factors such as soil moisture levels, nutrient concentrations, and environmental conditions like temperature and humidity. By collecting real-time data from these sensors, smart greenhouse systems can accurately determine the water and fertilizer requirements of the crops. Automated irrigation systems can then be triggered to deliver the precise amount of water needed by the plants when soil moisture levels drop below a certain threshold. Similarly, nutrient sensors monitor the concentration of nutrients in the soil, allowing automated fertilizer dosing systems to adjust the application of fertilizers accordingly. Additionally, smart greenhouse systems often incorporate data analytics and predictive modeling algorithms to forecast future water and fertilizer requirements based on historical data and current environmental conditions. By proactively adjusting irrigation and fertilization schedules based on these predictions, smart greenhouses optimize resource usage and maximize crop yields while minimizing waste.

Smart greenhouse technology supports heating, ventilation, and air conditioning (“HVAC”) for agricultural purposes through the implementation of automated climate control systems. These systems are designed to maintain optimal growing conditions inside the greenhouse by regulating temperature, humidity, and airflow. Heating systems can be activated to raise temperatures during cold weather conditions, while ventilation systems help dissipate excess heat and humidity during hot weather. Additionally, air conditioning systems can be utilized to maintain comfortable temperatures inside the greenhouse, particularly in regions with extreme climate conditions. Smart greenhouse systems often integrate sensors to monitor environmental parameters such as temperature and humidity, allowing for precise control of the HVAC systems. By maintaining ideal growing conditions, smart greenhouse technology ensures optimal plant growth and productivity throughout the year.

All of these factors are propelling the growth of the smart greenhouse application segment over the forecasted period.

North America dominated the smart agriculture market in 2023 with revenue share of 43%⁹. The growth of the smart agriculture market in North America region is attributed to increased government initiatives and favourable guidelines for the expansion of agriculture sector. In addition, several market players are collaborating with government agencies in implementing the concept of smart agriculture. Moreover, the government in this region is also providing subsidies and tax incentives for the development of smart agriculture market.

⁸ <https://www.precedenceresearch.com/smart-agriculture-market>

⁹ <https://www.precedenceresearch.com/smart-agriculture-market>

The United States Department of Agriculture (“USDA”) provides various subsidies and tax incentives to bolster the development and adoption of smart agriculture technologies. One notable program is the USDA's Rural Energy for America Program¹⁰, which extends \$145 million in funding for 700 loan and grant awards to agricultural producers and rural small businesses in 2023 and 2024, such as the acquisition and installation of renewable energy systems and energy efficiency enhancements, including smart agriculture solutions.

In Canada, Canadian Agricultural Partnership (“CAP”), a collaboration between the federal, provincial, and territorial governments, offers funding and support for innovation in the agriculture sector. Programs like the Agri Innovation Program¹¹ provide grants and financial assistance to agricultural businesses and organizations for research, development, and adoption of new technologies, including smart agriculture solutions. The maximum funding for a project will typically not exceed \$5,000,000. Applications will be accepted continuously until the end of the program on March 31, 2028.

All of these factors are driving the growth of smart agriculture market in North America as set out in the table below.

With the support of relevant policies¹² of the Chinese government, smart agriculture has developed rapidly, and the market scale has continued to expand. In 2022, the Ministry of Agriculture and Rural Affairs of China issued the "14th Five-Year Plan for the Development of Agricultural and Rural Informatization". In this plan, the Chinese government outlined its intention to promote smart agriculture by constructing 100 national digital agricultural innovation application bases and designating 200 agricultural and rural informatization demonstration bases. In 2023, the Central Committee of the Communist Party of China and the State Council issued the “Number One Document of 2023”, stating China's commitment to deepen the implementation of rural digital development actions, accelerate the application of big data in agriculture and rural areas, and promote the development of smart agriculture.

According to the statistical report of Huajing¹³ Market Research Center, in 2022, the potential market size of China’s smart agriculture is about 86.863¹⁴ billion yuan (\$17.0 B). For a discussion on risk factors, please see the section under “Resulting Issuer – Risk Factors - Risks Related to Doing Business in China”.

Key factors that are contributing to the smart agriculture market include:

1. Food crisis

The increase in population, the reduction of arable land, and the lack of water sources, severe climate changes, and even the impact of wars have led to increasingly severe food security issues. Smartwell believes that this is the most important driving force for the development of smart agriculture.

¹⁰ <https://www.rd.usda.gov/programs-services/energy-programs/rural-energy-america-program-renewable-energy-systems-energy-efficiency-improvement-guaranteed-loans#overview>

¹¹ <https://agriculture.canada.ca/en/programs/agriinnovate>

¹² <https://www.huaon.com/channel/trend/934400.html> Refer to the English translation -2023 China Smart Agriculture Industry Market Size, Segmentation, Policy, Industry Chain, Key Enterprises, and Trend Analysis

¹³ <https://www.huaon.com/channel/trend/934400.html> Refer to the English translation -2023 China Smart Agriculture Industry Market Size, Segmentation, Policy, Industry Chain, Key Enterprises, and Trend Analysis

¹⁴ <https://www.huaon.com/channel/trend/934400.html> Refer to the English translation -2023 China Smart Agriculture Industry Market Size, Segmentation, Policy, Industry Chain, Key Enterprises, and Trend Analysis

2. Food safety and health awareness improvement

Rising government and consumer concerns about food safety, rising consumer preference for organically and naturally produced fruits and vegetables, and rising health awareness are key drivers for market growth.

3. The need for environmental protection

Consumer concerns regarding environmental protection and the reduction of chemical and pesticide usage in agricultural production have emerged as additional catalysts for the advancement of smart agriculture.

4. Technological advancements

One of the key factors driving the growth of the global smart agriculture market is growing technological advancements and adopting innovative technologies. The technologies such as the Internet of Things, artificial intelligence, blockchain, and machine learning are creating opportunities for the growth and development of the global smart agriculture market.

5. Government support

Governments in various developing and developed regions are offering tax incentives to those market players operating in the smart farming market and are also investing in the growth of global smart agriculture market.

6. Impact of Covid-19 on Smart Agriculture Market

Despite the disruptive impact of the novel coronavirus pandemic on several industries, the smart farming market has experienced significant growth. Many farmers are adopting smart farming techniques such as precision farming to remotely monitor the activity of their crops.

Market Overview

Smartwell focuses on two segment markets of the smart agriculture industry: controlled-environment agriculture (previously defined as “CEA”) and agricultural remote sensing big data analysis. Geographically, the CEA segment for Smartwell is represented by the North American market as well as the Chinese market. Smartwell currently provides agricultural remote sensing big data analysis services for China clients.

Controlled-environment agriculture

CEA is a method of creating fully controlled environments for growing plants. This is sometimes referred to as ‘vertical farming’ or ‘indoor farming’. As the name suggests, these facilities are sealed off from the outside environment. Everything plants need at their various growing stages is provided or controlled by the grower, including water, temperature, humidity levels, ventilation, light, CO², nutrients and planting density.

Implementing controlled environment agriculture requires balanced control of parameters including temperature (air, nutrient solution, and root zone), humidity, carbon dioxide concentration, light

(intensity, spectrum, and photoperiod), nutrient solution concentration, fertilizer, and nutrient solution PH. Facility agriculture structures range from smart greenhouses, where computers automatically control watering, lighting, and ventilation, to simple features like plastic arches and ground covers. Facility agriculture ensures individual control of specific production factors by keeping other factors consistent. For example, it can compare the effect of coloured and clear glass on photosynthesis or it can compare supplemental lighting techniques for soilless cultivation.

CEA is mainly used for high economic crops. Tomatoes are the leading segment in these markets, followed by strawberries, cucumbers, peppers, and green leafy vegetables.

Smartwell believes it to be advantageous for it to begin participating in the CEA Market in North America due to the following reasons:

- ✓ The greenhouse infrastructure in North America is more developed than in China, such as glass greenhouses which can improve the quality of data collection and crop algorithm models. Therefore, management believes Smartwell can better tap into the value of its technologies in North America than in the Chinese market.
- ✓ Smartwell believes that North American customers have stronger digital awareness and are more receptive to the SAAS payment model, which can reduce the costs of client education.
- ✓ Smartwell believes that North America is a competitive market where customers place more value on technical advantages, so Smartwell's technical advantages have a greater competitive edge in the North American market.
- ✓ According to Smartwell's competitor analysis, Smartwell anticipates a relative shortage of integrated agricultural digital service providers in North America. In general, agri-tech companies in North America focus on their own niche areas and provide services that tailor to certain scenarios such as pest and disease control or soil cultures. There is a market gap for integrated digital service providers. Smartwell has digital capabilities for multiple applications and the ability to provide integrated solutions.
- ✓ There are opportunities in the market for industrial hemp. North America has seen strong growth in industrial hemp facility agriculture over the past few years. Smartwell believes that it can participate in growth models for industrial hemp, offering a competitive advantage that aligns well with the demands of the North American market.

Smartwell will also continue to serve the CEA market in China for the following reasons:

- ✓ According to reports from the Ministry of Agriculture and Rural Affairs of China, China's total area of facility agriculture is approximately over 2.67 million hectares, accounting for over 80%¹⁵ of the world's total facility agriculture area. More than 80% of this area is used for growing vegetables such as cucumbers, tomatoes, and peppers. However, China's facility agriculture mainly consists of small and medium-sized plastic greenhouses, with operation methods primarily relying on the experience of small farmers. Labor costs are relatively high, and the level of modernization of facilities is low. Compared to developed countries such as Japan, the Netherlands, and the United States, China's facility agriculture still lags significantly in technological advancement¹⁶.

¹⁵ http://www.moa.gov.cn/ztzl/2023yhwj/xcbd_29328/202303/t20230309_6422688.htm Refer to the English translation - China's area of facility agriculture accounts for over 80% of the world's total, with the majority dedicated to vegetable cultivation

¹⁶ http://www.moa.gov.cn/ztzl/2023yhwj/xcbd_29328/202303/t20230309_6422688.htm Refer to the English translation - China's area of facility agriculture accounts for over 80% of the world's total, with the majority dedicated to vegetable cultivation

- ✓ Low level of agriculture digitalization and intelligence is still prevalent in China. Customers lack digital awareness and most of them are influenced by government subsidy policies. Therefore, management will need to be invested in education and guidance for Chinese agricultural customers, and the customer's ability to pay is relatively weaker. In some cases, Smartwell may also need to help customers apply for government subsidies before the customers are willing to retain Smartwell.
- ✓ The cost of service is high as Chinese customers prefer a localized and customized delivery approach. Smartwell typically sends its staff on trips to provide on-site service, which leads to slower decision making and project delivery, longer payment cycles, relatively low profit margins, and relatively high customer acquisition and service costs.
- ✓ The competitive environment is not completely market driven. China's digital agriculture market has attributes of being partially influenced by government support and guidance, as well as relying on relationships to acquire customers. In many cases, the technological capability of the product is not the primary purchasing factor for the customer.
- ✓ China's national policies and funding strongly support the upgrading of agricultural digitalization. In order to vigorously promote the construction of digital rural areas, the Chinese government has issued a series of policies to promote the development of smart agriculture. For example, the "Number One Document of 2022" issued by the Central Committee of the Communist Party of China and the State Council, the "14th Five-Year Plan for the Development of Agricultural and Rural Informatization" issued by the Ministry of Agriculture and Rural Affairs, the "Rural Construction Action Implementation Plan" issued by the General Office of the Central Committee of the Communist Party of China and the State Council, the "Outline of the Strategic Plan for Expanding Domestic Demand (2022-2035)" issued by the Central Committee of the Communist Party of China and the State Council, and the "Number One Document of 2023" issued by the Central Committee of the Communist Party of China and the State Council, all prioritize the implementation of digital rural areas and the development of smart agriculture as the main development goals.¹⁷.

For a discussion on risk factors, please see the section under “Resulting Issuer – Risk Factors - Risks Related to Doing Business in China”.

Despite the foregoing, Smartwell notes that the commercial success of the Smartwell's products and services will depend upon a variety of factors, including the acceptance of these products by its potential customers. For more information see "Resulting Issuer – Risk Factors".

Agricultural remote sensing big data platform

Agricultural remote sensing big data platform is an information system that integrates technologies such as remote sensing, GIS, GPS, computer science, automation, communication, and the internet with basic science subjects such as geography, agriculture, ecology, plant physiology and soil science. This system features macro and micro monitoring of crops, land and soil, regular information acquisition as well as dynamic analysis and diagnostic prediction of crop growth and environmental elements, farming measures and management plans.

¹⁷ <https://www.huaon.com/channel/trend/934400.html> Refer to the English translation -2023 China Smart Agriculture Industry Market Size, Segmentation, Policy, Industry Chain, Key Enterprises, and Trend Analysis

In China, management believes two trends are driving financial services to the agricultural sector. The first is agricultural credit loans, enabled by big data technology and AI algorithm models. For the agricultural credit or loan sectors and crop insurance, the biggest difficulty for service providers is the large number of field visits required by their staff to verify the situation in the field, inspect crops, and evaluate insurance claims. Remote sensing big data can solve these problems. The application of big data technology enables easy access to dispersed and fragmented farms, which is not possible in the traditional loan issuance process.

The second trend is agricultural futures trading. According to a report from the Economic Daily on June 1, 2021¹⁸, the Chinese Communist government is committed to establishing a long-term mechanism to address structural contradictions in the production and distribution of grain. Firstly, it relies on technology to increase grain production. Secondly, in the international trade sector, it aims to coordinate the use of both domestic and international agricultural trade layouts, implement a strategy of diversifying agricultural product imports, and support enterprises in integrating into the global agricultural supply chain. As a way to stabilize supply and pricing, China encourages the development of commodity futures markets. In 2024, the cumulative transaction volume of China's futures market was RMB619.26 trillion (CAD\$120 trillion)¹⁹.

Target Market

Smartwell's business model is business to business. However, the two kinds of products/services target different target markets.

Controlled Environment Agriculture

The applications for CEA include greenhouse-grown and high-value crops. Currently, Smartwell has developed and provided models for four types of crops, namely, lettuce, strawberries, cherry tomatoes and industrial hemp, and plans to expand to a total of about 10 crops including cucumbers. Because the optimal growth model for each kind of crop is not universal, it is necessary to reconstruct the model based on collected crop growth data. However, having experience in constructing models for other crops can also reduce the research time and cost associated with building a new crop model.

In the Chinese market, Smartwell serves large-scale and leading agricultural businesses, agri-industrial parks, and cooperatives, not individual farmers. This is because the average Chinese farmer owns very small areas of land and does not have the desire or ability to afford the CEA system. For example, management believes almost 100% of industrial hemp and 40% to 50% of lettuce, strawberries, and cherry tomatoes are grown by large corporations.

In the Canadian and the US markets, Smartwell hopes to serve greenhouse and industrial hemp growers most of which are affiliated with organizations such as hemp industry associations and agricultural industry associations.

Smartwell's target customers are greenhouse growers with glass greenhouses. Glass greenhouses provide a more stable and controlled environment for CEA compared to plastic greenhouses, enabling growers to achieve higher levels of productivity, quality, and efficiency in their agricultural operations.

¹⁸ https://www.gov.cn/xinwen/2021-06/01/content_5614516.htm Refer to the English translation - Establishing Long-term Mechanisms to Address Structural Contradictions in Grain Production and Demand.

¹⁹ http://finance.ce.cn/futures/qhgdbd/202501/08/t20250108_39259744.shtml

About 20-25% of its Chinese customers have such greenhouses equipped with established infrastructure. The next best customers are those with plastic greenhouses which can also be fitted with automated control equipment. For optimal growth models, glass greenhouses are better than plastic ones.

Agricultural remote sensing big data

The target customers for agricultural remote sensing big data are mainly agricultural credit financial institutions, crop insurance companies, crop commodity traders (spot and futures), and governmental policy-making agencies in agriculture, export and other related areas. Currently, Smartwell already has customers in agricultural credit. As for agricultural futures, it has just conducted a pilot project for the China Zhengzhou Commodity Exchange on which almost all agricultural futures financial institutions are members.

Customers

This table provides a summary of the anticipated categories of Smartwell's clients, the services offered to each client type, and the value proposition (benefits) delivered to the clients.

Customer Segments	Data Analytics Service to Customer	Value Proposition (Benefits to Customer)
Farm credit/ag lending	•Crop verification •Yield prediction & forecasting •Disturbance (disaster/weather) impact on crop yield	Lenders can manage and reduce risk through ensuring that farmers plant the crops they say they will plant and understanding yield and loan recovery probabilities
Crop insurance	•Loss verification •Pre-loss valuation	Insurers can more accurately value loss in agricultural settings (a) by understanding areas impacted more accurately and quickly (b) by using biomass measurements to quantify actual crop loss rather than by estimation and (c) by enabling claims response for a large number of clients on a wide area basis.
Commodities traders	•Wide area yield prediction •Planting •(crop) distribution •Crop-cycle species distribution	Commodities traders can hedge risk on their futures if they understand anticipated crop yields and distributions. Natural disturbance impacts can be known immediately.
Government policymakers	•Planting distribution and yield trends •Yield forecasting •Weather impacts on yield and crop distribution •Water use and distribution	Yield data is valuable to policy makers to (a) set import and export quotas, (b) to monitor the impact of policies, incentives and subsidies, (c) to understand water use and distribution, and (d) to understand land use and land use change on a near real-time basis.

Precision farming: high-value crops inc., industrial hemp crops, greenhouse crops, Chinese herbs and western ginseng

- Yield forecasting
- Pest monitoring
- Disease monitoring
- Water use and distribution

Farmers use data to maximize crop yield while minimizing inputs and rapidly detecting pest or disease impacts before spreading.

As of September 30, 2024, the revenue earned by Smartwell from its top two customers as a percentage of its total revenue is 87%. As of September 30, 2025, the revenue earned by Smartwell from its top two customers as a percentage of its total revenue is 72%. As of December 31, 2023, the revenue earned by Smartwell from its top two customers as a percentage of its total revenue is 59%. As of December 31, 2024, the revenue earned by Smartwell from its top three customers as a percentage of its total revenue is 91%.

Products

Smartwell has two products, one is the CEA System, and the other is the Yuntong System.

CEA

The CEA System is divided into two interrelated sub-products: (1) the CEA Platform for greenhouse farming with optimal crop growth model as the core technology; and (2) the Simulation Platform (i.e., cultivation plan research). These two products can be purchased separately or as a bundle.

1. CEA Platform for Greenhouses

Smartwell's CEA system uses data from various real-time sensors in the growing environment, including multidimensional soil, air, light, and crop body sensors.

For example, Smartwell can insert a soil sensor directly into the soil, and place a light sensor on the greenhouse's roof. If the CEA system is used in field crops, Smartwell will determine the density of soil sensors based on the field terrain, crop type and other factors. In addition, the parameters for field monitoring differ from those for greenhouse crop monitoring as field monitoring also requires the use of small weather stations to monitor wind speed, wind direction and rainfall, while greenhouse crop monitoring does not need to consider wind or rain factors.

Through the optimal growth model and real-time environmental parameters collected by sensors, the CEA system regulates the automated control equipment in the greenhouse, including lighting, irrigation and fertilization, temperature and humidity, insect control and crop growth support equipment. The computer will automatically determine the optimal inputs to ensure that best growing conditions for crops, thus effectively increasing the yield or extraction, and optimizing the use of water resources, pesticides, and fertilizers to protect the environment and reduce pollution.

(1) Crop optimal growth model

The crop growth model is based on continuous multidimensional data that is divided into four modules as follows:

- **Crop environment sub-model**

Algorithm models built with data on air temperature and humidity, lighting and moisture, trace elements and microorganisms.

- **Crop structural morphology sub-model**

Algorithm models built with data on plant topology, organ morphology and canopy morphology.

- **Crop ontology sub-model**

Algorithm models built with data on the photosynthetic process, respiration process and assimilates accumulation and distribution of the crop. Assimilates are the carbohydrates (including sucrose, starch, and non-structural carbohydrates) produced by photosynthesis in the crop, and their allocation is the distribution of these assimilates to plant respiration, root, stem and leafage.

- **Crop planting sub-model**

Algorithm model built based on crop planting time, plant density and pathogen modelling.

(2) Construction of New Optimal Growth Models

- **Sample data collection:** In the initial stage of research and development, after selecting the target crop types, Smartwell will look for experimental fields to collect data for data accumulation, and when it comes to providing services to real customers, it will collect the full-dimensional sample data in advance for the actual operating environment of customers. "Full dimension" means all the data dimensions contained in the environmental parameters of the greenhouse, the growth process, the crop structure and morphology and the planting method of the crop types.
- **Expert research and literature study:** Before determining the initial weights of various parameters and factors of the growth model, Smartwell will search for biologists and agronomy experts in the field of specific crop varieties in major research institutes and universities to conduct expert interviews and review relevant papers.
- **Initial modelling:** Smartwell's technical staff will finalize the weights of each parameter and factors in the model and complete the initial version of the crop model based on the information obtained from expert interviews and papers, combined with its experience from past projects and the client's planting ledger and interviews with the front-line staff of the client.
- **Machine learning optimization:** Smartwell combines continuous data monitoring across several growth cycles with neural network machine learning algorithms to continuously feed the real crop growth state into the model for fit and optimization.

2. CEA system - simulation platform (planting program research)

The CEA system offers the application of simulation and digital twin technology in agriculture. Relying on the crop growth model, users can simulate on the computer the growth process and results of crops under different environmental parameters, different conditions and different inputs, which greatly reduces the cost and time of developing the crop plan.

For example, by simulating plant cultivation in a computer-simulated environment, the computer can calculate, in a very short time, the approximate amount of active ingredients that would grow the crop

if a trace element was added to the fertilizer. The system can also estimate how the plants will grow with more irrigation by increasing the soil water content in the computer. This allows for low-cost predictions, greatly reducing research time and costs and lowering the barriers to entry for indoor farming.

By using the CEA System, users can save over 70% of water consumption, 30% of fertilizers, 50% of pesticides and 40% of labour. Moreover, crop yield can be increased by 15% and the economic benefits by more than 25%. (The above data comes from Smartwell's past projects).

The crops planted by its customers are all high-value-added crops, including industrial hemp and economically valuable fruits and vegetables. About 70% of its customers use the optimal growth model products.

For the 20-30% of customers that do not purchase the optimal growth model, Smartwell provides them with a basic model or the initial version of the optimal growth model. The basic model contains a threshold of various environmental parameters, and as the project runs and more data is collected, the model will be further optimized. Customers who use the basic model can increase crop yield by about 5%, save water by about 50%, and reduce the use of pesticides and fertilizers by about 20%.

For customers who only need the basic equipment, Smartwell can provide them with sensor-based data collection, visualization and remote-control services, but the optimal growth model is not provided, and environmental control is mainly done manually.

Examples of CEA customers

Typical CEA customers include:

- **Industrial hemp cultivation:**

- Heilongjiang Changfeng Biological - Industrial Hemp Intelligent Planting Project.

- ✓ **Fruit and vegetable planting:**

- Changchun Agricultural Expo Park - Smart Agriculture Demonstration Project (small tomatoes, vegetables);
- Beijing Municipal Bureau of Agriculture - Phase I of Planting Intelligent Improvement Project (strawberries, vegetables);
- Smart planting management and control improvement project in a county of Xingtai City (fruits and vegetables);
- Panggezhuang Modern Agricultural Industrial Park, Daxing District, Beijing - Agricultural platform (fruit);
- Gaotai County, Zhangye City, Gansu Province - intelligent upgrade project for solar greenhouse (fruit);
- Nanjing Xinyun Intelligent Manufacturing Technology Co., Ltd. - CEA system for lettuce, tea, citrus and pumpkin; and
- Wuhan Youyi Technology Co., Ltd - CEA system for grapes.

✓ **Integrated Planting:**

- Smart Planting Project at Henghu Agricultural Industry Park of Nanchang Agricultural Sciences Institute;
- Phase 1 of the "Basket of Vegetables" Project System Data Service in Beijing;
- Smart Planting Control System Platform at Diecuiyuan, Zhengzhou City, Henan Province;
- Agricultural Planting Intelligent Hardware Integration at Beijing Academy of Agriculture and Forestry Sciences;
- Smart Agriculture Construction for High-Standard Farmland in Changping District, Beijing;
- Beijing Yirui Xiaolin Technology Co., Ltd - Agricultural Park Inspection System; and
- Nanjing Xinyun Intelligent Manufacturing Technology Co., Ltd. - Agricultural Park Platform (Wheat, grapes and apples).

Intellectual Property

The copyrights, patents and other intellectual property rights held by Zhongnong are of material importance to Smartwell's business and constitute the core technological foundation of the CEA system, agricultural algorithm models and remote sensing big data analytics technologies. Smartwell relies on such intellectual property to support crop growth modelling, environmental monitoring and automated control, as well as artificial intelligence- and remote sensing-based data analysis. The loss of, or inability to effectively maintain, protect or use such intellectual property could have a material adverse effect on Smartwell's business, financial condition and results of operations.

CEA Intellectual Property

As at the date of this Prospectus, Smartwell, through Zhongnong, holds a total of 63 intellectual property rights related to agricultural algorithms and CEA systems in China, consisting of:

61 registered software copyrights, primarily relating to agricultural algorithm models, system control software, data processing modules and related application software; and

2 registered integrated circuit layout design rights, relating to data processing chips embedded in sensor and control devices used in agricultural production environments.

The software intellectual property rights support the core functionality of Smartwell's CEA systems, including crop growth monitoring, environmental sensing, automated control and system-level data processing. Under applicable Chinese law, software copyrights are generally protected for a term of 50 years from the date of first publication, subject to applicable legal requirements.

The majority of the 61 software copyrights related to agricultural models expire in 2068 to 2073, with two of the registered integrated circuit layout designs expiring in 2031.

Integrated circuit layout design rights are protected under Chinese legal regime governing integrated circuit layout designs. Such rights are generally protected for a statutory term of 10 years from the earlier of the date of first commercial exploitation or the filing date of the registration application, subject to applicable legal requirements. These rights protect the proprietary layout and structural design of integrated circuits used in Smartwell's intelligent agricultural equipment.

Remote Sensing Intellectual Property

In addition, Smartwell, through Zhongnong, holds a total of 36 intellectual property rights related to remote sensing big data technologies in China, consisting of:

32 registered software copyrights, supporting data analysis, modelling, processing and platform-level management of remote sensing information; and

4 registered utility model patents, relating to technical solutions and hardware structures used in remote sensing data acquisition and processing.

Under applicable Chinese law, utility model patents are generally protected for a statutory term of 10 years from the filing date, subject to the payment of applicable maintenance fees and compliance with other statutory requirements. These intellectual property rights support the Company's remote sensing data analytics capabilities and complement its CEA system solutions.

The majority of the 32 software copyrights related to remote sensing big data technologies expire in 2068 to 2073, with four of the registered utility model patents expiring in 2032.

Ownership and Transaction Structure

The foregoing intellectual property rights are listed in Schedule J to the Share Exchange Agreement. Such intellectual property rights are held by Zhongnong and are indirectly controlled by Smartwell. Management believes that, following completion of the Qualifying Transaction, it has the ongoing right to use and commercialize such intellectual property in connection with its business.

As of the date of this Prospectus, management is not aware of any material disputes relating to the ownership or validity of the foregoing intellectual property rights. However, there can be no assurance that Zhongnong and Smartwell will be able to successfully maintain, enforce or defend its intellectual property rights in all circumstances, or that such rights will not be challenged, invalidated or infringed by third parties. Risks relating to intellectual property are described under "Risk Factors."

Yuntong System

The Yuntong System is an agricultural big data service platform driven by intelligent algorithmic models and geographic information science. The platform is a triple-data collection system built by satellite remote sensing, UAV (drone) and localized IoT devices.

The Yuntong System uses AI algorithms and models developed in-house to analyse and process data. The Yuntong System separates the collected agricultural spatial and temporal data into different layers to build a digital twin model and a graphical interface. The data is automatically processed through 3rd generation AI, proprietary machine learning algorithms, and Bayesian deep learning frameworks to provide high-value decision data and standardized data services to users such as agricultural financial institutions, field farming businesses and government agencies.

Data sources in agriculture include visual and hyperspectral imagery collected by satellite or drones, meteorological data and remote sensors connected to the Internet of Things that measure light, temperature and humidity. Big data applications in agriculture can improve crop yield forecasting,

assess the impact of pests, diseases, droughts and natural disasters in real time, and optimize inputs (fertilizers, herbicides, seeds, water) to maximize yields per unit of arable land.

The platform has a repository of algorithm models for different crops in different environments. Through complex modelling and integrated information mining based on multi-source elements and visual presentation, credible, reliable and accurate data results can be generated to provide customized analysis services for customers across different industries.

The Yuntong System's deep learning framework is not limited to its own intelligent algorithms, as it can also embed into customers' algorithm models, seamlessly connecting with customers' daily workflows through intelligent APIs. Zhongnong has developed the technology to continuously improve its algorithms through AI and machine learning techniques, and these algorithms are its core technological strengths. Zhongnong has 63 IPRs related to agricultural algorithms and 36 IPRs related to remote sensing big data.

There are five broad categories of data available for predictive analytics in agriculture.

1. Historical

Historical data includes crop yield and crop type distribution at the field (farm) or regional (district, state, province) level. Historical data is generally available through government agencies.

2. Meteorological

Meteorological data includes both current and historical ambient conditions information related to photosynthesis and crop success, including:

- ✓ Light (cloud cover)
- ✓ Precipitation (moisture)
- ✓ Temperature
- ✓ Extreme weather events (hail, snow, wind, storms)

Meteorological data is typically publicly available over larger regions and may be available by specific collection points through a paid service.

3. Localised, continuous (real time)

Localised continuous and real time data includes information gathered from sensors located in specific locations including temperature, moisture, wind and light. This data is owned by whoever owns or planted the sensors. The sensor owner is typically the farmer though many service companies will install their own sensors and provide data service to the farmer.

4. Localised, periodic

Localised, periodic data could include imagery gathered by UAVs or manual surveys. This data would be owned by the data collector (farmer or service provider).

5. Satellite, real time or periodic

Large scale data includes visual and hyper-spectral imagery gathered from satellites. While it is uneconomic to station a satellite above a single field, the Qingdao Orbit Zuhia No. 1 constellation of micro-nano satellites can gather visible imagery and video as well as hyper-spectral imagery every two hours. Satellite imagery is available to purchase from satellite owners.

The advantage of satellite-based data to Smartwell is that it can be acquired without the express permission of farmers or landowners, unlike localized sensor-derived or UAV/survey data. Because it is captured from an orbital distance, Smartwell is able to remotely and unobtrusively monitor crops and conditions over both broad and very specific areas. Further, specific site visits, which may be prohibitive from a time, scale and manpower perspective, are unnecessary beyond occasional data verification.

The Yuntong System has technological advantages including:

- ✓ Rich remote sensing data sources: access to data from China's National Earth Observation Center, commercial satellites and hundreds of satellites and low-altitude air vehicles.
- ✓ Accurate AI data analytics: data analysis and processing of remote sensing imagery based on 3rd generation AI and machine learning technologies with an average accuracy of above 92.3% and the highest accuracy of 99%.²⁰
- ✓ Diverse data products: many types of data products, from standardized outcomes to visual graphics, develop and deliver solutions for complex and evolving situations. The system has designed the corresponding SDK²¹ and API²² for data products to make them more user-friendly.
- ✓ Extensive data coverage: regional, provincial, and national data coverage, high time resolution and data revisit capability as short as 30 minutes to meet various user requirements and achieve various scenario applications.
- ✓ Strong data processing power: developed based on hybrid cloud architecture with flexible scheduling of server CPU computing tasks and GPU computing tasks, daily data computing can reach up to 100 billion data points to effectively perform large area, long duration and high frequency computing tasks.
- ✓ Rapid data delivery: technology integration in as fast as minutes and data delivery in as fast as hours through Smartwell's autonomous and controllable algorithms to ensure the timeliness and stability of each delivery. Standardized pricing helps users keep their budgets in check.

The Yuntong System can provide clients with the following data products:

1. Crop type recognition

Identify different types of crops in the specified area based on the spectral and texture characteristics of crops and calculate the distribution of different crops and their farming areas.

²⁰ The accuracy of the algorithm model is obtained through field measurement and verification of the data results by Smartwell and some customers. The accuracy is affected by satellite image resolution, crop type and weather factors. This data is the verification result of Smartwell's past data results.

²¹ A software development kit (SDK) is a collection of software development tools in one installable package. They facilitate the creation of applications by having a compiler, debugger and sometimes a software framework. They are normally specific to a hardware platform and operating system combination.

²² An application programming interface (API) is a way for two or more computer programs to communicate with each other. It is a type of software interface, offering a service to other pieces of software.

2. Crop area measurement
Identify different farming areas, determine plot location, identify plot boundaries and coordinates, estimate plot and crop area in real time, and store data in the cloud.
3. Crop growth monitoring
Chlorophyll and nitrogen levels to assess the health of crops during critical growth periods and to monitor growth.
4. Crop yield prediction
Predict crop yield on each plot based on the crop growth model, ground temperature, air temperature, precipitation, soil trace elements, meteorological data and historical data.
5. Soil moisture monitoring
Estimate soil water content by crop vegetation index or soil spectral reflectance to guide the timing of irrigation, monitor droughts and floods over large areas.
6. Pest and disease early warning
Early warning of pests and diseases using meteorological satellites. Monitor and identify crop disease and insect as well as infestation distribution based on changes in crop chlorophyll reflection data.
7. Natural disaster's early warning
Predict natural disasters such as hail, high winds, droughts and floods based on meteorological satellites and automatically issue early warnings, allowing users to be better prepared and respond in a timely manner.
8. Environmental pollution monitoring
Real-time and large-scale monitoring of air, water and solid waste pollution, illegal discharge and illegal logging.

Customer application of the Yuntong System

Smartwell's customers can employ the Yuntong System for the following purposes:

A. Financial Institutions (Agricultural Credit, Agricultural Futures, Agricultural Insurance)

1. Agricultural Credit

Financial institutions issue loans based on the actual conditions of the farm, but it is difficult for them to manually verify each farm's planting situation because manual verification is very costly and time-consuming. Smartwell uses the remote sensing Yuntong System algorithm platform to identify the crop type, area and growth to predict yield, which provides financial institutions with basic data for risk control, replaces manual labour with remote and accurate verification and efficiently identifies potential customers for financial institutions.

Clients including MYbank (Ant Financial) which already integrated the Yuntong System algorithm into their agricultural credit verification projects that serve more than 50,000 farmers²³.

2. Agricultural Futures

With remote sensing technology, Smartwell provides crop yield predictions as basic data for predicting the trajectory of futures market.

3. Agricultural Insurance

Smartwell uses historical data on crops in the region through remote sensing technology to ensure accurate insurance underwriting. Smartwell assists clients with accurate post-disaster verification and rapid claims settlement enabled by remote sensing data analysis.

These three types of clients differ in their need for big data. For example, financial institutions are more concerned about the crop type and area for credit issuance; futures clients are more concerned about the yield and agricultural farming companies are more concerned about the growth of crops. Regardless, all of them can utilize three to five kinds of indicators that can be set for data results. Therefore, Smartwell has a base to provide standardized data services based on customer needs.

B. Agricultural planting enterprises (field planting)

Service:

- ✓ Growth overview: identify the distribution of different crops using remote sensing technology to provide an overview to growers.
- ✓ Growth monitoring: monitor the growth and health of crops during critical growth periods using remote sensing technology.
- ✓ Irrigation guidance: inversion of soil moisture using remote sensing. Determine irrigation target area, duration and amount based on data results.
- ✓ Disaster prevention and control: early warning of extreme weather events, diseases and pests by using meteorological and hyper-spectral satellite data and historical data that allows growers to take targeted precautionary measures in advance.
- ✓ Yield prediction: crop yield prediction based on remote sensing technology.

C. Government agricultural management department

Service:

- ✓ Agricultural survey: identify the distribution of different crops using remote sensing technology to provide government agencies with a clear understanding of the overall farming situation and provide basic data for macro management and verification.

²³ <https://www.yicaglobal.com/news/ant-mybank-uses-satellites-to-assess-rural-assets-to-help-farmers-get-loans>

- ✓ Disaster prevention and control: provide early warning of extreme weather events and pest disasters based on meteorological and hyper-spectral satellites data and historical data so that government agencies can guide farmers to carry out early prevention and control; assist in rapid disaster relief and compensation based on remote sensing data.
- ✓ Macro management: predict crop yield using remote sensing technology to provide data basis for government agencies to regulate and control the pricing of agricultural products.
- ✓ Environment monitoring: use remote sensing technology to conduct real-time monitoring and management of agricultural environmental pollution such as agricultural waste burning and water pollution.
- ✓ Carbon emission: Analysis of methane emissions from rice fields using remote sensing technology for carbon emissions monitoring and as basic data for carbon trading.

Insurance Company Example

Zhongnong conducted an evaluation of claims paid following a natural disaster in 2018 with one insurance company in China within 56 square kilometres of Liangcun Town, Liaocheng City, Shandong Province. Zhongnong analyzed the images of the insurance company's coverage in the month the policy was issued and the disaster-stricken month in 2018.

Zhongnong's analysis compared the insurance company's claims standards and reviewed the actual amount of claims paid. Zhongnong determined that the client overpaid claims by 35-40%.

Industrial Hemp Example

Zhongnong's largest customer in 2020 was H Company, an industrial hemp grower in China's upper northeastern region. H Company has licenses for breeding, planting, processing and sales of industrial hemp over nearly 1,000 acres in fields and greenhouses. Zhongnong built a complete remote sensing and digital twin technology-based big data platform and data service for this client. Zhongnong also used satellite remote sensing to identify potential hemp cultivation areas around the city.

Through the use of this technology, the content of CBD and THC in the effective extract of industrial hemp increased by 36% and 24% respectively.

The services provided by Smartwell to H Company is composed of three elements.

1. Construction of industrial hemp growth model

Smartwell constructed and optimized crop growth models are based on historical monitoring data of crop growth-related indicators in digital twins. Information is driven by big data artificial intelligence technology and combined with known crop growth mechanisms. When combined with constructing dynamic relationships among key indicators of environmental factors, crop growth status, and final yields of crops in different phenological periods, and using the latest real-time observation data to correct model errors, the model gradually achieved the increased growth of industrial hemp.

2. Monitoring technology of industrial hemp planting status based on digital twin

Driven by digital twin technology, the platform provides monitoring and early warning for crop

cultivation environmental indicators such as sunshine intensity, temperature, humidity, carbon dioxide content, soil moisture, nitrogen, phosphorus and potassium elements. The overall dynamic information of the cultivation environment and crop growth can then be known. Modifying and optimizing the growth model based on the latest monitoring of crop physiological state and environmental indicators big data which can then be undertaken in the digital twin model. The threshold is dynamically adjusted according to the growth model of crops to guide the precise operation of the Internet of Things equipment, adjust to the optimal environment for crop growth, improve crop yield and reduce cost. Remote sensing satellite images can be used to monitor the growth of industrial hemp.

3. Experimental research platform constructed by industrial hemp simulation and digital twin

The research and experiment module of planting and cultivation technology is based on the established growth model of crops and provides an interactive adjustment window of crop growth factors in response to the needs of new ideas and new technologies in crop cultivation. The growth of crop twins simulated in the environment set in the virtual world also feeds back the results of simulated growth in time through the combination of GIS and simulation, so that researchers can analyze the results on-site and quickly adjust environmental parameters, providing a fast and efficient method for the research of planting cultivation technology. The construction and optimization of crop growth models in digital twins eventually led to the improved growth of industrial hemp in this project.

Marketing Strategy

For the Chinese market, due to the low willingness and ability of its clients to pay, Smartwell adopts a low-price strategy to attract customers. For the North American market, Smartwell will adopt a similar pricing strategy as its competitors and will promote its high accuracy algorithms.

In the Chinese market, Smartwell will emphasize its technological advancement, data accuracy, value-for-money prices and cost savings for its customers. In the North American market, Smartwell intends to emphasize its technological advancement, data accuracy and economic benefits to the customers. In addition, environmental protection will also be part of its marketing campaign strategy in North America.

Main marketing tools include corporate website, media interviews, industry exhibitions and seminars. In the North American market, Smartwell will also use social media to provide opportunities to engage directly with customers.

In the Chinese market, Smartwell relies on relationship networks and referrals to find new leads. In Beijing and Nanjing in China, Smartwell uses a direct selling model. In the rest of China, Smartwell uses a channel marketing plan by working with research institutes and sales agents. Certain financial services industries (agricultural credit, insurance, commodity trading) will have industry-specific channel partners and agents. Smartwell intends to employ the direct selling model for the Canadian market and channel marketing system for the US, Europe, South America and Asia.

The sales strategy for the CEA system is key account sales and project-based sales. The remote sensing big data business will mainly target the agricultural credit industry followed by agricultural insurance and futures.

In terms of crop types, Smartwell will prioritize growers of industrial hemp, lettuce, strawberries and cherry tomatoes and plan to expand into 10 crop types including cucumbers in the future. As new crop types are identified, the way to enter the market is to make benchmark projects for quality customers first and rely on customer word-of-mouth to expand and replicate to other regions.

Smartwell's sales and project implementation process is outlined below:

1. Identify client

Customers are generally identified by cold calling, channel relationships, competitors' recommendations, open market information and customer active consultation.

2. Understand client needs and objectives

Visit the project site, listen to customer ideas, understand customer essential needs, explain the value of its products and guide customers to unexpected needs.

3. Solution design

The technical hardware and software solution is designed for the client. The solution design will include project construction content, software design, hardware product parameters, project value, project quotation and information required by the customer.

4. Implementation plan development

The implementation plan is developed to deploy the solution design at the client site. The implementation plan will include the project execution cycle, hardware acquisition and installation plan, installation deployment plan and training plan.

5. Implementation

a) Hardware

Suppliers of necessary hardware components to the project are identified. Key parameters are the type of hardware equipment, parameters, quantity, supply cycle, transportation, installation, debugging and software integration interface protocol acquisition. Typically, third-party hardware suppliers are responsible for installation and commissioning.

b) Software development

The software component of the solution employs Smartwell's core modules and customized elements. The core modules are relatively mature and may be implemented without significant modification. It will design any customized software components specific to the installation and have them coded and compiled by the consulting team at Shanghai Shiyi Technology Service Centre. Most custom software is project-specific and cannot be redeployed in other applications. It integrates any custom code, including core module embedding, hardware access, stress testing and debugging.

c) Installation

The software deployment between monitoring and data collection hardware and output interface is completed by Smartwell or the consultant team. Adjustments are made as necessary to ensure data processing accuracy and adherence to specification.

- d) Training
Smartwell explains the hardware and software architecture and operation to the customer. If necessary, clients are provided with written documentation and manuals.
- e) Maintenance
Smartwell warrants software and hardware project installations for one year. Software updates are provided according to an agreement for the specific project.

Competition – China

In China, there are many companies in the sphere of smart agriculture, but management believes no industry leader has emerged yet. The Company assesses that a few leading companies were all established after 2015. Main competitors in agricultural remote sensing are Beijing Jiage Tiandi Technology Co. Ltd, Wuhan Jiahe Technology Co. Ltd, Beijing Telakuta Technology Co. Ltd (Terraquanta). Tencent AI Lab, Beijing ICAN Technology Co. Ltd, China Agricultural University, Northwest Agriculture and Forestry University and other institutions, which are all in the research and development stage of the indoor high-value crop growth model technology and have not begun large scale commercial application. In the Chinese region, the main competitor in the field of Controlled Environment Agriculture (CEA) is primarily Beijing ICAN Technology Co. Ltd.

China's Agricultural Remote Sensing Big Data Competitor Analysis

Below is a table outlining the main competitors in China's agricultural remote sensing big data sector, along with their primary advantages and disadvantages as analysed by Smartwell's management.

Competitors	Advantages	Disadvantages
https://www.gagogroup.com Beijing Jiage Tiandi Technology Co. Ltd.	- Relatively large sized company with strong marketing capability. - High accuracy of algorithm models for food crops	- Low accuracy of algorithm models for cash crops - Fewer business customers, mainly reliant on government orders
https://www.datall.cn/ Wuhan Jiahe Technology Co. Ltd.	The company was founded at an early date and has completed many projects with large quantities of data	- Fewer application scenarios, mostly focused on government services and farm services - The majority of customers are concentrated in the adjacent provinces of the company's location
https://terraqt.com Beijing Telakuta Technology Co. Ltd (Terraquanta)	- The product has a high degree of automated data processing - The Product PaaS model is starting to take shape	- Products serve multiple industries, agricultural industry products are not comprehensive - Weak marketing capabilities
Smartwell	- High accuracy of algorithm models for all categories of crops - High degree of standardization of data products - DaaS model of the system platform is starting to take shape - Diversified application scenarios	Less marketing activities due to low sales staff

China's CEA Competitors Analysis

This table shows the main competitors in China's CEA sector and their primary advantages and disadvantages, as analysed by Smartwell's management.

Competitors	Advantage	Disadvantages
https://www.icanag.com/ Beijing ICAN Technology Co. Ltd	Development of growth models for field crops by adapting to the natural environment	Only focused on the study of corn growth model, with future focus on field food crop research
Smartwell	Research on optimal crop growth models that regulate the greenhouse environment to increase crop yields, reduce environmental damage, and achieve earlier commercialization	Less marketing activities due to low sales staff

Competition – North America

There are many companies engaged in smart agriculture in the North American market, and many listed companies are also participating. This table shows the main competitors for agricultural remote sensing big data in North America and their primary advantages and disadvantages, as analysed by Smartwell's management.

Competitors	Advantage	Disadvantage
Cropin https://www.cropin.com/	- An intelligent, interconnected data platform from farm to table - Cropin has partnered with over 250+ organizations globally to digitize over 16 million acres of farmland. - building intelligence for over 400 crops and over 10,000 crop varieties in over 56 countries.	The crops served are too broad resulting in a lack of precise and detailed data for crop growth models when it comes to industrial hemp, cherry tomatoes or greenhouse-grown vegetables.
Climate https://climate.com/	- SAAS agricultural operation and financing decision -making platform based on climate technology - Provide agricultural insurance reports with RCIS and Bayer	- Single function, only serving agricultural insurance - Suitable for field crops, not for greenhouse agriculture
CIBO https://www.cibotechnologies.com/	- Focus on smart agricultural services related to the climate and the recovery power of food systems - Focus on improving the cultivation of large field crops	- Lack of services regarding high-value crops in greenhouses - Lack of services in the field of agricultural finance - There is no dedicated growth model for industry hemp
Prospera https://www.prospera.ag/	- Advanced in data science and machine learning - Making farming not only predictable but also optimizable across the growth cycle - Services include greenhouses as well as field crops	There is no dedicated growth model for industry hemp

FarmLogs https://farmlogs.com/	• Mature SaaS service model, serving more than 50,000 farms • Decision making and ERP software tools for farmers • Provide farmers with farm resource management, crop health testing, soil nitrogen monitoring, growth stage analysis and other services to help farmers increase production	• Lack of services regarding high-value crops in greenhouses • Lack of services in the field of agricultural finance • There is no dedicated growth model for industry hemp
CropX https://cropx.com/	• Integrated enterprise farm management solutions provider • Provides advanced soil and crop intelligence and a suite of digital decision-making and planning tools • Serving more than 50 countries	• Lack of services regarding high-value crops in greenhouses • Lack of services in the field of agricultural finance • There is no dedicated growth model for industry hemp
Semios https://semios.com/	• an all-in-one Crop Management Platform for tree fruits, nuts, and vines. • Service for: almonds, pistachios, apples, citrus, and grapes. • Leveraging an in-orchard IoT wireless network, machine learning, and big data analytics, helps growers predict and manage insect and disease pests, monitor weather-related risks, optimize water management, and respond to plant health conditions in real-time.	• Lack of services regarding high-value crops in greenhouses • Lack of services in the field of agricultural finance • There is no dedicated growth model for industry hemp
Smartwell	• Industrial hemp crops optimal growth model • Greenhouse Vegetables Optimal Growth Model • CEA Overall Controlled Environment Agriculture Solution	• new entrant • needs to build the brand influence

20) EMERGING MARKETS DISCLOSURE

General

Smartwell conducts business operations in China, which is considered to be an emerging market. Smartwell will provide disclosure in accordance with OSC Staff Notice 51-720 – Issuer Guide for Companies Operating in Emerging Markets in its prospective continuous disclosure filings.

Business and Operating Environment

Zhongnong has chosen Beijing as its Chinese headquarters and established a subsidiary in Nanjing, Jiangsu Province, China.

The Chinese National Development and Reform Commission and the Ministry of Commerce publish regularly a "Negative List" to regulate foreign investment in China. Foreign investment has restricted access to certain industries and activities listed in the Negative List. The business and activities of

Zhongnong are not subject to the Negative List. No restrictions or conditions have been imposed on Zhongnong by the Chinese government or regulatory authorities.

China maintains a "closed" capital account, meaning companies, banks, and individuals can not move money in or out of the country except in accordance with strict rules. The People's Bank of China (PBOC) and State Administration of Foreign Exchange (SAFE) regulate the flow of foreign exchange in and out of the country and set exchange rates through a "managed float" system. Any funds transfer (capital contribution, dividend distribution or commercial payment) must be justified and obtain approval from the bank, which needs to record the proof to an official Foreign Exchange System. The ownership and rights to property obtained in foreign countries are recognized in China. Personal and real properties are all protected under the Property Law of the People's Republic of China.

Smartwell's relationship with the Chinese government and regulatory authorities is managed through its legal representative of Zhongnong, and Smartwell's CEO Yang He, with assistance from Smartwell's local counsel and accounting firm in China, where necessary.

Company Chops in China

In China, instead of signing documents, Chinese officials and businesspeople commonly use inked stamps called "chops" for authorizing documents and contracts. The company chops, which carry legal force when applied by a responsible person, are equivalent to signed documents in the West. Chinese organizations typically have various types of chops, including the official company chop, finance chop, legal representative chop, and others. Chinese law mandates that every company must create and register an official company seal, which must be produced by a qualified Chinese organization and registered with the local public security bureau to have legal validity. In China, a contract is typically considered legally binding once stamped with the company's chops. Proving the authenticity of a chop if not applied by a genuine company representative can be challenging, making it crucial to control access to company chops for security when doing business in China.

Zhongnong and Beijing Weifen, as well as Nanjing Weifen (the "Chinese subsidiaries"), possess the necessary seals required to conduct business in China, including contract signing, banking transactions, and daily business activities. Zhongnong has Company Chop, Legal Representative Chop, Financial Chop, and Invoice Chop (the "Zhongnong Chops"). In Hong Kong, Zhongnong owns two seals, and there is no legal obligation to create, register, or use seals; their usage depends on the specific requirements of the contracts the company is executing. Therefore, authorized signatures take precedence over seals.

The specified purposes of these chops are detailed below:

1. **Company Chop.** The Company Chop is required for the daily operations of the company. It is required when any important document is signed or to provide legal authority when opening a bank account. All letters, official documents and contracts issued in the name of the company can use the Company Chop, which will legally bind the company. Under Chinese laws, the use of the Company Chop alone is sufficient to bind the Chinese subsidiaries.
2. **Legal Representative Chop.** The Legal Representative Chop is evidence of the legal representative's signature and may substitute the legal representative's actual signature. In order to bind the Chinese subsidiaries, this chop must be used in conjunction with the Company Chop.

3. Finance Chop. The Finance Chop is used for opening a bank account, issuing cheques, authenticating financial documents, such as tax filings and compliance documents, and for most bank-related transactions.

The control procedures for Chinese seals are documented in both the Zhongnong Rules Manual and the Chinese Subsidiaries Rules Manual. These manuals specify the responsibilities, ownership, and authorization of Chinese seal usage. To maintain the physical security of the three Zhongnong Chops, each seal is stored in a secure safe in the Zhongnong office's finance room and can only be used by Mr. He Yang, the legal representative of Zhongnong, unless authorized in writing by specific personnel granted special permission to use the Zhongnong Chops.

The Hong Kong seals are kept and used by Mr. He Yang.

Zhongnong seals are stored in a secure safe in the finance room of the Zhongnong office, and only Mr. He Yang has access.

After the current transaction is completed, the current legal representative, Mr. He Yang, will continue to serve as the legal representative. Therefore, Mr. He Yang will have sole authority over the Zhongnong seals.

Smartwell has consulted with local lawyers and confirmed that this practice is quite common. The Chinese subsidiaries may also take additional measures from time to time to protect the seals.

The Chinese subsidiaries maintain usage evidence logs for each Chinese seal under the supervision of Mr. He Yang, the legal representative of Zhongnong.

Challenges and Risks of Operating in Emerging Markets

Smartwell's business is currently 100% focused on emerging markets, particularly the Chinese market. The Company plans to expand its operations into the North American market. While the Smartwell team has extensive experience in operating within the Chinese market, operating in emerging markets presents certain challenges and risks. For instance, emerging markets are often subject to significant political and economic fluctuations and are more susceptible to labour disruptions compared to mature markets. This brings forth a range of challenges, which can be caused by various factors, including fiscal deficits, unfavourable external economic conditions, fiscal and monetary policy inconsistencies, reliance on external financing, changes in government economic or tax policies, wage increases and price controls, high inflation, sudden currency value fluctuations, exchange rate volatility, foreign exchange controls, high interest rates, political and social tensions, expected volatility, trade shocks, and epidemics, among other factors. These elements can potentially impact the economic performance of emerging nations. For more information see "Resulting Issuer – Risk Factors" and "Smartwell - Business of Smartwell - Current Business Operations - Operations, Quality Control and Supply Chain".

Language and Cultural Differences

Members of Smartwell's board of directors and management team have general experience in emerging markets, including conducting business and operations in certain emerging markets, including China. Their knowledge and expertise enable them to identify and manage the political, legal, and cultural realities in China. While the working language for all office employees of Zhongnong and its subsidiaries is Chinese, Smartwell's Canadian office employees will work in English, and all Company

procedures and records are maintained in English. All Chinese contracts with suppliers are bilingual in both Chinese and English or provided with English translations. Smartwell's local legal advisors and accounting firms can work in both Chinese and English which greatly aids Smartwell in overcoming language and cultural challenges.

Board and Management Experience in Emerging Markets: Smartwell's leadership includes international business leaders and industry professionals with specialized knowledge and experience working in various emerging markets, including China. Some of Smartwell's management, employees, and consultants have at least ten years of experience in China, and some of these individuals are permanently based in China, possessing extensive experience in conducting business within the country. Smartwell's Chief Executive Officer, He Yang, was born in Beijing, China, and has worked in China for ten years.

For more information see "Smartwell - Business of Smartwell - Operations, Quality Control and Supply Chain - Governance".

Related Parties

No related party disclosure is required and no related party transactions took place other than as disclosed in this Prospectus and as set out in Note 13 of the Smartwell financial statements for the period ended September 30, 2025.

Corporate Governance and Internal Controls

Smartwell has adopted various corporate governance policies including audit committee charter, board charter, code of conduct policy and whistleblower policy. It is anticipated that similar policies will be established for the Resulting Issuer on the Closing of the Transaction.

Smartwell is the sole indirect shareholder of Zhongnong with operations currently only in China. The operations are generating revenue and are at a loss even although some funds have been raised by Smartwell that have been used by Zhongnong for ongoing operations and costs associated with this Prospectus.

The operation's accounting, taxes and bank monthly reconciliation are performed in China by an accounting manager and certified external accounting firms located in China.

The accounting, taxes and bank monthly reconciliation are performed in Canada by Smartwell's Canadian controller.

For major transactions (including but not limited to a change of corporate structure, private placements, acquisition or disposition of significant assets, material loans or guarantees and material contracts over \$200,000 in value), Mr. He will report to the Board of Smartwell for approval.

Ms. Liu, a director of Smartwell, is in contact with Mr. He on at least a weekly basis to discuss any significant operating or financing activities.

Governance

The Smartwell Board include members who have significant experience with publicly listed companies and significant experience in emerging markets in China. Please refer to “Smartwell – Directors, Officers and Promoters”.

Operational Controls

Smartwell’s operations in China is conducted in a small work environment with six employees including Mr. He and Mr. Li. Although the work environment is compact, job duties, sales, purchases, finance and administration are segregated between staff, with Mr. He overseeing all activities.

As an early-stage agricultural technology service provider, Smartwell’s business process is quite straightforward. The material areas of operation include sales, customer management, purchases, suppliers and payments, human resource and cash management.

Control over Finances

1. The opening and closing of bank accounts and any changes to the authorized bank signatories is authorized by Mr. He.
2. On a monthly basis, bank reconciliations are reviewed by authorized individual. Any variances identified are investigated and resolved.
3. Each of Zhongnong and its two subsidiaries have bank accounts setup in China denominated in RMB. Only the accounting manager and Mr. He has access to the bank accounts. The accounting manager only has access to view the account and to prepare electronic transfers. Only Mr. He is authorized to release electronic transfers.
4. All monetary transactions with customers and suppliers are made by electronic transfers through online banking. There are generally no unreconciled items.

Control over Sales and Customers

1. All sales contracts are reviewed and approved by Mr. He before being delivered to the customer.
2. New customers are subject to due diligence and are approved by Mr. He prior to engagement.
3. Interim billing is based on the percentage of completion, as determined by Mr. He in consultation with staff. Final billing is concurrent with the ‘Customer Acknowledgement of Completion’ form.
4. Smartwell has adopted a revenue recognition policy to define the appropriate process for recognizing revenue. The policy has been reviewed by the auditors and is supported by the revenue recognition workbook.
5. Receivable aging is reviewed monthly with provisions recognized accordingly. Proven uncollectible amounts are subject to review and approval by Mr. He before being written-off.
6. All customer and contract information are entered into a ‘Sales Info Sheet’ (customer, service, price, quantity and other relevant details) which is entered into an excel spreadsheet. The status is updated according to the work process and shared with relevant staff.

Control over Purchases and Suppliers

1. New suppliers are evaluated for suitability by Mr. He.
2. Purchase orders are approved by the requesting department. Purchase contracts are prepared accordingly and reviewed and approved by Mr. He.

3. All supplier and contract information are entered into a 'Supplier Info Sheet', and then sent to Mr. He. or Mr. Li for approval. Supplier Info Sheet data is shared with relevant staff and updated according to changes in status.
4. Requests to add or modify vendors are validated by authorized individuals and reviewed by management on a quarterly basis.
5. Products are usually delivered to customers directly from the suppliers (drop-shipped) – no material amounts of inventory are maintained by Smartwell.
6. Customers are required to confirm the receipt of goods and provide 'Receipt Confirmation' to Zhongnong.
7. Vendor invoices are either matched to preapproved purchase orders or are manually approved in accordance with the delegation of authority.

Control over Hiring, Payroll and Termination

1. Employment contracts are approved by Mr. He or Mr. Li prior to the addition of an employee in the payroll system.
2. When an employee resigns, an 'Employee Resignation Form' is completed and sent to Mr. He for review and approval.
3. All employees in China are on a fixed salary and there are no part time or hourly employees.
4. Zhongnong is required to access the Chinese tax departments portal to report salary and deductions for all employees every month. The tax department portal is also connected with the social welfare portal and all calculation of deductions are done automatically.
5. All employee payments are made via a bank transfer. The release of the funds is approved by the accounting manager and Mr. He.
6. All payroll total amounts and associated deductions will be recorded, and a summary will be provided to the controller with all relevant supporting documentation.

Financial Controls

Smartwell's operations are mainly based in Beijing with all client work performed by the team in China. All China operations are supervised by Mr. He.

Zhongnong and its two subsidiaries, Nanjing Weifen and Beijing Weifen, are required to provide a reporting package to the Smartwell leadership team every six months (to be revised to every three months prior to the Closing). Both Zhongnong's and Beijing Weifen's reporting package are prepared by the accounting manager in China. Nanjing Weifen accounting is prepared and maintained by a third-party provider and reviewed by the accounting manager in China.

The controller based in Canada prepares the consolidated financial statements, supported by related working papers. The controller will also prepare the notes pertaining to the financial statements.

Smartwell has their financial statements audited by external auditor. Smartwell's Controller and the Accounting Manager in China will support the auditors with any information or documentation they may need. Any adjustments or exceptions that are needed to be made are approved by Controller. The financial statements will be adjusted to reflect the corrected amounts. Any issues with the prepared financial statements will be discussed with the Accounting Team. The financial statements will be reviewed and approved by the VP Finance/Director, Legal Counsel/Director, and the CEO.

Oversight of the External Auditor

Smartwell has engaged MSLL CPA LLP, an external audit firm with experience in auditing Canadian public companies generally, as well as experience with public companies with operations in China. MSLL has a China Services Team that has extensive experience in working with and auditing entities with China operations. The China Services Team was utilized for the 2021, 2022, 2023 and 2024 Smartwell audit for the Zhongnong component. MSLL Chinese Services Team has physically attended Zhongnong's office for the audit and is proficient in Mandarin and English.

All the audit working papers, including the working papers related to the subsidiaries, are contained in MSLL's working paper files in Canada and are entirely available for auditor oversight by CPAB auditors.

Zhongnong's primary business involves providing management software for the planting processes of agricultural enterprises. The Company does not fall under the category of operators of critical information infrastructure or businesses collecting and generating personal information and important data within China, as per the provisions of the "Data Export Security Assessment Measures" issued by the Chinese government regulatory departments. Therefore, the audit working papers do not pertain to data export.

21) DIVIDENDS OR DISTRIBUTIONS

To date, Smartwell has not declared any dividends or distributions on the Smartwell Shares although there are no restrictions precluding Smartwell from declaring any such dividends. Smartwell intends to direct its cash towards the development of its business and does not expect to declare or pay any dividends or distributions in the foreseeable future.

22) SELECTED FINANCIAL INFORMATION OF SMARTWELL AND MD&A

Financial Statements

The following table presents selected financial information of Smartwell for the periods indicated. This table should be read in conjunction with the audited financial statements of Smartwell for the years ended December 31, 2024 and 2023, and the unaudited interim financial statements of the Company for the nine months ended September 30, 2025, and the respective notes thereto, which are set forth in Appendix "A" and "B" to this Prospectus.

Category	September 30, 2025 (unaudited)⁽¹⁾	December 31, 2024 (audited)⁽²⁾	December 31, 2023 (audited)⁽²⁾
Total Assets	\$327,941	\$794,900	\$562,828
Total Liabilities	\$637,963	\$543,878	\$286,287
Revenue	\$221,041	\$2,478,369	\$2,117,503
Gross Profit	\$82,833	\$2,103,332	\$1,851,716
Comprehensive Loss	(\$561,044)	(\$790,506)	(\$645,134)

(1) See the unaudited financial statements of Smartwell for the interim period ended September 30, 2025 in "Appendix "B" – Financial Statements and MD&A of Smartwell".

(2) See the audited financial statements of Smartwell for the years ended December 31, 2024 and December 31, 2023 in "Appendix "A" – Financial Statements and MD&A of Smartwell".

Management's Discussion and Analysis

Please refer to Appendix “A” and “B” for the management's discussion and analysis of the financial condition and results of operations of Smartwell for the years ended December 31, 2024 and 2023 and for the nine months ended September 30, 2025, which should be read in conjunction with the Smartwell’s Financial Statements and the notes thereto included elsewhere in this Prospectus.

Certain information included in such management's discussion and analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Notice Concerning Forward Looking Statements".

23) DESCRIPTION OF SECURITIES

Smartwell Shares

Smartwell is authorized to issue an unlimited number of Smartwell Shares, and as at the date of this Prospectus, 97,730,000 Smartwell Shares were issued and outstanding as fully paid and non-assessable.

Each holder of the Smartwell Shares shall be entitled to receive notice of and to attend all meetings of the Smartwell Shareholders, except meetings at which only holders of other classes or series of shares are entitled to attend, and at all such meetings shall be entitled to one vote in respect of each common share held by such holder. The holders of the Smartwell Shares shall be entitled to receive dividends if and when declared by the Board. In the event of any liquidation, dissolution or winding-up of Smartwell or other distribution of the assets of Smartwell among Smartwell Shareholders for the purpose of winding-up its affairs, the holders of Smartwell Shares shall be entitled, subject to the rights of holders of shares of any class ranking prior to the Smartwell Shares, to receive the remaining property or assets of. All of Smartwell Shares issued and outstanding upon Completion of the Transaction will be fully paid and nonassessable.

24) CONSOLIDATED CAPITALIZATION

For information regarding changes in Smartwell’s consolidated capitalization that will result from the Proposed Qualifying Transaction, see "The Resulting Issuer – Pro Forma Consolidated Capitalization of the Resulting Issuer".

25) PRIOR SALES

During the 12 months period prior to the date of this Prospectus, Smartwell has issued the following securities.

Date of Issue	Type of Securities	Number of Securities	Issue Price per Security	Gross Proceeds
October 10, 2024	Smartwell Shares	2,500,000	\$0.20	\$500,000
December 20, 2024	Smartwell Shares	1,550,000	\$0.20	\$310,000

26) ESCROWED SECURITIES

No Smartwell Shares are currently held in escrow.

27) PRINCIPAL SECURITYHOLDERS

The following table lists those Persons who beneficially own, directly or indirectly or exercise control or direction over more than 10% of the issued and outstanding Smartwell as at the date of this Prospectus:

Name and municipality of residence	Type of ownership	Number of Smartwell Shares	Percentage owned of the current issued and outstanding Common Shares ⁽¹⁾	Percentage to be owned following the Qualifying Transaction
Yang He <i>Beijing, China</i>	Direct	52,266,832	53.5%	44.5%
Zhongyi Li <i>Beijing, China</i>	Direct	14,185,952	14.5%	12.1%

(1) Based on a total of 97,730,000 Smartwell Shares issued and outstanding.

28) DIRECTORS, OFFICERS AND PROMOTERS

The following table sets out, for each of Smartwell's directors and officers, the person's name, municipality of residence, positions with Smartwell, principal occupation and, if a director, the month and year in which the person became a director.

Name, position with Smartwell and municipality of residence	Director/ Officer since	Principal occupation(s) during the past five years	Smartwell Shares owned or controlled	Percentage ⁽²⁾⁽³⁾
Yang He Director, President, CEO & Promoter Beijing, China	January 14, 2022	Founder, CEO, Beijing Zhongnong Internet Information Co., Ltd, May 2015 to present; Founder, CEO, Smartwell Technology Inc. June 2021 to present; CEO, Zhongnong Internet Group Limited (Hong Kong), April 2022 to present.	52,266,832 ⁽¹⁾	53.5%
David Toyoda Director Vancouver, BC	June 22, 2021	Founder, Pacific Star Corporate Finance Law, August 2020 to present.	Nil	Nil
Jing Liu (Lillian) Director and Vice-President, Financial Surrey, BC	November 9, 2021	Founder, CEO, Bizfield Angel Network Ltd. December 2016 to present; Founder, CEO, Bizfield Accelerator Inc. January 2019 to present.	450,000 ⁽⁵⁾	0.46%
Zhongyi Li CTO Beijing, China	July 7, 2022	CTO Director Beijing Zhongnong Internet Information Co., Ltd. March 2018 to present; CTO, Smartwell Technology Inc. July, 2022 to present.	14,185,952 ⁽¹⁾	14.5%

(1) The RI Shares received pursuant to the Proposed Qualifying Transaction will be subject to escrow restrictions, (see "Escrowed Securities").

(2) Assuming no Units are purchased by such persons pursuant to the Offering or Concurrent Financing.

(3) As of the date of this Prospectus, the directors and officers of Smartwell, as a group, beneficially own, directly or indirectly, 66,902,784 Smartwell Shares which is 68.5% of the issued and outstanding Smartwell Shares.

(4) As of the date of this Prospectus, the promoter of Smartwell, Mr. He, beneficially owns, directly or indirectly, 53.5% of the issued and outstanding Smartwell Shares.

(5) These shares are held through Bizfield Accelerator Inc., a company wholly owned by Ms. Liu.

Set forth below is a description of the background of the directors and officers of Smartwell, including a description of each individual's principal occupation(s) within the past five years.

Yang He, CEO

Mr. He received a master degree of Green technology (energy) from Hong Kong Baptist University in 2013 and a bachelor degree of Materials Science and Engineering from Tianjin Polytechnic University in 2009. Mr. He is the founder and CEO of Zhongnong since May 2015. He is the executive secretary of the Agriculture Financial Informatization Committee of All-China Federation of Industry and Commerce and also serves as the guest expert for the Radio and Television School of the Ministry of Agriculture and advisor for Shanghai Kaisheng Group and GLG Group.

Zhongyi Li, CTO

Zhongyi Li received a master's degree from Beijing Normal University with a major in Natural Resources in 2020. He also obtained a Bachelor of Geographic Information Systems from Lanzhou University in China in 2010. Mr. Li is the CTO of Zhongnong since October 2020. He was the CTO of Beijing Weishengwode Technology Co., Ltd, specializing in developing and providing systems for rapid survey agricultural platforms based on drone videos and remote sensing, from October, 2020 to September 2022. He has multiple years' experience in remote sensing. He developed the field survey system for National Bureau of Statistics, the development of the third national agricultural census project, the vegetation ecological collection system for Academy of Forestry, the field collection system of People's Insurance Company of China, and the product design of Ping An Property Insurance's risk control platform.

Jing Liu (Lillian), Director and Vice-President, Financial

Ms. Liu holds a Master's degree in Business Administration and a Bachelor's degree in Marketing, both from Renmin University of China in Beijing. She is the Founder and CEO of Bizfield Angel Network since December 2016 and Bizfield Accelerator Inc since January 2019. Her specialization is in business model and business plan development, marketing, Canadian listings, Canadian private equity financing, and public relations. She is a professional business consultant who works not only with small and medium-sized start-ups but also with multinational large enterprises. She is also a certified investor member of NACO, VANTEC Angel Network, American Angel Association ACA, and China Angel 100 Association. Ms. Liu is also a director of several Canadian private companies.

David Toyoda, Director

Mr. Toyoda is the Principal of Pacific Star Corporate Finance Law in Vancouver, British Columbia Canada. He has a Bachelor of Commerce (with honours) and Bachelor of Law from the University of British Columbia. He practices in the areas of corporate and securities law, advising technology, biotechnology and mining companies that are listed, or are preparing to list on, Canadian stock exchanges. He also acts for clients in international securities transactions, including cross-border financings, and has established U.S. markets for Canadian public companies.

Other Reporting Issuer Experience

The following table sets out the directors and officers of Smartwell that are, or have been within the last five years, directors and officers of other issuers that are or were reporting issuers in any Canadian jurisdiction:

Name	Name of Reporting Issue	Exchange	Position	From	To
David Toyoda	Aurora Solar Technologies Inc.	TSXV	Director	March 2010	Present
	Lite Access Technologies Inc.	TSXV	Director	May 2015	Present
	Paloma Resources Ltd.	NEX	Director	June 2006	Present
	Mithril Silver and Gold Ltd.	TSXV	Director	September 2024	Present

Promoter

Yang He, the President, Chief Executive Officer and a director of Smartwell, took the initiative in founding Smartwell and is therefore deemed to be its “promoter” within the meaning of the *Securities Act* (British Columbia). Mr. He owns 52,266,832 Smartwell Shares representing 53.5% of Smartwell’s total issued and outstanding share capital as at the date of this Prospectus.

Corporate Cease Trade Orders or Bankruptcies

None of the directors, executive officers, Insiders or promoters of Smartwell or shareholders holding a sufficient number of securities of Smartwell to materially affect the control of Smartwell is, or has been within 10 years before the date of the Prospectus, a director, chief executive officer or chief financial officer of any company (including Smartwell), that:

- (a) was subject to an order⁽¹⁾ that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
 - (b) was subject to an order⁽¹⁾ that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.
- (1) “order” as used above means:
- (a) a cease trade order;
 - (b) an order similar to a cease trade order; or
 - (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

None of the directors, officers, Insiders or promoters of Smartwell or shareholders holding a sufficient number of securities of Smartwell to materially affect the control of Smartwell:

- (a) is, as at the date of the Prospectus, or has been within the 10 years before the date of the Prospectus, a director or executive officer of any company (including Smartwell) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of the Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver,

receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

No director, officer, Insider or promoter of Smartwell or a shareholder holding a sufficient number of securities of Smartwell to materially affect the control of Smartwell, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers, Insiders and promoters of Smartwell will be subject in connection with the operation of Smartwell. The directors, officers, Insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with Smartwell. See “Directors, Officers and Promoters”. Accordingly, situations may arise where the directors, officers, Insiders and promoters will be in direct competition with Smartwell. The directors and officers of Smartwell are required by law to act in the best interests of Smartwell. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to Smartwell may result in a breach of their obligations to the other companies, and in certain circumstances this could expose Smartwell to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of Smartwell. Such conflicting legal obligations may expose Smartwell to liability to others and impair its ability to achieve its business objectives. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA.

29) EXECUTIVE COMPENSATION

Executive compensation is required to be disclosed for (i) each Chief Executive Officer (or individual who served in a similar capacity during the most recently completed financial year), (ii) each Chief Financial Officer (or individual who served in a similar capacity during the most recently completed financial year), (iii) each of the three most highly compensated executive officers (other than the Chief Executive Officer and the Chief Financial Officer) who were serving as executive officers at the end of the most recently completed fiscal year (or three most highly compensated individuals) and whose total compensation was, individually, more than \$150,000; and (iv) each individual who would meet the definition set forth in (iii) but for the fact that the individual was neither an executive officer of Smartwell, nor acting in a similar capacity, at the end of that financial year (the “Named Executive Officers”).

The Named Executive Officers of Smartwell are Yang He, Chief Executive Officer, and Zhongyi Li, CTO.

Summary Compensation Table

The following disclosure is presented in accordance with Form 51-102F6V – Statement of Executive Compensation – Venture Issuers. The following table contains information about the compensation paid to each director and Named Executive Officer of Smartwell during the three most recently completed financial years.

Name and Principal Position	Fiscal Year	Salary(\$)	Bonus(\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	All Other compensation (\$)	Total compensation (\$)
Yang He CEO	2024	25,163	Nil	Nil	Nil	7,435 ⁽³⁾	32,598
	2023	22,895	Nil	Nil	Nil	7,281 ⁽³⁾	30,176
	2022	23,218	Nil	Nil	Nil	7,385 ⁽³⁾	30,603
	2021	23,310	Nil	Nil	Nil	7,410 ⁽³⁾	30,720
Zhongyi Li CTO	2024	91,503	Nil	Nil	Nil	25,714 ⁽³⁾	117,217
	2023	91,580	Nil	Nil	Nil	23,944 ⁽³⁾	115,524
	2022	110,806	Nil	Nil	Nil	22,190 ⁽³⁾	132,996
	2021	95,577	Nil	Nil	Nil	19,802 ⁽³⁾	115,379
David Toyoda Director	2024	Nil	Nil	Nil	Nil	50,320	50,320
	2023	Nil	Nil	Nil	Nil	68,320	68,320
	2022	Nil	Nil	Nil	Nil	10,640	10,640 ⁽¹⁾
	2021	Nil	Nil	Nil	Nil	1,120	1,120 ⁽¹⁾
Jing (Lillian) Liu Director	2024	Nil	Nil	Nil	Nil	Nil	Nil
	2023	Nil	Nil	Nil	Nil	26,145	26,145
	2022	Nil	Nil	Nil	Nil	144,739	144,739 ⁽²⁾
	2021	Nil	Nil	Nil	Nil	Nil	Nil ⁽²⁾

(1) Mr. Toyoda provided legal services to Smartwell.

(2) Zhongnong entered into a Financing and Listing Service Agreement as amended with Bizfield Accelerator Inc., a company owned by Ms. Liu, according to which, Bizfield will providing consulting service to assist Zhongnong going public in Canada. Smartwell issued 450,000 common shares to Bizfield valued at \$90,000. Zhongnong also entered into a consulting agreement with Bizfield Angel Network Inc., a company owned by Ms. Liu and was paid \$54,739 in consulting fees.

(3) Social welfare fund contribution paid by Smartwell for the benefit of the employee.

30) INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or officers of Smartwell or any of their respective Associates or Affiliates has been indebted to Smartwell since the date of the Smartwell's incorporation other than Mr. He who, as of September 30, 2025, had an interest free loan of \$91,407 (December 31, 2024 - \$178,527) from Smartwell. There is no written loan agreement. The loan was due on demand and had no fixed term of repayment. As of the date of issuance of the interim condensed consolidated financial statement, the balance of loan to CEO has been fully repaid.

31) RISK FACTORS

An investment in Smartwell or the Resulting Issuer following completion of the Proposed Qualifying Transaction involves a high degree of risk. There are risks inherent with completion of the Proposed Qualifying Transaction and with respect to the business of the Resulting Issuer. You should carefully consider the information in this Prospectus and the information set out under "The Resulting Issuer – Risk Factors".

32) LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no actual or, to the knowledge of Smartwell, contemplated legal proceedings to which Smartwell is a party or of which any of its property is the subject matter.

33) INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed below or otherwise disclosed in the section "Smartwell – Management's Discussion and Analysis", the directors, officers, promoters and shareholders of Smartwell and any Associates and Affiliates thereof have not had any direct or indirect material interest in any transaction or proposed transaction since the date of incorporation of Smartwell to the date of this Prospectus.

34) AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of Smartwell is MSLL CPA LLP, Chartered Professional Accountants, located at 2550 – 1177 West Hastings Street Vancouver, B.C. Canada V6E 2K3.

35) MATERIAL CONTRACTS

Smartwell has not entered into any contracts currently outstanding which are material to investors since incorporation, other than:

- a) the Share Exchange Agreement dated February 5, 2024, as amended on June 30, 2024, November 30, 2024, and September 30, 2025, among the Company, Smartwell, the Smartwell Shareholders and the Smartwell Warrantholders in connection with the Proposed Qualifying Transaction (see "The Proposed Qualifying Transaction").
- b) Financing and Listing Service Agreement dated August 8, 2020, as amended on August 8, 2023, between Zhongnong and Bizfield Accelerator Inc.
- c) Equity Exchange agreements dated July 7, 2022 between Smartwell, HK Co. and the shareholders of Zhongnong.

Smartwell enters into system development and related service contracts with its customers in the ordinary course of business. Such customer contracts are generally project-based, non-exclusive, do not contain minimum purchase commitments, automatic renewal provisions or long-term obligations, and are entered into at arm's length on market terms. Management has determined that they do not constitute material contracts.

Copies of all material contracts referred to in this Prospectus may be obtained from Smartwell's office at 1600-409 Granville Street, Vancouver, BC V6C 1T2 during regular business hours and will be

available on SEDARplus.

36) THE PROPOSED QUALIFYING TRANSACTION

Background to the Transaction

All information contained in this Prospectus with respect to Smartwell and its subsidiaries was provided by Smartwell for inclusion herein.

The terms of the Proposed Qualifying Transaction are the result of arm's length negotiations between the Company and Smartwell and their respective advisors in accordance with the CPC Policy. In Oct 2021, the Company entered into discussions with Smartwell regarding a possible business combination, which transaction would constitute the Company's Qualifying Transaction.

Negotiations between the Company and Smartwell continued until January 17, 2022, when the Company and Smartwell executed a non-binding letter of intent (the "Letter of Intent"), followed by the publication of a press release on January 20th, 2022.

The transaction terms set out in the Letter of Intent were subject to the parties negotiating and entering into a definitive agreement. The Company and Smartwell engaged in preliminary discussions regarding the transaction and commenced the preparation of the definitive Share Exchange Agreement and the terms of the agreement were negotiated.

Following board approval, the Company and Smartwell executed the Share Exchange Agreement on February 5, 2024 whereby the Company has agreed to acquire all of the Smartwell Shares and Smartwell Warrants which will be outstanding immediately prior to Completion of the Transaction. In accordance with the terms of the Share Exchange Agreement, on the Closing of the Transaction, the Company will issue the Common Shares to the Smartwell Shareholders, on the basis of one Common Share for each one Smartwell Share held (the "Exchange Ratio") upon Completion of the Transaction and will issue the Warrants to the former Smartwell Warrantholders, on the basis of one Warrant for each one Smartwell Warrant held upon Completion of the Transaction. Each such Common Share, after giving effect to the share exchange, is herein called a "RI Share" and each such Warrant, after giving effect to the share exchange, is herein called a "RI Warrant". The Share Exchange Agreement was amended on June 30, 2024, November 30, 2024 and September 30, 2025 to extend the drop dead date for the closing of the Transaction to May 31, 2026.

The Company issued a public news release on March 7, 2024 announcing the parties have entered into the Share Exchange Agreement.

Contemporaneous with the negotiations with the Company, Smartwell held discussions with the Agent and legal counsels to discuss certain financing matters with respect to the Offering and the Concurrent Financing.

Details of the Proposed Qualifying Transaction

The Proposed Qualifying Transaction will become effective at the Effective Time (as defined in the Share Exchange Agreement). It is currently anticipated that the Effective Date (as defined in the Share Exchange Agreement) for the Proposed Qualifying Transaction will be on or before May 31, 2026. Following the completion of the Offering and the Concurrent Financing, the Company will acquire all

of the 110,230,000 Smartwell Shares which will be issued and outstanding immediately prior to Completion of the Transaction from the Smartwell Shareholders in exchange for the issuance of an equal number of RI Shares. Further, the Company will acquire all of the 12,500,000 Smartwell Warrants which will be issued and outstanding immediately prior to Completion of the Transaction from the Smartwell Warrantholders in exchange for the issuance of an equal number of common share purchase warrants of the Resulting Issuer (the "RI Warrants").

Such number of Smartwell Shares includes the 97,730,000 Smartwell Shares issued and outstanding as of the date of this Prospectus, the 12,500,000 Smartwell Shares to be issued pursuant to the Concurrent Financing assuming completion of the Concurrent Financing for gross proceeds of \$2,500,000.

It is anticipated that immediately following the completion of the Offering, the Proposed Qualifying Transaction and the Concurrent Financing, an aggregate of approximately 117,577,500 RI Shares will be issued and outstanding on an undiluted basis, excluding any securities issued pursuant to the Over-Allotment Option. It is anticipated that 110,230,000 RI Shares will be held by Smartwell Shareholders (representing approximately 93.8% of the RI Shares), and approximately 7,347,500 RI Shares will be held by existing Company Shareholders, purchasers under the Offering and the Agent (representing approximately 6.2% of the RI Shares). Additional RI Shares may be issued pursuant to the Over-Allotment Option.

It is further anticipated that an aggregate of 20,274,750 RI Shares will be reserved for issuance upon exercise of the outstanding convertible securities immediately upon Completion of the Transaction, excluding any securities issued pursuant to the Over-Allotment Option, as follows:

- i. 4,874,750 RI Shares reserved for issuance under RI Options (as defined below);
- ii. 15,000,000 RI Shares reserved for issuance for the Warrants; and
- iii. 400,000 RI Shares reserved for issuance on the exercise of the Agent's Options and Shares underlying Warrants issued to the Agent;

See "The Resulting Issuer - Pro Forma Consolidated Capitalization of the Resulting Issuer".

The Proposed Qualifying Transaction values the Common Shares at \$0.20 per Company Share for aggregate share consideration issuable to former Smartwell Shareholders of \$22,046,000 after giving effect to the Concurrent Financing.

Issue of the Common Shares

The Proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction, pursuant to the CPC Policy. In particular, there is no party, including Associates or Affiliates of any party, to the Proposed Qualifying Transaction that is a Control Person in both the Company and Smartwell.

The distribution of the Common Shares and Warrants pursuant to the Share Exchange Agreement will constitute a distribution of securities which is exempt from the Prospectus requirements of applicable Canadian securities laws.

The Common Shares issued on the Closing of the Transaction to the former Smartwell Shareholders may be resold in each of the provinces of Canada provided the trade is not a "control distribution" as defined in National Instrument 45-102 – Resale of Securities of the Canadian Securities Administrators, no unusual effort is made to prepare the market or create a demand for those securities, no extraordinary

commission or consideration is paid in respect of that sale and, if the selling securityholder is an Insider or officer of the Company, the Insider or officer has no reasonable grounds to believe that the Company is in default of securities Laws.

Share Exchange Agreement

This section and any other description in this Prospectus of the Share Exchange Agreement is a summary only and is qualified in its entirety by reference to the full text of the Share Exchange Agreement, which is filed under the Company's profile on SEDARplus (www.sedarplus.ca).

Pursuant to terms and conditions of the Share Exchange Agreement, the Company has agreed to purchase all of the Smartwell Shares from the Smartwell Shareholders and all of the Smartwell Warrants from the Smartwell Warrantholders.

Upon Completion of the Transaction, the Company will become the Resulting Issuer, an emerging technology company focused on the current business of Smartwell.

The following is a general description of certain other material terms and conditions of the Share Exchange Agreement:

1. Each of the Smartwell Shareholders agrees to sell all of their ownership interest in and to the Smartwell Shares and each of the Smartwell Warrantholders agrees to sell all of their ownership interest in and to the Smartwell Warrants to the Company and the Company agrees to purchase all of the Smartwell Shares and the Smartwell Warrants for an aggregate purchase price of \$22,046,000.
2. The Company will issue one RI Share for each Smartwell Share and one RI Warrant for each Smartwell Warrant.
3. The Company will prepare, with the assistance of Smartwell, and file the Prospectus and all the associated documents with the British Columbia, Alberta and Ontario Securities Commissions.
4. The issuance of securities under the Prospectus shall close concurrently with the Closing of the Transaction and will be for gross proceeds of not less than \$500,000.
5. The Concurrent Financing shall close concurrently with the Closing of the Transaction and will be for gross proceeds of not less than \$2,500,000.
6. As soon as reasonably practicable after the Effective Date, the Company will forward to, or hold for pickup by, each former Smartwell Shareholder (i) the certificates representing the RI Shares to which such Smartwell Shareholder is entitled, or (ii) confirmation of a non-certificated electronic position transfer in CDS representing the RI Shares to which such Smartwell Shareholder is entitled and to each former Smartwell Warrantholder, the certificates representing the RI Warrants to which such Smartwell Warrantholder is entitled.
7. The Company, as the registered holder of all of the Smartwell Shares, shall be entitled to receive a share certificate representing all of the Smartwell Shares.

Mutual Conditions Precedent

Completion of the Proposed Qualifying Transaction contemplated by the Share Exchange Agreement are subject to the satisfaction, on or before the Effective Date, of the following conditions precedent, each of which may be waived only by the mutual consent of the Parties:

1. the Prospectus offering will have been completed;

2. the Concurrent Financing will have been completed;
3. all other required regulatory approvals and other third-party approvals, including the approval of the TSXV;
4. the Company will meet the minimum listing requirements of the TSXV for a Tier 2 industrial issuer;
5. if sponsorship is required in respect of the Proposed Qualifying Transaction, then the agent for the Offering, or such other sponsor as is acceptable to the TSXV, will have consented in writing to act as sponsor to the Proposed Qualifying Transaction;
6. there will have been no material adverse change in the business, affairs, financial condition or operations of the Company prior to Closing;
7. there will have been no material adverse change in the business, affairs, financial condition or operations of Smartwell prior to Closing; and
8. there will not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Share Exchange Agreement.

Smartwell Conditions Precedent

The obligation of Smartwell to complete the Proposed Qualifying Transaction is subject to the fulfilment of the following additional conditions, each of which is for the exclusive benefit of Smartwell, at or before the Effective Time or such other time as is specified below:

1. on or before the Closing of the Acquisition, Smartwell will have been permitted to complete the Smartwell due diligence investigation to its reasonable satisfaction;
2. the board of directors of the Company will have approved the transactions contemplated by the Share Exchange Agreement;
3. on Closing, the Company Director Appointments and the Name Change shall be completed;
4. the Company will not have incurred any liabilities other than those reasonably incurred in connection with the transactions contemplated in the Share Exchange Agreement and will have spent its cash on hand exclusively in the ordinary course of business and for the purpose of completing the Proposed Qualifying Transactions;
5. the representations and warranties of the Company will be true and correct in all material respects at and as of the Closing;
6. all covenants, agreements and obligations on the part of the Company to be performed or complied with at or prior to the Closing will have been performed and complied with in all material respects;
7. on Closing, the Company will have delivered to Smartwell the requisite closing documents required to be delivered by the Company; and
8. at any time prior to and including the Closing, there will not have been any adverse material change in the business or affairs of the Company.

The Company Conditions Precedent

The obligation of the Company to complete the Proposed Qualifying Transaction is subject to the fulfilment of the following additional conditions, each of which is for the exclusive benefit of the Company, at or before the Effective Time or such other time as is specified below:

1. On or before the Closing of the Acquisition, the Company will have been permitted to complete the Company due diligence investigation to its reasonable satisfaction;

2. The Board of Directors of Smartwell will have approved the transfer of the Smartwell Shares and Smartwell Warrants to the Company;
3. There shall be no dilutive securities of Smartwell outstanding, except for the Concurrent Financing and those discussed or agreed to in writing between the parties;
4. Smartwell shall have no other encumbrances on its assets or incurred any other liabilities other than as set forth in the representations and warranties of Smartwell which will be true and correct in all material respects at and as of the Closing;
5. The representation and warranties of the Smartwell Shareholders and Smartwell Warrantholders will be true and correct in all material respects at and as of the Closing;
6. All covenants, agreements and obligations hereunder on the part of Smartwell and the Smartwell Shareholders and Smartwell Warrantholders to be performed or complied with at or prior to the Closing will have been performed and complied with in all material respects;
7. On Closing, Smartwell and the Smartwell Shareholders and Smartwell Warrantholders will have delivered to the Company the requisite closing documents;
8. Smartwell shall have completed and delivered a valuation of Smartwell in a form acceptable to the TSXV; and
9. At any time prior to and including the Closing, there will not have been any adverse material change in the business or affairs of Smartwell or its Subsidiaries.

Termination of the Share Exchange Agreement

The Share Exchange Agreement may be terminated at any time prior to the Effective Time:

1. the Proposed Qualifying Transaction is rejected by the TSXV and all commercially reasonable recourse and rights of appeal in respect of such rejection have been exhausted;
2. any condition precedent set out in the Share Exchange Agreement is not satisfied, released or waived on or before the Closing or such earlier date indicated therein; or
3. the Closing has not occurred on or before May 31, 2026, or such later date as may be approved by Smartwell, the Smartwell Shareholders, the Smartwell Warrantholders and the Company in writing, and one of the parties has provided a written termination notice to the other parties pursuant to the Share Exchange Agreement.

In the event that either Smartwell or the Company (the “Non-Defaulting Party”) terminates the Share Exchange Agreement pursuant to 2 above, then the other party (the “Defaulting Party”) shall pay to the Non-Defaulting Party \$50,000 in satisfaction of the expenses and other costs incurred by the Non-Defaulting Party (the “Termination Expense Reimbursement”). If the non-Defaulting Party is the Company, the Termination Expense Reimbursement payable by Smartwell will be reduced to \$10,000. Such Termination Expense Reimbursement shall be made within three business days of a request for reimbursement. Once the Termination Expense Reimbursement has been paid, such reimbursement shall be the sole right and remedy of such Non-Defaulting Party in respect of the other party.

Share Exchange

The Company will acquire all of the issued and outstanding Smartwell Shares and Smartwell Warrants pursuant to the terms of the Share Exchange Agreement.

The Proposed Qualifying Transaction will close upon the completion of the Offering and the Concurrent Financing and the satisfaction of all conditions imposed by the TSXV or any other regulatory

requirements, provided that the Effective Date shall occur no earlier than seven business days after the Prospectus is filed on SEDARplus.

The Company will: (i) reconstitute its board of directors to give effect to the Company Director Appointments, and (ii) file articles of amendment to give effect to the Name Change.

The Parties acknowledge that the TSXV will require some or all of the RI Shares issued pursuant to the Proposed Qualifying Transaction to be held in escrow or subject to seed share resale restriction ("SSRR") and Smartwell agrees to comply and use its reasonable efforts to cause Smartwell Shareholders to comply with all such escrow and SSRR requirements of the TSXV including the execution and delivery of the TSXV Escrow Agreement.

The Parties shall take any other action and do anything, including the execution of any other agreements, documents or instruments, that are necessary or useful to give effect to the Proposed Qualifying Transaction.

Completion of the Transactions

The Share Exchange Agreement will become effective at the Effective Time. It is currently anticipated that the Effective Date will be on or before May 31, 2026.

Following the completion of the Offering and the Concurrent Financing, the Company intends to acquire all of the 110,230,000 Smartwell Shares which will be issued and outstanding immediately prior to Completion of the Transaction from the Smartwell Shareholders, on a one-for-one exchange basis, in exchange for the issuance of an equal number of RI Shares.

In addition, the 12,500,000 Smartwell Warrants outstanding immediately prior to Completion of the Transaction will be exchanged for an equal number of RI Warrants on a one-for-one exchange basis. Each RI Warrant will be issued by the Company on substantially the same terms as the Smartwell Warrants it replaces.

The Proposed Qualifying Transaction will constitute a reverse takeover. Although the Company will be regarded as the legal parent and continuing company, Smartwell will be the acquirer for accounting purposes. Consequently, Smartwell will be deemed to be a continuation of the reporting entity, and control of the assets and operations of the Company will be deemed to have been acquired in consideration for the issuance of the Resulting Issuer's Shares to the former shareholders of Smartwell. At the time of the Closing of the Transaction, the Company will not constitute a business as defined under IFRS 3 Business Combination. Therefore, the Transaction will be accounted for under IFRS 2 Share Based Payment, where the difference between the consideration given to acquire Smartwell and the net assets assumed is recorded as a listing expense.

Resulting Issuer

Upon Completion of the Transaction and subject to the approval of the TSXV, the Resulting Issuer will become a Tier 2 Technology Issuer on the TSXV.

The Resulting Issuer will be named "Smartwell Technology Corp.", or such other similar name as may be accepted by the relevant regulatory authorities and approved by the board of directors of the Resulting Issuer, and will carry on the business of Smartwell. See "Smartwell – Business of Smartwell".

At the Completion of the Transactions, and subject to approval by the TSXV, certain directors of the Company will resign and will be replaced by nominees of Smartwell. The board of directors of the Resulting Issuer is expected to consist of six directors being Yang He, Tony Chan, Chris Twellis, David Toyoda, Paul Arnison and Ian Mallmann. Senior management of the Resulting Issuer is expected to consist of Yang He – CEO, Tony Chan – President, Peter Chen – CFO and Zhongyi Li as CTO. See "The Resulting Issuer – Directors and Executive Officers".

Concurrent Financing

Smartwell will complete an offering of up to 12,500,000 Smartwell Units at a price of \$0.20 per Smartwell Unit for aggregate gross proceeds of \$2,500,000 in connection with the Proposed Qualifying Transaction. Each Smartwell Warrant is exercisable into one Smartwell Share at an exercise price of \$0.50 per share for two years following the closing of the Concurrent Financing.

37) THE RESULTING ISSUER

The following information is presented on a post-transaction basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer. As the Resulting Issuer will be the same corporate entity as the Company, this section only includes information respecting the Company (and Smartwell, as applicable) after giving effect to the Proposed Qualifying Transaction that is materially different from information provided in this Prospectus regarding the Company prior to Completion of the Transaction. See "The Company" and "Smartwell" for additional information regarding the Company and Smartwell, respectively. See also the Unaudited Pro Forma Consolidated Financial Statements of the Resulting Issuer attached hereto as Appendix "F".

Readers are cautioned that this section includes forward-looking statements relating to the Resulting Issuer, its business, operations and share capital. Please see "Notice Concerning Forward-Looking Statements" and "The Resulting Issuer – Risk Factors" for important risks, factors and assumptions relating to these forward-looking statements.

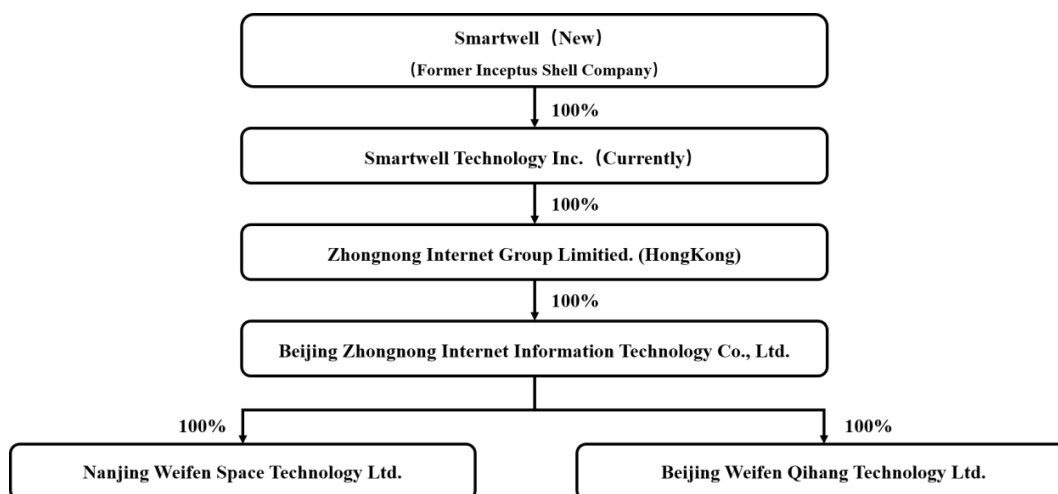
Corporate Structure

Name, Incorporation and Place of Business

In connection with Completion of the Transaction, the Company will effect the Name Change, changing its name to "Smartwell Technology Corp.", or such other name as may be selected by the board of directors. Following Completion of the Transaction, it is expected that the Resulting Issuer's head office and registered office will be changed and be located at 1000-409 Granville Street, Vancouver, British Columbia V6C 1T2. The year-end for the Resulting Issuer will be December 31.

Intercorporate Relationships

Pursuant to the Share Exchange Agreement, the Company will acquire all of the Smartwell Shares and Smartwell Warrants. The corporate structure of the Resulting Issuer is expected to be as follows:



Business of the Resulting Issuer

Following Completion of the Transaction, the Resulting Issuer's principal business will be that of Smartwell. See "Smartwell – Business of Smartwell".

38) USE OF PROCEEDS

As of January 31, 2026, the estimated working capital of Smartwell was approximately \$797,663²⁴ and the estimated working capital of the Company is a deficiency of \$237,152. In addition, the net proceeds of the Offering of \$470,000 and the net proceeds of Concurrent Financing of \$2,500,000 will be available to the Resulting Issuer. On the Completion of the Transaction, a total of \$3,530,511 will be available to the Resulting Issuer, plus any working capital that may arise from the net proceeds of the Over-Allotment Option.

The following table set out information respecting the Resulting Issuer's intended uses of such funds upon Completion of the Transaction. The amounts shown in the tables are estimates only and are based upon the information available to Smartwell and the Company as of the date hereof. The intended uses of such funds and/or the Resulting Issuer's development capital needs may vary based upon a number of factors. See "The Resulting Issuer – Risk Factors".

Use of Funds	Amount \$	Estimated Timeline
Product Development – CEA	150,000	From Closing to December 2026
Product Development – Algorithms	500,000	From Closing to December 2026
Product Development – Insurance Product	50,000	From Closing to December 2026
Salaries	700,000	From Closing to December 2026
Marketing Costs	120,000	From Closing to December 2026
Computers Server construction	100,000	From Closing to December 2026
General and Administrative Costs	150,000	From Closing to December 2026
Professional Fees	160,000	On Closing
Costs of the Offering	200,000	On Closing
Corporate Finance Fee	10,000	On Closing
Work Fee	75,000	On Closing
Unallocated Working Capital	1,315,511	N/A
Total	\$3,530,511	

²⁴ RMB 1= CAD 0.1951 as at January 31, 2026

It is anticipated that some of the funds allocated to Salaries will be paid to related parties as set out in the chart below:

Name and Principal Position	Salary(\$)	Bonus(\$)	Committee or Meeting Fees(\$)	Value of Perquisites(\$)	All Other compensation (\$)	Total Compensation(\$)
Yang He CEO	120,000	Nil	Nil	Nil	Nil	120,000
Zhongyi Li CTO	110,000	Nil	Nil	Nil	Nil	110,000
Peter Yung Tan Chen CFO	48,000	Nil	Nil	Nil	Nil	48,000
Tony Yee Chong Chan President	64,000	Nil	Nil	Nil	Nil	64,000

Additional funds may be paid to related parties for other expenses such as office expenses and legal fees but such amounts will be in the ordinary course of business at market rates.

As of September 30, 2025, the Company reported a negative cash flow of \$55 from its operating activities, while Smartwell recorded a negative cash flow of \$163,869. Consequently, the combined net cash outflow amounted to \$163,924.

The above use of available funds is based on the management's current plans and assumptions. Assuming the Completion of the Transaction, management of the Resulting Issuer believes that the net proceeds of the Proposed Qualifying Transaction and the Concurrent Financing will be sufficient to fund the Resulting Issuer's planned operations, as currently contemplated, for a minimum period of 12 months following closing.

Management does not currently anticipate that additional equity or debt financing will be required to fund operations during this 12-month period. However, beyond this period, the Resulting Issuer may require additional financing to support future growth initiatives, expanded operations, or strategic opportunities, depending on market conditions, business performance and other factors.

Management will actively monitor the Resulting Issuer's liquidity position and may adjust its use of funds as necessary to align with actual operating results and business requirements. There can be no assurance that additional financing, if required in the future, will be available on acceptable terms.

There may be circumstances where, for some business reasons, a reallocation of funds may be necessary, in particular if revenues are slower than expected. It is difficult at this time to definitely project the total funds necessary to accomplish the business objectives of the Resulting Issuer. For these reasons, management considers it to be reasonable and in the best interests of the Resulting Issuer to permit management a reasonable degree of flexibility with respect to the use of funds.

Business Objectives and Milestones

Following the Completion of the Transaction, the Resulting Issuer will be an agriculture technology company in the business of Smartwell. The Resulting Issuer's objective, using the funds available to it

on the Effective Date, is to continue to grow and expand the existing business of Smartwell in China and North American markets consistent with Smartwell's business plan, including penetrating Canadian markets via increased marketing initiatives and partnerships, and ongoing product development and enhancements.

As the Resulting Issuer continues to expand its core technology, it may require additional financing to meet its working capital requirements. Management will actively manage its forecasted cash requirements and has determined that, with the completion of the Proposed Qualifying Transaction and the Concurrent Financing, it believes that it has working capital available to fund ongoing operations which will be sufficient to meet its obligations, as currently contemplated, for a minimum of 12 months.

MILESTONES

- ✓ Set up Canadian operations including hiring two sales and 2-4 technical personnel in Canada (\$120,000 marketing costs)
- ✓ Complete development of CEA (\$150,000) and launch the SaaS version (\$50,000).

Currently, the CEA software is customized development software depending on the specific client. It has been delivered to more than ten customers in two years. As of November 26, 2025, Smartwell has not received any material negative customer feedback with respect to its products.

Smartwell will modularize the existing customized software by September 2026. Once the modular development is completed, Smartwell can add or remove modules according to client's needs, reducing software development costs and shortening software delivery time.

Additionally, Smartwell expects to launch the CEA SaaS version within seven months, enabling the CEA product to have additional service capabilities in North America and China.

- ✓ Optimize plant growth models for the current crops.

Optimize the models for existing crop varieties. The models for the existing crop varieties have already been commercially applied. Optimizing the models involves continuously improving crop yields, reducing input usage, and decreasing labour costs through model upgrades. Complete research and development for plant growth models for additional crop types (\$500,000).

Complete the research and development of model for at least four new crop varieties: cucumber, leafy vegetables, mushrooms and apples. The process includes data collection, basic model construction, data analysis and processing, machine deep learning, data validation, and model adjustment validation. The commercialization indicators of the model set by management include an increase in yield of more than 8%, a savings of over 50% in water resources, and a reduction of more than 15% in labour costs.

- ✓ Broaden intellectual property rights and patent rights.

Smartwell will apply for additional intellectual property within China, including new crop variety models and their associated key steps (approximately 15 items), image recognition models (approximately five items), and new functional modules involved in CEA systems (approximately five items).

Smartwell will also apply for international patents for three items in Canada and the U.S.A.: the overall CEA system, a generic architecture for optimal crop growth models, and a satellite remote sensing big data system.

The above milestone costs are contained in the twelve (12) month expenditures set out above.

39) DIVIDENDS

The Resulting Issuer does not currently intend to declare or pay any dividends payable to the holders of the RI Shares. The Resulting Issuer will have no restrictions on paying dividends except the solvency tests under applicable corporate law, but it is anticipated that if the Resulting Issuer generates earnings in the foreseeable future, those earnings will be retained to pay down its debt (if any) and to finance growth opportunities that may be available.

The directors of the Resulting Issuer will determine if and when dividends should be declared and paid in the future based upon the Resulting Issuer's financial position at the relevant time. All of the RI Shares will be entitled to an equal share in any dividends declared and paid. There are currently no Resulting Issuer special shares issued or outstanding.

40) DESCRIPTION OF SECURITIES

The Resulting Issuer is authorized to issue an unlimited number of Common Shares ("RI Shares"), Class B Voting, Non-participating, common shares without par value, unlimited Class C Non-Voting, Participating, common shares without par value and unlimited Class D Non-Voting, Non-participating, common shares without par value.

Each holder of RI Shares shall be entitled to receive notice of and to attend all meetings of Shareholders of the Resulting Issuer, except meetings at which only holders of other classes or series of shares are entitled to attend, and at all such meetings shall be entitled to one vote in respect of each common share held by such holder.

The holders of RI Shares shall be entitled to receive dividends if and when declared by the board of directors. In the event of any liquidation, dissolution or winding-up of the Resulting Issuer or other distribution of the assets of the Resulting Issuer among RI Shareholders for the purpose of winding-up its affairs, the holders of RI Shares shall be entitled, subject to the rights of holders of shares of any class ranking prior to the RI Shares, to receive the remaining property or assets of the Resulting Issuer.

All of the RI Shares issued and outstanding upon Completion of the Transaction will be fully paid and non-assessable.

Upon Completion of the Transaction, it is expected that 117,577,500 RI Shares will be issued and outstanding. In addition, 20,274,750 RI Shares will be reserved for issuance pursuant to the Resulting Issuer Convertible Securities.

41) OPTIONS TO PURCHASE SECURITIES

Following the Completion of the Transaction, it is expected that there will be 4,874,750 RI Options outstanding, each entitling the holder thereof to purchase one RI Share at an exercise price as set out below:

Name	Number of RI Options	Exercise Price	Expiry Date
Yang He	1,000,000	\$0.20	Five years from the Completion of the Transaction
Zhongyi Li	800,000	\$0.20	Five years from the Completion of the Transaction
Peter Yung Tan Chen	500,000	\$0.20	Five years from the Completion of the Transaction
Tony Yee Chong Chan	500,000	\$0.20	Five years from the Completion of the Transaction
Christopher Trevor Twells	400,000	\$0.20	Five years from the Completion of the Transaction
Paul Arnison	400,000	\$0.20	Five years from the Completion of the Transaction
David Toyoda	400,000	\$0.20	Five years from the Completion of the Transaction
Ian Mallmann	400,000	\$0.20	Five years from the Completion of the Transaction
Peter Yung Tan Chen	144,510	\$0.10	November 14, 2027
Jason Kuei Hai Lan	82,560	\$0.10	November 14, 2027
Tony Yee Chong Chan	82,560	\$0.10	November 14, 2027
Christopher Trevor Twells	82,560	\$0.10	November 14, 2027
Eric Wing Kin Lam	82,560	\$0.10	November 14, 2027

Stock Option Plan

For a description and summary of the Resulting Issuer's Stock Option Plan, see "Stock Option Plan – Summary of the Option Plan under Executive Compensation disclosure for the Company above.

42) PRO FORMA CONSOLIDATION CAPITALIZATION OF THE RESULTING ISSUER

Pro Forma Consolidated Capitalization of the Resulting Issuer

The following table summarizes the Resulting Issuer's consolidated capitalization as at September 30, 2025, based on the pro forma consolidated financial statement contained in this Prospectus, after giving effect to the Completion of the Transaction and the Concurrent Financing.

Description	Amount Authorized or to be Authorized	Outstanding after giving effect to the Proposed Qualifying Transaction assuming the Completion of the Offering and Concurrent Financing ⁽¹⁾
RI Shares	Unlimited	117,577,500 ⁽²⁾

- (1) 66,452,784 RI Shares will be held in escrow after the Completion of the Transaction pursuant to the Escrow Agreement and 2,680,000 RI Shares will be held in escrow after the Completion of the Transaction pursuant to the CPC Escrow Agreement. An additional 23,997,216 RI Shares will be subject to SSRR. (see "The Resulting Issuer – Escrowed Securities").
- (2) Plus the number of RI Shares issued pursuant to the Over-Allotment Option, the exercise of the Units issuable on the exercise of the Agent's Option and the Corporate Finance Fee Options.

Pro Forma Fully-Diluted Capitalization of the Resulting Issuer

The following table summarizes the number and percentage of securities of the Resulting Issuer to be outstanding on a fully diluted basis after giving effect to the Proposed Qualifying Transaction and the Concurrent Financing.

Description	Number of Securities	% of total number of RI Shares outstanding following Completion of the Transaction (Non Diluted)	% of total number of RI Shares outstanding following Completion of the Transaction (Fully Diluted)
Common Shares outstanding as of the date of this Prospectus	4,747,500	4.0%	3.4%
Common Shares to be issued pursuant to this Offering	2,500,000	2.1%	1.8%
RI Shares to be issued as consideration for the Smartwell Shares outstanding as of the date of this Prospectus	97,730,000	83.1%	70.9%
Concurrent Financing Shares	12,500,000	10.6%	9.1%
Work Fee Shares	100,000	Less than 0.1%	Less than 0.1%
Total RI Shares (Undiluted)	117,577,500⁽¹⁾	100%	85.3%
RI Shares issuable upon exercise of Incentive Stock Options outstanding as of the date of this Prospectus	474,750	N/A	0.3%
RI Shares issuable upon the exercise of RI Options	4,400,000	N/A	3.2%
RI Shares issuable upon conversion of Warrants issued under the Offering	2,500,000	N/A	1.8%
RI Shares issuable upon exercise of Concurrent Financing Warrants	12,500,000	N/A	9.1%
RI Shares issuable to the Agent on the exercise of the Units issued to Agent under the Agent's Option and the Corporate Finance Fee Options	200,000	N/A	0.1%
RI Shares issuable to the Agent on the exercise of the Warrants underlying the Units issued to Agent under the Agent's Option and the Corporate Finance Fee	200,000	N/A	0.1%

Options			
Fully Diluted RI Shares Total	137,852,250⁽¹⁾	N/A	100%

- (1) Plus the number of RI Shares and RI Warrants issued pursuant to the Over-Allotment Option, the number of RI Shares and RI Warrants issued to the Agent pursuant the additional Agent's Option and the Corporate Finance Fee Options.

43) ESCROWED SECURITIES

CPC Escrow Agreement

The following table sets out, as at the date hereof, the number of securities of the Resulting Issuer, which are currently held in escrow pursuant to a CPC Escrow Agreement.

Name and Municipality of Residence of Shareholder	Number of Securities Held in Escrow	Percentage of RI Shares assuming the completion of the Offering, the Proposed Qualifying Transaction and the Concurrent Financing⁽¹⁾	Percentage of RI Shares assuming completion of the Offering, the Proposed Qualifying Transaction and the Concurrent Financing fully diluted⁽¹⁾
Peter Yung Tan Chen <i>Richmond, British Columbia</i>	840,000 Common Shares and 144,510 Incentive Stock Options to acquire Common Shares at \$0.10	0.7%	0.6%
Jason Kuei Hai Lan <i>Richmond, British Columbia</i>	840,000 Common Shares and 82,560 Incentive Stock Options to acquire Common Shares at \$0.10	0.7%	0.6%
Christopher Trevor Twells <i>Richmond, British Columbia</i>	300,000 Common Shares and 82,560 Incentive Stock Options to acquire Common Shares at \$0.10	0.3%	0.2%
Tony Yee Chong Chan ⁽²⁾ <i>Richmond, British Columbia</i>	100,000 Common Shares and 82,560 Incentive Stock Options to acquire Common Shares at \$0.10	Less than 0.1%	Less than 0.1%
Eric Wing Kin Lam <i>Richmond, British Columbia</i>	100,000 Common Shares and 82,560 Incentive Stock Options to acquire Common Shares at \$0.10	Less than 0.1%	Less than 0.1%
Christina Chen <i>Taipei, Taiwan</i>	200,000 Common Shares	0.2%	0.1%
Danny Sng <i>Port Moody, British Columbia</i>	100,000 Common Shares	Less than 0.1%	Less than 0.1%
Randall Shaw <i>White Rock, British Columbia</i>	100,000 Common Shares	Less than 0.1%	Less than 0.1%

Valencia Remple <i>White Rock, British Columbia</i>	100,000 Common Shares	Less than 0.1%	Less than 0.1%
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- (1) Based on a total of 117,577,500 RI Shares expected to be outstanding following Completion of the Transactions, on an undiluted basis, assuming no exercise of the Units issued to the Agent under the Agent's Option, the Corporate Finance Fee Options and not including the number of RI Shares issued pursuant to the Over-Allotment Option and the number of RI Shares and RI Warrants issued to the Agent pursuant the additional Agent's Option and the Corporate Finance Fee Options. Does not include RI Options owned by such persons and assumes no securities are purchased by such persons pursuant to the Offering and Concurrent Financing.
- (2) Based on a total of 137,852,250 RI Shares expected to be outstanding following Completion of the Transactions, on a fully diluted basis, not including the number of RI Shares and RI Warrants issued pursuant to the Over-Allotment Option, the number of RI Shares and RI Warrants issued to the Agent pursuant the additional Agent's Option and the Corporate Finance Fee Options. Does not include RI Options owned by such persons and assumes no securities are purchased by such persons pursuant to the Offering including the Over-Allotment Option and Concurrent Financing.
- (3) Mr. Chan holds his shares indirectly through Winnetka Holdings Ltd., a company wholly owned by him.

Where the securities of the Resulting Issuer which are required to be held in escrow are held by a non-individual (a "holding company"), each holding company pursuant to the CPC Escrow Agreement, has agreed, or will agree, not to carry out any transactions during the currency of the CPC Escrow Agreement which would result in a change of control of the holding company, without the consent of the TSXV. Any holding company must sign an undertaking to the TSXV that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities could reasonably result in a change of control of the holding company. In addition, the TSXV may require an undertaking from any control person of the holding company not to transfer the shares of that company.

Under the CPC Escrow Agreement, 25% of the escrowed Common Shares and Incentive Stock Options will be released from escrow on the issuance of the Final TSXV Bulletin (the "Initial Release") and an additional 25% will be released on each of the dates which are 6 months, 12 months and 18 months following the Initial Release.

The TSXV's prior consent must be obtained before a transfer within escrow of escrowed Common Shares and Incentive Stock Options. Generally, the TSXV will only permit a transfer within escrow to be made to incoming Principals in connection with a proposed Qualifying Transaction.

If a Final TSXV Bulletin is not issued, the escrowed Common Shares and Incentive Stock Options will not be released. Under the Escrow Agreement, each Non Arm's Length Party to the Company who holds escrowed Common Shares acquired at a price below the offering price under the initial public offering has irrevocably authorized and directed Computershare to immediately: (a) cancel all of those escrowed Common Shares upon the issuance by the TSXV of a bulletin delisting the Common Shares of the Resulting Issuer; or (b) if the Resulting Issuer lists on NEX board of the TSXV, either (i) cancel all Common Shares purchased by Non-Arm's Length Parties to the Resulting Issuer at a discount to the offering price of the initial public offering, in accordance with section 11.2(a) of the CPC Policy, or (ii) subject to majority shareholder approval, cancel that number of Common Shares purchased by Non-Arm's Length Parties to the CPC so that the average cost of the remaining Common Shares purchased by Non-Arm's Length Parties to the Resulting Issuer is at least equal to the initial public offering price.

Proposed Escrow Agreement

Upon Completion of the Transaction, an aggregate of 66,452,784 RI Shares will be held in escrow with the Escrow Agent under the provisions of the Escrow Agreement. This Escrow Agreement will be executed and filed with the final Prospectus. These securities will be released as to 10% upon the date of issuance of the Final TSXV Bulletin respecting the Proposed Qualifying Transaction and an

additional 15% thereof on each of the 6, 12, 18, 24, 30 and 36 month anniversaries of the date of issuance of the Final TSXV Bulletin.

If the Resulting Issuer meets the Tier 1 minimum listing requirements of the TSXV subsequent to the release of the Final TSXV Bulletin, the release of the RI Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made an application to the TSXV for listing as a Tier 1 Company and the TSXV has issued a bulletin that announces the acceptance for listing of the Resulting Issuer's Shares on Tier 1 of the TSXV.

All holders of RI Shares held in escrow must obtain TSXV consent to transfer the RI Shares then subject to escrow, other than in specified circumstances set out in the Escrow Agreement.

The following table sets out the name and municipality of residence of the securityholders whose RI Shares will be held in escrow.

Name and Municipality of Residence of Shareholder	RI Shares Held in Escrow	Percentage of RI Shares assuming the completion of the Offering, the Proposed Qualifying Transaction and the Concurrent Financing⁽¹⁾	Percentage of RI Shares assuming completion of the Offering, the Proposed Qualifying Transaction and the Concurrent Financing fully diluted⁽²⁾
Yang He <i>Beijing, China</i>	52,266,832	44.5%	37.9%
Zhongyi Li <i>Beijing, China</i>	14,185,952	12.1%	10.3%

- (1) Based on a total of 117,577,500 RI Shares expected to be outstanding following Completion of the Transactions, on an undiluted basis, assuming no exercise of the Units issued to the Agent under the Agent's Option, the Corporate Finance Fee Options and not including the number of RI Shares issued pursuant to the Over-Allotment Option and the number of RI Shares and RI Warrants issued to the Agent pursuant the additional Agent's Option and the Corporate Finance Fee Options. Does not include RI Options owned by such persons and assumes no securities are purchased by such persons pursuant to the Offering including the Over-Allotment Option and Concurrent Financing.
- (2) Based on a total of 137,852,250 RI Shares expected to be outstanding following Completion of the Transactions, on a fully diluted basis, not including the number of RI Shares and RI Warrants issued pursuant to the Over-Allotment Option, the number of RI Shares and RI Warrants issued to the Agent pursuant the additional Agent's Option and the additional Corporate Finance Fee Options issued pursuant to the Over-Allotment Option. Does not include RI Options owned by such persons and assumes no securities are purchased by such persons pursuant to the Offering including the Over-Allotment Option and Concurrent Financing.

Seed Share Resale Restrictions

Upon Completion of the Transaction, an aggregate of 23,997,216 RI Shares will be subject to the SSRR pursuant to TSXV Policy 5.4. In accordance with Policy 5.4, 20% of the RI Shares subject to SSRR will be released on the date of issuance of the Final TSXV Bulletin and 20% on the 3, 6, 9 and 12 month anniversary of the date of issuance of the Final TSXV Bulletin. The Resulting Issuer will add a legend to each RI Share certificate representing securities that are subject to SSRRs with the statement, "Subject to securities legislation, the holder of the securities shall not trade the securities before [specify date]", and instructing the Transfer Agent not to remove the legend until the specified date has passed, except in accordance with the SSRR.

The following table sets out the name and municipality of residence of the securityholders whose RI Shares will be held pursuant to the SSRR.

Name and Municipality of Residence of Shareholder	RI Shares Held in pursuant to SSRR	Percentage of RI Shares assuming the completion of the Offering, the Proposed Qualifying Transaction and the Concurrent Financing⁽¹⁾	Percentage of RI Shares assuming completion of the Offering, the Proposed Qualifying Transaction and the Concurrent Financing fully diluted⁽²⁾
Yaohao Wang <i>Beijing, China</i>	7,092,976	6.0%	5.1%
Ningbo Jujin Internet Technology Partnership <i>Ningbo Free Trade Zone, China</i>	5,546,640	4.7%	4.0%
Han Ouyang <i>Foshan, China</i>	4,202,000	3.6%	3.1%
Hong Li <i>Zhanjiang, China</i>	840,400	0.7%	0.6%
Zhihong Zhang <i>Shenzhen, China</i>	840,400	0.7%	0.6%
Lina Xie <i>Meizhou, China</i>	840,400	0.7%	0.6%
Zhufeng Liang <i>Guangzhou, China</i>	840,400	0.7%	0.6%
Xuejun Wang <i>Shanghai, China</i>	880,000	0.7%	0.6%
Jing Li <i>Changzhou, China</i>	440,000	0.4%	0.3%
Guowei Kuang <i>Guangdong, China</i>	176,000	0.1%	0.1%
Meihan Li <i>Lanzhou, China</i>	1,144,000	1.0%	0.8%
Jiaojie Chen <i>Lanzhou, China</i>	264,000	0.2%	0.2%
Jingxin Chen <i>Beijing, China</i>	440,000	0.4%	0.3%
Bizfield Accelerator Inc. <i>Surrey, British Columbia</i>	450,000	0.4%	0.3%

- (1) Based on a total of 117,577,500 RI Shares expected to be outstanding following Completion of the Transactions, on an undiluted basis, assuming no exercise of the Units issued to the Agent under the Agent's Option, the Corporate Finance Fee Options and not including the number of RI Shares issued pursuant to the Over-Allotment Option and the number of RI Shares and RI Warrants issued to the Agent pursuant the additional Agent's Option and the Corporate Finance Fee Options. Does not include RI Options owned by such persons and assumes no securities are purchased by such persons pursuant to the Offering including the Over-Allotment Option and Concurrent Financing.
- (2) Based on a total of 137,852,250 RI Shares expected to be outstanding following Completion of the Transactions, on a fully diluted basis, not including the number of RI Shares and RI Warrants issued pursuant to the Over-Allotment Option, the number of RI Shares and RI Warrants issued to the Agent pursuant the additional Agent's Option and the additional Corporate Finance Fee Options issued pursuant to the Over-Allotment Option. Does not include RI Options owned by such persons and assumes no securities are purchased by such persons pursuant to the Offering including the Over-Allotment Option and Concurrent Financing.

44) PRINCIPAL SECURITYHOLDERS

The following table lists those Persons who beneficially own, directly or indirectly or exercise control or direction over more than 10% of the issued and outstanding the Resulting Issuer as at the date of this Prospectus:

Name and municipality of residence	Type of ownership	Number of RI Shares	Percentage of RI Shares assuming the completion of Offering, the Proposed Qualifying Transaction and Concurrent Financing ⁽¹⁾	Percentage of RI Shares assuming completion of Offering, the Proposed Qualifying Transaction and Concurrent Financing fully diluted ⁽²⁾
Yang He <i>Beijing, China</i>	Direct	52,266,832	44.5%	37.9%
Zhongyi Li <i>Beijing, China</i>	Direct	14,185,952	12.1%	10.3%

- (1) Based on a total of 117,577,500 RI Shares expected to be outstanding following Completion of the Transactions, on an undiluted basis, assuming no exercise of the Units issued to the Agent under the Agent's Option, the Corporate Finance Fee Options and not including the number of RI Shares issued pursuant to the Over-Allotment Option and the number of RI Shares and RI Warrants issued to the Agent pursuant to the additional Agent's Option and the Corporate Finance Fee Options. Does not include RI Options or RI Warrants owned by such persons and assumes no securities are purchased by such persons pursuant to the Offering and Concurrent Financing.
- (2) Based on a total of 137,852,250 RI Shares expected to be outstanding following Completion of the Transactions, on a fully diluted basis, not including the number of RI Shares and RI Warrants issued pursuant to the Over-Allotment Option, the number of RI Shares and RI Warrants issued to the Agent pursuant to the additional Agent's Option and the Corporate Finance Fee Options. Does not include RI Options or RI Warrants owned by such persons and assumes no securities are purchased by such persons pursuant to the Offering and Concurrent Financing.

45) DIRECTORS, OFFICERS AND PROMOTERS

The following table provides the names of the proposed directors and officers of the Resulting Issuer following Completion of the Transaction, their municipalities of residence, position, principal occupations during the past five years and the number of RI Shares that each of the individuals will beneficially own, control or direct, directly or indirectly, as of the date of this Prospectus (after giving effect to the Concurrent Financings and the Proposed Qualifying Transaction).

Name, Municipality of Residence and Position to be Held	Principal Occupation for Past Five Years	Number of the RI Shares to be owned directly and indirectly after Completion of the Transaction ⁽¹⁾
Yang He CEO and Director <i>Beijing, China</i>	- Founder, CEO, Beijing Zhongnong Internet Information Co., Ltd, May 2015 to present; - Founder, CEO, and Director, Smartwell Technology Inc. June 2021 to present; - CEO, Zhongnong Internet Group Limited (Hong Kong), April 2022 to present.	52,266,832
Zhongyi Li CTO <i>Beijing, China</i>	- CTO, Beijing Zhongnong Internet Information Co., Ltd. October 2020 to present; - CTO, Smartwell Technology Inc. July 2022 to present.	14,185,952
Peter Yung Tan Chen CFO	President, CEO and Director, Inceptus Capital Ltd. (TSXV capital pool company), February 2017 to present ;	840,000

Name, Municipality of Residence and Position to be Held	Principal Occupation for Past Five Years	Number of the RI Shares to be owned directly and indirectly after Completion of the Transaction ⁽¹⁾
<i>Richmond, British Columbia</i>	- President of Proterra Management Group Inc., a company providing management consulting and accounting services to private and publicly listed companies August 2000 to present; - Self-employed Financial Consultant since January 1994 to present.	
Tony Yee Chong Chan President and Director <i>Richmond, British Columbia</i>	- Self-employed as a Private Investor since 2011 to present; - Director of Inceptus Capital Ltd., since February 2017 to present.	100,000
David Toyoda Director and Secretary <i>Vancouver, British Columbia</i>	- Founder, Pacific Star Corporate Finance Law, August 2020 to present; - Director and Secretary, Smartwell Technology Inc, since June 2021 to present.	Nil
Christopher Trevor Twells Director <i>Richmond, British Columbia</i>	- Controller, QuadReal Property Group, since November 2020 to June 2024, a Vancouver based real estate investment, operating and development company. - Director, Inceptus Capital Ltd., since February 2017; - Senior Controller, Capital West Mortgage Inc., since July 2024 to present.	300,000
Paul Arnison Director <i>Saskatoon, Saskatchewan</i>	President, Botanical Alternatives Inc., since June 2015 to present.	Nil
Ian Mallmann Director <i>Richmond, British Columbia</i>	- President, Chagford Square Capital Inc. a corporate finance and real estate advisory firm, from October, 2003 to present; - Director and/or Officer of TSXV-listed companies, from August 2018 to present.	Nil

(1) Assumes no securities are purchased by such persons pursuant to the Offering including the Over-Allotment Option and Concurrent Financing.

Each director will hold office until the next annual meeting of RI Shareholders at which time any or all of the directors may be elected to hold office for a term expiring no later than the close of the next annual meeting of RI Shareholders.

After the Completion of the Transaction, the directors and officers of the Resulting Issuer as a group are expected to beneficially own, directly or indirectly, or exercise control or direction over 67,692,784 of the then issued and outstanding RI Shares, representing approximately 57.5% of the total votes attached to all of the then outstanding voting securities of the Resulting Issuer being 117,577,500 RI Shares, not including the number of RI Shares issued pursuant to the Over-Allotment Option.

The following are summaries of the proposed directors and principal management of the Resulting Issuer, including their respective proposed positions with the Resulting Issuer and relevant work and educational background. No member of senior management is currently a party to, or proposes to enter into, any formal non-competition or confidentiality agreement with Smartwell or the Resulting Issuer.

Yang He – Chief Executive Officer and Director (Age: 38)

Mr. He will be the Chief Executive Officer and a director of the Resulting Issuer and will be responsible for the overall strategic direction and management of the Resulting Issuer.

Business Experience:

From May 2015 to present, Mr. He has served as Founder and Chief Executive Officer of Beijing Zhongnong Internet Information Co., Ltd., a company engaged in agricultural information technology and digital agriculture services.

From June 2021 to present, Mr. He has served as Founder and Chief Executive Officer of Smartwell Technology Inc., an agricultural technology company focused on controlled environment agriculture and data-driven farming solutions.

From April 2022 to present, Mr. He has served as Chief Executive Officer of Zhongnong Internet Group Limited (Hong Kong), a company engaged in agricultural technology and related investment activities.

Mr. He will be a full-time employee of the Resulting Issuer and will enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Education

Mr. He received a master degree of Green technology (energy) from Hong Kong Baptist University in 2013 and a bachelor degree of Materials Science and Engineering from Tianjin Polytechnic University in 2009.

Zhongyi Li – Chief Technology Officer (Age: 38)

Mr. Li will be the Chief Technology Officer and a director of the Resulting Issuer and will be responsible for the Resulting Issuers overall technology strategy, system architecture design, and the development of agricultural data, remote sensing and analytics solutions.

Mr. Li will be a full-time employee of the Resulting Issuer and will enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Business Experience

From October 2020 to present, Mr. Li has served as Chief Technology Officer of Beijing Zhongnong Internet Information Technology Co., Ltd., a company engaged in agricultural information technology and digital agriculture services.

From July 2022 to present, Mr. Li has served as Chief Technology Officer of Smartwell Technology Inc., an agricultural technology company focused on controlled environment agriculture and data-driven farming solutions.

Education

Mr. Li received a Master of Science degree in Natural Resources from Beijing Normal University in 2020 and a Bachelor's degree in Geographic Information Systems from Lanzhou University in 2010.

Peter Yung Tan Chen – Chief Financial Officer (Age: 63)

Mr. Chen will be the Chief Financial Officer of the Resulting Issuer and will be responsible for overseeing the Resulting Issuer's financial reporting, accounting, internal controls and financial management functions. Mr. Chen will devote approximately 50% of his time as a consultant to the Resulting Issuer and will not enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Business Experience

From August 2000 to present, Mr. Chen has served as President of Proterra Management Group Inc., a company providing management consulting and accounting services to private and publicly listed companies.

From February 2017 to present, Mr. Chen has served as a President, Chief Executive Officer, and Director of Inceptus Capital Ltd.: a TSX Venture Exchange capital pool company formed to identify and complete a qualifying transaction.

From January 1994 to present, Mr. Chen has been self-employed as a financial consultant, providing financial advisory and accounting services to corporate clients.

Education

Mr. Chen obtained a diploma in Accounting from Douglas College in 1993.

Tony Yee Chong Chan – President and Director (Age: 68)

Mr. Chan will be the President and a director of the Resulting Issuer and will be responsible for providing strategic oversight and supporting the overall management and development of the Resulting Issuer. Mr. Chan will devote approximately 75% of his time as a consultant to the Resulting Issuer and will not enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Business Experience

From January 2011 to present, Mr. Chan has been self-employed as a private investor, primarily engaged in managing and investing his own investment portfolio.

From February 2017 to present, Mr. Chan has served as a director of Inceptus Capital Ltd., a capital pool company listed on the TSX Venture Exchange, formed for the purpose of identifying and completing a qualifying transaction.

Education

Mr. Chan obtained a Bachelor of Arts degree from the University of British Columbia in 1979. He also earned the Chartered Market Technician designation from the Market Technicians Association in February 2016.

David Toyoda – Director and Secretary (Age: 58)

Mr. Toyoda will be a director and the corporate secretary of the Resulting Issuer. Mr. Toyoda will devote approximately 10% of his time as a consultant to the Resulting Issuer and will not enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Business Experience

From August 2020 to present, Mr. Toyoda has served as Founder and Principal of Pacific Star Corporate Finance Law, a law firm based in Vancouver, British Columbia, specializing in corporate and securities law, including advising technology, biotechnology and mining companies that are listed, or are preparing to list, on Canadian stock exchanges, as well as international and cross-border securities transactions.

From June 2021 present, Mr. Toyoda has served as a director and corporate secretary of Smartwell Technology Inc., an agricultural technology company focused on controlled environment agriculture and data-driven farming solutions.

Mr. Toyoda has extensive experience in corporate finance matters, including advising on initial and subsequent public offerings, inter-listings on stock exchanges, private placements of debt and equity securities, venture capital financings, reverse takeovers, changes of business, reactivations, share purchase agreements and asset acquisitions. He is also a frequent presenter and lecturer on corporate and securities law topics in Canada.

Education

Mr. Toyoda obtained a Bachelor of Commerce (with honours) and a Bachelor of Law from the University of British Columbia in May 1993.

Christopher Trevor Twells – Director (Age: 52)

Mr. Twells will be a director of the Resulting Issuer and is expected to provide financial oversight and governance support to the Resulting Issuer. Mr. Twells will devote approximately 10% of his time as a consultant to the Resulting Issuer and will not enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Business Experience

From February 2017 to present, Mr. Twells has served as a director of Inceptus Capital Ltd., a TSX Venture Exchange listed capital pool company (CPC) (part-time).

From November 2020 to June 2024, Mr. Twells served as Controller of QuadReal Property Group, a Vancouver-based real estate investment, operating and development company.

From July 2024 to present, Mr. Twells has served as Senior Controller of Capital West Mortgage Inc., a Vancouver-based mortgage investment and lending company.

Education

Mr. Twells holds a Chartered Professional Accountant designation issued by the Chartered Professional Accountants of British Columbia in 1999 and a Financial Management Diploma from the British Columbia Institute of Technology in Burnaby, British Columbia, in June 1994.

Paul Grenville Arnison – Director (Age: 76)

Dr. Arnison will be a director of the Resulting Issuer and will provide strategic guidance to the Resulting Issuer, particularly with respect to natural products and related scientific matters. Dr. Arnison will devote approximately 5% of his time as a consultant to the Resulting Issuer and will not enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Business Experience

From June 2015 to present, Dr. Arnison has served as President of Botanical Alternatives Inc., a company engaged in natural product consulting and related advisory services.

Education

Dr. Arnison has a PhD and a Bachelor of Science in Biochemistry from McGill University in 1974 and 1970.

Ian M. Mallmann – Director (Age: 65)

Mr. Mallmann will be a director of the Resulting Issuer and brings extensive experience in corporate finance, governance and capital markets. Mr. Mallmann will devote approximately 10% of his time as a consultant to the Resulting Issuer and will not enter into a non-competition or non-disclosure agreement with the Resulting Issuer.

Business Experience

From October 2003 to present, Mr. Mallmann has served as President of Chagford Square Capital Inc., a corporate finance and real estate advisory firm based in Vancouver, British Columbia, providing advisory services to private and publicly listed companies.

From August 2018 to October 2022, Mr. Mallmann served as Chief Financial Officer of Astron Connect Inc., a company listed on the TSX Venture Exchange.

In addition, within the past five years, Mr. Mallmann has served as a director and/or officer of several TSX Venture Exchange-listed companies, including companies in the life sciences and capital markets sectors, providing financial oversight and governance expertise.

Education

Mr. Mallmann holds a Bachelor of Arts degree, a Juris Doctor (J.D.) degree and a Master of Business Administration (MBA) degree from the University of British Columbia from 1981 to 1988.

Other Reporting Issuer Experience

The following table sets out the directors and officers of the Resulting Issuer that are, or have been within the last five years, directors and officers of other issuers that are or were reporting issuers in any Canadian jurisdiction:

David Toyoda						
NAME OF REPORTING ISSUER	POSITION(S) HELD	MARKET TRADED ON	FROM		TO	
			MM	YY	MM	YY
Aurora Solar Technologies Inc.	Director	TSXV	03	2010	Present	
Lite Access Technologies Inc.	Director	TSXV	05	2015	Present	
Paloma Resources Ltd.	Director	NEX	06	2006	Present	
Mithril Silver and Gold Ltd.	Director	TSXV	09	2024	Present	

Ian M. Mallmann						
NAME OF REPORTING ISSUER	POSITION(S) HELD	MARKET TRADED ON	FROM		TO	
			MM	YY	MM	YY
Astron Connect Inc.	Officer CFO	TSXV	Aug	2018	Oct	2022
Eastwood Bio-Medical Canada Inc.	Director	TSXV	July	2019	Feb	2022
Golden Star Capital Ventures Inc.	Director	TSXV	Nov	2021	Jan	2023
CNJ Capital Investments Inc.	Director	TSXV	Jan	2023	Sep	2023

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, none of the directors, executive officers, Insiders or promoters of the Resulting Issuer or shareholders holding a sufficient number of securities of the Resulting Issuer to materially affect the control of the Resulting Issuer is, or has been within 10 years before the date of the Prospectus, a director, chief executive officer or chief financial officer of any company (including the Resulting Issuer), that:

- (a) was subject to an order⁽¹⁾ that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
- (b) was subject to an order⁽¹⁾ that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

(1) "order" as used above means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Canada Renewable Bio-energy Corp., of which Ian Mallmann was a director from March 2012 until August 2016, became subject to a cease trade order on August 2014 due to the late filing of financial statements and related materials. The cease trade order to date has not been revoked.

Astron Connect Inc. (then known as Exalt Capital Corp.), of which Ian Mallmann was the CFO from August 2018 until October 2022, became subject to a cease trade order on October 30, 2018 due to the late filing of financial statements and related materials. This cease trade order was revoked on December 4, 2018.

None of the directors, officers, Insiders or promoters of the Resulting Issuer, or shareholders holding a sufficient number of securities of the Resulting Issuer to materially affect the control of the Resulting Issuer:

- (a) is, as at the date of the Prospectus, or has been within the 10 years before the date of the Prospectus, a director or executive officer of any company (including the Resulting Issuer) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of the Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

No proposed director or officer of the Resulting Issuer or securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to materially affect its control has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Proposed Qualifying Transaction.

Conflicts of Interest

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the Completion of the Transaction or who may be considered promoters of the Resulting Issuer are also directors, officers and/or promoters of other reporting and non-reporting issuers. Accordingly, conflicts

of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the BCCBA to act at all times in good faith in the interest of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise.

To the best of its knowledge, the Company is not aware of the existence of any conflicts of interest between the Company and any of its directors and officers as of the date of this Prospectus.

To the best of its knowledge, Smartwell is not aware of the existence of any conflicts of interest between Smartwell and any of its directors and officers as of the date of this Prospectus.

The RI Shareholders must appreciate that they will be required to rely on the judgment and good faith of its directors and officers, as well as on the judgment and good faith of the directors and officers of the Resulting Issuer, in resolving any conflicts of interest that may arise.

46) EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discussion provides information about the Resulting Issuer's proposed philosophy, objectives and processes regarding compensation for the Resulting Issuer's executive officers following the Completion of the Transaction.

Compensation for the Resulting Issuer's CEO, CFO and the next most highly compensated executive officers (collectively, the "Proposed Named Executive Officers") will be determined by the board of directors of the Resulting Issuer. The Resulting Issuer's executive compensation will predominantly be based on the Resulting Issuer's availability of capital and the performance in achieving certain goals without reference to a peer group. It will be the responsibility of the Resulting Issuer's board of directors as a whole, and the Governance, Nomination & Compensation Committee, to make decisions regarding executive compensation matters.

The Resulting Issuer's compensation program supports its commitment to delivering strong performance for the RI Shareholders. The Resulting Issuer's overall objective of its compensation philosophy is the attraction, motivation and retention of quality, experienced people to achieve the Resulting Issuer's strategic objectives and to align the interests of its executive officers and employees with the long-term interest of the RI Shareholders. All of the components of the Resulting Issuer's executive compensation program will be reviewed and confirmed by its board of directors following the Completion of the Transaction and the appointment of the new board members.

It is currently contemplated that executive compensation will be comprised of the following components: base salary, and RI Options. Together, these components are designed to address the key objectives of the Resulting Issuer's compensation program.

Elements of Executive Compensation Base Salaries

Salaries for executive officers, including the Named Executive Officers, will be reviewed annually based on corporate and personal performance and on individual levels of responsibility. Salaries of executive officers are not determined based on benchmarks or a specific formula. The Resulting Issuer

intends to pay a base salary to its executives that is competitive with those of comparable companies in the mobile delivery industry. In setting base compensation levels for executive officers, consideration will be given to objective factors such as level of responsibility, time commitment, experience and expertise as well as subjective factors such as leadership.

Option-Based Awards

RI Options will be granted pursuant to the Stock Option Plan to directors, executive officers, employees and consultants of the Resulting Issuer and are intended to align such individuals' interests to achieve the longer-term objectives of the Resulting Issuer, to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Resulting Issuer and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Resulting Issuer. See “The Resulting Issuer – Options to Purchase Securities – Stock Option Plan”.

Summary Compensation Table

The following disclosure is presented in accordance with Form 51-102F6V – Statement of Executive Compensation – Venture Issuers. The following table contains information about the compensation that is proposed to be payable to the Resulting Issuer's Named Executive Officers for the 12-month period from the date of this Prospectus after giving effect to the Proposed Qualifying Transaction.

Name and Principal Position	Salary(\$)	Bonus(\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	All Other compensation (\$)	Total compensation (\$)
Yang He CEO	120,000	Nil	Nil	Nil	Nil	120,000
Zhongyi Li CTO	110,000	Nil	Nil	Nil	Nil	110,000
Peter Yung Tan Chen CFO	48,000	Nil	Nil	Nil	Nil	48,000
Tony Yee Chong Chan President	64,000	Nil	Nil	Nil	Nil	64,000

Long-Term Incentive Plan Awards

The Resulting Issuer does not anticipate that it will have any long-term incentive plans during the next 12 months.

Pension Plan Benefits

It is not anticipated that the Resulting Issuer will establish a pension plan, a defined benefit plan or any retirement savings programs for the Proposed Named Executive Officers or other employees of the Resulting Issuer within the next 12 months.

Deferred Compensation Plans

It is not anticipated that the Resulting Issuer will establish a deferred compensation plan for the Proposed Named Executive Officers or other employees of the Resulting Issuer within the next 12 months.

Director Compensation

It is anticipated that each of the directors who are not executive officers will be paid \$12,000 per year for their services as directors. In addition to the stock options to be issued on the Completion of the Transaction, all directors will be eligible to receive grants of stock options from time to time.

47) AUDIT COMMITTEE

Composition of the Audit Committee

The Resulting Issuer Board will have an Audit Committee that is expected to be comprised of Christopher Trevor Twells, Paul Arnison and Ian Mallmann all of whom will be considered independent and all of them are financially literate, in each case within the meaning of National Instrument 52-110 - Audit Committees. Christopher Trevor Twells is proposed to serve as the Chair of the Audit Committee of the Resulting Issuer Board. The Audit Committee will provide assistance to the Resulting Issuer Board in fulfilling its obligations relating to the integrity of the internal financial controls and financial reporting of the Resulting Issuer.

All of the proposed Audit Committee members are businessmen with experience in financial matters; each has an understanding of accounting principles used to prepare financial statements and varied experience as to general application of such accounting principles, internal controls and procedures necessary for financial reporting, which has been garnered from working in their individual fields of endeavour.

Mr. Twells obtained both Chartered Professional Accountant and Certified General Accountant designations from the Chartered Professional Accountants Association of British Columbia in 1999, as well as a Financial Management Diploma from the British Columbia Institute of Technology in Burnaby, British Columbia. Mr. Twells has been the Controller (since November 2020) of QuadReal Property Group, a Vancouver based real estate investment, operating and development company.

Mr. Arnison is the President of Botanical Alternatives Inc. and was the Vice President - Business Development of Prairie Plan Systems Inc. and, as a result, is able to assess the general application of accounting principles in connection with the accounting for estimates, accruals and provisions for a company such as the Resulting Issuer.

Mr. Mallmann is the President of Chagford Square Capital Inc., a corporate finance and real estate advisory firm and has been a Chief Financial Officer of Astron Connect Inc., a company listed on the TSX Venture Exchange. He has an MBA from the University of British Columbia.

Additionally, the Audit Committee and the Chair of the Audit Committee will be responsible for all matters relating to the Whistleblower Policy, described in more detail below. See “Resulting Issuer – Corporate Governance – Ethical Business Conduct”.

The Audit Committee Charter

The Resulting Issuer Board intends to adopt the Audit Committee Charter, the full text of which is attached to this Prospectus as Appendix “F”, upon Completion of the Transaction. It also anticipates that the Audit Committee Charter will be affirmed at the next annual general meeting of the RI Shareholders.

External Auditor Service Fees (By Category)

Aggregate audit fees billed and/or estimated to be billed by the Company’s external auditor, Davidson & Company LLP, for services rendered during and in connection with audit of the financial years ended March 31, 2025 , March 31, 2024 and March 31, 2023, are summarized as follows:

	Fiscal Year Ended March 31, 2025	Fiscal Year Ended March 31, 2024	Fiscal Year Ended March 31, 2023
Audit Fees ⁽¹⁾	\$10,628	\$10,628	\$10,122
Audit-Related Fees ⁽²⁾	Nil	Nil	Nil
Tax Fees ⁽³⁾	Nil	Nil	Nil
All Other Fees ⁽⁴⁾	Nil	Nil	Nil

(1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) “All Other Fees” include all other non-audit services.

Aggregate audit fees billed and/or estimated to be billed by Smartwell’s external auditor, MSLL CAP LLP, for services rendered during and in connection with audit of the financial years ended December 31, 2025 and 2024, and the review ended September 30, 2025 are summarized as follows:

	Review Ended September, 2025	Fiscal Year Ended December 31, 2024	Fiscal Year Ended December 31, 2023
Audit Fees ⁽¹⁾	\$180,722	\$132,841	\$145,092
Audit-Related Fees ⁽²⁾	Nil	Nil	Nil
Tax Fees ⁽³⁾	Nil	Nil	Nil
All Other Fees ⁽⁴⁾	Nil	Nil	Nil

(1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of Smartwell’s financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) “All Other Fees” include all other non-audit services.

48) CORPORATE GOVERNANCE

The Canadian Securities Administrators have issued corporate governance guidelines pursuant to National Policy 58- 201 - Corporate Governance Guidelines (the "Corporate Governance Guidelines"). The Corporate Governance Guidelines are recommended as "best practices" for issuers to follow. The Resulting Issuer recognizes that good corporate governance will play an important role in the Resulting Issuer's overall success and in enhancing shareholder value and, accordingly, the Resulting Issuer Board

will adopt corporate governance policies, practices and procedures required by applicable law or as the Resulting Issuer Board determines are appropriate for a company of its size and stage of development.

Board of Directors

The proposed Resulting Issuer Board will consist of six directors: He Yang, Tony Yee Chong Chan, David Toyoda, Christopher Trevor Twells, Paul Arnison and Ian Mallmann. Messrs. Twells, Arnison and Mallmann will all be independent directors based upon the test for director independence set out in NI 52-110. The Resulting Issuer Board intends to hold regularly scheduled meetings as well as ad hoc meetings from time to time. The independent members of the Resulting Issuer Board intend to also meet no less than two times per year without the non-independent directors and members of management. See "Resulting Issuer – Directors and Executive Officers".

Board Mandate

The Resulting Issuer Board intends to adopt a written mandate governing the Resulting Issuer Board. In fulfilling its responsibilities, the Resulting Issuer Board will be responsible for, among other things: (i) management oversight; (ii) monitoring financial performance and other financial reporting matters; (iii) approving and monitoring compliance with all significant policies and procedures pursuant to which the Resulting Issuer will be operating; (iv) overseeing the accurate reporting of the financial performance of the Resulting Issuer; (v) adopting and performing an annual review of policies and procedures designed to ensure that the Resulting Issuer and its directors, officers and employees comply with all applicable laws, rules and regulations; and (vi) establishing and overseeing committees of the Resulting Issuer Board, as appropriate.

Position Descriptions

The Resulting Issuer does not intend to adopt written position descriptions for the Chair of the Resulting Issuer Board, the Chair of the Audit Committee, and the Chair of the Disclosure Committee, nor does it intend at this time to adopt a written position description for each of its CEO and CFO given the size and stage of development of the Resulting Issuer and that the roles and duties of those officers will likely be constantly evolving for the foreseeable future. With respect to the Chair of the Resulting Issuer Board, the Chair of the Audit Committee and the Chair of the Disclosure Committee, the Resulting Issuer expects that the Chairs will assume a leadership role on the Resulting Issuer Board, on the Audit Committee and on the Disclosure Committee, as applicable, and that written descriptions will, in the future, be developed.

The Audit Committee and the Disclosure Committee will have a written charter and a Disclosure and Confidentiality Policy, respectively, which will help delineate their roles and responsibilities. See "Resulting Issuer – Audit Committee" and "Resulting Issuer – Corporate Governance – Other Board Committees".

With respect to the CEO, the scope and duties of the CEO will include, among other things, strategic planning, corporate and business development, fundraising and value creation. The CEO will be subject to the oversight of the Resulting Issuer Board and a written position description for the CEO may be developed in the future. Additionally, the CEO will act as the compliance officer for the Securities Trading Policy that the Resulting Issuer Board intends to adopt. With respect to the CFO, the scope and duties of the CFO will include, among other things, the planning, implementing, managing and running of all of the finance activities of the Resulting Issuer, including, among other things, business planning,

budgeting, forecasting and negotiations. The CFO will be subject to the oversight of the Resulting Issuer Board and a written position description for the CFO may be developed in the future.

Orientation and Continuing Education

The Resulting Issuer does not currently intend to adopt a formal orientation and continuing education program for new directors. However, it is expected that all new directors will be given informal training, which will include background material on the Resulting Issuer's policies and procedures, as well as documents from recent meetings of the Resulting Issuer's Board. New directors may also visit the Resulting Issuer's operations and have access to management to discuss the activities of the Resulting Issuer. Directors will be encouraged to be involved in continuing director education on an ongoing basis and the Resulting Issuer intends to pay all reasonable expenses related to continuing director education.

Ethical Business Conduct

The Resulting Issuer intends to adopt a Code of Business Conduct and Ethics that will be applicable to all of the directors, officers, employees, consultants and contractors of the Resulting Issuer.

The Governance, Nomination & Compensation Committee will be responsible for overseeing the Code of Business Conduct and Ethics and must approve any waivers of the Code of Business Conduct and Ethics for the directors, officers, employees, consultants and contractors of the Resulting Issuer. Any significant amendments to the Code of Business Conduct and Ethics will be disclosed on the Resulting Issuer's website. Information contained in, or accessible through, the Resulting Issuer's website does not constitute a part of, and is not incorporated into, this Prospectus. In addition to the Code of Business Conduct and Ethics, the Resulting Issuer intends to adopt a Whistleblower Policy that will provide officers, directors and employees of the Resulting Issuer with a process for disclosing complaints or concerns regarding financial matters. In accordance with the Whistleblower Policy, all complaints and concerns will be forwarded to the Chair of the Audit Committee. Additionally, the proposed Resulting Issuer Board will rely on the fiduciary duties placed on individual directors by the Resulting Issuer's governing corporate legislation and the common law to ensure that it operates independently of management and in the best interests of the Resulting Issuer.

Nomination of Directors

The Governance, Nomination & Compensation Committee, as described in more detail below, will be responsible for identifying qualified individuals to become new members of the Resulting Issuer Board and recommending new director nominees for the next annual meeting of the shareholders of the Resulting Issuer.

Compensation

The Governance, Nomination & Compensation Committee, as described in more detail below, will conduct compensation reviews with regard to the compensation of the CEO and the CFO of the Resulting Issuer once a year.

Other Board Committees

In addition to the Audit Committee, see "Resulting Issuer – Audit Committee", the Resulting Issuer Board intends to establish: (i) the Governance, Nomination & Compensation Committee, for which it

intends to adopt a Governance, Nomination & Compensation Committee Charter; and (ii) the Disclosure Committee, for which it intends to adopt a Disclosure and Confidentiality Policy.

The Governance, Nomination & Compensation Committee and Charter

The purpose of the Governance, Nomination & Compensation Committee will be to assist the Resulting Issuer Board in fulfilling its oversight and responsibilities with respect to:

- the development of the corporate governance guidelines and principles;
- the establishment of key human resources and compensation policies, including all incentive and equity based compensation plans;
- identifying individuals qualified to be nominated as members of the Resulting Issuer Board;
- the structure and composition of the Resulting Issuer Board committees;
- evaluating the performance and effectiveness of the Resulting Issuer Board;
- the performance evaluation of, and the determination of the compensation of, the CEO, the CFO and other senior executives of the Resulting Issuer;
- the establishment of policies and procedures designed to identify and mitigate risks associated with the Resulting Issuer's compensation policies and practices;
- succession planning, including the appointment, training and evaluation of senior management; and
- the compensation of the members of the Resulting Board and its committees.

The Governance, Nomination & Compensation Committee will consist of at least three directors, appointed by the Resulting Issuer Board, and it will appoint one of its members to act as the Chair of the Governance, Nomination & Compensation Committee, and one of its members to act as secretary. Meetings of the Governance, Nomination & Compensation Committee will be held at such times and places as its Chair may determine, but in any event not less than once per year. The Governance, Nomination & Compensation Committee intends to adopt a Charter.

Disclosure Committee and Disclosure and Confidentiality Policy

The Disclosure Committee will consist of the CEO, the CFO, the Chair of the Resulting Issuer Board and an independent director designated by the Chair of the Resulting Issuer Board. The purpose of the Disclosure and Confidentiality Policy will be to ensure the timely and accurate disclosure of material information relating to the Resulting Issuer in accordance with applicable securities laws and rules of the TSXV, to protect the improper use or disclosure of material information or confidential information about the Resulting Issuer and to promote compliance with the insider trading rules.

The Disclosure and Confidentiality Policy will apply to all securities of the Resulting Issuer, including, as applicable, options, warrants, preferred shares, debentures and any other debt or equity securities of the Resulting Issuer and any other instruments, agreements or securities, the market price, value or payment obligations of which are derived from, referenced to or based on the value of securities of the Resulting Issuer. The Disclosure Committee will be responsible, among other things, for determining whether information is material information, the timely disclosure of material information in accordance with applicable securities laws and stock exchange rules and regulations, monitoring compliance with the Disclosure and Confidentiality Policy and overseeing Resulting Issuer's disclosure controls and procedures.

Assessments

The proposed Resulting Issuer Board will be responsible for ensuring that an appropriate system is in place to evaluate the effectiveness of the Resulting Issuer Board as a whole, the individual committees of the Resulting Issuer Board, and the individual members of the Resulting Issuer Board with a view of ensuring that they are fulfilling their respective responsibilities and duties. In connection with such evaluations, each director will be required annually to provide his or her assessment of the effectiveness of the Resulting Issuer Board and each committee as well as the performance of the individual directors. Such evaluations will take into account the competencies and skills each director is expected to bring to his or her particular role on the Resulting Issuer Board or on a committee, as well as any other relevant facts.

Director Term Limits and Other Mechanisms of Board Renewal

Each member of the proposed Resulting Issuer Board will hold office until the next annual meeting of RI Shareholders at which time any or all of the directors may be elected to hold office for a term expiring no later than the close of the next annual meeting of RI Shareholders.

Enforcement of Judgments Against Directors and Promoters who are Foreign Persons

Mr. Yang He, the proposed CEO and Director of the Resulting Issuer and Zhongyi Li, the proposed CTO of the Resulting Issuer resides outside of Canada and has appointed Pacific Star Corporate Finance Law, 1600-409 Granville Street, Vancouver, BC, V6C 1T2 for service of process.

49) INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who: (a) is a director or officer of the Company or Smartwell or is proposed to be a director or officer of the Resulting Issuer; (b) at any time during the most recently completed financial year of the Company or Smartwell was, a director or officer of the Company or Smartwell; or (c) is an Associate of any of the foregoing, is either: (a) indebted to the Company or Smartwell or a subsidiary of either the Company or Smartwell; or (b) indebted to another entity with such indebtedness being the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or Smartwell or subsidiary of either the Company or Smartwell, as at the date of this Prospectus, other than As of September 30, 2025, the Company has interest free loans of \$91,407 (December 31, 2024 - \$178,527) to Mr. He Yang. There was no written loan agreement. The loan was fully repaid by Mr. He Yang as of October 13, 2025. There is no outstanding balance on the date of this prospectus.

50) INTERESTS OF PROPOSED MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Prospectus, none of the directors or executive officers of the Company or Smartwell, or persons or companies that beneficially own, or control or direct, directly or indirectly, more than 10% of the outstanding Common Shares or Smartwell Shares, respectively, or any Associate or Affiliate of any of the foregoing, has any material interest, direct or indirect, in any transactions in which the Company or Smartwell has participated within the three years before the date of this Prospectus, which has materially affected or is reasonably expected to materially affect the Company or Smartwell, respectively.

51) PLAN OF DISTRIBUTION

This Prospectus is being filed with the British Columbia, Alberta and Ontario Securities Commissions to enable the Company, a capital pool company pursuant to TSXV Policy 2.4 – Capital Pool Companies (the "CPC Policy"), to complete its Qualifying Transaction as defined under the CPC Policy with Smartwell.

This Offering is made on a commercially reasonable efforts basis by Research Capital Corporation of 2,500,000 units (the "Units") at \$0.20 per Unit for total gross proceeds to the Company of a minimum of \$500,000. Each Unit consists of one Common Share and one Warrant exercisable at \$0.50 for a period of 24 months.

Pursuant to the Agency Agreement, which will be executed and filed prior to the filing of the final Prospectus, the Company has appointed the Agent to act as its agent to offer for sale to the public, on a commercially reasonable efforts basis, without underwriter liability, 2,500,000 Units at the Offering Price as provided in this Prospectus if, as and when issued by the Company and accepted by the Agent in accordance with the terms of the Agency Agreement, for gross proceeds of \$500,000 subject to compliance with all necessary legal requirements and to the conditions of the Agency Agreement.

The Company has also appointed the Agent as a registered dealer to hold in trust all funds received from subscriptions until the minimum amount of funds stipulated above has been raised. If the funds are not raised within the distribution period, the trustee must return the funds to the subscribers without any deductions.

Under the Agency Agreement, the Company has agreed to indemnify and save harmless the Agent, their directors, officers and employees against all losses, claims, liabilities and expenses (including, without limitation, expenses of investigation and defending any claims or litigation as the same are incurred), related to or arising out of the Offering provided, however, that the Company will not be responsible for any such losses, claims, damages, liabilities or expenses to the extent they arise from actions or omissions caused, in whole or in part, by the negligence of, fraudulent actions of, wilful misconduct by, or contravention of laws by the Agent.

The Offering Price was determined by negotiation between the Company and the Agent and bears no relationship to earnings, book value or other valuation criteria.

In addition, the Company has granted the Agent the Over-Allotment Option, exercisable in whole or in part in the sole discretion of the Agent at any time and from time to time for a period of 30 days commencing on the closing of the Offering, to purchase up to an aggregate number of Units as is equal to 15% of the aggregate number of the Units issued pursuant to the Offering at a price equal to the Offering Price to cover over-allocations, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, Agent's Fees and net proceeds to the Company (before payment of the expenses of the Offering) will be \$575,000, \$34,500, and \$540,500, respectively, assuming no Units are purchased by President's List Subscribers. A purchaser who acquires Units forming part of the Agent's over-allocation position acquires those Units under this Prospectus, regardless of whether the Agent's over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

At the present time, the Company is not aware of any directors or officers who plan to participate in the Offering, however the Company's directors, officers, employees, and other investors who have an

existing relationship with the Company may purchase Units pursuant to the Offering. If they should do so, these investors will constitute the President's List.

The Agent may form a selling group with other registered investment dealers to market a portion of the Offering. Any fees payable to members of such selling group will be paid by the Agent out of the Agent's Fees.

Agent's Fees

This Prospectus qualifies the distribution of all securities granted to the Agent pursuant to the Agency Agreement. The Company has agreed to pay to the Agent: (i) the Agent's Commission equal to 6% of the gross proceeds of the Offering (including gross proceeds from the exercise of the Over-Allotment Option); and (ii) the Corporate Finance Fee equal to 2% of the gross proceeds of the Offering (including gross proceeds from the exercise of the Over-Allotment Option), provided that the Agent's Commission payable for Units sold by the Agent to purchasers on the President's List will be reduced to 1%. As an additional compensation, the Company will also issue to the Agent's Options and Corporate Finance Fee Warrants. The Agent's Options entitle the Agent to purchase such number of Agent's Option Units as is equal to 6% of the total number of Units, provided that no Agent's Options will be issued to the Agent in respect of Units sold by the Agent to purchasers on the President's List, and the Corporate Finance Fee Warrants entitle the Agent to purchase that number of Units as is equal to 2% of the total number of Units sold under the Offering, at an exercise price of \$0.20 per Unit for a period of 24 months from the closing of the Offering.

The Agent will receive a work fee of \$75,000 and 100,000 Sponsorship Shares priced at the Offering, plus GST payable in cash on the closing of the Offering. The Company will also pay the reasonable costs and expenses of the Agent related to the Offering. Pursuant to the Agency Agreement, this Prospectus also qualifies the distribution of the Agent's Options, Corporate Finance Fee Warrants and the 100,000 Sponsorship Shares for the work fee.

The Offering is being made in British Columbia, Alberta and Ontario. The Units will be offered in each of such provinces through the Agent or their affiliates who are registered to offer the Units for sale in such provinces and such other registered dealers as may be designated by the Agent. Subject to applicable law, the Agent may offer the Units outside of Canada.

Certificates

Other than in respect of the Units sold to certain purchasers in the United States and to, or for the account or benefit of, certain U.S. Persons or certain persons in the United States, which will be represented by individual certificates, and other than pursuant to certain exceptions, it is expected that one or more global certificates for the Common Shares and Warrants comprising the Units distributed by this Prospectus will be issued in registered and definitive form to CDS and will be deposited with CDS on the closing of the Offering. Purchasers of the Units will receive only a customer confirmation from the registered dealer from or through whom the Units are purchased.

The individual certificate(s) evidencing the Common Shares and Warrants comprising the Units issued to, or for the account or benefit of, certain persons within the United States who are acquiring Units pursuant to the registration exemption provided by Rule 506(b) of Regulation D under the U.S. *Securities Act* will contain legends to the effect that the Common Shares and Warrants comprising the Units represented thereby have not been registered under the U.S. *Securities Act* and may only be resold

or transferred pursuant to certain exemptions from the registration requirements of the U.S. *Securities Act* and applicable state securities laws of the United States.

Pricing of the Offering

The Offering Price was determined based upon arm's length negotiations between the Company and the Agent. Among the factors considered in determining the Offering Price were the following:

- the market price of the Common Shares;
- prevailing market conditions;
- historical performance and capital structure of the Company;
- estimates of the business potential and earnings prospects of the Company;
- availability of comparable investments;
- an overall assessment of management of the Company; and
- the consideration of these factors in relation to market valuation of companies in related businesses.

52) MARKET FOR SECURITIES

The outstanding Common Shares are listed on the TSXV under the trading symbol "ICP.P". Upon Completion of the Transaction, it is expected that the Resulting Issuer will apply and change its trading symbol to "SMWE" following approval of the Name Change to "Smartwell Technology Corp."

53) RISK FACTORS

An investment in the Company or the Resulting Issuer following completion of the Proposed Qualifying Transaction involves a high degree of risk. There are risks inherent with completion of the Proposed Qualifying Transaction and with respect to the business of the Resulting Issuer. You should carefully consider the information in this Prospectus and the information set out below.

General

A purchase of any of the securities of the Resulting Issuer involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Resulting Issuer should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should carefully evaluate the following risk factors associated with an investment in the Resulting Issuer's securities prior to purchasing any of the securities.

Risks relating to the Resulting Issuer business and structure

Resulting Issuer's business

A potential investor should consider the risks and difficulties the Resulting Issuer expects to encounter as it attempts to execute its business strategy, including the rapidly evolving nature of the agriculture technology industry.

Shareholders will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the Resulting Issuer's products and accordingly will be dependent upon the judgment and ability of the Directors and management to:

- (a) execute the Resulting Issuer's business plan;
- (b) protect its intellectual property;
- (c) attract, integrate, retain and motivate qualified personnel and advisors;
- (d) respond effectively to increased business operation demands; and
- (e) defend against competitors who may develop similar products that are more effective, of a better quality or less expensive than those developed by the Resulting Issuer.

Execution of Business Plan

The execution of the Resulting Issuer's business plan, including its business objectives and milestones described in this Prospectus, poses many challenges and is based on a number of assumptions. The Resulting Issuer may not be able to successfully execute its business plan or accomplish its business objectives and milestones. If the Resulting Issuer experiences significant cost overruns on its programs, or if its business plan is more costly than it anticipates, certain research and development activities may be delayed or eliminated, resulting in changes or delays to its commercialization plans, or the Resulting Issuer may be compelled to secure additional funding (which may or may not be available) to execute its business plan. The Resulting Issuer cannot predict with certainty its future revenues or results from its operations. If the assumptions on which its revenues or expenditures forecasts are based change, the benefits of the Resulting Issuer's business plan may change as well. In addition, the Resulting Issuer may consider expanding its business beyond what is currently contemplated in its business plan. Depending on the financing requirements of a potential acquisition or new product opportunity, the Resulting Issuer may be required to raise additional capital through the issuance of equity or debt. If the Resulting Issuer is unable to raise additional capital on acceptable terms, it may be unable to pursue a potential acquisition or new product opportunity.

Currently, the Resulting Issuer has no history of profitable operations. As such, the Resulting Issuer is subject to many risks including under-capitalization, cash shortages, and limitations with respect to personnel, financial, and other resources.

Management's Discretion over the Uses of Funds and any Unallocated Amounts

Management and the Directors of the Resulting Issuer will have broad discretion in the uses of funds and any new investment capital it may obtain in the future, and may elect to allocate available funds differently from that described under "Uses of Funds" if management and the Directors believe it would be in the best interests of the Resulting Issuer to do so. Because of the number and variety of factors that could determine its uses of funds, its ultimate expenditure of funds (and their uses) may vary substantially from the current intended operating plan for such funds. The Resulting Issuer intends to use existing working capital and future funding to support the development of its products and services, the expansion of its marketing, or the support of operations. The Resulting Issuer will also use capital for market expansion, potential acquisitions, and general working capital purposes. However, the Resulting Issuer does not have more specific plans for the use and expenditure of unallocated amounts. The Resulting Issuer may apply working capital and future funding to uses that ultimately do not improve the Resulting Issuer's operating results or increase the value of the Resulting Issuer's securities.

Negative Cash Flow

The Resulting Issuer's negative cash flow from operating activities is primarily attributed to its ongoing expansion endeavors. Although such negative cash flow is a typical occurrence in the short-term during phases of growth, its prolonged presence could potentially challenge the Resulting Issuer's financial resilience and operational continuity. Factors contributing to negative cash flow may include heightened market competition, stringent regulatory requirements and escalating operational costs. The Resulting Issuer will be committed to implementing proactive measures, such as optimizing its business strategies, cost management initiatives, and expanding its market presence, to effectively address the challenges associated with negative cash flow.

Concentration Risk

A significant portion of Smartwell's revenue has historically been derived from a limited number of customers. For the year ended December 31, 2024, Smartwell's top three customers accounted for approximately 91% of total revenue. For the nine months ended September 30, 2025, Smartwell's top three customers accounted for approximately 86% of total revenue.

Smartwell's business model is primarily project-based, and revenue is generated through a limited number of relatively large system development contracts during any given reporting period. As a result, the Resulting Issuer's operating results may fluctuate materially from period to period depending on the timing, size and completion of individual customer projects.

The Resulting Issuer will not enter into long-term agreements or automatic renewal arrangements with its customers. Each customer engagement is governed by a standalone contract with a defined scope of work, delivery milestones and acceptance criteria. Accordingly, the continuation of revenue from any customer depends on the customer's future project needs and the successful negotiation and execution of new contracts.

If one or more of the Resulting Issuer's significant customers do not enter into new contracts, delay the commencement or completion of projects, or terminate or fail to renew contractual arrangements, the Resulting Issuer's revenue, cash flows and operating results could be materially and adversely affected. In addition, delays in project delivery or customer acceptance may result in the deferral of revenue recognition, which could further contribute to volatility in reported financial results.

The Resulting Issuer may not be able to replace the revenue generated from significant customers on comparable terms or within a similar timeframe. Any inability to diversify the Resulting Issuer's customer base or to secure new system development projects could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Revenue and Research and Development Profile

Smartwell's historical revenue has been generated primarily from project-based system development services, and revenue levels may vary from period to period depending on the number, size and timing of completed projects. As a result, increases in revenue during certain periods have been driven by the completion of a limited number of relatively large projects with higher technical complexity and pricing.

Smartwell has also incurred significant research and development expenditures in recent periods as it advanced the development and training of its core crop growth data model. While such expenditures have contributed to operating losses in certain periods, management considers these investments to be integral to building Smartwell's technological capabilities and supporting the development of more scalable and standardized solutions in the future. There can be no assurance, however, that these investments will result in increased revenue or profitability in future periods.

Market Acceptance of the Products

The commercial success of the Resulting Issuer's products and services will depend upon the acceptance of these products by its potential customers. The degree of market acceptance of any its products and services will depend on a number of factors, including the Resulting Issuer's ability to provide acceptable evidence of efficacy and value; pricing and cost effectiveness; and the willingness of customers to purchase its products and services. If the Resulting Issuer's product and services do not achieve an adequate level of acceptance by its customers, the Resulting Issuer may not generate sufficient revenue from these products and services, and the Resulting Issuer may not become or remain profitable. In addition, the efforts to educate the agriculture community on the benefits of its product and services may require significant resources and may never be successful.

Competition

Some of the competitors and potential competitors have substantially greater product development capabilities and financial, technical, marketing and human resources than the Resulting Issuer. Competitors may develop products and services earlier, obtain acceptance for its products and services more rapidly, or develop products and services that are more effective than those currently offered or under development by the Resulting Issuer. The Resulting Issuer will seek to expand its technological and marketing capabilities to remain competitive; however, research and development by others may render its technologies or products obsolete or non-competitive, or result in superior products or services. Competitors and potential competitors include large agricultural technology companies and more established technology companies. These companies have significantly greater financial and other resources and greater expertise than the Resulting Issuer in research and development, sales and marketing. Many of these competitors operate large, well-funded research and development and marketing programs. Small companies may also prove to be significant competitors, particularly through collaborative arrangements with larger companies or through acquisition or development of competitive products or services. Potential competitors also include academic institutions, governmental agencies and other public and private organizations that conduct research and establish arrangements for product and services development and marketing. Research and development by others may seek to render the Resulting Issuer's technologies or products obsolete or noncompetitive.

Taxation

The tax rules and their interpretation relating to an investment in the Resulting Issuer may change during the life of the investment as may the tax residence of the Resulting Issuer. The levels of, and reliefs from taxation may change. Any change in the tax status of the Resulting Issuer or the tax applicable to holding RI Shares or in taxation legislation or its interpretation, could affect the value of the RI Shares, affect the Resulting Issuer's ability to provide returns to RI Shareholders and/or alter the post-tax returns to RI Shareholders.

U.S. Tariffs

Due to the recent imposition of tariffs ranging from 10% to 25% by the U.S. government on imports from Canada and Mexico, along with similar tariffs of at least 10% on Chinese imports, trade conditions have become increasingly unstable. This uncertainty may negatively impact our future business operations in the Canadian and U.S. market. To mitigate potential risks, we may consider establishing a subsidiary in the United States. However, we cannot guarantee that this measure will fully offset the adverse effects of the ongoing trade tensions.

Conflicts of interest

Certain Directors involved in the agricultural industry may be in conflict in the sectors in which the Resulting Issuer operates.

The Resulting Issuer conducts all transactions on arm's length commercial terms, under conditions consistent with industry practice. Notwithstanding such procedures, there remains a risk that such transactions may benefit such Directors or may be to the detriment of the Resulting Issuer.

Changes in foreign currency exchange rates

The Resulting Issuer's results are reported in Canadian Dollars and currently its operations are in China. Any fluctuations in the value of the Canadian dollar and/or other currencies relative to the Canadian dollar may result in variations in financial statements with possible currency exchange losses.

Legal proceedings and litigation

It is possible that from time to time the Resulting Issuer will be subject to complaints or claims in the normal course of business. There is no certainty that such claims or complaints will not be material and that any settlements, awards or legal expenses associated with defending or appealing against any decisions in respect of any such complaints or claims will not have a material adverse effect on the Resulting Issuer's financial condition. The Resulting Issuer's business may be materially and adversely affected if the Resulting Issuer and or its employees or agents are found not to have met the appropriate standard of care or exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

Although management of the Resulting Issuer believes that there will be no litigation with respect to its operations, there can be no assurance as to this fact. Furthermore, there may be additional patent or other litigation in connection with any of the Resulting Issuer's current or future products from time to time. Currently, there is no ongoing litigation against the Resulting Issuer. Patent litigation, with or without merit, is time-consuming and costly and may significantly impact the Resulting Issuer's financial condition and results of operations. The Resulting Issuer has not incorporated such potential costs in any of its financial forecasts.

Judicial System and Litigation in China

Investors should carefully consider the following risk factors relating to the judicial system and potential litigation in China, as they may adversely affect the Resulting Issuer's operations:

- **Legal Environment:** China's legal and judicial system may differ from other jurisdictions. Investors should be aware of the risks associated with operating in a legal environment characterized by political influence and evolving regulatory frameworks.
- **Enforcement Challenges:** Despite having legal rights under the Chinese legal system, the Resulting Issuer may need help enforcing those rights and obtaining remedies through litigation. The uncertainties in the legal process could potentially impact the effectiveness of legal outcomes and enforcement, posing a risk to the Resulting Issuer's operations.
- **Intellectual Property Protection:** Enforcing intellectual property rights, a concern for many companies operating in China, could potentially pose a risk to the Resulting Issuer. Intellectual property infringement could adversely impact the Resulting Issuer's competitive position and financial performance.
- **Contractual Disputes:** Contracts with Chinese partners, suppliers, or customers may lead to legal disputes, which could be complex to resolve. Language barriers, cultural differences, and differing interpretations of contractual terms may exacerbate these challenges.
- **Reputational Risks:** Legal proceedings in China, especially if they attract public attention, could impact the Resulting Issuer's reputation. Negative publicity or perceptions of unfair treatment by the Chinese legal system may affect consumer trust, investor confidence, and stakeholder relationships.
- **Political and Regulatory Risks:** Political considerations and regulatory changes in China may influence judicial decisions and legal outcomes. Investors should consider the potential impact of political and regulatory developments on the Resulting Issuer's operations and financial performance.
- **Legal Uncertainty:** Rapid legal reforms and evolving interpretations of laws and regulations in China may create legal uncertainty for businesses. Changes in laws or regulations could affect the outcome of ongoing litigation or create new legal risks for the Resulting Issuer.

Before making investment decisions, investors should consult legal and financial advisors familiar with the Chinese legal system and regulatory environment. These risk factors may materially affect the Resulting Issuer's business, financial condition, or results of operations in China.

Significant fluctuations in quarterly results

The Resulting Issuer's operating results may fluctuate from quarter to quarter and from year to year due to a combination of factors, including the number products and services sold and in development, variations in expenditures for personnel, litigation expenses and expenses of establishing new products and services. Due to the foregoing and other factors, there can be no assurance that the Resulting Issuer will be profitable on a quarterly or annual basis, or at all.

Risk management policies and procedures

Operational risk refers to the risk of financial loss resulting from the Resulting Issuer's own operations including, but not limited to deficiencies in the Resulting Issuer's operating policy and inadequacies or breaches in the Company's control procedures.

There is no certainty that the Resulting Issuer's policies and procedures to mitigate its exposure to market and operational risk will be completely effective. Unforeseen events and changes in the economy may lead to market disruptions and unexpected large or rapid changes in market conditions which may have a significant adverse effect on the Resulting Issuer's business, financial prospects and stability.

Staff misconduct

In recent years, there have been a number of highly publicised cases involving fraud or other misconduct by staff in the financial, professional and services industries and the Resulting Issuer runs the risk that staff misconduct could occur. Misconduct by staff could include binding the Resulting Issuer to transactions that present unacceptable risks, destroying computer data, or hiding from the Resulting Issuer unauthorized or unsuccessful activities, which, in either case, may result in unknown and unmanaged risks or losses. Staff misconduct could also involve the improper use of confidential information, which could result in regulatory sanctions and serious reputational harm. It is not always possible to deter employee misconduct and the precautions the Resulting Issuer takes to prevent and detect this activity may not be effective in all cases.

Additional Capital Requirements

In the future, the Resulting Issuer may pursue additional debt or equity financing based upon its working capital needs from time to time. However, there can be no assurance that such financing will be available or completed on terms that are favourable to the Resulting Issuer. The Resulting Issuer intends to spend the funds available to it as stated in this Prospectus. There may be circumstances however, where for sound business reasons, a reallocation of funds may be necessary.

The Resulting Issuer may have further capital requirements to the extent that it decides to proceed to expand its activities, or to take advantage of opportunities for product development, joint ventures or other business opportunities that may be presented to it. Whilst no such further capital requirements are currently expected, in the event that they were necessary or desirable, the Resulting Issuer may not be able to complete such financings in a timely manner on acceptable terms, if at all. Where the Resulting Issuer issues RI Shares in the future, such issuance may result in existing shareholders of the Resulting Issuer sustaining dilution to their relative proportion of the equity in the Resulting Issuer.

Risks relating to the agricultural technology industry

Risks in the agricultural technology industry include market volatility, regulatory challenges, slow technology adoption, environmental impact, supply chain disruptions, cybersecurity threats, intellectual property risks, competition, climate change, economic cycles, seasonal variability, trade risks, product development risks, currency exchange rate fluctuations, talent shortages. Mitigation strategies involve proactive risk management, flexibility, regulatory compliance, cybersecurity measures, and a focus on sustainability.

Agricultural technology industry:

1. **Market Volatility:** Agricultural technology companies are susceptible to fluctuations in commodity prices, weather conditions, and global economic factors, impacting demand for their products and services.

2. **Regulatory Challenges:** Changing agricultural regulations and government policies can affect product approvals, market access, and research and development investments, posing compliance risks.
3. **Technology Adoption:** The industry faces the risk of slow adoption by traditional farming practices, which may hinder the widespread use of advanced technologies.
4. **Environmental Impact:** Sustainability concerns, including the impact of agricultural tech on the environment and natural resources, can lead to reputational risks and regulatory scrutiny.
5. **Supply Chain Disruptions:** Global supply chain disruptions, such as trade tensions or transportation issues, can disrupt the sourcing of critical components and materials.
6. **Cybersecurity Threats:** Agricultural technology relies on data and digital platforms, making it vulnerable to cyberattacks and data breaches, which can compromise sensitive information.
7. **Intellectual Property:** Protecting proprietary technologies and patents is vital, as infringement or intellectual property theft can lead to competitive risks.
8. **Competition:** The industry is highly competitive, with established companies and startups vying for market share, leading to pricing pressure and innovation risks.
9. **Climate Change:** Shifts in climate patterns can impact crop yields and the effectiveness of agricultural technologies, affecting business operations and profitability.
10. **Economic Cycles:** Agricultural technology companies are influenced by economic cycles, and economic downturns can reduce farmers' investments in technology solutions.
11. **Seasonal Variability:** The industry is subject to seasonal fluctuations, impacting revenue and cash flow, with uneven earnings throughout the year.
12. **Trade Risks:** Agricultural technology companies involved in global markets can face trade disputes, tariffs, and export restrictions, affecting international sales.
13. **Product Development Risks:** Research and development investments carry the risk of product failures or delayed market entry, resulting in financial losses.
14. **Currency Exchange Rate Fluctuations:** Businesses operating internationally are exposed to risks associated with currency exchange rate fluctuations affecting revenue and profitability.
15. **Talent Shortages:** A shortage of skilled professionals in the agricultural technology sector can impede innovation and business growth.

To mitigate these risks, companies in the agricultural technology industry must employ proactive risk management strategies, maintain flexibility, stay informed about regulatory changes, and invest in robust cybersecurity measures while also staying focused on sustainable and environmentally responsible practices.

Dependence on Intellectual Property and Proprietary Technology

The Resulting Issuer's business and competitive position depend in part on its ability to develop, maintain, protect and enforce its intellectual property and proprietary technologies. The Resulting Issuer relies on a combination of registered intellectual property rights, including software copyrights, utility model patents and integrated circuit layout design rights held in the People's Republic of China ("PRC"), as well as unpatented proprietary technology, trade secrets and know-how, to protect its controlled environment agriculture ("CEA") systems, agricultural algorithm models and remote sensing data analytics solutions.

Competitors may have filed patent applications or obtained issued patents relating to products, technologies or processes that are competitive with, or similar to, those that Smartwell currently develops or may develop in the future. Such patents, if successfully enforced, could impair the Resulting Issuer's ability to operate in certain areas or require the Resulting Issuer to modify its products, obtain

licenses from third parties or cease certain business activities. In addition, patent protection is inherently uncertain and involves complex legal, scientific and technical questions. There can be no assurance that the scope of the Resulting Issuer's existing or future intellectual property rights will be sufficient to prevent third parties from developing similar or competing technologies.

Certain aspects of the Resulting Issuer's technology are not protected by patents or registered intellectual property rights. Others may independently develop products or technologies that are substantially equivalent to the Resulting Issuer's proprietary technology without infringing the Resulting Issuer's intellectual property rights. The Resulting Issuer seeks to protect its unpatented proprietary information and trade secrets through confidentiality agreements with employees, consultants, suppliers and other business partners. However, there can be no assurance that such agreements will not be breached or that the Resulting Issuer will have adequate remedies in the event of unauthorized disclosure or misuse of its proprietary information.

In addition, intellectual property rights are subject to statutory terms, maintenance requirements and jurisdictional limitations, and the scope and enforceability of intellectual property protection in the PRC and other jurisdictions may be more limited or less predictable than in Canada or the United States. The Resulting Issuer may be required to incur significant costs to monitor, maintain and enforce its intellectual property rights or to defend against allegations of infringement by third parties. Any such proceedings could be time-consuming, costly and divert management attention, regardless of outcome.

If the Resulting Issuer is unable to maintain, protect or enforce its intellectual property rights, or if it is required to obtain licenses from third parties, modify its technologies, or cease using certain proprietary technologies, the Resulting Issuer's business, financial condition and results of operations could be materially adversely affected.

Substantial competition and rapid technological change

The Company's products and services compete with other products and services. The agricultural technology industry is subject to rapid and substantial technological change. The Company's products and services will face intense competition. The Company will compete with companies in China, North America and abroad, including large companies, research and development firms, universities and other research institutions. Many of the Company's competitors will have greater financial resources and market capabilities, have greater experience in the area of product development and have greater experience. The Company's competitors may succeed in developing technologies and products and services that are more effective or cheaper to use than any products and services that the Company may develop. These developments could render the Company's technologies and products and services obsolete or uncompetitive, which could have a material adverse effect on its business and financial results.

Key personnel

The Company's business will depend, to a great extent, on its ability to attract and retain highly qualified staff. The competition in the industry in which the Company operates is very intense. The Company's success will be highly dependent upon its senior officers, its personnel as well as its consultants and collaborators. The loss of key employees or collaborators, if any, could compromise the pace and success of the Company's business.

Concentration risk

Initially, the Company's revenues are generated only in China. As a result, the impact on the Company's performance and the potential returns to investors will be more adversely affected if the market in China is not maintained.

Risks relating to the Common Shares

Share price volatility and trading basis

Notwithstanding the fact that it is anticipated that the RI Shares will be listed on the TSXV, this should not be taken as implying that there will be a liquid market in the RI Shares and, accordingly, it may be more difficult for investors to sell their RI Shares. A return on investment on the RI Shares may, therefore, in certain circumstances be difficult to realise. The share price of publicly traded companies can be highly volatile and subject to wide fluctuations in response to a variety of factors, which could lead to losses for Shareholders. The price at which the RI Shares may trade and the price which investors may realise for their RI Shares will be influenced by a large number of factors, some specific to the Resulting Issuer and some which may affect quoted companies generally. These factors could include the performance of the Resulting Issuer's operations, large purchases or sales of shares, liquidity (or absence of liquidity) in its shares, currency fluctuations, legislative or regulatory changes (including changes in the tax regime in the jurisdiction in which the Resulting Issuer operates), additions or departures of key personnel at the Resulting Issuer, adverse press, newspaper and other media reports and general economic conditions.

In addition, stock markets from time to time suffer significant price and volume fluctuations that affect the market price for securities, which may be unrelated to the Resulting Issuer's performance. The value of the RI Shares will therefore fluctuate and may not reflect their underlying asset value.

Future issues of Common Shares could be dilutive

It may be necessary, at some future time, for the Resulting Issuer to issue additional RI Shares to fund the growth plans of the Resulting Issuer. Any such issue would dilute the interests of Shareholders and could impact upon the price of the RI Shares.

Dividends

There can be no assurance as to the level or frequency of future dividends, if any. The declaration, payment and amount of any future dividends of the Resulting Issuer are subject to the discretion of the Directors of the Resulting Issuer, and will depend on, among other things, the Resulting Issuer's earnings, financial position, cash requirements and availability of profits.

Risks Related to Doing Business in China

Chinese government power

The Chinese government holds considerable power to impact how companies operate within China. This influence extends to overseas offerings and foreign investments in companies based in China, including the Resulting Issuer. Any shifts in China's economic, political, or social landscape, as well as changes in government policies, could potentially impact its business, financial status, operational outcomes, and the overall worth of its securities.

The Resulting Issuer's operations primarily take place in China, with nearly all its assets situated there. As a result, the political, economic, and social conditions in China can greatly impact the business, financial status, and operational outcomes. The government of China holds the authority to intervene or affect its operations whenever it deems necessary. Such intervention could lead to changes in its operations and potentially impact the value of its securities.

China's economic, political, and social landscape stands apart from other jurisdictions in various aspects. These differences include the level of government involvement, developmental stages, growth rates, foreign exchange control and resource allocation. The PRC government has implemented strategies emphasizing market forces for economic reform, reducing state ownership of assets, and enhancing corporate governance in businesses. These reforms have led to substantial economic growth and promising societal opportunities. However, a significant share of productive assets in China remains under government ownership.

The PRC government holds considerable sway over China's economic trajectory by managing resource allocation, overseeing foreign currency payments, shaping monetary policies, regulating financial services and institutions, offering preferences to specific industries or companies, and implementing industry-wide policies. Economic reform strategies might undergo alterations, modifications, or uneven applications across industries or regions. There's no guarantee that the Chinese government will persist with a pro-market reform policy or maintain the same direction of reform in the future.

Over the past forty years, the Chinese economy has seen substantial growth, but it hasn't been uniform across regions or sectors. The PRC government's initiatives to spur economic growth and manage resource allocation could benefit the broader Chinese economy, yet they might adversely affect the Resulting Issuer's interests. The operational results and financial standing could be impacted due to government control over investments, alterations in foreign investment policies, or changes in tax regulations.

The PRC government has previously implemented measures, like adjusting interest rates, to control the pace of economic growth. These actions could lead to reduced economic activity, potentially decreasing demand for the products and services and adversely affecting its business and financial condition. Moreover, the COVID-19 pandemic has the potential to impact the Chinese economy. A substantial or prolonged slowdown in China's economic growth rate might harm the Resulting Issuer's business and operations, reducing demand for its products and services and undermining its competitive position.

Additionally, the PRC government may introduce new laws, regulations, or policies with respect to specific industries or activities, possibly revising the existing regulatory framework. Any such changes may impact the growth prospects of the industries and the companies operating within them, including the Resulting Issuer.

Furthermore, recent indications from the PRC government suggest a desire to exercise greater oversight over overseas securities offerings and foreign investments in China-based companies. Any such actions could adversely affect the Resulting Issuer's operations or restricting or entirely halting its ability to offer securities and significantly diminishing their value or rendering them worthless.

The capacity to sustain or expand its business in China and in North America hinges on several factors. These factors encompass macroeconomic and market conditions, political stability, social dynamics, strategies to manage inflation or deflation, alterations in taxation methods or rates, shifts in laws, regulations, administrative guidelines, their interpretation, and adjustments in industry policies. Failing

to promptly and adequately respond to any of these changes or challenges could significantly and unfavourably impact the Resulting Issuer's business, operational outcomes, and financial situation.

Regulatory Impacts

Recent regulatory changes in China might increase supervision and authority over listings and offerings conducted abroad. The approval of the China Securities Regulatory Commission ("CSRC") could become necessary for this offering and any other capital-raising endeavours. There is no guarantee that the Resulting Issuer will secure this approval. Should it fail to obtain such approval for this offering or other capital-raising activities, it might encounter regulatory penalties or sanctions.

On February 17, 2023, CSRC introduced new regulations governing the filing-based administration of overseas securities offerings and listings by domestic companies. This new set of regulations comprises six documents, notably including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (referred to as the "Trial Measures") along with five supplementary guidelines.

The Trial Measures consist of six chapters containing 35 articles. They primarily focus on the following aspects: Firstly, refining the regulatory system by subjecting both direct and indirect overseas offering and listing activities to the filing-based administration, defining the specific circumstances under which these provisions apply. Secondly, offering clarity on the filing process by specifying requirements for filing entities, procedural timelines, and steps. Thirdly, enhancing regulatory coordination through the establishment of a regulatory coordination mechanism, improving cross-border regulatory cooperation arrangements, and instituting a filing information sharing mechanism. Fourthly, delineating legal liabilities for failure to comply with filing procedures, fabrication of filing documents, or other violations, with heightened consequences for offenders. Lastly, these measures aim to broaden institutional inclusiveness by relaxing investor eligibility restrictions under certain circumstances when domestic companies directly list or offer securities in overseas markets to facilitate comprehensive market access.

These regulations also ease currency restrictions for overseas fundraising and dividend payment to meet demands for raising RMB funds overseas. The supplementary guidelines provide additional clarity and specificity on filing procedures, covering topics such as regulatory applications, content and format of filing documents, required reporting contents, communication protocols around filing, and filing by overseas securities companies.

National security review is a crucial aspect of these regulations. They mandate compliance with relevant laws, administrative regulations, and rules pertaining to national security, particularly in foreign investment, cybersecurity, and data security domains. Companies engaging in overseas offerings and listings may need to undergo a national security review, completing the necessary procedures before applying for the offering and listing with overseas regulatory bodies or securities exchanges. Additionally, companies might be required to take specific actions, such as rectification, providing undertakings, or divesting business and assets, to eliminate or mitigate any national security impact resulting from their overseas offerings and listings.

The Measures outline penalties and potential actions for non-compliance. The CSRC may issue orders for rectification, warnings, fines, and inform regulatory counterparts in overseas jurisdictions through cross-border securities regulatory cooperation mechanisms. In cases of severe violations, the CSRC may ban responsible individuals from the securities market, and criminal liability may be pursued.

Furthermore, the PRC government authorities may further strengthen oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers such as the Resulting Issuer. Any such action may adversely affect its operations and significantly limit or completely hinder the ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless.

On December 28, 2021, the Cyberspace Administration of China (“CAC”) and various other PRC government authorities jointly introduced an amendment to the Measures for Cybersecurity Review. This amendment became effective on February 15, 2022, mandating that relevant operators seek cybersecurity review from the Cybersecurity Review Office of CAC in specific situations. Presently, the Resulting Issuer complies with the current regulations and policies outlined by the CAC regarding Cybersecurity Review.

However, the interpretation and implementation of existing regulatory measures in the future remain uncertain. There is a possibility that PRC regulatory agencies, including the CAC, may introduce new laws, regulations, rules, or detailed interpretations associated with these measures. Such changes could significantly impact future capital-raising activities or even retroactively affect this offering and listing. If new laws or interpretations come into effect, uncertainty arises regarding the ability to timely complete any required reviews or actions, if at all.

This uncertainty might compel the Resulting Issuer to potentially suspend its operations, close down our platforms, or face penalties, thereby significantly affecting its business, operational results, financial condition, and/or the value of securities. Moreover, such developments could substantially restrict or completely impede its ability to offer securities to investors.

Legal System

Changes within the PRC legal system could substantially harm the Resulting Issuer’s business, financial status, operational outcomes, and future potential, potentially causing a significant decline in the value of its securities or rendering them worthless.

The Resulting Issuer operates under PRC laws, rules, and regulations governed by a civil law system primarily based on written statutes. Unlike the common law system, previous court decisions in a civil law framework have limited precedential value, leading to ongoing evolution in the PRC legal system. Interpretations of these laws and regulations may not consistently align, and their enforcement entails substantial uncertainties, potentially limiting available legal protections.

Additionally, advancements in the agricultural data industry and other sectors the Resulting Issuer engages with might prompt changes in PRC laws, regulations, or policies, affecting their interpretation and application. Regulatory authorities might necessitate the Resulting Issuer to upgrade, obtain licenses, approvals, or complete additional filings for its products and services, potentially leading to penalties, including criminal consequences for both individuals and the Resulting Issuer. The Resulting Issuer cannot guarantee that its operations will not inadvertently breach existing or future PRC laws or regulations, significantly impacting its business.

Moreover, PRC administrative and judicial bodies have discretion in interpreting and enforcing statutory rules and contractual terms. Predicting outcomes of administrative and judicial proceedings in China is challenging, potentially limiting the Resulting Issuer’s legal protections. Furthermore, the PRC legal system, based partially on unpublished government policies and internal rules, could have

retroactive effects, making the Resulting Issuer unaware of violations until much later. Lengthy administrative and court proceedings could incur substantial costs and divert management attention, severely impacting its business operations, reputation, and financial condition.

These uncertainties may influence the Resulting Issuer's compliance decisions regarding PRC laws and regulations, affecting the ability to enforce contractual or intellectual property rights. Regulatory uncertainties might be exploited through unjustified legal actions or threats, increasing operating expenses and significantly impacting its business and operational outcomes.

Investors may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against the Resulting Issuer or its management based on foreign laws. The Resulting Issuer conducts its business in China and substantially all of its assets are located in China. In addition, all of its senior executive officers reside within China and are PRC nationals.

It may be difficult for overseas regulators to conduct investigation or collect evidence within China. Shareholder claims or regulatory investigation that are common in Canada generally are difficult to pursue as a matter of law or practicality in China. For instance, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigations initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in Canada may not be efficient in the absence of mutual and practical cooperation mechanism.

According to Article 177 of the PRC Securities Law ("Article 177"), which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without PRC government approval, no entity or individual in China may provide documents and information relating to securities business activities to overseas regulators when it is under direct investigation or evidence discovery conducted by overseas regulators, which could present significant legal and other obstacles to obtaining information needed for investigations and litigation conducted outside of China. The inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by an investor in protecting its interests. There are also uncertainties as to the procedures and requisite timing for the overseas securities regulatory agencies to conduct investigations and collect evidence within the territory of the PRC. If the Canadian securities regulatory agencies are unable to conduct such investigations, there exists a risk that they may determine to suspend or delist the Resulting Issuer's common share listing on the TSXV.

International Relations

The Resulting Issuer's operations face significant risks due to recent tensions in global trade, notably between the United States and China, and Canada and China. Alterations in international trade policies have the potential to negatively influence global economic conditions. Moreover, the escalating geopolitical tensions between Canada and China stem from various factors such as trade disputes, the fallout from the COVID-19 outbreak, sanctions imposed by the U.S. Department of Treasury, and executive orders from the U.S. government restricting transactions with specific Chinese companies, products, and services.

These heightened political tensions could lead to decreased levels of trade, investments, technological exchanges, and other economic interactions between these major economies. Any escalation in tensions

involving China might adversely impact trade and business environments, subsequently affecting the Resulting Issuer's business operations, financial outcomes, and overall financial condition.

The Enterprise Income Tax Law passed by the National People's Congress and in effect since January 1, 2008, along with its implementation rules, stipulates a 10% withholding tax on dividends paid by Chinese companies to non-PRC-resident enterprises. However, this rate may be reduced under treaties or agreements between the PRC central government and other countries or regions where these non-PRC resident enterprises are tax residents. Additionally, the PRC tax authorities hold the authority to demand adjustments to our taxable income, potentially impacting our capacity to distribute dividends and other payments to us.

Currency Controls

The Chinese government exercises control over the convertibility of Renminbi into foreign currencies and the transfer of funds outside China. Limited availability of foreign currency might impede the ability to transfer enough foreign currency for dividend payments, if any, or to fulfil foreign currency obligations.

As per current PRC foreign exchange regulations, certain foreign currency transactions like profit distributions, interest payments, and trade-related exchanges can occur without prior approval from State Administration of Foreign Exchange ("SAFE") by adhering to specific procedural requisites. However, converting Renminbi into foreign currency and sending it out of China for capital expenses, such as repaying loans in foreign currencies, requires approval or registration with competent government authorities. According to SAFE Circular 19, foreign-invested enterprises can convert their foreign currency in the capital account into Renminbi based on actual needs, with a discretionary limit of up to 100%. Furthermore, SAFE Circular 16 establishes a unified standard for foreign exchange conversion under capital account items, applicable to all China-registered enterprises. It also outlines specific purposes for which converted Renminbi funds should not be utilized.

The Chinese government retains the discretion to potentially impose further restrictions on access to foreign currencies for both current and capital account transactions in the future. In scenarios where foreign exchange controls hinder the Resulting Issuer's ability to obtain sufficient foreign currency, it might encounter challenges in paying dividends, if any, to shareholders in foreign currencies. Moreover, there is no guarantee that new regulations won't be introduced in the future, potentially tightening restrictions on Renminbi remittance into or out of China.

Merger and Acquisition Rules

These rules and regulations, including the M&A Rules, impose detailed procedures and prerequisites for foreign investor acquisitions of Chinese companies. They often mandate advance notification to Ministry of Commerce of the PRC ("MOFCOM") for change-of-control transactions, particularly when a foreign investor assumes control of a PRC domestic enterprise. Additionally, the Anti-monopoly Law, enacted by the Standing Committee of the National People's Congress, necessitates clearance by the anti-monopoly enforcement agency for transactions deemed concentrations involving parties surpassing specified turnover thresholds. Moreover, the Measures for the Security Review of Foreign Investment, declared by the National Development and Reform Commission and MOFCOM, demand prior approval from designated government authorities for foreign investments in certain sensitive areas or sectors.

In its future strategic pursuits, the Resulting Issuer may consider complementary acquisitions aligning with its business goals. However, adhering to the requirements stipulated in these regulations for such transactions could be time-consuming. Compliance might lead to delays or hinder its ability to finalize these acquisitions, potentially impacting its business expansion or market share maintenance. Furthermore, there is a possibility of new rules or explanations being introduced by PRC regulators, necessitating MOFCOM or other PRC government authority approvals for its mergers and acquisitions.

Uncertainties regarding these approval requirements could significantly affect the Resulting Issuer's business operations, results, and corporate structure, posing potential adverse effects on its overall business and operational outcomes.

Regulation by the PRC on loans to and direct investment in PRC entities by offshore holding companies, coupled with governmental control over currency conversion, might lead to delays or prevent the Resulting Issuer from utilizing the proceeds from this Offering to provide loans or additional capital contributions to its subsidiaries. This could significantly and adversely impact its liquidity, hindering our ability to finance and expand its business operations.

SAFE introduced the Circular on Reforming the Management Method of Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (SAFE Circular 19) in June 2015, which replaced a former regulation. According to SAFE Circular 19, RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company must adhere to specific regulations. Although it permits the use of RMB capital for equity investments within China, it reiterates that this converted capital should not be used beyond the company's business scope. The Circular also imposes restrictions on using this capital for various loan purposes.

Moreover, SAFE Circular 16, effective from June 2016, reiterates certain rules from SAFE Circular 19, altering the prohibition against using RMB capital for certain loans. Violations of these regulations could result in administrative penalties, significantly constraining the Resulting Issuer's ability to transfer foreign currency, including proceeds from this offering, to its subsidiaries. Such constraints might adversely impact its liquidity and its ability to fund and expand its business in China.

Although subsequent circulars like SAFE Circular 28 and SAFE Circular 8 offer some relaxation, allowing the use of converted Renminbi for certain investments and domestic payments, their practical implementation by SAFE and competent banks remains uncertain due to their recent promulgation.

Given the array of requirements stipulated by PRC regulations concerning loans and direct investments in PRC entities by offshore holding companies, the Resulting Issuer cannot guarantee the timely completion of necessary government registrations or approvals for future loans to its subsidiaries, or for future capital contributions to its subsidiaries. Failing to secure such registrations or approvals could impede the Resulting Issuer's ability to utilize the proceeds from the offering and hinder its capacity to capitalize or fund its PRC operations, potentially leading to adverse effects on its liquidity and ability to finance and expand its business.

PRC resident risk

SAFE introduced the SAFE Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (SAFE Circular 37) in July 2014. This regulation necessitates PRC residents or entities to register with SAFE or its local branch for the establishment or control of an offshore entity. This entity is formed for overseas investment or

financing using assets or equity interests legally owned by these PRC residents or entities, either domestically or offshore. Subsequent to this, on February 13, 2015, SAFE released the Circular on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investment (SAFE Circular 13), delegating the authority to accept SAFE registration from local SAFE to qualified banks where the assets or interest in the domestic entity are situated. Additionally, PRC residents or entities must update their SAFE registrations when significant events occur related to the offshore special purpose vehicle, such as changes in basic information, alterations in investment amounts, share transfers, mergers, or divisions.

If the Resulting Issuer's shareholders, who are residents or entities of the PRC, fail to complete registration with local SAFE branches, our subsidiaries might face restrictions on distributing profits or proceeds from any reduction in capital, share transfers, or liquidation. Additionally, the Resulting Issuer's ability to inject further capital into its subsidiary might be constrained. Furthermore, non-compliance with the aforementioned SAFE registration could render the Resulting Issuer liable under PRC laws for evading relevant foreign exchange restrictions.

Moreover, the PRC shareholders must fulfil their obligations regarding overseas direct investment filings in accordance with applicable laws and regulations. This entails filings with entities such as MOFCOM, the NDRC, or their local branches, contingent on various factors like the investment amount or industry specifics.

The Resulting Issuer cannot guarantee that shareholders or beneficial owners, who are PRC residents or entities, have adhered to or will continue to adhere to the necessary registrations, filings, or approvals mandated by SAFE regulations or other regulations related to overseas investment activities issued by MOFCOM and the NDRC. Non-compliance by these stakeholders or the Resulting Issuer's failure to update the foreign exchange registrations of its subsidiaries might result in fines or legal sanctions, potentially restricting its cross-border investment activities, limiting the subsidiaries ability to distribute dividends to the Resulting Issuer, or impacting the Resulting Issuer's ownership structure, all of which could adversely affect the Resulting Issuer's business and future prospects.

Failure to comply with PRC regulations pertaining to the registration requisites for employee stock ownership plans or share option plans may lead to fines and various legal or administrative sanctions against either the PRC plan participants or the Resulting Issuer.

In February 2012, SAFE introduced the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (SAFE Circular 7). This regulation necessitates directors, supervisors, senior management, and other employees engaging in any stock incentive plan of an overseas publicly listed company, and who are PRC citizens or non-PRC citizens residing in China for at least a continuous year, to register with SAFE through a qualified domestic agent. Certain procedures must be completed, except in specific cases. Furthermore, an overseas-entrusted institution must handle matters linked to stock options' exercise or sale and shares' purchase or sale. As the Resulting Issuer will become an overseas-listed entity, its executive officers and other eligible employees who are PRC citizens or non-PRC citizens residing in China for at least a continuous year and have been granted options are subject to these regulations. Failing to fulfil SAFE registrations may result in fines up to RMB50,000 for individuals and might restrict the Resulting Issuer's capacity to infuse additional capital into its subsidiaries or impede the subsidiaries dividend distribution to the Resulting Issuer. Moreover, the Resulting Issuer confronts regulatory uncertainties that could limit its ability to introduce further incentive plans for its directors, executive officers, and employees under PRC law.

Moreover, the Ministry of Finance and the State Administration of Taxation ("SAT") have issued circulars concerning employee share options and restricted shares. As per these circulars, the Resulting Issuer's employees in China who exercise share options or receive restricted shares are subject to PRC individual income tax. The Resulting Issuer is obligated to file documents related to employee share options or restricted shares with relevant tax authorities and withhold individual income taxes from employees exercising their share options or receiving restricted shares. Failure of its employees to pay or the Resulting Issuer's failure to withhold their income taxes in accordance with relevant laws and regulations may lead to sanctions imposed by tax authorities or other PRC government entities.

If the Resulting Issuer is classified as a PRC resident enterprise according to PRC income tax regulations, this determination could lead to adverse tax implications for both it and its shareholders or securities holders who are not PRC residents.

Under the PRC Enterprise Income Tax Law and its corresponding implementation rules, an enterprise established outside the PRC may be designated as a "resident enterprise" and subject to a 25% enterprise income tax on its global income if it has a "de facto management body" within China. The "de facto management body" refers to the entity exercising substantial control over the business's operations, personnel, finances, and assets. The SAT Circular 82 issued in 2009 provides specific criteria for determining if the "de facto management body" of a PRC-controlled offshore enterprise is situated in China. Although this circular pertains to offshore enterprises controlled by PRC entities or groups and not directly to entities controlled by PRC individuals or foreigners like the Resulting Issuer, the criteria it outlines might represent the SAT's general stance on applying the "de facto management body" test to determine the tax resident status of offshore enterprises.

As per SAT Circular 82, an offshore enterprise controlled by a PRC enterprise or group may be regarded as a PRC tax resident and subjected to PRC enterprise income tax on its global income if the following conditions are met: (1) operational management primarily occurs in China; (2) financial and human resource decisions are made or approved in China; (3) primary assets, records, and resolutions are located or maintained in China; and (4) at least 50% of voting board members or senior executives habitually reside in China.

The Resulting Issuer believes that none of its entities outside China qualifies as a PRC resident enterprise for PRC tax purposes. However, the final determination of an enterprise's tax resident status is at the discretion of PRC tax authorities, and uncertainties persist concerning the interpretation of the "de facto management body" concept. If PRC tax authorities designate the Resulting Issuer or any of its overseas subsidiaries as a PRC resident enterprise, the Resulting Issuer may face a 25% tax on its worldwide income, potentially reducing its net income. Additionally, non-resident enterprise shareholders (including securities holders) might be subject to a 10% PRC tax on gains from the sale of securities or ordinary shares, considering the income source as within China. Further, if the Resulting Issuer is considered a PRC resident enterprise, dividends paid to non-PRC individual shareholders (including securities holders) or gains from their securities' transfer may face a 10% or 20% PRC tax, respectively, unless reduced by an applicable tax treaty. Whether non-PRC shareholders can benefit from such tax treaties if the Resulting Issuer is treated as a PRC resident enterprise remains uncertain. Such taxes may diminish returns on investments in its securities.

Besides the uncertainty surrounding the "resident enterprise" classification, the Resulting Issuer cannot guarantee that the PRC government will refrain from amending taxation laws, rules, and regulations, potentially imposing stricter tax requirements or higher rates. Any such alterations could significantly and adversely impact the Resulting Issuer's financial condition and operational outcomes.

Transfer of Assets

The SAT issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises (SAT Bulletin 7) on February 3, 2015. SAT Bulletin 7 expands tax jurisdiction to transactions involving the transfer of taxable assets through offshore transfer of a foreign intermediate holding company. It provides criteria for assessing reasonable commercial purposes and introduces safe harbours for certain transactions. SAT Bulletin 7 poses challenges to both foreign transferors and transferees involved in taxable asset transfers. Additionally, the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (SAT Bulletin 37) was issued on October 17, 2017, clarifying withholding practices and procedures for non-resident enterprise income tax.

In cases where a non-resident enterprise indirectly transfers taxable assets by disposing of equity interests in an overseas holding company, the involved parties or the PRC entity holding the assets may report this indirect transfer to the relevant tax authority. Utilizing the "substance over form" principle, the PRC tax authority may disregard the overseas holding company if lacking a reasonable commercial purpose and established to evade PRC tax. Consequently, gains from such an indirect transfer may be subject to PRC enterprise income tax, with the transferee or responsible party obligated to withhold taxes at a 10% rate for the transfer of equity interests in a PRC resident enterprise.

The Resulting Issuer faces uncertainties regarding the reporting and implications of past and future transactions involving PRC taxable assets, such as offshore restructuring, offshore subsidiary share sales, and investments. In the case of shares transfer by non-PRC resident enterprises, the subsidiaries might be required to assist in filing under SAT Bulletin 7 and/or SAT Bulletin 37. As a result, compliance with these circulars or establishing that the Resulting Issuer and its non-PRC resident investors are not subject to taxation under these regulations could demand significant resources and potentially have a material adverse effect on the Resulting Issuer's financial condition and operational outcomes.

Misuse of Chops

In accordance with PRC laws, corporate transactions' legal documentation involves the use of chops or seals from the signing entity or the signature of a legally appointed representative filed with the relevant SAMR branch. While the Resulting Issuer's usual practice involves using chops for contracts, the designated legal representatives of its subsidiaries possess apparent authority to validly enter binding contracts on behalf of these entities without chops. To ensure the physical security of its chops, we store them in secure locations accessible only to authorized employees. Despite monitoring of these employees, its procedures might not entirely prevent potential instances of negligence or abuse. There exists a risk that an employee could misuse their authority, such as by executing an unauthorized contract or attempting to take control of the subsidiaries. Should any employee wrongfully obtain, misuse, or misappropriate corporate chops, seals, or other controlling intangible assets, it could disrupt the affected entity's business operations.

The Resulting Issuer might need to pursue corporate or legal actions to retrieve the chops, request new chops from the relevant authorities, or seek legal remedies for a representative's breach of fiduciary duties. Resolving such issues might demand considerable time and resources, diverting management focus from business operations. Furthermore, in case of misappropriation, the affected entity may struggle to reclaim corporate assets sold or transferred out of its control if the transferee acted in good faith and relied on the apparent authority of the representative.

Fluctuations in exchange rates

The conversion of Renminbi into foreign currencies, including the Canadian dollar, relies on rates established by the People's Bank of China. The Renminbi has experienced unpredictable fluctuations against the Canadian dollar and other currencies, occasionally on a significant scale. Its value against the Canadian dollar and other currencies is subject to changes in China's political and economic conditions, as well as its foreign exchange policies. There is no assurance that Renminbi will not undergo substantial appreciation or depreciation against the Canadian dollar and other currencies in the future. The future exchange rate between Renminbi and the Canadian dollar could be influenced by market forces or policies adopted by the governments of China or Canada, making it challenging to predict.

Significant appreciation or depreciation of Renminbi could substantially impact the Resulting Issuer's revenues, earnings, financial position, and the value of securities when converted into Canadian dollars. For instance, if it converts Canadian dollars into Renminbi to cover its operational expenses, Renminbi appreciation against the Canadian dollar would diminish the amount received from the conversion. Conversely, a notable Renminbi depreciation against the Canadian dollar may reduce the Canadian dollar equivalent of its earnings, potentially impacting the profitability and share price.

There are limited options for hedging against exchange rate fluctuations available in China. Presently, the Resulting Issuer has not engaged in hedging transactions to mitigate foreign currency exchange risks. Although it might consider hedging transactions in the future, their availability and effectiveness could be restricted, and it may not be able to fully hedge its exposure. Moreover, PRC exchange control regulations may exacerbate currency exchange losses by limiting its ability to convert Renminbi into foreign currency.

Investors should therefore consider carefully whether investment in the Company is suitable for them, in view of the risk factors outlined above and the information contained in this document, their personal circumstances and the financial resources available to them.

54) LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no actual or, to the knowledge of the Company, contemplated legal proceedings to which the Company is a party or of which any of its property is the subject matter.

55) INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed below or otherwise disclosed in the section "The Company – Management's Discussion and Analysis", the directors, officers, promoters and shareholders of the Company and any Associates and Affiliates thereof have not had any direct or indirect material interest in any transaction or proposed transaction since the date of incorporation of the Company to the date of this Prospectus.

56) AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Resulting Issuer is anticipated to be MSLL CPA LLP, Chartered Professional Accountants, located at 2550-1177 West Hastings Street, Vancouver, BC, V6E 2K3.

The Transfer Agent and Registrar for the Common Shares is Computershare Investor Services Inc. located at 510 Burrard Street, 3rd Floor, Vancouver, BC, V6C 3B9.

57) MATERIAL CONTRACTS

The Company has not entered into any contracts currently outstanding which are material to investors in the Common Shares since incorporation, other than:

- a) the Share Exchange Agreement dated February 5, 2024, as amended on June 30, 2024, November 30, 2024 and September 30, 2025, among the Company, Smartwell, the Smartwell Shareholders and the Smartwell Warrantholders in connection with the Proposed Qualifying Transaction (see "The Proposed Qualifying Transaction");
- b) the CPC Escrow Agreement;
- c) the Agency Agreement which will be executed and filed with the final Prospectus; and
- d) the Escrow Agreement which will be executed and filed with the final Prospectus.

Copies of all material contracts referred to in this Prospectus may be found on the Company's SEDARplus profile at www.sedarplus.ca.

58) INTEREST OF EXPERTS

Davidson & Company LLP, Chartered Professional Accountants have audited the Company's audited financial statements for the years ended March 31, 2025 and 2024, and reviewed the Company's unaudited interim financial statements for the six months ended September 30, 2025. They have advised that they are independent within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

MSLL CPA LLP, Chartered Professional Accountants have audited Smartwell's financial statements for the years ended December 31, 2024 and December 31, 2023 and reviewed Smartwell's unaudited interim financial statements for the nine months ended September 30, 2025. They have advised that they are independent within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

The information in this Prospectus under the heading "Eligibility for Investment" has been included in reliance upon the opinion of Thorsteinssons, LLP, legal counsel to the Company, who have advised that they are independent of the Company.

No person or company whose profession or business gives authority to a report, statement or opinion and whom is named as having prepared or certified a report described or included in this Prospectus holds or is to hold any beneficial or registered interest, direct or indirect, in any securities or property of the Company, or any associate of the Company, Smartwell or the Resulting Issuer.

59) ELIGIBILITY FOR INVESTMENT

In the opinion of Thorsteinssons, LLP, tax counsel to the Company, based on the current provisions of the *Income Tax Act* (Canada) (the “Tax Act”) and all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, the Common Shares, Warrants and Warrant Shares should be qualified investments at a particular time for a trust governed by a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), deferred profit sharing plan, registered education savings plan (“RESP”), registered disability savings plan (“RDSP”), tax-free savings account (“TFSA”) or first home savings account (“FHSA”) (collectively, the “Deferred Income Plans”), if and provided that, at the particular time:

- (i) in the case of the Common Shares and Warrant Shares, the shares are listed on a “designated stock exchange” for the purposes of the Tax Act (which currently includes the TSXV) or the Company qualifies as a “public corporation” (as defined in the Tax Act); and
- (ii) in the case of the Warrants, the Warrant Shares are qualified investments on the basis as described in (i) above, and further provided that the Company is not, and deals at arm’s length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of such Deferred Income Plan.

The Common Shares were listed on a “designated stock exchange”. The Common Shares were suspended by the TSXV on November 15, 2019. The Common shares are not currently listed on a “designated stock exchange”.

The Company should be a “public corporation” (as defined in the Tax Act) at the particular time provided that:

- (i) the Company is not a prescribed labour-sponsored venture capital corporation as that term is defined in the Tax Act;
- (ii) the Company is resident in Canada for the purposes of the Tax Act at the particular time;
- (iii) the Company was, after June 18, 1971 and before the particular time, a “public corporation” as that term is defined in the Tax Act;
- (iv) the Company had not, after the time it last became a public corporation and before the particular time, elected in prescribed manner not to be a public corporation and at the time it so elected it complied with prescribed conditions relating to the number of its shareholders, the dispersal of ownership of its shares and the public trading of its shares; and
- (v) the Company had not, after the time it last became a public corporation and before the day that is 30 days before the day that includes the particular time, designated by the Minister (by notice in writing to the Company) not to be a public corporation and at the time the Company was so designated it complied prescribed conditions relating to the number of its shareholders, the dispersal of ownership of its shares and the public trading of its shares.

The Company must rely on the TSXV to list the Common Shares on the TSXV and have them posted for trading prior to or concurrent with the issuance of the Common Shares on Closing. Listing will be subject to the Company fulfilling all of the requirements of the TSXV, and there can be no guarantee that TSXV approval of a listing (if at all) will be granted or will be in a form that is sufficient for

“qualified investment” status under the Tax Act for purposes of a Deferred Income Plan. If the Common Shares are not listed on a “designated stock exchange” (which currently includes the TSXV) for purposes of the Tax Act at the time of their issuance on Closing and the Company is not otherwise a “public corporation” at that time, the Common Shares should not be “qualified investments” for the Deferred Income Plans at that time. The adverse tax consequences where a Deferred Income Plan acquires or holds Shares that are not a “qualified investment” are not discussed in this summary.

Notwithstanding that Common Shares, Warrants and Warrant Shares may become a qualified investment as referred to above, the holder of a TFSA, FHSA or an RDSP, the annuitant under an RRSP or RRIF, or the subscriber of an RESP, as the case may be, will be subject to a penalty tax in respect of Common Shares, Warrants or Warrant Shares held in such Deferred Income Plan if such securities are a “prohibited investment” for the relevant Deferred Income Plan. A security will generally be a “prohibited investment” for a TFSA, FHSA, RRSP, RRIF, RDSP or RESP if the holder, annuitant or subscriber, as the case may be, does not deal at arm’s length with the Company for the purposes of the Tax Act or has a “significant interest” (as defined in the Tax Act) in the Company. Holders of a TFSA, FHSA or an RDSP, annuitants under an RRSP or RRIF, and subscribers of an RESP should consult their own tax advisors as to whether the Common Shares, Warrants or Warrant Shares will be a prohibited investment in their particular circumstances.

Persons who intend to hold Common Shares, Warrants and Warrant Shares in a Deferred Income Plan should consult their own tax advisors in regard to their particular circumstances.

60) RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada/the Province of provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a Prospectus and any amendment.

Securities legislation further provides a purchaser with remedies for rescission in some jurisdictions, revisions of the price or damages if the Prospectus and any amendment contain a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal adviser.

APPENDIX A – Audited Consolidated Financial Statements of Smartwell for the years ended December 31, 2023 and December 31, 2022 and Management Discussion and Analysis for the years ended December 31, 2023 and December 31, 2022.

APPENDIX B – Audited Consolidated Financial Statements of Smartwell for the years ended December 31, 2024 and December 31, 2023 and Management Discussion and Analysis for the years ended December 31, 2024 and December 31, 2023.

APPENDIX C – Unaudited Condensed Consolidated Financial Statements of Smartwell for the nine-month period ended September 30, 2025 and Management Discussion and Analysis for the nine-month period ended September 30, 2025.

APPENDIX D – Audited Consolidated Financial Statements of the Company for the year ended March 31, 2025 and March 31, 2024 and Management Discussion and Analysis for the year ended March 31, 2025.

APPENDIX E – Unaudited Condensed Interim Consolidated Financial Statements of the Company for the six-month period ended September 30, 2025 and Management Discussion and Analysis for the six-month period ended September 30, 2025.

APPENDIX F – Unaudited Pro-Forma Consolidated Financial Statements of the Company for the period ended September 30, 2025.

APPENDIX G – Resulting Issuer Audit Committee Charter.

**APPENDIX A – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
SMARTWELL FOR THE YEARS ENDED DECEMBER 31, 2023 AND DECEMBER 31,
2022 AND MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED
DECEMBER 31, 2023 AND DECEMBER 31, 2022.**

SMARTWELL TECHNOLOGY INC.

Consolidated Financial Statements (Expressed in Canadian dollars)

For the years ended December 31, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Smartwell Technology Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Smartwell Technology Inc. and its subsidiaries (the "Company") which comprise the consolidated statement of financial position as at December 31, 2023 and 2022, the consolidated statement of loss and comprehensive loss, the consolidated statement of changes in shareholders' deficiency, and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International accounting Standards Board (IASB).

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 is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. 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. We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Revenue Recognition

Description of the matter

The Company generated revenue of \$2,117,503 during the year ended December 31, 2023, which has a significant impact on the Company's overall financial statements. The revenue was derived from three revenue streams as disclosed in *Note 4 Revenue Recognition*.

Why the matter is a key audit matter

We identified the occurrence of revenue as a key audit matter due to the inherent risk of misstatement, particularly the risk of overstatement. This risk arises from the potential premature recognition of revenue or the recording of fictitious sales.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- Obtained understanding of revenue recognition policy by performing walkthrough for each revenue stream.
- Reviewed contracts entered with customers and assessed the compliance of management's revenue recognition policies and related disclosure in the consolidated financial statements under IFRS 15.
- Obtained confirmations from significant customers to confirm sales revenue and year-end accounts receivable balance.
- Substantively tested a sample of sales transactions by tracing to supporting documents.
- Performed sales cut off test to make sure revenue was recorded in proper period.
- Conducted a site visit to a customer location on a random basis and examined the system developed by the Company.
- Interviewed key customers to understand their business and assess the reasonableness of the transactions with the Company.
- Conducted background checks on the top five customers to ensure they are arm-length parties of the Company and are in good standing.
- Reviewed subsequent general ledger and bank statements to ensure there were no subsequent sales reversal for sales recorded during the audit period.

Material uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company continues to experience net losses and negative cash flows from operations.

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate 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 Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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 the 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 IFRSs as issued by the IASB, 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 period 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 Ying Xu, CPA, CA.

MSLL CPA LLP
Chartered Professional Accountants

Vancouver, Canada

February 7, 2025

Smartwell Technology Inc.
Consolidated Statements of Financial Position
Expressed in Canadian dollars
As at December 31,

	2023	2022
	\$	\$
Assets		
Current assets		
Cash (Note 6)	20,582	105,015
Accounts receivable (Note 7)	44,372	321,152
Other receivables (Note 8)	65,519	141,830
Loan to employees (Note 10)	88,095	-
Due from related parties (Note 13)	21,852	61,589
Loan to a related party (Note 13)	116,172	-
Prepays (Notes 9 and 18)	206,236	92,908
Contract assets	-	6,153
Total current assets	562,828	728,647
Equipment (Note 11)	-	13,600
Total assets	562,828	742,247
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	229,092	174,357
Due to related parties (Note 13)	57,195	-
Total liabilities	286,287	174,357
Shareholders' equity		
Share capital (Notes 5 and 12)	895,735	542,150
Additional paid-in capital (Notes 5 and 12)	478,061	478,061
Subscription receivable (Note 12)	-	(200)
Accumulated other comprehensive income	(21,057)	5,601
Deficit	(1,076,198)	(457,722)
Total shareholders' equity	276,541	567,890
Total liabilities and shareholders' equity	562,828	742,247

Subsequent events (Note 20)

On behalf of the Board:

"He Yang"

Director

Smartwell Technology Inc.

Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian dollars

For the years ended December 31,

	2023	2022
	\$	\$
Revenue		
Sales of goods	240,271	75,086
Service income – system development (Note 15)	1,406,657	1,565,938
Service income – technology consulting	470,575	5,880
	2,117,503	1,646,904
Costs		
Costs of goods sold	(134,528)	(55,570)
Service costs	(131,259)	(160,867)
	(265,787)	(216,437)
Gross profit	1,851,716	1,430,467
General and administrative expenses		
Depreciation (Note 11)	(13,190)	(13,376)
Advertising and promotion	-	(191,660)
Office and miscellaneous	(17,607)	(16,727)
Professional services	(357,388)	(204,750)
Research and development expenses	(1,378,945)	(1,053,366)
Salary and benefits	(150,431)	(143,734)
Listing expenses	(142,972)	-
Travel expenses	(15,438)	(7,494)
Recovery (allowance) of credit loss (Note 7)	(378,080)	56,732
	(2,454,051)	(1,574,375)
Other income		
Government grant	7,486	63,526
	7,486	63,526
Net loss before income tax	(594,849)	(80,382)
Income taxes (Note 19)	(23,627)	(1,031)
Net loss for the year	(618,476)	(81,413)
Other comprehensive loss		
Exchange difference on translating foreign operations	(26,658)	(6,871)
Comprehensive loss for the year	(645,134)	(88,284)
Basic and diluted loss per common share	(0.01)	(0.00)
Weighted average number of common shares – basic and diluted	92,604,521	46,718,986

Smartwell Technology Inc.
Consolidated Statements of Changes in Equity
Expressed in Canadian dollars

	Number of shares issued	Share capital	Paid-in capital	Additional paid-in capital	Subscription receivable	Accumulated other comprehensive income (loss)	Retained earnings (Deficit)	Total
		\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2021	-	-	374,235	152,459	-	12,472	(376,309)	162,857
Paid-in capital received	-	-	127,317	-	-	-	-	127,317
Decrease of registered capital	-	-	(325,602)	325,602	-	-	-	-
Founder's shares	2,000,000	200	-	-	(200)	-	-	-
Share exchange (Note 5)	88,000,000	175,950	(175,950)	-	-	-	-	-
Shares issued for services	450,000	90,000	-	-	-	-	-	90,000
Shares issued for cash	1,380,000	276,000	-	-	-	-	-	276,000
Loss for the year	-	-	-	-	-	-	(81,413)	(81,413)
Foreign currency translation difference	-	-	-	-	-	(6,871)	-	(6,871)
Balance, December 31, 2022	91,830,000	542,150	-	478,061	(200)	5,601	(457,722)	567,890
Shares issued for cash	1,850,000	353,585	-	-	-	-	-	353,585
Subscription receivable	-	-	-	-	200	-	-	200
Loss for the year	-	-	-	-	-	-	(618,476)	(618,476)
Foreign currency translation difference	-	-	-	-	-	(26,658)	-	(26,658)
Balance, December 31, 2023	93,680,000	895,735	-	478,061	-	(21,057)	(1,076,198)	276,541

Smartwell Technology Inc.

Consolidated Statements of Cash Flows

Expressed in Canadian dollars

For the years ended December 31,

	2023	2022
	\$	\$
Operating activities		
Net loss before income tax for the year	(594,849)	(80,382)
Items not affecting cash		
Depreciation	13,190	13,376
Allowance (recovery) of credit loss	378,080	(56,732)
Shares issued for services	-	90,000
Changes in non-cash working capital:		
Accounts receivable	(101,600)	(60,254)
Other receivables	70,843	(50,132)
Accounts payable and accrued liabilities	54,605	31,892
Contract assets	(4,221)	(6,052)
Prepays	(118,079)	(92,367)
Contract liabilities	-	(32,674)
Due to/from related parties	95,592	(54,441)
	(206,439)	(297,766)
Income tax paid	(14,496)	(1,799)
Total cash used in operating activities	(220,935)	(299,565)
Financing activities		
Shares issued for cash	353,785	276,000
Proceeds from paid-in capital	-	127,317
Loan to employees	(91,080)	-
Loan repayment from employees	1,379	-
Loan to a related party	(302,787)	-
Loan repayment from a related party	184,497	-
Total cash provided by financing activities	145,794	403,317
Change in cash	(75,141)	103,752
Effect of exchange rate changes on balance of cash held in foreign currencies	(9,292)	(9,157)
Cash, beginning of the year	105,015	10,420
Cash, ending of the year	20,582	105,015

Supplement disclosure in respect with cash flows (Note 17)

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2023 and 2022

1. NATURE OF OPERATIONS

Smartwell Technology Inc. ("Smartwell" or the "Company") was incorporated on June 22, 2021, by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). The head office and registered office of the Company is located at 1000 – 409 Granville Street, Vancouver, British Columbia, V7C 1T2.

On July 7, 2022, the Company completed an equity exchange arrangement with Beijing Zhongnong Internet Information Co., Ltd. ("Beijing Zhongnong") and its subsidiaries under common control, whereby it acquired 100% ownership of Beijing Zhongnong and its subsidiaries through Zhongnong Internet Group Limited ("HongKong Zhongnong") a fully owned subsidiary in Hong Kong (Note 5). As a result of this reorganization, the Company is involved in the business of providing IT consulting, data technology and software service to businesses in China. The Company has accounted for the common control transaction in a manner similar to a pooling of interests with the assets and liabilities of the parties to the reorganization carried over at their historical amounts whereby the financial statements have been retrospectively restated as if the businesses had always been combined.

2. BASIS OF PREPARATION

Statement of compliance

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

These consolidated financial statements were authorized for issue by the Board of Directors on February 07, 2025.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollar ("C\$"), which is the functional currency of the parent company, Smartwell. The Company's subsidiaries are measured using the currency of the primary economic environment in which the subsidiaries operate ("the functional currency"), which is the Chinese Renminbi ("RMB") for Beijing Zhongnong and its subsidiaries in China. These consolidated financial statements have been translated to the Canadian dollar in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period).

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2023 and 2022

2. BASIS OF PREPARATION (cont'd...)

Consolidation

These consolidated financial statements include the balances and results of the Company and those entities over which the Company exercises control:

Subsidiary	Jurisdiction	Date of incorporation	Nature of business	Direct or Indirect Ownership	
				December 31, 2023	December 31, 2022
Zhongnong Internet Group Limited ("HongKong Zhongnong")	Hong Kong, China	April 14, 2022	Holding company	100%	100%
Beijing Zhongnong Internet Information Co., Ltd. ("Beijing Zhongnong")	Beijing, China	May 25, 2015	Technology services	100%	100%
Nanjing Weifen Space Technology Co. Ltd. ("Nanjing Weifen")	Nanjing, China	May 15, 2019	Technology services	100%	100%
Beijing Weifen Qihang Technology Co., Ltd. (Beijing Weifen")	Beijing, China	March 1, 2021	Technology services	100%	100%

The Company consolidates these subsidiaries on the basis that it controls these subsidiaries. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. All intercompany transactions and balances have been eliminated on consolidation.

Going Concern

These consolidated financial statements have been prepared in accordance with IFRS on a going concern basis which assumes the continued realization of assets and satisfaction of liabilities and commitments in the normal course of business.

These consolidated financial statements do not indicate any adjustments that might be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities other than in the normal course of business.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company had accumulated deficit of \$1,076,198 as of December 31, 2023, incurred a net loss of \$618,476 and \$81,413 and had negative cash flows from operations of \$220,955 and \$299,565 for the years ended December 31, 2023 and 2022. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to raise capital from new equity or debt, the successful development and marketing of its products, and attaining profitable operations in the future. If the Company is unable to continue as a going concern, then the carrying value of certain assets and liabilities could differ materially from the values presented in the consolidated financial statements.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2023 and 2022

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) Going concern evaluation

As discussed in note 2, these financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period.

b) Valuation of deferred tax assets and liabilities

Deferred tax assets and liabilities require management judgment in order to determine the amounts to be recognized. This includes assessing the timing of the reversal of temporary differences to which deferred income tax rates are applied. Deferred tax assets are estimated with consideration given to the timing, sources and amounts of future taxable income.

c) Expected credit loss

The Company makes estimates for expected credit loss in respect of accounts receivables, other receivables, contract assets, loan to employees, loan to a related party and due from related parties based on IFRS 9 – Financial instruments. The expected credit loss is estimated based on management's assessment of the credit history with the customers, current relationship with them and also taking into consideration of forward-looking information. A change in customers' payment behavior or financial position could impact the expected credit loss recorded in the accounts. If actual credit losses differ from estimates, future earnings would be affected.

d) Common control

Judgement is required to determine if the equity exchange agreement represented a business or an asset purchase. Management also used judgement to determine that the Company and Beijing Zhongnong were controlled by the same parties before and after the reorganization. Thus, the consolidated financial statements of the Company reflect that the arrangement is in substance a continuation of the existing group. Any difference in the share capital is reflected as an adjustment to equity.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2023 and 2022

4. MATERIAL ACCOUNTING POLICY INFORMATION

Equity exchange arrangement

The Company has accounted for the equity exchange arrangement as a business combination under common control, as the result of the equity exchange is having new holding companies added to the existing organization group. Since there is no change in the ultimate controlling party of the combining business before and after the combination, as a result, no accounting acquirer can be identified under IFRS 3 and the transaction is outside the scope of IFRS3.

The Company used the book value method to account for the combination, whereby the assets and liabilities acquired were recorded at book value.

The Company reports the results of operations for the period in which the equity exchange occurred as though it had occurred at the beginning of the period. The results of operations for that period therefore comprise those of the previously separate companies combined from the beginning of the period to the date the equity exchange is completed, and those of the combined operations from that date to the end of the period. Financial information presented for prior periods is retrospectively adjusted as if the combination had taken place at the beginning of the earliest comparative period presented.

Leases

Under IFRS 16, the Company recognizes right of use assets and lease liabilities for all leases except where the Company has elected to use the practical expedient to not recognize right-of-use assets and lease liabilities for low-value assets or short-term leases under 1 year that are not expected to renew. As of the adoption date, the Company only had one short-term lease relating to office where no right-of-use assets or lease liabilities were recognized.

Revenue recognition

The Company's arrangements with customers include system design, development and implementation services, either with or without hardware sales as add-ons; general technology consulting services; and hardware sales.

The Company applies the five-step model to contracts when it is probable that the Company will collect the consideration that it is entitled to in exchange for the services and goods transferred to the customer.

At contract inception, the Company assesses services promised within each contract that falls under the scope of IFRS 15, to identify distinct performance obligations.

Revenue from the sale of hardware is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer (i.e. the goods are delivered), recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from the sale of hardware is measured at the fair value of the consideration received or receivable, net of returns. There were no material returns during the years ended December 31, 2023 or 2022.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2023 and 2022

4. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Revenue recognition (cont'd...)

- Revenue related to system design, development and implementation services are recognized over a period of time as the services are provided. Services related to the system design, development and implementation sometimes involves the sales of hardware which is considered as an integrated required element of the service and are essential to the functionality for the customer, and therefore are not separable accounted. Revenue from the system design, development and implementation is charged on a fixed price basis.

- Revenue from general technology consulting services is charged on a fixed price basis. The Company recognizes revenue for technology consulting services over a period of time as the Company provides services.

- For certain system design, development and implementation services contracts, the customers require the Company to provide a warranty for a period of 1 years after the completion of the implementation. The Company determines that such product warranty is not a separate performance obligation because the nature of the warranty is to provide assurance that a product will function as expected and comply with agreed-upon specifications. The Company has not sold the warranty separately. Because of the nature of the projects, including contract owner inspections of the work prior to acceptance, the Company has not paid material warranty costs in the past and the management does not expect such material payments in the future, and therefore does not consider an accrual for these costs is necessary.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that the future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

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4. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Research and development costs

Expenditure on research activities is recognized as an expense as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete the development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognized as an expense as incurred.

As at December 31, 2023, 2022 and 2021, there are no capitalized research and development costs.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Financial instruments

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

Financial assets

The Company will classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, based on its business model for managing the financial asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

- a) Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:
 - the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
 - and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- b) Fair value through other comprehensive income - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- c) Fair value through profit or loss ("FVTPL") - any financial assets that are not held in one of the two business models mentioned are measured at FVTPL.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

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For the years ended December 31, 2023 and 2022

4. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Financial instruments (cont'd...)

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

The Company's financial assets are comprised of cash which is classified as fair value through profit or loss, accounts receivables, other receivables, due from related parties, loan to employees and loan to a related party which are measured at amortized cost.

Financial liabilities

The Company's liabilities include accounts payable and accrued liabilities, and due to related parties which are all measured at amortized cost. After initial recognition, an entity cannot reclassify any financial liability.

Financial assets and liabilities are offset, and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of non-financial assets

Non-financial assets include fixed assets. Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation are based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

Expected credit losses

The Company assesses at each reporting date whether there is any evidence that its trade receivables, other receivables, contract assets, due from related parties, loan to employees and loan to a related party are impaired. The Company uses the simplified approach for measuring impairment for its trade receivables without a significant financing component, and other receivables, loan to employees and loan to a related party. For these financial assets, the Company does not determine if the credit risk for these instruments has increased significantly since initial recognition. Instead, a loss allowance is recognized based on lifetime expected credit losses ("ECL") at each reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. In addition, the Company also uses the individual specific valuation method to estimate the credit loss for accounts receivables aged over one year. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

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For the years ended December 31, 2023 and 2022

4. MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd...)*

Contract assets and liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. As at December 31, 2023 and 2022, the Company's contract assets solely related to amount due under retainage provision. As at December 31, 2023, the Company's contract assets of \$6,153 were fully provisioned.

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognized as revenue when the Company performs under the contract. A contract liability would also be recognised if the Company has an unconditional right to receive consideration before the Company recognises the related revenue.

Segment reporting

The management has determined that the Company operates as one segment. The Company's chief operating decision maker reviews financial information on an aggregated and consolidated basis, together with certain operating and performance measures principally to make decisions about how to allocate resources and to measure the Company's performance.

Earnings per share

Basic earnings or loss per share represents the profit or loss for the period, divided by the weighted average number of common shares in issue during the period. Diluted earnings or loss per share represents the profit or loss for the period, divided by the weighted average number of common shares in issue during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

Government grants

Government grants are recognized when there is reasonable assurance that (a) the Company will comply with the conditions attaching to them; and (b) the grant will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes the related costs for which the grants are intended to compensate.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

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For the years ended December 31, 2023 and 2022

4. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

New and amended and future accounting pronouncements

The following new and revised accounting standard, along with any consequential amendments was adopted by the Company for annual periods beginning on January 1, 2023. The adoption of the amendments has no significant impact as the amendments only affect the note disclosure of the financial statements.

IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2 “Making Materiality Judgements”

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”

The amendments aim to clarify how reporting entities should distinguish changes in accounting policies from changes in accounting estimates. The amendments include a definition of “accounting estimates” as well as other amendments to IAS 8 that will help entities distinguish changes in accounting policies from changes in accounting estimates.

Accounting standards and amendments to existing accounting standards that have been issued but have future effective dates:

IFRS 18 – Presentation and Disclosure in Financial Statements Effective for annual periods beginning on or after 1 January 2027.

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation in Financial Statements. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for “operating profit or loss”, “profit or loss before financing and income taxes” and “profit or loss”.

5. EQUITY EXCHANGE AGREEMENT

On July 7, 2022, the Company, HongKong Zhongnong and each of 15 shareholders of Beijing Zhongnong, entered into an equity exchange agreement. Pursuant to the agreements, the Company issued a total of 88,000,000 common shares to the shareholders of Beijing Zhongnong, while the 15 shareholders transfer their 100% shareholdings in Beijing Zhongnong to HongKong Zhongnong, a wholly-owned subsidiary incorporated by the Company for the purpose of this transaction. As a result of the share exchange, the 15 original Beijing Zhongnong shareholders owned 100% of the Company on July 7, 2022, immediately after the share exchange, and the Company owns 100% of Beijing Zhongnong through its subsidiary, HongKong Zhongnong.

The Company determined that Smartwell and Beijing Zhongnong were under common control at the time of the equity change. As a result, the assets and liabilities of Beijing Zhongnong were recorded at book value.

The value of the share consideration was based on the book value of paid-in capital of Beijing Zhongnong at the date of share exchange (Note 12).

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

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For the years ended December 31, 2023 and 2022

5. EQUITY EXCHANGE AGREEMENT (cont'd...)

Comparative information

These consolidated financial statements are prepared on a combined basis, using the consolidated financial statements of Smartwell and Beijing Zhongnong to conform with the generally accepted accounting principles under a common control. The comparative periods shown on these consolidated financial statements have been prepared using the financial information of Beijing Zhongnong, as if the Company was operating for those comparative periods.

6. CASH

As of December 31, 2023, cash of \$20,163 (RMB 107,611) (December 31, 2022 - \$102,925 (RMB 523,206)) resided in Mainland China. Under Chinese law, cash advanced to the Company's Chinese subsidiaries as registered share capital is maintained in the subsidiaries' registered capital bank account. Accordingly, the remittance of these funds back to Canada requires approvals by the relevant government authorities or designated banks in China, or both.

7. ACCOUNTS RECEIVABLE

	December 31, 2023	December 31, 2022
Receivables from third-party customers	\$ 498,124	\$ 418,307
Allowance for expected credit loss	(453,752)	(97,155)
	<u>\$ 44,372</u>	<u>\$ 321,152</u>

Set out below is the movement in the allowance (recovery) of expected credit loss of trade receivables:

	Expected credit loss
Balance, January 1, 2022	\$ 156,724
Recovery of credit loss	(56,732)
Foreign exchange effect	(2,837)
Balance, December 31, 2022	<u>97,155</u>
Expected credit loss of accounts receivable	367,801
Foreign exchange effect	(11,204)
Balance, December 31, 2023	<u>\$ 453,752</u>

8. OTHER RECEIVABLES

As of December 31, 2023 and 2022, other receivables mainly consisted of advances to employees for contract implementation activities, which will be expensed when expenses occurred.

9. PREPAIDS

Prepays as of December 31, 2023 mainly consisted of amounts paid to one supplier for research and development services which was expected to be received subsequently in fiscal year 2024. Prepays as of December 31, 2022 consisted of amounts in relation with the proposed transaction (Note 18) which were all transferred to transaction costs during the year ended December 31, 2023.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

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For the years ended December 31, 2023 and 2022

10. LOAN TO EMPLOYEES

As of December 31, 2023, the Company also has interest free loans of \$88,095 to two employees. There is no written loan agreement. The loans are due on demand and have no fixed term of repayment. During the year ended December 31, 2023, the continuity of loan to employees are as follows:

	Loan to employees
Balance as of December 31, 2022	\$ -
Loan to employees	91,080
Repayment	(1,379)
Foreign exchange effect	(1,606)
Balance as of December 31, 2023	<u>\$ 88,095</u>

Subsequent to the fiscal year 2023, the Company received repayment of \$85,430 from the employees.

11. EQUIPMENT

	Equipment
Cost	
Balance, January 1, 2022	\$ 41,298
Foreign exchange effect	(498)
Balance, December 31, 2022	40,800
Foreign exchange effect	(1,938)
Balance, December 31, 2023	<u>\$ 38,862</u>
Accumulated amortization	
Balance, January 1, 2022	\$ 13,766
Additions	13,376
Foreign exchange effect	58
Balance, December 31, 2022	27,200
Additions	13,190
Foreign exchange effect	(1,528)
Balance, December 31, 2023	<u>\$ 38,862</u>
Carrying amounts	
At December 31, 2022	<u>\$ 13,600</u>
At December 31, 2023	<u>\$ -</u>

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

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For the years ended December 31, 2023 and 2022

12. SHAREHOLDERS' EQUITY

Authorized - unlimited number of common shares without par value

Share issuance

At December 31, 2023, the Company had 93,680,000 (December 31, 2022 – 91,830,000) common shares issued and outstanding.

During the year ended December 31, 2023, the Company issued 1,850,000 shares at RMB1.00 per share for gross proceeds of \$353,585 (RMB1,850,000).

During the year ended December 31, 2022:

i) In May 2022, Beijing Zhongnong received additional investment amount of RMB658,020 (\$127,317) from existing shareholders. Subsequently, Beijing Zhongnong decreased its registered share capital by RMB9,000,000 (\$1,741,371).

ii) On January 4, 2022, the Company issued 2,000,000 founder's shares to Yang He, the CEO and Director of the Company, at \$0.0001 per share. The subscription of \$200 was recorded as subscription receivable as of December 31, 2022 and was received in April 2023.

iii) On July 7, 2022, the Company issued 88,000,000 shares to 15 shareholders of Beijing Zhongnong, in exchange for the 100% ownership of Beijing Zhongnong (Note 5) of the 15 shareholders of Beijing Zhongnong, Yang He received 50,266,832 shares. The 88,000,000 shares were valued at \$175,950, the book value of Beijing Zhongnong's paid-in capital at the date of exchange.

iv) On July 8, 2022, the Company issued 450,000 shares to a company controlled by a director for IPO consulting services, valued at \$90,000 (Note 13). The shares are valued at \$0.20 per share based on a private placement completed in October 2022 with arm's length parties.

v) On October 28, 2022, the Company issued 1,380,000 shares at \$0.20 per share for a total proceed of \$276,000.

13. RELATED PARTY TRANSACTIONS

i) During the year ended December 31, 2023, the Company paid or accrued a salary of \$22,895 (2022 - \$23,218) and social welfare fund contribution of \$7,281 (2022 - \$7,385) to the director and CEO of the Company. As of December 31, 2023, the Company was owed \$21,851 (December 31, 2022 – \$61,235) by the CEO.

As of December 31, 2023, the Company also has an interest free loan of \$116,172 to the director and CEO. There is no written loan agreement. The loan is due on demand and has no fixed term of repayment. During the year ended December 31, 2023, the continuity of loan to CEO is as follows:

	Loan to CEO
Balance as of December 31, 2022	\$ -
Loan to CEO	302,787
Repayment	(184,497)
Foreign exchange effect	(2,118)
Balance as of December 31, 2023	\$ 116,172

Subsequent to the fiscal year 2023, the Company received repayment of \$114,336 from the director and CEO.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

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13. RELATED PARTY TRANSACTIONS(cont'd...)

ii) During the year ended December 31, 2023, the Company paid or accrued a salary of \$91,580 (2022 - \$110,806) and social welfare fund contribution of \$23,944 (2022 - \$22,190) in service costs to the CTO of the Company. As of December 31, 2023, the Company owed to the CTO \$31,358 (December 31, 2022 – owed from the CTO \$354).

iii) During the year ended December 31, 2023, the Company paid or accrued legal fee (professional services) of \$68,320 (2022 - \$10,640) to a law firm of which a director is partner. As of December 31, 2023, the Company owed to the law firm \$4,480 (2022- \$Nil) which is recorded in accounts payable and accrued liabilities.

iv) During the year ended December 31, 2023, the Company paid or accrued consulting fee (professional services) of \$Nil (2022 - \$54,739) to Bizfield Angel Network, a company controller by a director. The Company also paid \$26,145 (2022 - \$Nil) and issued Nil (2022 - 450,000) shares valued at \$Nil (2022 – \$90,000) as consulting fees to Bizfield Accelerator Inc. (“Bizfield”), a company controlled by the same director. As of December 31, 2023, the Company owed to the Bizfield \$2,620 (2022- \$Nil) which is recorded in due to related parties.

On August 8, 2020, the Company entered into a Financing and Listing Service Agreement with Bizfield, according to which, Bizfield will providing consulting service to assist the Company going public in Canada for a total service fee of \$133,500. The service fee is payable by a) \$90,000 in shares (issued. Note 12); b) \$22,500 within 5 business days after a pre-filing meeting with TSX-V (paid); and c) \$21,000 within 5 business days after listing.

v) As of December 31, 2023, the Company had a payable of \$18,737 (2022 - \$Nil) to Beijing Hanpu Biotech Co., Ltd. (“Hanpu”), a company controlled by Yang He, the CEO and Director of the Company.

Due to and from related parties do not bear interest, are unsecured and repayable on demand.

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company’s executive officers and Board of Director members.

Other than the transactions disclosed above, there was no other compensation paid to key management during the years ended December 31, 2023 and 2022.

14. CAPITAL RISK MANAGEMENT

The Company defines capital as the items included in shareholders’ equity. The Company’s objectives in managing capital are to safeguard the Company’s ability to continue as a going concern, ensure sufficient capital and liquidity to complete its technology developments, establish commercial markets and pursue its growth strategy.

To support these objectives, the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. In order to maximize the development efforts, the Company does not pay out dividends during its development stage.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the reporting period.

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Notes to the Consolidated Financial Statements

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15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2023 and 2022, the Company's financial instruments comprised cash, accounts receivable, other receivables, contract assets, due to/from related parties, loan to employees, loan to a related party, and accounts payable and accrued liabilities. With the exception of cash, all financial instruments held by the Company are measured at amortized cost. The fair values of these financial instruments approximate their carrying value due to their short-term maturities. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values.

The levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at December 31, 2023 and 2022, the fair value of cash held by the Company was based on level 1 of the fair value hierarchy. The Company does not have level 2 or level 3 financial instruments.

The Company's financial instruments are exposed to certain financial risks, including credit risk, currency risk, liquidity risk, interest rate risk, and concentration risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. As of December 31, 2023 and 2022, the Company was primarily exposed to credit risk attributable to cash, trade receivable, other receivables, due from related party, and loan to employees and a related party. The maximum credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 4 Financial Instruments. The Company limits exposure to credit risk attributable to cash by maintaining its cash with large financial institutions.

The Company regularly reviews the collectability of its trade receivable and other receivables and establishes an allowance account for credit losses based on its best estimate of any potentially uncollectible amounts. As of December 31, 2023, the Company estimated an allowance of credit loss of 100% (2022 - 100%) for accounts receivable outstanding from the customers that are individually assessed due to significant credit risk identified and 0.14% (2022 - 0.41%) on remaining accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at December 31, 2023, the Company had a cash balance of \$20,582 (2022 - \$105,015) to settle current liabilities of \$286,287 (2022 - \$174,357). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company needs further funding to meet its short-term and long-term cash requirements.

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. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risks is insignificant.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

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For the years ended December 31, 2023 and 2022

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Concentration risk

During the year ended December 31, 2023, revenue from two customers is over 10% of the total revenue, the total of which is RMB6,570,755 (\$1,253,640) (December 31, 2022 – three customers, RMB6,405,660; \$1,239,461), representing 59% (2022 – 75%) of total revenue of the year.

For the year ended December 31, 2022	Amount	Percentage of total revenue
Customer A	\$ 523,896	32%
Customer B	383,338	23%
Customer C	332,227	20%
	\$ 1,239,461	75%

For the year ended December 31, 2023	Amount	Percentage of total revenue
Customer D	\$ 935,955	44%
Customer E	317,685	15%
	\$ 1,253,640	59%

As of December 31, 2023, accounts receivable from two customer is RMB219,692 (\$41,165) (December 31, 2022 – one customer, RMB1,055,684 (\$207,673)), which is 93% (December 31, 2022 – 65%) of total accounts receivable at the period end.

16. SEGMENTED INFORMATION

The Company has one reportable segment: the IT consulting, data technology and software service in China. The management has determined that the Company operates as one segment. The Company's chief operating decision maker reviews financial information on an aggregated and consolidated basis, together with certain operating and performance measures principally to make decisions about how to allocate the resources and to measure the Company's performance.

Smartwell Technology Inc.

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17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash investing and financing transactions during the year ended December 31, 2023.

During the year ended December 31, 2022, the Company has the following significant non-cash investing and financing transactions:

i) issued 88,000,000 shares, valued at \$175,950 in exchange for 100% ownership of Beijing Zhongnong (Notes 5 and 9).

ii) a subscription receivable of \$200 is recorded as of December 31, 2022.

18. PROPOSED TRANSACTIONS

Proposed financing with Research Capital Corporation

On August 25, 2022, the Company accepted a financing proposal from Research Capital Corporation (“RCC”), according to which, RCC will act as lead agent and sole bookrunner, on a best-efforts basis, for a brokered private placement offering of up to 2,500,000 units (the “Units”) a price of \$0.20 per Unit for gross proceeds up to \$500,000 (the “Initial Offering”).

Each Unit will consist of one common share of the Company and one common share purchase warrant. Each Warrant will entitle the holder to purchase one common share of the Company at an exercise price of \$0.50 in a 24-month period.

Upon closing of the Initial Offering, the Company intends to complete a subsequent private placement of a \$1,500,000 (the “Subsequent Offering”) in subscription receipts. Each one subscription receipt will be automatically exchanged into one Unit under the same terms as the Initial Offering.

The Company will grant RCC an option (the “Over-Allotment Option”) to increase the number of Units to be sold in Subsequent Offering by up to 15%.

The Company will pay to RCC a cash commission equal to 6% of the gross proceeds arising from the Initial Offering and Subsequent Offering. The Company will also grant RCC broker warrants exercisable at \$0.20 per Unit within 24-month period to purchase the number of Units of the Company in an amount equal to 6% of the number of Units and subscription receipts issued in the Initial Offering and Subsequent Offering.

At closing, the Company also shall pay to RCC a corporate finance fee equal to 2% of the gross proceeds arising from the Initial Offering and Subsequent Offering, and corporate finance fee warrants exercisable at \$0.20 per Unit within 24-month period to purchase the number of Units of the Company in an amount equal to 2% of the number of Units and subscription receipts issued in the Initial Offering and Subsequent Offering.

In addition, upon closing, the Company shall pay to RCC a work fee of \$50,000 plus GST. Upon execution of this proposal, the Company shall pay RCC \$15,000 (paid) as a retainer.

The Company is responsible for RCC’s reasonable expenses related to the offering, including but not limited to estimated legal fees of \$45,000 and other disbursements and expenses of \$10,000. The Company paid \$15,000 as a retainer to RCC to be applied against the expenses incurred by RCC.

Smartwell Technology Inc.

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18. PROPOSED TRANSACTIONS (cont'd...)

Proposed transaction with Inceptus Capital Ltd.

Inceptus Capital Ltd. (the "Inceptus") was incorporated under the provincial Business Corporations Act (British Columbia) on February 1, 2017 and its registered office is at 530, 355 Burrard Street, Vancouver, BC V6C 2G8 Canada. On November 9, 2017, Inceptus completed its initial public offering ("IPO") and listed on the TSX Venture Exchange ("TSX-V") under the symbol of "ICLP". Inceptus is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX-V.

On January 17, 2022, the Company and Inceptus entered into a letter of intent (the "LOI"), pursuant to which, Inceptus will acquire 100% of the issued common shares of the Company by issuing one share in exchange for every one outstanding common share of the Company.

On May 27, 2022 the Company and Inceptus agreed to change the terms of the LOI to a Binding Letter Of Intent (the "BLOI"). The terms and conditions in the LOI dated January 17, 2022 remain unchanged. As consideration, the Company paid a non refundable deposit of \$30,000 which will be used for the retainer for Inceptus' legal counsel and auditors and promotion expenses. If the Company terminates the BLOI, the \$30,000 will be forfeited by Inceptus as the break fee, and the Company will pay an additional \$20,000 break fee.

19. INCOME TAX

The Company is subject to income taxes on income generated in the jurisdictions in which it does business.

Pursuant to the China Income Tax Laws, the statutory tax rate of the Enterprise Income Tax ("EIT") for the years ended December 31, 2023 and 2022 was 20%, being normal EIT rate at 25% minus temporary COVID relief of 5%. Beijing Zhongnong, Nanjin Weifen and Beijing Wenfei are subject to income tax in China.

According to the tax laws in Hong Kong, the income tax rate is 16.5% on income earned in that jurisdiction. Hong Kong Zhongnong has no operation from its incorporation on April 14, 2022 to December 31, 2023.

According to Canadian federal and provincial enacted Corporate Tax Act, the income tax rate is 27% for the years ended December 31, 2023 and 2022.

A reconciliation of income taxes at Canadian statutory rates (2023 – 27%; 2022 – 27%) with the reported taxes is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
	\$	\$
Loss for the year before income tax	(594,849)	(80,382)
Expected income tax	(160,609)	(21,703)
Change in statutory, foreign tax, foreign exchange rate and other	152,058	8,959
Permanent differences	(211,605)	(30,749)
Change in unrecognized tax benefits	243,783	44,524
Total income tax expenses	23,627	1,031

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2023 and 2022

19. INCOME TAX (cont'd...)

The following is the analysis of recognized deferred tax liabilities and deferred tax assets:

	2023	2022
	\$	\$
Deferred tax assets		
Non-capital losses	499,293	255,510
Deferred tax assets	499,293	255,510
Unrecognized deferred tax assets	(499,293)	(255,510)
Net deferred tax assets (liabilities)	-	-

The significant components of the Company's deductible temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	2023	Expiry Date Range	2022	Expiry Date Range
	\$		\$	
Temporary differences:				
Non-capital losses available for future periods				
China	1,900,232	2024-2033	1,138,050	2023-2032
Canada	441,653	2041-2043	103,335	2041-2042

Tax attributes are subject to review, and potential adjustment, by tax authorities.

20. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On October 10, 2024, the Company issued 2,500,000 shares at \$0.20 (RMB 1.00) per share for gross proceeds of RMB2,500,000.

SMARTWELL TECHNOLOGY INC.
Management Discussion and Analysis
For the Year Ended December 31, 2023

This discussion and analysis of financial position and results of operations (“MD&A”) is prepared as at February 7, 2025 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2023 and 2022 of Smartwell Technology Inc. (the “Company” or “Smartwell”) with the related notes thereto. Those financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company’s management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

Forward-Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company’s future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to internet and social media industry (see section “Business Risks” herein). Forward-looking information is, in addition, based on various assumptions including, without limitation, the expectations and beliefs of management, that the Company can access financing, appropriate equipment and sufficient labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements.

Description of Business

Smartwell was incorporated on June 22, 2021, by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). The head office and registered office of the Company is located at 1000 – 409 Granville Street, Vancouver, British Columbia, V7C 1T2.

On July 7, 2022, the Company completed an equity exchange arrangement with Beijing Zhongnong Internet Information Co., Ltd. (“Beijing Zhongnong”) and its subsidiaries under common control, whereby it acquired 100% ownership of Beijing Zhongnong and its subsidiaries through the Company’s wholly owned subsidiary Zhongnong Internet Group Limited (“HongKong Zhongnong”) in Hong Kong. As a result of this reorganization, the Company is involved in the business of providing IT consulting, data technology and software service to businesses in China.

Smartwell, through its subsidiaries in China, is involved mainly in internet technology and service business in China:

1) System development services

The main business of Beijing Zhongnong is providing Controlled Environment Agriculture (CEA) system development services, which improves the quality and yield of crops for high-value indoor farming customers to enhance economic benefits and to make the whole growing process smarter and greener.

The system development and implementation service could be performed as service alone, or at sometimes it is combined with sales to customers of electronic devices (sensors, monitors, transmitters, computers and other electronic devices) that are needed in order to deliver the final product/result.

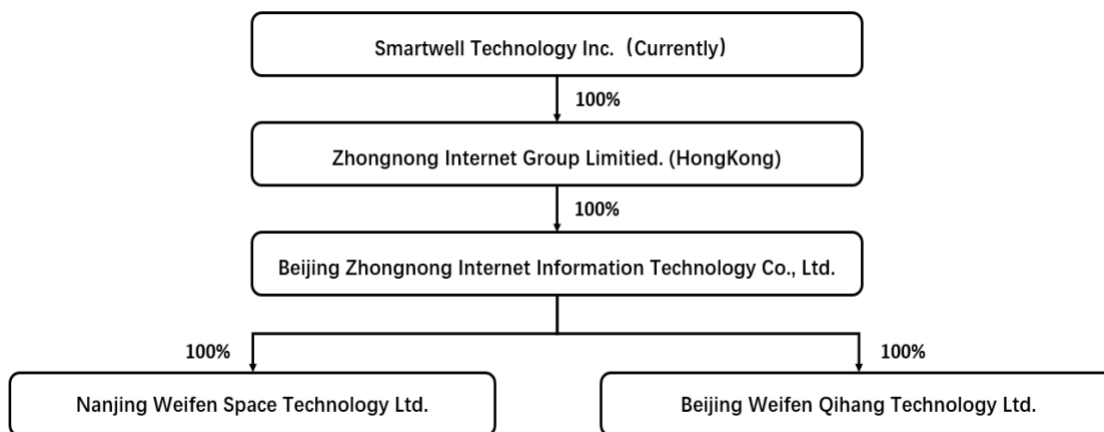
2) Technology consulting services

Various technology consulting services other than their major IT services as described in 1), namely the CEA services.

3) Hardware sales

Beijing Zhongnong sells electronic devices to its customers as per their request in a stand-alone contract.

Corporate Structure



Smartwell was incorporated on June 22, 2021 pursuant to the provisions of the Business Corporations Act (British Columbia), Canada.

Zhongnong Internet Group Limited (“HongKong Zhongnong”) was incorporated on April 14, 2022 in Hong Kong.

Beijing Zhongnong Internet Information Co., Ltd. (“Beijing Zhongnong”) was incorporated on May 25, 2015 in Beijing, China.

Nanjing Weifen Space Technology Co. Ltd. (“Nanjing Weifen”) was incorporated on May 15, 2019 in Nanjing, Jiangsu Province, China.

Beijing Weifen Qihang Technology Co., Ltd. (Beijing Weifen”) was incorporated on March 1, 2021 in Beijing China. On July 7, 2022, the Company, HongKong Zhongnong and each of the 15 shareholders of Beijing Zhongnong, entered into an equity exchange agreement. Pursuant to the agreements, the Company issued a total of 88,000,000 common shares to the shareholders of Beijing Zhongnong, while the 15 shareholders transferred their 100% shareholdings in Beijing Zhongnong to HongKong Zhongnong, a wholly-owned subsidiary incorporated by the Company for the purpose of this transaction. As a result of the share exchange, the 15 original Beijing Zhongnong shareholders owned 100% of the Company on July 7, 2022, immediately after the share exchange, and the Company owns 100% of Beijing Zhongnong through its subsidiary, HongKong Zhongnong.

Company overview

Proposed transaction with Inceptus Capital Ltd.

Inceptus Capital Ltd. (the "Inceptus") was incorporated under the provincial Business Corporations Act (British Columbia) on February 1, 2017 and its registered office is at 530, 355 Burrard Street, Vancouver, BC V6C 2G8 Canada. On November 9, 2017, Inceptus completed its initial public offering (“IPO”) and listed on the TSX Venture Exchange ("TSX-V") under the symbol of “ICI.P”. Inceptus is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX-V.

On January 17, 2022, the Company and Inceptus entered into a letter of intent (the “LOI”), pursuant to which, Inceptus will acquire 100% of the issued common shares of the Company by issuing one share in exchange for every one outstanding common share of the Company.

On May 27, 2022 the Company and Inceptus agreed to change the terms of the LOI to a Binding Letter Of Intent (the “BLOI”). The terms and conditions in the LOI dated January 17, 2022 remain unchanged. As consideration, the Company paid a non refundable deposit of \$30,000 which will be used for the retainer for Inceptus’ legal counsel and auditors and promotion expenses. If the Company terminates the BLOI, the \$30,000 will be forfeited to Inceptus as the break fee, and the Company will pay an additional \$20,000 break fee.

Share issuances

On January 14, 2022, the Company issued 2,000,000 founder’s shares to Yang He, the CEO and Director of the Company, at \$0.0001 per share.

On July 7, 2022, the Company issued 88,000,000 shares to the 15 shareholders of Beijing Zhongnong, in exchange for the 100% ownership of Beijing Zhongnong. As a shareholder of Beijing Zhongnong, Yang He received 50,266,832 shares and Zhongyi Li, the CTO of the Company received 14,185,952 shares.

On July 8, 2022, the Company issued 450,000 shares to a company controlled by a director for IPO consulting services, valued at \$90,000.

On October 28, 2022, the Company issued 1,380,000 shares at \$0.20 per share for a total proceed of \$276,000.

During the year ended December 31, 2023, the Company issued 1,850,000 shares at RMB1.00 per share for gross proceeds of \$353,585 (RMB1,850,000).

Selected Annual Financial Information

The following selected financial information is derived from the audited financial statements and notes thereto.

	As at December 31,		
	2023	2022	2021
Current assets	\$ 562,828	\$ 728,647	\$ 332,135
Non-current assets	-	13,600	27,532
Total assets	562,828	742,247	359,667
Current liabilities	286,287	174,357	196,810
Long term liabilities	-	-	-
Shareholders' equity	276,541	567,890	162,857
Total liabilities and equity	\$ 562,828	\$ 742,247	\$ 359,667
Working capital	\$ 276,541	\$ 554,290	\$ 135,325

	Years ended December 31,		
	2023	2022	2021
Revenue	\$ 2,117,503	\$ 1,646,904	\$ 996,565
Gross profit	1,851,716	1,430,467	684,641
Expenses and other items	(2,446,565)	(1,510,849)	(715,000)
Net loss before income tax	\$ (594,849)	\$ (80,382)	\$ (30,359)
Income taxes	(23,627)	(1,031)	(3,906)
Net loss	\$ (618,476)	\$ (81,413)	\$ (34,265)
Exchange difference on translating foreign operations	(26,658)	(6,871)	3,008
Comprehensive loss	\$ (645,134)	\$ (88,284)	\$ (31,257)
Basic and diluted net loss per share	\$ (0.01)	\$ (0.00)	N/A
Dividends per share	\$ -	\$ -	\$ -

Results of Operations

Year ended December 31, 2023 and 2022

During the year ended December 31, 2023, the Company incurred a net loss of \$618,476, compared with \$81,413 for comparative year ended December 31, 2022. The Company currently has generated revenue from providing CEA

system development services, general technology consulting services and sales of hardware. The Company is still in the development stage and its revenue and expense are not consistent each period.

The losses are mainly comprised of the following items:

- During the year ended December 31, 2023, the Company generated revenue of \$1,406,657 (2022 - \$1,565,938) from system development service, \$470,575 (2022 - \$5,880) from general technology consulting services and \$240,271 (2022 - \$75,086) from sales of hardware. Corresponding to the revenue, the Company incurred costs of \$131,259 (2022 - \$160,867) in relation to service revenue and \$134,528 (2022 - \$55,570) in relation to the sales of hardware.
- Depreciation of \$13,190 (2022 - \$13,376) are mainly from amortizing computer equipment purchased in December 2020. Those computer equipment was fully amortized in the year ended December 31, 2023.
- Advertising and promotion of \$191,660 during the comparative year ended December 31, 2022 was mainly related to marketing and promotion activities carried in China to expand its business. There were no such costs during the year ended December 31, 2023.
- Office and miscellaneous expenses of \$17,607 (2022 - \$16,727) includes meals and entertainment, office supplies, and other office expenses incurred in Beijing Zhongnong office in China.
- Professional fees of \$357,388 (2022 - \$204,750) are consulting, legal, accounting and audit fees, mainly related to the Company's proposed listing in Canada. Significant professional fees included consulting fees of \$Nil (2022 - \$54,739) to Bizfield Angel Network, a company controlled by a director, and cash of \$26,145 (2022 - \$90,000 in the form of 450,000 shares issued) paid to Bizfield Accelerator Inc. ("Bizfield"), a company controlled by the same director; legal fees of \$68,320 (2022 - \$10,640) paid to a law firm of which a director is a founder; accounting fees of \$53,366 (2022 - \$5,947) for preparing the consolidated financial statements.
- Research and development expenses of \$1,378,945 (2022 - \$1,053,366) mainly consisted of purchase of technology and data services in relation to model development. Projects are different in each fiscal year and expenses are therefore not comparable or consistent.
- Salary and benefits of \$150,431 (2022 - \$143,734) are general administrative, sales and office employees in China.
- Listing expenses of \$142,972 (2022 - \$Nil) are expenses related to listing in Canada including valuation report, internal control assessment report, brokerage and sponsorship fees and expenses, and expenses paid for Inceptus.
- Travel expenses of \$15,438 (2022 - \$7,494) are incurred for travelling in China.
- Allowance of \$378,080 (2022 - recovery of \$56,732) of credit loss is related to management's estimation of collectability of trade receivable at year end.

Summary of Quarterly Results

The Company was not a reporting issuer as of December 31, 2023 and as a result quarterly reporting is not required.

Liquidity and Capital Resources

The Company commenced fiscal 2023 with working capital of \$554,290 and cash of \$105,015. As at December 31, 2023, the Company had a working capital of \$276,541 and cash of \$20,582.

As of December 31, 2023, cash of \$20,163 (RMB 107,611) (December 31, 2021 - \$102,925 (RMB 523,206) resided in Mainland China. Under Chinese law, cash advanced to the Company's Chinese subsidiaries as registered share capital is maintained in the subsidiaries' registered capital bank account. Accordingly, the remittance of these funds back to Canada requires approvals by the relevant government authorities or designated banks in China, or both.

Net cash used in operating activities for the current year was \$220,935 (2022 - \$299,565). The net cash used in operating activities for the year consisted primarily of the operating loss and a change in non-cash working capital items. The increased cash used in the current year was due to increased research and development expenses incurred in China, and consulting, accounting, legal expenses, and transaction costs in relation to the Company's proposed listing in Canada.

During the year ended December 31, 2023, the Company received \$353,585 (2022 - \$276,000) of proceeds from the issuance of 1,850,000 (2022 - 1,380,000) shares and \$Nil (2022 - \$127,317 (RMB 658,020) in Beijing Zhongnong as paid-in capital. Also, the company provided \$91,080 and \$302,787 loan to two employees and CEO of the Company, respectively, and received \$1,379 and \$184,497 loan repayment from the two employees and CEO of the Company, respectively.

The Company will need to raise funds through debt or equity offerings in order to have sufficient working capital to sustain its operations for the next 12 months.

Related Party Transactions

i) During the year ended December 31, 2023, the Company paid or accrued a salary of \$22,895 (2022 - \$23,218) and social welfare fund contribution of \$7,281 (2022 - \$7,385) to the director and CEO of the Company. As of December 31, 2023, the Company was owed \$21,851 (December 31, 2022 - \$61,235) by the CEO.

As of December 31, 2023, the Company also has an interest free loan of 116,172 to the director and CEO. There is no written loan agreement. The loan is due on demand and has no fixed term of repayment. During the year ended December 31, 2023, the continuity of loan to CEO is as follows:

	Loan to CEO
Balance as of December 31, 2022	\$ -
Loan to CEO	302,787
Repayment	(184,496)
Foreign exchange effect	(2,119)
Balance as of December 31, 2023	\$ 116,172

Subsequent to the fiscal year 2023, the Company received repayment of \$114,336 from the director and CEO.

ii) During the year ended December 31, 2023, the Company paid or accrued a salary of \$91,580 (2022 - \$110,806) and social welfare fund contribution of \$23,944 (2022 - \$22,190) in service costs to the CTO of the Company. As of December 31, 2023, the Company owed to the CTO \$31,358 (December 31, 2022 - owed from the CTO \$354).

iii) During the year ended December 31, 2023, the Company paid or accrued legal fee (professional services) of \$68,320 (2022 - \$10,640) to a law firm of which a director is partner. As of December 31, 2023, the Company owed to the law firm \$4,480 (2022- \$Nil) which is recorded in accounts payable and accrued liabilities.

iv) During the year ended December 31, 2023, the Company paid or accrued consulting fee (professional services) of \$Nil (2022 - \$54,739) to Bizfield Angel Network, a company controller by a director. The Company also paid \$26,145 (2022 - \$Nil) and issued Nil (2022 - 450,000) shares valued at \$Nil (2022 - \$90,000) as consulting fees to Bizfield Accelerator Inc. ("Bizfield"), a company controlled by the same director. As of December 31, 2023, the Company owed to the Bizfield \$2,620 (2022- \$Nil) which is recorded in due to related parties.

On August 8, 2020, the Company entered into a Financing and Listing Service Agreement with Bizfield, according to which, Bizfield will providing consulting service to assist the Company going public in Canada for a total service fee of \$133,500. The service fee is payable by a) \$90,000 in shares (issued. Note 12); b) \$22,500 within 5 business days after a pre-filing meeting with TSX-V (paid); and c) \$21,000 within 5 business days after listing.

v) As of December 31, 2023, the Company had a payable of \$18,737 (2022 - \$Nil) to Beijing Hanpu Biotech Co., Ltd. ("Hanpu"), a company controlled by Yang He, the CEO and Director of the Company.

Due to and from related parties do not bear interest, are unsecured and repayable on demand.

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

Other than the transactions disclosed above, there was no other compensation paid to key management during the years ended December 31, 2023 and 2022.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Commitments

The Company has no commitments.

Financial and Capital Risk Management

As at December 31, 2023 and 2022, the Company's financial instruments comprised cash, accounts receivable, other receivables, contract assets, due to/from related parties, loan to employees, loan to a related party, and accounts payable and accrued liabilities. With the exception of cash, all financial instruments held by the Company are measured at amortized cost. The fair values of these financial instruments approximate their carrying value due to their short-term maturities. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values.

The levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at December 31, 2023 and 2022, the fair value of cash held by the Company was based on level 1 of the fair value hierarchy. The Company does not have level 2 or level 3 financial instruments.

The Company's financial instruments are exposed to certain financial risks, including credit risk, currency risk, liquidity risk, interest rate risk, and concentration risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. As of December 31, 2023 and 2022, the Company was primarily exposed to credit risk attributable to cash, trade receivable, other receivables, due from related party, and loan to employees and a related party. The Company limits exposure to credit risk attributable to cash by maintaining its cash with large financial institutions.

The Company regularly reviews the collectability of its trade receivable and other receivables and establishes an allowance account for credit losses based on its best estimate of any potentially uncollectible amounts. As of December 31, 2023, the Company estimated an allowance of credit loss of 100% (2022 - 100%) for accounts receivable outstanding from customers that are individually assessed due to significant credit risk identified and 0.14% (2022 – 0.41%) on remaining accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at December 31, 2023, the Company had a cash balance of \$20,582 (2022 - \$105,015) to settle current liabilities of \$286,287 (2022 - \$174,357). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company needs further funding to meet its short-term and long-term cash requirements.

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. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risks is insignificant.

Concentration risk

During the year ended December 31, 2023, revenue from two customers is over 10% of the total revenue, the total of which is RMB6,570,755 (\$1,253,640) (December 31, 2022 – three customers, RMB6,405,660; \$1,239,461), representing 59% (2022 – 75%) of total revenue of the year.

For the year ended December 31, 2022	Amount	Percentage of total revenue
Customer A	\$ 523,896	32%
Customer B	383,338	23%
Customer C	332,227	20%
	\$ 1,239,461	75%

For the year ended December 31, 2023	Amount	Percentage of total revenue
Customer D	\$ 935,955	44%
Customer E	317,685	15%
	\$ 1,253,640	59%

As of December 31, 2023, accounts receivable from two customer is RMB219,692 (\$41,165) (December 31, 2022 – one customer, RMB1,055,684 (\$207,673)), which is 93% (December 31, 2022 – 65%) of total accounts receivable at the period end.

Capital management

The Company defines capital as the items included in shareholders' equity. The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern, ensure sufficient capital and liquidity to complete its technology developments, establish commercial markets and pursue its growth strategy.

To support these objectives, the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. In order to maximize the development efforts, the Company does not pay out dividends during its development stage.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the reporting period.

Significant Accounting Policies, Critical Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant accounting policies and estimates are included in Notes 3 and 4 of its audited consolidated financial statements for the years ended December 31, 2023 and 2022.

New and amended and future Accounting Standards and Interpretations

The following new and revised accounting standard, along with any consequential amendments was adopted by the Company for annual periods beginning on January 1, 2023. The adoption of the amendments has no significant impact as the amendments only affect the note disclosure of the financial statements.

IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2 “Making Materiality Judgements

The [amendments](#) aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”

The amendments aim to clarify how reporting entities should distinguish changes in accounting policies from changes in accounting estimates. The amendments include a definition of “accounting estimates” as well as other amendments to IAS 8 that will help entities distinguish changes in accounting policies from changes in accounting estimates.

Accounting standards and amendments to existing accounting standards that have been issued but have future effective dates:

IFRS 18 – Presentation and Disclosure in Financial Statements Effective for annual periods beginning on or after 1 January 2027.

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation in Financial Statements. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for “operating profit or loss”, “profit or loss before financing and income taxes” and “profit or loss”.

Subsequent Events

Private Placements

On October 10, 2024, the Company issued 2,500,000 shares at \$0.20 (RMB 1.00) per share for gross proceeds of RMB2,500,000.

Outstanding Share Data

The following table summarizes the Company’s outstanding share data as of the date of this MD&A:

	Number of shares Issued or issuable
Common shares	96,180,000
Stock options	-
Warrants	-

Risks and Uncertainties

Limited Operating History

The Company was incorporated in April 2022 and does not have an operating history or any established financing sources. The Company’s wholly-owned subsidiary, Beijing Zhongnong, was incorporated in May 2015.

The Company has a history of operating losses and may not achieve or sustain profitability. It cannot guarantee investors that it will become profitable, and even if it achieves profitability, given the evolving nature of the industry in which it operates, it may not be able to sustain or increase profitability and its failure to do so could adversely affect its business, including its ability to raise additional funds.

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

The Company cannot assure that it can avoid net losses in the future or that there will not be any earning or revenue declines in the future. The Company expects that its operating expenses will increase as it grows its business. If the revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

To increase its revenues, the Company must regularly add new customers, provide additional services and/or sell additional products to existing customers and encourage existing customers to increase their minimum commitment levels. There are no assurances that the Company will be able to attract new customers or retain existing customers in which case its operating results will be adversely affected.

Negative Operating Cash Flows

Since commencing its operations the Company has had negative operating cash flow and incurred losses. The Company may never achieve positive operating cash flow. To the extent the Company has negative operating cash flows in future, it may need to deploy a portion of its existing cash reserves or identify additional sources of financing to fund such negative cash flows. The Company may require additional financing in order to continue as a going concern, as well as to grow and expand its operations. It is possible that any required future financing will not be available or, if available, will not be available on favorable terms. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, respond to competitive pressures or remain in business.

Foreign Exchange Rate Risk

Because the Company's business operations are centered in China. All of the Company's revenue and expenses may be denominated in Chinese Renminbi. Accordingly, foreign currency fluctuations may adversely affect the Company's financial position and operating results.

Further, under Chinese law, cash advanced to the Company's Chinese subsidiaries as registered share capital is maintained in the subsidiaries' registered capital bank account. Accordingly, the remittance of these funds back to Canada requires approvals by the relevant government authorities or designated banks in China, or both.

Changes in Laws

Changes to any of the laws, rules, regulations or policies to which the Company is subject in any jurisdiction in which it carries on business could have a significant impact on the Company's business. There can be no assurance that the Company will be able to comply with any future laws, rules, regulations and policies. Failure by the Company to comply with applicable laws, rules, regulations and policies may subject it to civil or regulatory proceedings, including fines or injunctions, which may have a material adverse effect on the Company's business, financial condition, liquidity and results of operations. In addition, compliance with any future laws, rules, regulations and policies could negatively impact the Company's profitability and have a material adverse effect on its business, financial condition, liquidity and results of operations.

Staffing and Reliance on Key Management

The responsibility of successfully implementing the Company's business strategy depends substantially on its senior management and its key personnel, in particular, Yang He, the Company's CEO, and Zhongyi Li, the Company's CTO. The Company does not currently have any "key-man" insurance policy on Mr. He or Mr. Li or on any other key employee of the Company, therefore there is a risk that the death or departure of Mr. He or Mr. Li or any one or more other key employee could have a material adverse effect on the Company.

Further, the Company currently needs to acquire sales and technical staff to execute its business strategy. If the Company does not secure the appropriate funding to acquire the staff it needs, or if it is unable to attract and retain sufficiently qualified staff, its ability to successfully develop and sell its products and services could be significantly compromised.

There is also a risk to the business where there is a turnover of development staff that have knowledge of the Company's technology and business. This loss of knowledge could result in leakage or misappropriation of confidential information. While the Company aims to mitigate this risk by imposing contractual restraints on use and ownership of the Company's confidential information, there could also be increased costs for the Company in having to replace the implicit knowledge and skills of departing employees.

Corporate Governance

The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Audit Committee of the Company fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual financial statements prior to their submission to the Board of Directors for approval.

The Audit Committee, comprised of three directors, the majority of whom are independent, meets with management of the Company on a quarterly basis to review the financial statements, including the MD&A, and to discuss other financial, operating and internal control matters as required.

**APPENDIX B – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
SMARTWELL FOR THE YEARS ENDED DECEMBER 31, 2024 AND DECEMBER 31,
2023 AND MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED
DECEMBER 31, 2024 AND DECEMBER 31, 2023.**

SMARTWELL TECHNOLOGY INC.

Consolidated Financial Statements (Expressed in Canadian dollars)

For the years ended December 31, 2024 and 2023

MSLL CPA LLP

2550 - 1177 West Hastings Street
Vancouver, B.C. Canada
V6E 2K3

Tel: 604 688 5671
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Smartwell Technology Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Smartwell Technology Inc. and its subsidiaries (the "Company") which comprise the consolidated statement of financial position as at December 31, 2024 and 2023, the consolidated statement of loss and comprehensive loss, the consolidated statement of changes in equity, and consolidated statement of cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively, "the consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International accounting Standards Board (IASB).

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 is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Revenue Recognition

Description of the matter

The Company generated revenue of \$2,478,369 during the year ended December 31, 2024, which has a significant impact on the Company's overall financial statements. The revenue was derived from three revenue streams as disclosed in *Note 4 Revenue Recognition*.

Why the matter is a key audit matter

We identified the occurrence of revenue as a key audit matter due to the inherent risk of misstatement, particularly the risk of overstatement. This risk arises from the potential premature recognition of revenue or the recording of fictitious sales.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- Obtained understanding of revenue recognition policy by performing walkthrough for each revenue stream and evaluate the appropriateness of revenue recognition policy.
- Reviewed contracts entered with customers and assessed the compliance of management's revenue recognition policies and related disclosure in the consolidated financial statements under IFRS 15.
- Obtained revenue confirmations from significant customers to confirm sales revenue and year-end accounts receivable balance.
- Substantively tested sales transactions by agreeing to evidence of satisfying performance obligation.
- Performed sales cut-off test to make sure revenue was recorded in proper period.
- Conducted a site visit to a customer location on a random basis and examined the software system developed by the Company.
- Interviewed key customers to understand their business and assess the reasonableness of the transactions with the Company.
- Conducted background checks on the top five customers to ensure they are arm-length parties of the Company and are in good standing.
- Reviewed subsequent general ledger and bank statements to ensure there were no subsequent sales reversal for sales recorded during the audit period.

Material uncertainty Related to Going Concern

We draw attention to *Note 2* in the financial statements, which indicates that the Company continues to experience net losses and negative cash flows from operations.

As stated in *Note 2* in the financial statements, these events or conditions, along with other matters as set forth in *Note 2* in the financial statements, indicate 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 Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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 the 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 IFRSs as issued by the IASB, 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 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 period 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 Ying Xu, CPA, CA.

MSLL CPA LLP

Chartered Professional Accountants

Vancouver, Canada

March 2, 2026

Smartwell Technology Inc.
Consolidated Statements of Financial Position
Expressed in Canadian dollars
As at December 31,

	2024	2023
	\$	\$
Assets		
Current assets		
Cash (Note 5)	202,594	20,582
Accounts receivable (Note 6)	167,575	44,372
Other receivables (Note 7)	29,706	65,519
Loan to employees (Note 10)	52,362	88,095
Due from a related party (Note 14)	20,477	21,852
Loan to a related party (Note 14)	178,527	116,172
Prepays (Notes 8)	1,204	206,236
Total current assets	652,445	562,828
Refundable lease deposit (Note 8)	11,840	-
Right-of-use assets (Note 9)	130,615	-
Total assets	794,900	562,828
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	328,337	229,092
Short-term loan from a third party (Note 11)	39,466	-
Due to related parties (Note 14)	57,114	57,195
Lease liabilities – short-term (Note 9)	66,143	-
Total current liabilities	491,060	286,287
Lease liabilities – long-term (Note 9)	52,818	-
Total liabilities	543,878	286,287
Shareholders' equity		
Share capital (Note 13)	1,660,722	895,735
Additional paid-in capital (Note 13)	478,061	478,061
Accumulated other comprehensive income	(16,417)	(21,057)
Deficit	(1,871,344)	(1,076,198)
Total shareholders' equity	251,022	276,541
Total liabilities and shareholders' equity	794,900	562,828

On behalf of the Board:

“He Yang”

Director

“Lillian Liu”

Director

Smartwell Technology Inc.

Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian dollars

For the years ended December 31,

	2024	2023
	\$	\$
Revenue		
Sales of goods	157,124	240,271
Service income – system development (Note 16)	2,053,952	1,406,657
Service income – technology consulting	267,293	470,575
	2,478,369	2,117,503
Costs		
Costs of goods sold	(154,079)	(134,528)
Service costs	(220,958)	(131,259)
	(375,037)	(265,787)
Gross profit	2,103,332	1,851,716
General and administrative expenses		
Accretion of interest (Note 9)	(959)	-
Amortization of right-of-use assets (Note 9)	(5,369)	-
Depreciation (Note 12)	-	(13,190)
Office and miscellaneous	(12,037)	(17,607)
Other taxes and surcharges	(19,863)	-
Professional services	(259,037)	(357,388)
Research and development expenses	(2,277,269)	(1,378,945)
Salary and benefits	(181,892)	(150,431)
Listing expenses	(133,008)	(142,972)
Travel expenses	(9,107)	(15,438)
Recovery (allowance) of credit loss (Note 6)	63	(378,080)
	(2,898,478)	(2,454,051)
Other income		
Government grant	-	7,486
	-	7,486
Net loss before income tax	(795,146)	(594,849)
Income taxes (Note 19)	-	(23,627)
Net loss for the year	(795,146)	(618,476)
Other comprehensive loss		
Exchange difference on translating foreign operations	4,640	(26,658)
Comprehensive loss for the year	(790,506)	(645,134)
Basic and diluted loss per common share	(0.01)	(0.01)
Weighted average number of common shares – basic and diluted	93,590,959	92,604,521

Smartwell Technology Inc.
Consolidated Statements of Changes in Equity
Expressed in Canadian dollars

	Number of shares issued	Share capital	Additional paid-in capital	Subscription receivable	Accumulated other comprehensive income (loss)	Retained earnings (Deficit)	Total
		\$	\$	\$	\$	\$	\$
Balance, December 31, 2022	91,830,000	542,150	478,061	(200)	5,601	(457,722)	567,890
Shares issued for cash	1,850,000	353,585	-	-	-	-	353,585
Subscription receivable	-	-	-	200	-	-	200
Loss for the year	-	-	-	-	-	(618,476)	(618,476)
Foreign currency translation difference	-	-	-	-	(26,658)	-	(26,658)
Balance, December 31, 2023	93,680,000	895,735	478,061	-	(21,057)	(1,076,198)	276,541
Shares issued for cash	4,050,000	784,429	-	-	-	-	784,429
Shares issuance costs	-	(19,442)	-	-	-	-	(19,442)
Loss for the year	-	-	-	-	-	(795,146)	(795,146)
Foreign currency translation difference	-	-	-	-	4,640	-	4,640
Balance, December 31, 2024	97,730,000	1,660,722	478,061	-	(16,417)	(1,871,344)	251,022

Smartwell Technology Inc.

Consolidated Statements of Cash Flows

Expressed in Canadian dollars

For the years ended December 31,

	2024	2023
	\$	\$
Operating activities		
Net loss before income tax for the year	(795,146)	(594,849)
Items not affecting cash		
Accretion of interest	959	-
Amortization of right-of-use assets	5,369	-
Depreciation	-	13,190
Allowance (recovery) of credit loss	(63)	378,080
Changes in non-cash working capital:		
Accounts receivable	(116,679)	(101,600)
Other receivables	37,960	70,843
Accounts payable and accrued liabilities	85,028	54,605
Contract assets	-	(4,221)
Prepays	208,659	(118,079)
Refundable lease deposit	(11,438)	-
Due to/from related parties	53	95,592
	(585,298)	(206,439)
Income tax paid	-	(14,496)
Total cash used in operating activities	(585,298)	(220,935)
Financing activities		
Shares issued for cash	764,987	353,785
Lease payment	(17,586)	-
Net loan (paid to)/repaid from employees	39,042	(89,701)
Loan to a related party	(54,273)	(118,290)
Loan from a third party	38,126	-
Total cash provided by financing activities	770,296	145,794
Change in cash	184,998	(75,141)
Effect of exchange rate changes on balance of cash held in foreign currencies	(2,986)	(9,292)
Cash, beginning of the year	20,582	105,015
Cash, ending of the year	202,594	20,582

Supplement disclosure in respect with cash flows (Note 18)

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2024 and 2023

1. NATURE OF OPERATIONS

Smartwell Technology Inc. ("Smartwell" or the "Company") was incorporated on June 22, 2021, by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). The head office and registered office of the Company is located at 1600 – 409 Granville Street, Vancouver, British Columbia, V7C 1T2.

On July 7, 2022, the Company completed an equity exchange arrangement with Beijing Zhongnong Internet Information Co., Ltd. ("Beijing Zhongnong") and its subsidiaries under common control, whereby it acquired 100% ownership of Beijing Zhongnong and its subsidiaries through Zhongnong Internet Group Limited ("HongKong Zhongnong") a fully owned subsidiary in Hong Kong. As a result of this reorganization, the Company is involved in the business of providing IT consulting, data technology and software service to businesses in China. The Company has accounted for the common control transaction in a manner similar to a pooling of interests with the assets and liabilities of the parties to the reorganization carried over at their historical amounts whereby the consolidated financial statements have been retrospectively restated as if the businesses had always been combined.

2. BASIS OF PREPARATION

Statement of compliance

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 2nd, 2026.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollar ("C\$"), which is the functional currency of the parent company, Smartwell. The Company's subsidiaries are measured using the currency of the primary economic environment in which the subsidiaries operate ("the functional currency"), which is the Chinese Renminbi ("RMB") for Beijing Zhongnong and its subsidiaries in China. These consolidated financial statements have been translated to the Canadian dollar in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period).

Transactions and balances

In preparing the consolidated financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2024 and 2023

2. BASIS OF PREPARATION (cont'd...)

Consolidation

These consolidated financial statements include the balances and results of the Company and those entities over which the Company exercises control:

Subsidiary	Jurisdiction	Date of incorporation	Nature of business	Direct or Indirect Ownership	
				December 31, 2024	December 31, 2023
Zhongnong Internet Group Limited ("HongKong Zhongnong")	Hong Kong, China	April 14, 2022	Holding company	100%	100%
Beijing Zhongnong Internet Information Co., Ltd. ("Beijing Zhongnong")	Beijing, China	May 25, 2015	Technology services	100%	100%
Nanjing Weifen Space Technology Co. Ltd. ("Nanjing Weifen")	Nanjing, China	May 15, 2019	Technology services	100%	100%
Beijing Weifen Qihang Technology Co., Ltd. (Beijing Weifen")	Beijing, China	March 1, 2021	Technology services	100%	100%

The Company consolidates these subsidiaries on the basis that it controls these subsidiaries. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. All intercompany transactions and balances have been eliminated on consolidation.

Going Concern

These consolidated financial statements have been prepared in accordance with IFRS on a going concern basis which assumes the continued realization of assets and satisfaction of liabilities and commitments in the normal course of business.

These consolidated financial statements do not indicate any adjustments that might be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities other than in the normal course of business.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company had accumulated deficit of \$1,871,344 and working capital of \$161,385 as of December 31, 2024, incurred a net loss of \$795,146 and \$618,476 and had negative cash flows from operations of \$585,298 and \$220,935 for the years ended December 31, 2024 and 2023 respectively. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to raise capital from new equity or debt, the successful development and marketing of its products, and attaining profitable operations in the future. If the Company is unable to continue as a going concern, then the carrying value of certain assets and liabilities could differ materially from the values presented in the consolidated financial statements.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2024 and 2023

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) Going concern evaluation

As discussed in note 2, these consolidated financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period.

b) Valuation of deferred tax assets and liabilities

Deferred tax assets and liabilities require management judgment in order to determine the amounts to be recognized. This includes assessing the timing of the reversal of temporary differences to which deferred income tax rates are applied. Deferred tax assets are estimated with consideration given to the timing, sources and amounts of future taxable income.

c) Expected credit loss

The Company makes estimates for expected credit loss in respect of accounts receivables, other receivables, contract assets, loan to employees, loan to a related party and due from related parties based on IFRS 9 – Financial instruments. The expected credit loss is estimated based on management's assessment of the credit history with the customers, current relationship with them and also taking into consideration of forward-looking information. A change in customers' payment behavior or financial position could impact the expected credit loss recorded in the accounts. If actual credit losses differ from estimates, future earnings would be affected.

d) Interest rates

The Company estimates a market interest rate in determining the fair value of the liability component of its loan payable and an incremental borrowing rate in determining the right-of-use asset. The determination of market interest rate is subjective and could significantly affect the fair value estimate.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2024 and 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset, either explicitly or implicitly, including consideration of supplier substitution rights;
- The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

The Company applies the exemption not to recognize right-of-use assets (“ROU”) and lease liabilities for leases relating to low-value assets. The ROU asset is initially measured based on the initial amount of the lease liability plus any initial direct costs incurred less any lease incentives received. The ROU asset is depreciated to the end-of-the-useful-life or the lease term, whichever comes earlier, using the straight-line method. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method and remeasured when there is a change in future lease payments.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Under IFRS 16, the Company recognizes right of use assets and lease liabilities for all leases except where the Company has elected to use the practical expedient to not recognize right-of-use assets and lease liabilities for low-value assets or short-term leases under 1 year that are not expected to renew. As of the adoption date, the Company only had one short-term lease relating to office where no right-of-use assets or lease liabilities were recognized.

Revenue recognition

The Company's arrangements with customers include system design, development and implementation services, either with or without hardware sales as add-ons; general technology consulting services; and hardware sales.

The Company applies the five-step model to contracts when it is probable that the Company will collect the consideration that it is entitled to in exchange for the services and goods transferred to the customer.

At contract inception, the Company assesses services promised within each contract that falls under the scope of IFRS 15, to identify distinct performance obligations.

Revenue from the sale of hardware is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer (i.e. the goods are delivered), recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2024 and 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Revenue recognition (cont'd...)

Revenue from the sale of hardware is measured at the fair value of the consideration received or receivable, net of returns. There were no material returns during the years ended December 31, 2024 or 2023.

Revenue related to system design, development and implementation services are recognized over a period of time as the services are provided. Services related to the system design, development and implementation sometimes involves the sales of hardware which is considered as an integrated required element of the service and are essential to the functionality for the customer, and therefore are not separately accounted. Revenue from the system design, development and implementation is charged on a fixed price basis.

Revenue from general technology consulting services is charged on a fixed price basis and is recognized over a period of time as the services are provided.

For revenue related to system design, development and implementation services, and general technology consulting services, the Company recognizes revenue over a period of time using output method as the Company's performance does not create an asset with alternative use and the Company has an enforceable right to payment for work completed to date. The output method, based on milestones achieved or services delivered as outlined in customer agreements, faithfully depicts the transfer of services to the customer.

The Company has no uncompleted sales contracts as at December 31, 2024 and 2023, therefore, there is no revenue recognized from prior year's satisfied or partially satisfied performance obligation and also there is no amount of the transaction price allocated to performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period-

For certain system design, development and implementation services contracts, the customers require the Company to provide a warranty for a period of 1 years after the completion of the implementation. The Company determines that such product warranty is not a separate performance obligation because the nature of the warranty is to provide assurance that a product will function as expected and comply with agreed-upon specifications. The Company has not sold the warranty separately. Because of the nature of the projects, including contract owner inspections of the work prior to acceptance, the Company has not paid material warranty costs in the past and the management does not expect such material payments in the future, and therefore does not consider an accrual for these costs is necessary.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Smartwell Technology Inc.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Income taxes (cont'd...)

Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that the future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Research and development costs

Expenditure on research activities is recognized as an expense as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete the development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognized as an expense as incurred.

As at December 31, 2024 and 2023, there are no capitalized research and development costs.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Financial instruments

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

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For the years ended December 31, 2024 and 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Financial instruments (cont'd...)

Financial assets

The Company will classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, based on its business model for managing the financial asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

- a) Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:
 - the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- b) Fair value through other comprehensive income - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- c) Fair value through profit or loss ("FVTPL") - any financial assets that are not held in one of the two business models mentioned are measured at FVTPL.

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

The Company's financial assets are comprised of cash which is classified as fair value through profit or loss, accounts receivables, other receivables, due from related parties, loan to employees and loan to a related party which are measured at amortized cost.

Financial liabilities

The Company's liabilities include accounts payable and accrued liabilities, lease liabilities and due to related parties which are all measured at amortized cost. After initial recognition, an entity cannot reclassify any financial liability.

Financial assets and liabilities are offset, and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of non-financial assets

Non-financial assets include fixed assets. Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation are based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

Smartwell Technology Inc.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Expected credit losses

The Company assesses at each reporting date whether there is any evidence that its trade receivables, other receivables, contract assets, due from related parties, loan to employees, loan to a related party and refundable lease deposit are impaired. The Company uses the simplified approach for measuring impairment for its trade receivables without a significant financing component, and other receivables, loan to employees, loan to a related party and refundable lease deposit. For these financial assets, the Company does not determine if the credit risk for these instruments has increased significantly since initial recognition. Instead, a loss allowance is recognized based on lifetime expected credit losses ("ECL") at each reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. In addition, the Company also uses the individual specific valuation method to estimate the credit loss for accounts receivables aged over one year. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Contract assets and liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognized as revenue when the Company performs under the contract. A contract liability would also be recognised if the Company has an unconditional right to receive consideration before the Company recognises the related revenue.

Segment reporting

The management has determined that the Company operates as one segment. The Company's chief operating decision maker reviews financial information on an aggregated and consolidated basis, together with certain operating and performance measures principally to make decisions about how to allocate resources and to measure the Company's performance.

Earnings per share

Basic earnings or loss per share represents the profit or loss for the period, divided by the weighted average number of common shares in issue during the period. Diluted earnings or loss per share represents the profit or loss for the period, divided by the weighted average number of common shares in issue during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

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For the years ended December 31, 2024 and 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd...)

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

Government grants

Government grants are recognized when there is reasonable assurance that (a) the Company will comply with the conditions attaching to them; and (b) the grant will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes the related costs for which the grants are intended to compensate.

New and amended and future accounting pronouncements

Accounting standards and amendments to existing accounting standards that have been issued but have future effective dates:

IFRS 18 – Presentation and Disclosure in Financial Statements Effective for annual periods beginning on or after 1 January 2027.

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation in Financial Statements. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for “operating profit or loss”, “profit or loss before financing and income taxes” and “profit or loss”.

5. CASH

As of December 31, 2024, cash of \$113,956 (RMB 577,481) (December 31, 2023 - \$20,163 (RMB 107,611)) resided in Mainland China. Under Chinese law, cash advanced to the Company’s Chinese subsidiaries as registered share capital is maintained in the subsidiaries’ registered capital bank account. Accordingly, the remittance of these funds back to Canada requires approvals by the relevant government authorities or designated banks in China, or both.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

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For the years ended December 31, 2024 and 2023

6. ACCOUNTS RECEIVABLE

	December 31, 2024	December 31, 2023
Receivables from third-party customers	\$ 645,375	\$ 498,124
Allowance for expected credit loss	(477,800)	(453,752)
	<u>\$ 167,575</u>	<u>\$ 44,372</u>

Set out below is the movement in the allowance (recovery) of expected credit loss of trade receivables:

	Expected credit loss
Balance, December 31, 2022	\$ 97,155
Expected credit loss of accounts receivable	367,801
Foreign exchange effect	(11,204)
Balance, December 31, 2023	<u>453,752</u>
Expected credit loss (recovery) of accounts receivable	(63)
Foreign exchange effect	24,111
Balance, December 31, 2024	<u>\$ 477,800</u>

7. OTHER RECEIVABLES

As of December 31, 2024 and 2023, other receivables mainly consisted of advances to employees for contract implementation activities, which will be expensed when expenses occurred.

8. REFUNDABLE LEASE DEPOSIT

Refundable lease deposit as of December 31, 2024 are refundable deposit paid for the office lease (Note 9), which is expected to be collected more than 1 year after the financial reporting date. There is no current refundable lease deposit as of December 31, 2024

9. RIGHT OF USE ("ROU") ASSETS AND LEASE LIABILITIES

On December 5, 2024, the Company entered into an office lease agreement for a 24-month lease period starting December 16, 2024. The monthly lease payment is \$5,862 (RMB30,750). In accordance with IFRS 16 *Leases*, the Company recorded right-of-use assets of \$136,174 and recognized lease liabilities of \$136,174 on commencement of the lease. As at December 5, 2024, the Company measured the present value of its lease liabilities using a discount rate of 7.2% as determined from its incremental borrowing rate.

a) Right-of-use assets

A reconciliation of the Company's right-of-use assets for the year ended December 31, 2024 as follows:

	Total
Balance, December 1, 2022 and 2023	\$ -
Initial recognition of new office lease	136,174
Amortization of ROU assets	(5,369)
Foreign exchange effect	(190)
Balance, December 31, 2024	<u>\$ 130,615</u>

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2024 and 2023

9. RIGHT OF USE (“ROU”) ASSETS AND LEASE LIABILITIES (cont’d...)

b) Lease liabilities

A reconciliation of the Company’s lease liabilities for the year ended December 31, 2024 is as follows:

	Total	
Balance, December 1, 2022 and 2023	\$	-
Initial recognition of new office lease		136,174
Accretion of interest		959
Lease payment		(17,586)
Foreign exchange effect		(586)
Balance, December 31, 2024	\$	118,961

	December 31, 2024	December 31, 2023
Short-term portion of lease liability	\$ 66,143	\$ -
Long-term portion of lease liability	\$ 52,818	\$ -

Maturity Analysis of Lease Liabilities

The following table details the undiscounted cash flows of the Company's lease liabilities on an annual basis, reconciled to the carrying amount presented in the statement of financial position:

	31 December 2024
No later than 1 year	\$70,343
Later than 1 year and no later than 2 years	52,757
Total undiscounted lease payments	123,101
Less: Impact of discounting	4,140
Total carrying amount of lease liabilities	118,961

10. LOAN TO EMPLOYEES

As of December 31, 2024, the Company has interest free loans of \$52,362 (December 31, 2023 - \$88,095) to two employees. There is no written loan agreement. The loans are due on demand and have no fixed term of repayment. The continuity of loan to employees are as follows:

	Loan to employees
Balance as of December 31, 2022	\$ -
Loan to employee	91,080
Repayment	(1,379)
Foreign exchange effect	(1,606)
Balance as of December 31, 2023	88,095
Loan to employee	58,789
Repayment	(97,831)
Foreign exchange effect	3,309
Balance as of December 31, 2024	\$ 52,362

As of the date of issuance of the consolidated financial statements, the balance of loan to employees has been fully repaid.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

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For the years ended December 31, 2024 and 2023

11. SHORT-TERM LOAN FROM A THIRD PARTY

As of December 31, 2024, the Company received a short-term loan of \$39,466 (RMB200,000) from an arm-length party. The short-term loan is non interest bearing and to be repaid by December 31, 2025.

In March 2025, The Company repaid \$20,588 (RMB 108,000) short-term loan and the remaining loan balance is expected to be repaid before December 31, 2025.

12. PROPERTY AND EQUIPMENT

	Equipment
Cost	
Balance, December 31, 2022	\$ 40,800
Foreign exchange effect	(1,938)
Balance, December 31, 2023 and 2024	\$ 38,862
Accumulated amortization	
Balance, December 31, 2022	27,200
Additions	13,190
Foreign exchange effect	(1,528)
Balance, December 31, 2023 and 2024	\$ 38,862
Carrying amounts	
At December 31, 2023 and 2024	\$ -

13. SHAREHOLDERS' EQUITY

Authorized - unlimited number of common shares without par value

Share issuance

At December 31, 2024, the Company had 97,730,000 (December 31, 2023 – 93,680,000) common shares issued and outstanding.

On October 10, 2024, the Company issued 2,500,000 shares at RMB1.00 per share for gross proceeds of \$478,940. The Company paid/accrued cash finders' fees of \$19,442.

On December 20, 2024, the Company issued 1,550,000 shares at RMB1.00 per share for gross proceeds of \$305,489.

During the year ended December 31, 2023, the Company issued 1,850,000 shares at RMB1.00 per share for gross proceeds of \$353,585 (RMB 1,850,000).

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

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For the years ended December 31, 2024 and 2023

14. RELATED PARTY TRANSACTIONS

i) During the year ended December 31, 2024, the Company paid or accrued a salary of \$25,163 (2023 - \$22,895) and social welfare fund contribution of \$7,435 (2023 - \$7,281) to the director and CEO of the Company. As of December 31, 2024, the Company was owed \$20,477 (December 31, 2023 - \$21,852) by the CEO.

As of December , 2024, the Company also has an interest free loan of \$178,527 (December 31, 2023 - \$116,172) due from the director and CEO. There is no written loan agreement. The loan is due on demand and has no fixed term of repayment. The continuity of loan to CEO is as follows:

	Loan to CEO
Balance as of December 31, 2022	\$ -
Loan to CEO	302,787
Repayment	(184,497)
Foreign exchange effect	(2,118)
Balance as of December 31, 2023	116,172
Loan to CEO	170,406
Repayment	(116,133)
Foreign exchange effect	8,082
Balance as of December 31, 2024	\$ 178,527
Subsequent payment	\$ 178,527
Balance as of November 6, 2025	\$ -

ii) During the year ended December 31, 2024, the Company paid or accrued a salary of \$91,503 (2023 - \$91,580) and social welfare fund contribution of \$25,714 (2023 - \$23,944) for the CTO of the Company. The amount was recorded as service costs. As of December 31, 2024, the Company owed to the CTO \$57,114 (December 31, 2023 - \$31,358).

iii) During the year ended December 31, 2024, the Company paid or accrued legal fee (professional services) of \$50,320 (2023 - \$68,320) to a law firm of which a partner is a director of the Company. As of December 31, 2024, the Company owed to the law firm \$Nil (December 31, 2023 - \$4,480) which is recorded in due to related parties.

iv) During the year ended December 31, 2024, the Company accrued consulting fee (professional services) of \$Nil (2023 - \$26,145) to Bizfield Accelerator Inc. ("Bizfield"), a company controlled by the same director. As of December 31, 2024, the Company owed to the Bizfield \$Nil (December 31, 2023 - \$2,620) which is recorded in due to related parties.

On August 8, 2020, the Company entered into a Financing and Listing Service Agreement with Bizfield, according to which, Bizfield will providing consulting service to assist the Company going public in Canada for a total service fee of \$133,500. The service fee is payable by a) \$90,000 in shares (issued); b) \$22,500 within 5 business days after a pre-filing meeting with TSX-V (paid); and c) \$21,000 within 5 business days after listing.

v) As of December 31, 2024, the Company had a payable of \$Nil (December 31, 2023 - \$18,737) to Beijing Hanpu Biotech Co., Ltd. ("Hanpu"), a company controlled by Yang He, the CEO and Director of the Company.

Due to and from related parties do not bear interest, are unsecured and repayable on demand.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

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14. RELATED PARTY TRANSACTIONS (cont'd...)

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

Other than the transactions disclosed above, there was no other compensation paid to key management during years ended December 31, 2024 and 2023.

15. CAPITAL RISK MANAGEMENT

The Company defines capital as the items included in shareholders' equity. The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern, ensure sufficient capital and liquidity to complete its technology developments, establish commercial markets and pursue its growth strategy.

To support these objectives, the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. In order to maximize the development efforts, the Company does not pay out dividends during its development stage.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the reporting period.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2024 and 2023, the Company's financial instruments comprised cash, accounts receivable, other receivables, due to/from related parties, loan to employees, loan to a related party, refundable lease deposit, accounts payable and accrued liabilities, and lease liabilities. With the exception of cash, all financial instruments held by the Company are measured at amortized cost. The fair values of these financial instruments approximate their carrying value due to their short-term maturities except for long-term lease liabilities. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values.

The levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at December 31, 2024 and 2023, the fair value of cash held by the Company was based on Level 1 of the fair value hierarchy. Significant unobservable inputs are used in discount cash flows method to determine the fair value of the lease liabilities. Consequently, these fair value measurements are classified within Level 3 of the fair value hierarchy. There were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy during the years ended December 31, 2024 and 2023.

The Company's receivables, accounts payable and accrued liabilities, due to/from related parties, loan to/from employees, refundable lease deposit and related parties are measured at amortized cost. The Company's carrying values of these items approximate their fair value due to the relatively short periods to maturity of the instruments. The carrying amounts of lease liabilities approximate their fair value as they are discounted at the current market rate of interest.

Smartwell Technology Inc.

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16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

The Company's financial instruments are exposed to certain financial risks, including credit risk, currency risk, liquidity risk, interest rate risk, and concentration risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. As of December 31, 2024 and 2023, the Company was primarily exposed to credit risk attributable to cash, trade receivable, other receivables, due from related party, loan to employees and a related party, and refundable lease deposit. The maximum credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 4 Material Accounting Policy Information – Expected Credit Loss. The Company limits exposure to credit risk attributable to cash by maintaining its cash with large financial institutions.

The Company regularly reviews the collectability of its trade receivable and other receivables and establishes an allowance account for credit losses based on its best estimate of any potentially uncollectible amounts. As December 31, 2024, the Company estimated an allowance of credit loss of 100% (December 31, 2023 - 100%) for accounts receivable outstanding from the customers that are individually assessed due to significant credit risk identified and 0.00% (December 31, 2023 – 0.14%) on remaining accounts receivable. The Company considers trade receivables outstanding for more than one year as at the reporting date to represent a significant increase in credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at December 31, 2024, the Company had a cash balance of \$202,594 (December 31, 2023 - \$20,582) to settle current liabilities of \$491,060 (December 31, 2023 - \$286,287). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company needs further funding to meet its short-term and long-term cash requirements.

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. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risks is insignificant.

Concentration risk

During the year ended December 31, 2024, revenue from three customers is over 10% of the total revenue, the total of which is RMB 11,788,199 (\$2,247,210) (2023 – two customers, RMB 6,570,755; \$1,253,640), representing 91% (2023 – 59%) of total revenue of the period.

For the year ended December 31, 2024	Amount	Percentage of total revenue
Customer D	\$ 1,633,124	66%
Customer B	353,316	14%
Customer C	260,770	11%
	2,247,210	91%

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

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For the years ended December 31, 2024 and 2023

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Concentration risk (cont'd...)

For the year ended December 31, 2023	Amount	Percentage of total revenue
Customer D	\$ 935,955	44%
Customer E	317,685	15%
	\$ 1,253,640	59%

As of December 31, 2024, accounts receivable from three customers is RMB743,490 (\$146,714) (December 31, 2023 – two customers, RMB219,692 (\$41,165)), accounted for 87.6% of total accounts receivable (December 31, 2023 – two customers, accounted for 92.8% of total accounts receivable). Accounts receivable from customer D presents Nil% of total accounts receivable at December 31, 2024.

During the year ended December 31, 2024, purchase from one supplier is over 10% of major purchases consisting of services costs, cost of goods sold and research and development expenses. Purchase from that one supplier is RMB9,669,811 (\$1,843,379) (2023 – another one supplier, RMB5,472,370; \$1,044,086), representing 56% (2023 – 38%) of total major purchases of the period.

17. SEGMENTED INFORMATION

The Company has one reportable segment: the IT consulting, data technology and software service in China. The management has determined that the Company operates as one segment. The Company's chief operating decision maker reviews financial information on an aggregated and consolidated basis, together with certain operating and performance measures principally to make decisions about how to allocate the resources and to measure the Company's performance.

All revenues are derived from external customers in PRC. The Company's non-current assets, excluding financial instruments, mainly comprise of right-of-use assets related to lease located in PRC.

18. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended December 31, 2024, the Company recorded:

- 1) \$136,173 of lease liability in exchange for the right-of use assets.
- 2) \$14,581 of share issuance costs in loan to a related party and \$4,861 in accounts payable.

There were no significant non-cash investing and financing transactions during the year ended December 31, 2023.

Smartwell Technology Inc.

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19. PROPOSED TRANSACTIONS

Proposed financing with Research Capital Corporation

On August 25, 2022, the Company accepted a financing proposal from Research Capital Corporation ("RCC"), according to which, RCC will act as lead agent and sole bookrunner, on a best-efforts basis, for a brokered private placement offering of up to 2,500,000 units (the "Units") a price of \$0.20 per Unit for gross proceeds up to \$500,000 (the "Initial Offering").

Each Unit will consist of one common share of the Company and one common share purchase warrant. Each Warrant will entitle the holder to purchase one common share of the Company at an exercise price of \$0.50 in a 24-month period.

Upon closing of the Initial Offering, the Company intends to complete a subsequent private placement of a \$1,500,000 (the "Subsequent Offering") in subscription receipts. Each one subscription receipt will be automatically exchanged into one Unit under the same terms as the Initial Offering.

The Company will grant RCC an option (the "Over-Allotment Option") to increase the number of Units to be sold in Subsequent Offering by up to 15%.

The Company will pay to RCC a cash commission equal to 6% of the gross proceeds arising from the Initial Offering and Subsequent Offering. The Company will also grant RCC broker warrants exercisable at \$0.20 per Unit within 24-month period to purchase the number of Units of the Company in an amount equal to 6% of the number of Units and subscription receipts issued in the Initial Offering and Subsequent Offering.

At closing, the Company also shall pay to RCC a corporate finance fee equal to 2% of the gross proceeds arising from the Initial Offering and Subsequent Offering, and corporate finance fee warrants exercisable at \$0.20 per Unit within 24-month period to purchase the number of Units of the Company in an amount equal to 2% of the number of Units and subscription receipts issued in the Initial Offering and Subsequent Offering.

In addition, upon closing, the Company shall pay to RCC a work fee of \$50,000 plus GST. Upon execution of this proposal, the Company shall pay RCC \$15,000 (paid) as a retainer.

The Company is responsible for RCC's reasonable expenses related to the offering, including but not limited to estimated legal fees of \$45,000 and other disbursements and expenses of \$10,000. The Company paid \$15,000 as a retainer to RCC to be applied against the expenses incurred by RCC.

Proposed transaction with Inceptus Capital Ltd.

Inceptus Capital Ltd. (the "Inceptus") was incorporated under the provincial Business Corporations Act (British Columbia) on February 1, 2017 and its registered office is at 530, 355 Burrard Street, Vancouver, BC V6C 2G8 Canada. On November 9, 2017, the Company completed its initial public offering ("IPO") and listed on the TSX Venture Exchange ("TSX-V") under the symbol of "ICLP". The Company is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX-V.

On January 17, 2022, the Company and Inceptus entered into a letter of intent (the "LOI"), pursuant to which, Inceptus will acquire 100% of the issued common shares of the Company by issuing one share in exchange for every one outstanding common share of the Company.

On May 27, 2022 the Company and Inceptus agreed to change the terms of the LOI to a Binding Letter Of Intent (the "BLOI"). The terms and conditions in the LOI dated January 17, 2022 remain unchanged. As consideration, the Company paid a non refundable deposit of \$30,000 which will be used for the retainer for Inceptus' legal counsel and auditors and promotion expenses. If the Company terminates the BLOI, the \$30,000 will be forfeited by Inceptus as the break fee, and the Company will pay an additional \$20,000 break fee.

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2024 and 2023

20. INCOME TAX

The Company is subject to income taxes on income generated in the jurisdictions in which it does business.

Pursuant to the China Income Tax Laws, the statutory tax rate of the Enterprise Income Tax (“EIT”) for the years ended December 31, 2024 and 2023 was 20%, being normal EIT rate at 25% minus temporary COVID relief of 5%. Beijing Zhongnong, Nanjin Weifen and Beijing Wenfei are subject to income tax in China.

According to the tax laws in Hong Kong, the income tax rate is 16.5% on income earned in that jurisdiction. Hong Kong Zhongnong has no operation from its incorporation on April 14, 2022 to December 31, 2024.

According to Canadian federal and provincial enacted Corporate Tax Act, the income tax rate is 27% for the years ended December 31, 2024 and 2023.

A reconciliation of income taxes at Canadian statutory rates (2024 – 27%; 2023 – 27%) with the reported taxes is as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
	\$	\$
Loss for the year before income tax	(795,146)	(594,849)
Expected income tax	(214,689)	(160,609)
Differentials in statutory, tax rate of foreign jurisdictions, foreign exchange rate and other	118,631	152,058
Permanent differences	(7,226)	(211,605)
Change in unrecognized tax benefits	103,284	243,783
Total income tax expenses	-	23,627

The following is the analysis of recognized deferred tax liabilities and deferred tax assets:

	2024	2023
	\$	\$
Deferred tax assets		
Share issuance costs	4,000	-
Non-capital losses	371,362	499,293
Deferred tax assets	375,362	499,293
Unrecognized deferred tax assets	(375,362)	(499,293)
Net deferred tax assets (liabilities)	-	-

Smartwell Technology Inc.

Notes to the Consolidated Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2024 and 2023

20. INCOME TAX (cont'd...)

The significant components of the Company's deductible temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	2024	Expiry Date Range	2023	Expiry Date Range
	\$		\$	
Temporary differences:				
Share issuance costs	4,000	2045-2049	-	Not applicable
Non-capital losses available for future periods				
China	3,177,805	2025-2034	1,900,232	2024-2033
Canada	701,454	2042-2044	441,653	2041-2043

Tax attributes are subject to review, and potential adjustment, by tax authorities.

21. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

The Company evaluated subsequent events and transactions that occurred after the balance sheet date through the date of these consolidated financial statements are available for issuance Except as otherwise described in these consolidated financial statements, the Company did not identify any subsequent events that would require adjustment or disclosure in the consolidated financial statements.

SMARTWELL TECHNOLOGY INC.
Management Discussion and Analysis
For the Year Ended December 31, 2024

This discussion and analysis of financial position and results of operations (“MD&A”) is prepared as at March 2nd, 2026 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2024 and 2023 of Smartwell Technology Inc. (the “Company” or “Smartwell”) with the related notes thereto. Those financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company’s management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

Forward-Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company’s future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to internet and social media industry (see section “Business Risks” herein). Forward-looking information is, in addition, based on various assumptions including, without limitation, the expectations and beliefs of management, that the Company can access financing, appropriate equipment and sufficient labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements.

Description of Business

Smartwell was incorporated on June 22, 2021, by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia). The head office and registered office of the Company is located at 1600 – 409 Granville Street, Vancouver, British Columbia, V7C 1T2.

On July 7, 2022, the Company completed an equity exchange arrangement with Beijing Zhongnong Internet Information Co., Ltd. (“Beijing Zhongnong”) and its subsidiaries under common control, whereby it acquired 100% ownership of Beijing Zhongnong and its subsidiaries through the Company’s wholly owned subsidiary Zhongnong Internet Group Limited (“HongKong Zhongnong”) in Hong Kong. As a result of this reorganization, the Company is involved in the business of providing IT consulting, data technology and software service to businesses in China.

Smartwell, through its subsidiaries in China, is involved mainly in internet technology and service business in China:

1) System development services

The main business of Beijing Zhongnong is providing Controlled Environment Agriculture (CEA) system development services, which improves the quality and yield of crops for high-value indoor farming customers to enhance economic benefits and to make the whole growing process smarter and greener.

The system development and implementation service could be performed as service alone, or at sometimes it is combined with sales to customers of electronic devices (sensors, monitors, transmitters, computers and other electronic devices) that are needed in order to deliver the final product/result.

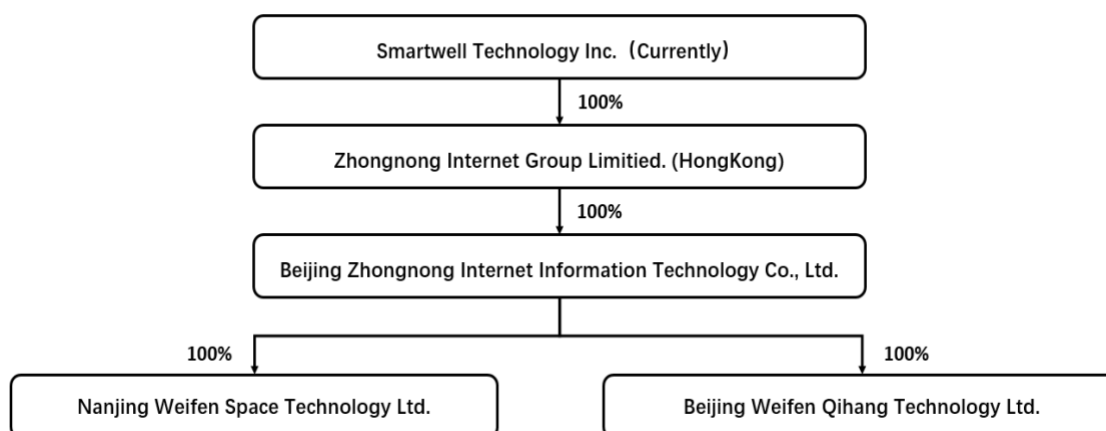
2) Technology consulting services

Various technology consulting services other than their major IT services as described in 1), namely the CEA services.

3) Hardware sales

Beijing Zhongnong sells electronic devices to its customers as per their request in a stand-alone contract.

Corporate Structure



Smartwell was incorporated on June 22, 2021 pursuant to the provisions of the Business Corporations Act (British Columbia), Canada.

Zhongnong Internet Group Limited (“HongKong Zhongnong”) was incorporated on April 14, 2022 in Hong Kong. Beijing Zhongnong Internet Information Co., Ltd. (“Beijing Zhongnong”) was incorporated on May 25, 2015 in Beijing, China.

Nanjing Weifen Space Technology Co. Ltd. (“Nanjing Weifen”) was incorporated on May 15, 2019 in Nanjing, Jiangsu Province, China.

Beijing Weifen Qihang Technology Co., Ltd. (Beijing Weifen”) was incorporated on March 1, 2021 in Beijing China

On July 7, 2022, the Company, HongKong Zhongnong and each of the 15 shareholders of Beijing Zhongnong, entered into an equity exchange agreement. Pursuant to the agreements, the Company issued a total of 88,000,000 common shares to the shareholders of Beijing Zhongnong, while the 15 shareholders transferred their 100% shareholdings in Beijing Zhongnong to HongKong Zhongnong, a wholly-owned subsidiary incorporated by the Company for the purpose of this transaction. As a result of the share exchange, the 15 original Beijing Zhongnong shareholders owned 100% of the Company on July 7, 2022, immediately after the share exchange, and the Company owns 100% of Beijing Zhongnong through its subsidiary, HongKong Zhongnong.

Company overview

Proposed transaction with Inceptus Capital Ltd.

Inceptus Capital Ltd. (the “Inceptus”) was incorporated under the provincial Business Corporations Act (British Columbia) on February 1, 2017 and its registered office is at 530, 355 Burrard Street, Vancouver, BC V6C 2G8 Canada. On November 9, 2017, Inceptus completed its initial public offering (“IPO”) and listed on the TSX Venture Exchange (“TSX-V”) under the symbol of “ICLP”. Inceptus is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX-V.

On January 17, 2022, the Company and Inceptus entered into a letter of intent (the “LOI”), pursuant to which, Inceptus will acquire 100% of the issued common shares of the Company by issuing one share in exchange for every one outstanding common share of the Company.

On May 27, 2022 the Company and Inceptus agreed to change the terms of the LOI to a Binding Letter of Intent (the “BLOI”). The terms and conditions in the LOI remain unchanged. As consideration, the Company paid a non refundable deposit of \$30,000 which will be used for the retainer for Inceptus’ legal counsel and auditors and

promotion expenses. If the Company terminates the BLOI, the \$30,000 will be forfeited to Inceptus as the break fee, and the Company will pay an additional \$20,000 break fee.

Share issuances

During the year ended December 31, 2023, the Company issued 1,850,000 shares at RMB1.00 per share for gross proceeds of \$353,585 (RMB1,850,000).

On October 10, 2024, the Company issued 2,500,000 shares at RMB1.00 per share for gross proceeds of \$478,940. The Company paid/accrued cash finders' fees of \$19,442.

On December 20, 2024, the Company issued 1,550,000 shares at RMB1.00 per share for gross proceeds of \$305,489.

At December 31, 2024, the Company had 97,730,000 (December 31, 2023 – 93,680,000) common shares issued and outstanding.

Selected Annual Financial Information

The following selected financial information is derived from the audited financial statements and notes thereto.

	As at December 31,		
	2024	2023	2022
Current assets	\$ 652,445	\$ 562,828	\$ 728,647
Non-current assets	142,455	-	13,600
Total assets	794,900	562,828	742,247
Current liabilities	491,060	286,287	174,357
Long term liabilities	52,818	-	-
Shareholders' equity	251,022	276,541	567,890
Total liabilities and equity	\$ 794,900	\$ 562,828	\$ 742,247
Working capital	\$ 161,385	\$ 276,541	\$ 554,290

	Years ended December 31,		
	2024	2023	2022
Revenue	\$ 2,478,369	\$ 2,117,503	\$ 1,646,904
Gross profit	2,103,332	1,851,716	1,430,467
Expenses and other items	(2,898,478)	(2,446,565)	(1,510,849)
Net loss before income tax	\$ (795,146)	\$ (594,849)	\$ (80,382)
Income taxes	-	(23,627)	(1,031)
Net loss	\$ (795,146)	\$ (618,476)	\$ (81,413)
Exchange difference on translating foreign operations	4,640	(26,658)	(6,871)
Comprehensive loss	\$ (790,506)	\$ (645,134)	\$ (88,284)
Basic and diluted net loss per share	\$ (0.01)	\$ (0.01)	\$ (0.00)
Dividends per share	\$ -	\$ -	\$ -

Results of Operations

Year ended December 31, 2024 and 2023

During the year ended December 31, 2024, the Company incurred a net loss of \$795,146, compared with \$618,476 for comparative year ended December 31, 2023. The Company currently has generated revenue from providing CEA system development services, general technology consulting services and sales of hardware. As the Company operates under a project-based business model, its results may fluctuate from period to period depending on the timing, scale and nature of projects completed during the year.

The losses are mainly comprised of the following items:

- During the year ended December 31, 2024, the Company generated revenue of \$2,053,952 (2023 - \$1,406,657) from system development service, \$267,293 (2023 - \$470,575) from general technology consulting services and \$157,124 (2023 - \$240,271) from sales of hardware. Corresponding to the revenue, the Company incurred costs of \$220,958 (2023 - \$131,259) in relation to service revenue and \$154,079 (2023 - \$134,528) in relation to the sales of hardware.
- Depreciation of \$Nil (2023 - \$13,190) was mainly from amortizing computer equipment purchased in December 2020. The computer equipment was fully amortized in the year ended December 31, 2023.
- Amortization of right-of-use assets of \$5,369 (2023 - \$Nil) was amortization of leased office over 24 months starting December 16, 2024.
- Office and miscellaneous expenses of \$12,037 (2023 - \$17,607) includes meals and entertainment, office supplies, and other office expenses incurred in Beijing Zhongnong office in China.
- Professional fees of \$259,037 (2023 - \$357,388) are consulting, legal, accounting and audit fees, mainly related to the Company's proposed listing in Canada. Significant professional fees included auditing fee of \$132,841 (2023 - \$137,216), legal fees of \$50,320 (2023 - \$68,320) paid to a law firm of which a director is a founder; accounting fees of \$41,134 (2023 - \$53,366) for preparing the consolidated financial statements.
- Research and development expenses of \$2,277,269 (2023 - \$1,378,945) mainly consisted of purchase of technology and data services in relation to model development. The nature and drivers of the year-over-year change are discussed further under "Research and Development Expenses" below.
- Salary and benefits of \$181,892 (2023 - \$150,431) are general administrative, sales and office employees in China.
- Listing expenses of \$133,008 (2023 - \$142,972) are expenses related to listing in Canada including TSX Venture filing fees, and legal and auditing expenses paid for Inceptus.
- Travel expenses of \$9,107 (2023 - \$15,438) are incurred for travelling in China.
- Recovery of \$63 (2023 - allowance of \$378,080) of credit loss is related to management's estimation of collectability of trade receivable at year end.

Revenue

For the year ended December 31, 2024, the Company generated total revenue of \$2,478,369, representing an increase of \$360,866, or approximately 17.0%, compared to revenue of \$2,117,503 for the year ended December 31, 2023. The increase in revenue was primarily attributable to changes in the scale, composition and pricing of the Company's system development projects.

Revenue for the year ended December 31, 2024 consisted of the following:

- System development services of \$2,053,952 (2023 - \$1,406,657);
- Technical consulting services of \$267,293 (2023 - \$470,575); and
- Hardware sales of \$157,124 (2023 - \$240,271).

Revenue from system development services increased by approximately 46.0% compared to the prior year and was the principal driver of the Company's overall revenue growth. This increase was mainly attributable to

- an increase in the number of completed major system development projects, with three large-scale CEA¹ system projects completed in 2024, compared to two such projects completed in 2023, which resulted in a corresponding increase in the number of customers served during the year; and

¹ **Large-scale CEA** refers to industrial, capital-intensive controlled-environment farming systems designed for mass commercial

- a higher average contract value per project in 2024, reflecting increased technical complexity, greater integration of the Company's proprietary crop growth data model, and expanded functional scope of delivered systems.

Revenue from technical consulting services decreased by approximately 43.2% compared to 2023. This decline was primarily attributable to management's decision to reallocate internal resources toward higher-margin system development projects, resulting in a reduction in standalone consulting engagements during the year.

Revenue from hardware sales decreased by approximately 34.6% compared to the prior year. Hardware sales are typically ancillary to system development projects, and year-to-year fluctuations reflect differences in project-specific hardware requirements rather than changes in pricing or underlying market demand.

In 2024, the Company's revenue remained concentrated among a limited number of customers. The Company's top three customers accounted for approximately 91% of total revenue, compared to approximately 59% contributed by the top two customers in 2023. The increase in customer concentration reflects the successful execution of several large-scale customer projects during the year. All system development and consulting contracts are entered into on a fixed-price basis, and higher revenue per project in 2024 was primarily driven by increased pricing associated with higher technical requirements and system customization.

Research and Development Expenses

For the year ended December 31, 2024, the Company incurred research and development ("R&D") expenses of \$2,277,269, representing an increase of \$898,324, or approximately 65.1%, compared to \$1,378,945 for the year ended December 31, 2023.

The increase in R&D expenses primarily reflects the Company's entry into an intensive development and training phase for its core crop growth data model. During 2024, R&D activities expanded in both number and scope, with multiple parallel initiatives focused on model training, validation and optimization across different crop varieties and growth environments, compared to more limited activities undertaken in 2023, which were primarily exploratory in nature and narrower in scope.

R&D expenditures in 2024 included significant costs associated with data acquisition and processing, including the collection, cleaning, labeling and validation of agricultural data across three to four consecutive full growth cycles for target crops. These activities were necessary to ensure data continuity and model accuracy.

In addition, model training and iterative optimization required increased use of cloud-based high-performance computing resources, resulting in higher computing-related expenses during peak development periods in 2024.

Although R&D expenditures are expensed as incurred in accordance with the Company's accounting policies, management considers the increased R&D spending in 2024 to represent a strategic investment in building the Company's core technological capabilities and intellectual property foundation. These investments are expected to support the development of more standardized and scalable solutions, contribute to future revenue growth, and reduce marginal costs in subsequent periods.

Summary of Quarterly Results

The Company was not a reporting issuer as of December 31, 2024 and as a result quarterly reporting is not required.

Liquidity and Capital Resources

The Company commenced fiscal 2024 with working capital of \$276,541 and cash of \$20,582. As at December 31, 2024, the Company had a working capital of \$161,385 and cash of \$202,594.

As of December 31, 2024, cash of \$113,956 (RMB 577,481) (December 31, 2023 - \$20,163 (RMB 107,611)) resided in Mainland China. Under Chinese law, cash advanced to the Company's Chinese subsidiaries as registered share capital is maintained in the subsidiaries' registered capital bank account. Accordingly, the remittance of these funds back to Canada requires approvals by the relevant government authorities or designated banks in China, or both.

Net cash used in operating activities for the current year was \$585,298 (2023 - \$220,935). The net cash used in operating activities for the year consisted primarily of the operating loss and a change in non-cash working capital items. The increased cash used in the current year was due to increased research and development expenses incurred in China, and consulting, accounting, legal expenses, and transaction costs in relation to the Company's proposed listing in Canada.

During the year ended December 31, 2024, the Company received \$764,987 (2023 - \$353,785) of proceeds from the issuance of 4,050,000 (2023 - 1,850,000) shares. The Company repaid \$17,586 (2023 - \$Nil) for office lease, and received net repayment of \$39,042 (2023 - provided net loan of \$89,710) with two employees; also, the Company provided \$54,273 (2023 - \$118,290) loan to the CEO and Director of the Company. The Company also received a loan from a third party in the amount of \$38,126 (2023 - \$Nil).

The Company will need to raise funds through debt or equity offerings in order to have sufficient working capital to sustain its operations for the next 12 months.

Related Party Transactions

i) During the year ended December 31, 2024, the Company paid or accrued a salary of \$25,163 (2023 - \$22,895) and social welfare fund contribution of \$7,435 (2023 - \$7,281) to the director and CEO of the Company. As of December 31, 2024, the Company was owed \$20,477 (December 31, 2023 - \$21,852) by the CEO.

As of December , 2024, the Company also has an interest free loan of \$178,527 (December 31, 2023 - \$116,172) due from the director and CEO. There is no written loan agreement. The loan is due on demand and has no fixed term of repayment. The continuity of loan to CEO is as follows:

	Loan to CEO
Balance as of December 31,2022	\$ -
Loan to CEO	302,787
Repayment	(184,497)
Foreign exchange effect	(2,118)
Balance as of December 31, 2023	116,172
Loan to CEO	170,406
Repayment	(116,133)
Foreign exchange effect	8,082
Balance as of December 31, 2024	\$ 178,527
Subsequent payment	\$ 178,527
Balance as of November 6, 2025	\$ -

ii) During the year ended December 31, 2024, the Company paid or accrued a salary of \$91,503 (2023 - \$91,580) and social welfare fund contribution of \$25,714 (2023 - \$23,944) for the CTO of the Company. The amount was recorded as service costs. As of December 31, 2024, the Company owed to the CTO \$57,114 (December 31, 2023 - \$31,358).

iii) During the year ended December 31, 2024, the Company paid or accrued legal fee (professional services) of \$50,320 (2023 - \$68,320) to a law firm of which a partner is a director of the Company. As of December 31, 2024, the Company owed to the law firm \$Nil (December 31, 2023 - \$4,480) which is recorded in due to related parties.

iv) During the year ended December 31, 2024, the Company accrued consulting fee (professional services) of \$Nil (2023 - \$26,145) to Bizfield Accelerator Inc. ("Bizfield"), a company controlled by the director, Lillian Jing Liu. As of December 31, 2024, the Company owed to the Bizfield \$Nil (December 31, 2023 - \$2,620) which is recorded in due to related parties.

On August 8, 2020, the Company entered into a Financing and Listing Service Agreement with Bizfield, according to which, Bizfield will providing consulting service to assist the Company going public in Canada for a total service fee of \$133,500. The service fee is payable by a) \$90,000 in shares (issued. Note 12); b) \$22,500 within 5 business days after a pre-filing meeting with TSX-V (paid); and c) \$21,000 within 5 business days after listing.

v) As of December 31, 2024, the Company had a payable of \$Nil (December 31, 2023 - \$18,737) to Beijing Hanpu Biotech Co., Ltd. ("Hanpu"), a company controlled by Yang He, the CEO and Director of the Company.

Due to and from related parties do not bear interest, are unsecured and repayable on demand.

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

Other than the transactions disclosed above, there was no other compensation paid to key management during the years ended December 31, 2024 and 2023.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Commitments

The Company has no commitments.

Financial and Capital Risk Management

As at December 31, 2024 and 2023, the Company's financial instruments comprised cash, accounts receivable, other receivables, due to/from related parties, loan to employees, loan to a related party, refundable lease deposit, accounts payable and accrued liabilities, and lease liabilities. With the exception of cash, all financial instruments held by the Company are measured at amortized cost. The fair values of these financial instruments approximate their carrying value due to their short-term maturities except for long-term lease liabilities. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values.

The levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at December 31, 2024 and 2023, the fair value of cash held by the Company was based on Level 1 of the fair value hierarchy. Significant unobservable inputs are used in discount cash flows method to determine the fair value of the lease liabilities. Consequently, these fair value measurements are classified within Level 3 of the fair value hierarchy. There were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy during the years ended December 31, 2024 and 2023.

The Company's receivables, accounts payable and accrued liabilities, due to/from related parties, loan to/from employees, refundable lease deposit and related parties are measured at amortized cost. The Company's carrying values of these items approximate their fair value due to the relatively short periods to maturity of the instruments. The carrying amounts of lease liabilities approximate their fair value as they are discounted at the current market rate of interest.

The Company's financial instruments are exposed to certain financial risks, including credit risk, currency risk, liquidity risk, interest rate risk, and concentration risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. As of December 31, 2024 and 2023, the Company was primarily exposed to credit risk attributable to cash, trade receivable, other receivables, due from related party, loan to employees and a related party, and refundable lease deposit. The maximum credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 4 Material Accounting Policy Information – Expected Credit Loss. The Company limits exposure to credit risk attributable to cash by maintaining its cash with large financial institutions.

The Company regularly reviews the collectability of its trade receivable and other receivables and establishes an allowance account for credit losses based on its best estimate of any potentially uncollectible amounts. As December 31, 2024, the Company estimated an allowance of credit loss of 100% (December 31, 2023 - 100%) for accounts receivable outstanding from the customers that are individually assessed due to significant credit risk identified and 0.00% (December 31, 2023 – 0.14%) on remaining accounts receivable. The Company considers trade receivables outstanding for more than one year as at the reporting date to represent a significant increase in credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at December 31, 2024, the Company had a cash balance of \$202,594 (December 31, 2023 - \$20,582) to settle current liabilities of \$491,060 (December 31, 2023 - \$286,287). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company needs further funding to meet its short-term and long-term cash requirements.

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. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risks is insignificant.

Concentration risk

For the year ended December 31, 2024, a significant portion of the Company's revenue was derived from a limited number of customers. Management monitors customer concentration as part of its assessment of operating performance and period-to-period variability in results.

Customer Concentration

For the year ended December 31, 2024	Amount	Percentage of total revenue
Customer D	\$ 1,633,124	66%
Customer B	353,316	14%
Customer C	260,770	11%
	\$ 2,247,210	91%

For the year ended December 31, 2023	Amount	Percentage of total revenue
Customer D	\$ 935,955	44%
Customer E	317,685	15%
	\$ 1,253,640	59%

During the year ended December 31, 2024, the Company's top three customers each accounted for more than 10% of total revenue and together generated revenue of RMB 11,788,199 (\$2,247,210), representing approximately 91% of total revenue for the year. By comparison, for the year ended December 31, 2023, the Company's top two customers accounted for approximately 59% of total revenue.

The increase in customer concentration in 2024 reflects the Company's project-based system development business model, under which revenue in any given period may be derived from a limited number of relatively large contracts completed during that period.

Nature of Customer Relationships

The Company operates under an independent, project-based collaboration model, pursuant to which each customer engagement is governed by a standalone contract with a defined scope of work, pricing, delivery milestones and acceptance criteria. These contracts do not include automatic renewal provisions or long-term framework arrangements.

Accordingly, revenue concentration may fluctuate from period to period depending on the timing and completion of individual projects. Customer relationships are not characterized as "recurring" or "one-time" in the traditional sense, as each contract is executed and completed independently, and revenue is recognized upon delivery and customer acceptance in accordance with the Company's revenue recognition policies.

Major Suppliers and Procurement Commitments

During the year ended December 31, 2024, purchases from two suppliers represented a significant portion of the Company's major purchases, primarily consisting of service costs, cost of goods sold and research and development expenses. The Company does not have any minimum purchase commitments, fixed-volume procurement obligations or long-term supply agreements with this or any other supplier.

All procurement activities are conducted on a project-specific and discretionary basis, aligned with the Company's internal research and development plans. The services and data procured from suppliers, primarily agricultural planting data and agricultural environmental data, are used exclusively to support the development and training of the Company's internal data models. The timing, scale and scope of procurement are determined by the requirements of individual R&D projects and may vary significantly between periods depending on factors such as the natural growth cycle of crops, regional planting conditions and the biological characteristics of different crop varieties.

Accordingly, while purchases from certain suppliers may represent a significant proportion of total purchases in a given period, the Company is not contractually required to continue incurring procurement costs with such suppliers

in the absence of corresponding R&D activities or operational requirements, and procurement levels are not directly tied to the Company's revenue levels.

Capital management

The Company defines capital as the items included in shareholders' equity. The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern, ensure sufficient capital and liquidity to complete its technology developments, establish commercial markets and pursue its growth strategy.

To support these objectives, the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. In order to maximize the development efforts, the Company does not pay out dividends during its development stage.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the reporting period.

Significant Accounting Policies, Critical Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant accounting policies and estimates are included in Notes 3 and 4 of its audited consolidated financial statements for the years ended December 31, 2024 and 2023.

New and amended and future Accounting Standards and Interpretations

Accounting standards and amendments to existing accounting standards that have been issued but have future effective dates:

IFRS 18 – Presentation and Disclosure in Financial Statements Effective for annual periods beginning on or after 1 January 2027.

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation in Financial Statements. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for "operating profit or loss", "profit or loss before financing and income taxes" and "profit or loss".

Subsequent Events

None

Outstanding Share Data

The following table summarizes the Company's outstanding share data as of the date of this MD&A:

	Number of shares Issued or issuable
Common shares	97,730,000
Stock options	-
Warrants	-

Risks and Uncertainties

Limited Operating History

The Company was incorporated in April 2022 and does not have an operating history or any established financing sources. The Company's wholly-owned subsidiary, Beijing Zhongnong, was incorporated in May 2015.

The Company has a history of operating losses and may not achieve or sustain profitability. It cannot guarantee investors that it will become profitable, and even if it achieves profitability, given the evolving nature of the industry in which it operates, it may not be able to sustain or increase profitability and its failure to do so could adversely affect its business, including its ability to raise additional funds.

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

The Company cannot assure that it can avoid net losses in the future or that there will not be any earning or revenue declines in the future. The Company expects that its operating expenses will increase as it grows its business. If the revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

To increase its revenues, the Company must regularly add new customers, provide additional services and/or sell additional products to existing customers and encourage existing customers to increase their minimum commitment levels. There are no assurances that the Company will be able to attract new customers or retain existing customers in which case its operating results will be adversely affected.

Negative Operating Cash Flows

Since commencing its operations the Company has had negative operating cash flow and incurred losses. The Company may never achieve positive operating cash flow. To the extent the Company has negative operating cash flows in future, it may need to deploy a portion of its existing cash reserves or identify additional sources of financing to fund such negative cash flows. The Company may require additional financing in order to continue as a going concern, as well as to grow and expand its operations. It is possible that any required future financing will not be available or, if available, will not be available on favorable terms. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, respond to competitive pressures or remain in business.

Foreign Exchange Rate Risk

Because the Company's business operations are centered in China. All of the Company's revenue and expenses may be denominated in Chinese Renminbi. Accordingly, foreign currency fluctuations may adversely affect the Company's financial position and operating results.

Further, under Chinese law, cash advanced to the Company's Chinese subsidiaries as registered share capital is maintained in the subsidiaries' registered capital bank account. Accordingly, the remittance of these funds back to Canada requires approvals by the relevant government authorities or designated banks in China, or both.

Changes in Laws

Changes to any of the laws, rules, regulations or policies to which the Company is subject in any jurisdiction in which it carries on business could have a significant impact on the Company's business. There can be no assurance that the Company will be able to comply with any future laws, rules, regulations and policies. Failure by the Company to comply with applicable laws, rules, regulations and policies may subject it to civil or regulatory proceedings, including fines or injunctions, which may have a material adverse effect on the Company's business, financial condition, liquidity and results of operations. In addition, compliance with any future laws, rules, regulations and policies could negatively impact the Company's profitability and have a material adverse effect on its business, financial condition, liquidity and results of operations.

Staffing and Reliance on Key Management

The responsibility of successfully implementing the Company's business strategy depends substantially on its senior management and its key personnel, in particular, Yang He, the Company's CEO, and Zhongyi Li, the Company's CTO. The Company does not currently have any "key-man" insurance policy on Mr. He or Mr. Li or on any other key employee of the Company, therefore there is a risk that the death or departure of Mr. He or Mr. Li or any one or more other key employee could have a material adverse effect on the Company.

Further, the Company currently needs to acquire sales and technical staff to execute its business strategy. If the Company does not secure the appropriate funding to acquire the staff it needs, or if it is unable to attract and retain sufficiently qualified staff, its ability to successfully develop and sell its products and services could be significantly compromised.

There is also a risk to the business where there is a turnover of development staff that have knowledge of the Company's technology and business. This loss of knowledge could result in leakage or misappropriation of confidential information. While the Company aims to mitigate this risk by imposing contractual restraints on use and ownership of the Company's confidential information, there could also be increased costs for the Company in having to replace the implicit knowledge and skills of departing employees.

Corporate Governance

The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Audit Committee of the Company fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual financial statements prior to their submission to the Board of Directors for approval.

The Audit Committee, comprised of three directors, the majority of whom are independent, meets with management of the Company on a quarterly basis to review the financial statements, including the MD&A, and to discuss other financial, operating and internal control matters as required.

**APPENDIX C – UNAUDITED CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS OF SMARTWELL FOR THE NINE-MONTH PERIOD ENDED
SEPTEMBER 30, 2025 AND MANAGEMENT DISCUSSION AND ANALYSIS FOR THE
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2025.**

SMARTWELL TECHNOLOGY INC.

Interim Condensed Consolidated Financial Statements

For the nine months ended September 30, 2025

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The interim condensed consolidated financial statements and all information in the quarterly report are the responsibility of the Board of Directors and management. These interim condensed consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. Management maintains the necessary systems of internal controls, policies and procedures to provide assurance that assets are safeguarded and that the financial records are reliable and form a proper basis for the preparation of financial statements.

The Board of Directors ensures that management fulfils its responsibilities for financial reporting and internal control through an Audit Committee. This committee, which reports to the Board of Directors, meets with the independent auditors and reviews the financial statements.

The interim condensed consolidated financial statements for the nine months ended September 30, 2025 are unaudited and prepared by Management.

Smartwell Technology Inc.

Interim Condensed Consolidated Statements of Financial Position

Unaudited – Prepared by Management

Expressed in Canadian dollars

As At,

	September 30, 2025	December 31, 2024
	\$	\$
Assets		
Current assets		
Cash (Note 5)	21,037	202,594
Accounts receivable (Note 6)	20,202	167,575
Other receivables (Note 7)	326	29,706
Loan to employees (Note 10)	102,886	52,362
Due from related parties (Note 13)	-	20,477
Loan to a related party (Note 13)	91,407	178,527
Prepays	489	1,204
Total current assets	236,347	652,445
Refundable lease deposit (Note 8)	11,733	11,840
Right-of-use assets (Note 9)	79,861	130,615
Total assets	327,941	794,900
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	457,457	328,337
Short-term loan from a third party (Note 11)	17,990	39,466
Due to related parties (Note 13)	24,921	57,114
Contract liabilities	68,440	-
Lease liabilities – short-term (Note 9)	69,155	66,143
Total current liabilities	637,963	491,060
Lease liabilities – long-term (Note 9)	-	52,818
Total liabilities	637,963	543,878
Shareholders' equity		
Share capital (Note 12)	1,660,722	1,660,722
Additional paid-in capital (Note 12)	478,061	478,061
Accumulated other comprehensive income	(22,371)	(16,417)
Deficit	(2,426,434)	(1,871,344)
Total shareholders' equity (deficiency)	(310,022)	251,022
Total liabilities and shareholders' equity (deficiency)	327,941	794,900

On behalf of the Board:

"He Yang"

Director

"Lillian Liu"

Director

Smartwell Technology Inc.

Interim Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

Unaudited – Prepared by Management

Expressed in Canadian dollars

For the nine months ended September 30,

	2025	2024
	\$	\$
Revenue		
Sales of goods (Note 15)	69,155	90,173
Service income – technology consulting (Note 15)	151,886	146,982
Service income – system development (Note 15)	-	1,642,168
	221,041	1,879,323
Costs		
Costs of goods sold	(43,049)	(87,303)
Service costs	(95,159)	(186,403)
	(138,208)	(273,706)
Gross profit	82,833	1,605,617
General and administrative expenses		
Accretion (Note 9)	(5,336)	-
Amortization of ROU assets (Note 9)	(49,086)	-
Office and miscellaneous	(17,043)	(14,495)
Professional services	(257,676)	(157,996)
Research and development expenses	(255,469)	(950,437)
Salary and benefits	(132,260)	(119,097)
Listing expenses	(48,916)	(112,545)
Travel expenses	(3,401)	(3,091)
Interest income	4,642	-
Allowance of credit loss (Note 6)	-	(909)
	(764,545)	(1,358,570)
Other income		
Government grant	126,622	-
	126,622	-
Net income (loss) for the period	(555,090)	247,047
Other comprehensive income/(loss)		
Exchange difference on translating foreign operations	(5,954)	14,266
Comprehensive income/(loss) for the period	(561,044)	261,313
Basic and diluted income (loss) per common share	(0.01)	0.00
Weighted average number of common shares – basic and diluted	97,730,000	93,680,000

Smartwell Technology Inc.

Interim Condensed Consolidated Statements of Changes in Equity (Deficiency)

Unaudited – Prepared by Management

Expressed in Canadian dollars

	Number of shares issued	Share capital	Additional paid-in capital	Subscription received in advance	Accumulated other comprehensive income (loss)	Retained earnings (Deficit)	Total
		\$	\$	\$	\$	\$	\$
Balance, December 31, 2023	93,680,000	895,735	478,061	-	(21,057)	(1,076,198)	276,541
Subscription received in advance	-	-	-	474,208			474,208
Income for the period	-	-	-	-	-	247,047	247,047
Foreign currency translation difference	-	-	-	-	14,266	-	14,266
Balance, September 30, 2024	93,680,000	895,735	478,061	474,208	(6,791)	(829,151)	1,012,062
Balance, December 31, 2024	97,730,000	1,660,722	478,061		(16,417)	(1,871,344)	251,022
Loss for the period	-	-	-	-	-	(555,090)	(555,090)
Foreign currency translation difference	-	-	-	-	(5,954)	-	(5,954)
Balance, September 30, 2025	97,730,000	1,660,722	478,061		(22,371)	(2,426,434)	(310,022)

Smartwell Technology Inc.

Interim Condensed Consolidated Statements of Cash Flows

Unaudited – Prepared by Management

Expressed in Canadian dollars

For the nine months ended September 30,

	2025	2024
	\$	\$
Operating activities		
Net Income (loss) before income tax for the period	(555,090)	247,047
Items not affecting cash		
Accretion	5,336	-
Amortization of ROU assets	49,086	-
Allowance of credit loss	-	909
Interest income	(643)	-
Changes in non-cash working capital:		
Accounts receivable	144,433	(1,509,646)
Other receivables	28,827	330
Accounts payable and accrued liabilities	106,972	867,943
Prepays	697	(15,208)
Contract liabilities	67,773	-
Due to/from related parties	(11,260)	49,858
Total cash used in operating activities	(163,869)	(358,767)
Financing activities		
Subscription received in advance	24,205	474,208
Lease payment	(53,589)	-
Net loan (paid to)/repaid from employees	(49,860)	41,789
Net loan (paid to)/repaid from a related party	84,667	(26,379)
Loan repayment to third parties	(20,913)	-
Long-term borrowing from a third party	-	37,861
Net cash provided by (used in) financing activities	(15,490)	527,479
Change in cash during the period	(179,359)	168,712
Effect of exchange rate changes on balance of cash held in foreign currencies	(2,198)	(3,343)
Cash, beginning of the period	202,594	20,582
Cash, ending of the period	21,037	185,951

Supplement disclosure in respect with cash flows (Note 17)

Smartwell Technology Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited – Prepared by Management

Expressed in Canadian dollars

For the nine months ended September 30, 2025

1. NATURE OF OPERATIONS

Smartwell Technology Inc. (“Smartwell” or the “Company”) was incorporated on June 22, 2021, by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). The head office and registered office of the Company is located at 1600 – 409 Granville Street, Vancouver, British Columbia, V7C 1T2.

On July 7, 2022, the Company completed an equity exchange arrangement with Beijing Zhongnong Internet Information Co., Ltd. (“Beijing Zhongnong”) and its subsidiaries under common control, whereby it acquired 100% ownership of Beijing Zhongnong and its subsidiaries through Zhongnong Internet Group Limited (“HongKong Zhongnong”) a fully owned subsidiary in Hong Kong. As a result of this reorganization, the Company is involved in the business of providing IT consulting, data technology and software service to businesses in China. The Company has accounted for the common control transaction in a manner similar to a pooling of interests with the assets and liabilities of the parties to the reorganization carried over at their historical amounts whereby the financial statements have been retrospectively restated as if the businesses had always been combined.

2. BASIS OF PREPARATION

Statement of compliance

These unaudited interim condensed consolidated financial statements, including comparatives that are unaudited, have been prepared in accordance with IAS 34 (“IAS 34”) using accounting policies consistent with the IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2024.

These interim condensed consolidated financial statements were authorized by the Board of Directors on March 2nd, 2026.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollar (“\$”), which is the functional currency of the parent company, Smartwell. The Company’s subsidiaries are measured using the currency of the primary economic environment in which the subsidiaries operate (“the functional currency”), which is the Chinese Renminbi (“RMB”) for Beijing Zhongnong and its subsidiaries in China. These consolidated financial statements have been translated to the Canadian dollar in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. This standard requires that assets and liabilities be translated using the exchange rate at period end, and income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions (i.e. the average rate for the period).

Smartwell Technology Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited – Prepared by Management

Expressed in Canadian dollars

For the nine months ended September 30, 2025

2. BASIS OF PREPARATION (cont'd...)

Foreign currency translation (cont'd...)

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Consolidation

These consolidated financial statements include the balances and results of the Company and those entities over which the Company exercises control:

				Direct or Indirect Ownership	
Subsidiary	Jurisdiction	Date of incorporation	Nature of business	September 30, 2025	December 31, 2024
Zhongnong Internet Group Limited ("HongKong Zhongnong")	Hong Kong, China	April 14, 2022	Holding company	100%	100%
Beijing Zhongnong Internet Information Co., Ltd. ("Beijing Zhongnong")	Beijing, China	May 25, 2015	Technology services	100%	100%
Nanjing Weifen Space Technology Co. Ltd. ("Nanjing Weifen")	Nanjing, China	May 15, 2019	Technology services	100%	100%
Beijing Weifen Qihang Technology Co., Ltd. (Beijing Weifen")	Beijing, China	March 1, 2021	Technology services	100%	100%

The Company consolidates these subsidiaries on the basis that it controls these subsidiaries. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. All intercompany transactions and balances have been eliminated on consolidation.

Going Concern

These consolidated financial statements have been prepared in accordance with IFRS on a going concern basis which assumes the continued realization of assets and satisfaction of liabilities and commitments in the normal course of business.

These consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities other than in the normal course of business.

Smartwell Technology Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited – Prepared by Management

Expressed in Canadian dollars

For the nine months ended September 30, 2025

2. BASIS OF PREPARATION (cont'd...)

Going Concern (cont'd...)

These interim condensed consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company had accumulated deficit of \$2,426,434 as of September 30, 2025 (December 31, 2024 - \$1,871,344), and had negative cash flows from operations of \$163,869 for the nine months ended September 30, 2025. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to raise capital from new equity or debt, the successful development and marketing of its products, and attaining profitable operations in the future. These interim condensed consolidated financial statements do not include any adjustments or disclosures that would be required if assets are not realized and liabilities are not settled in the normal course of operations. If the Company is unable to continue as a going concern, then the carrying value of certain assets and liabilities could differ materially from the values presented in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) Going concern evaluation

As discussed in note 2, these financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period.

b) Valuation of deferred tax assets and liabilities

Deferred tax assets and liabilities require management judgment in order to determine the amounts to be recognized. This includes assessing the timing of the reversal of temporary differences to which deferred income tax rates are applied. Deferred tax assets are estimated with consideration given to the timing, sources and amounts of future taxable income.

Smartwell Technology Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited – Prepared by Management

Expressed in Canadian dollars

For the nine months ended September 30, 2025

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd...)

c) Expected credit loss

The Company makes estimates for expected credit loss in respect of accounts receivables, other receivables, loan to employees, loan to a related party and due from related parties based on IFRS 9 – Financial instruments. The expected credit loss is estimated based on management's assessment of the credit history with the customers, current relationship with them and also taking into consideration of forward-looking information. A change in customers' payment behavior or financial position could impact the expected credit loss recorded in the accounts. If actual credit losses differ from estimates, future earnings would be affected.

d) Interest rates

The Company estimates a market interest rate in determining the fair value of the liability component of its loan payable and an incremental borrowing rate in determining the right-of-use asset. The determination of market interest rate is subjective and could significantly affect the fair value estimate.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These Condensed Interim Consolidated Financial Statements have been prepared using accounting policies consistent with those used in the Company's audited consolidated financial statements for the year ended December 31, 2024.

Accounting standards and amendments to existing accounting standards that have been issued but have future effective dates:

IFRS 18 – Presentation and Disclosure in Financial Statements Effective for annual periods beginning on or after 1 January 2027.

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation in Financial Statements. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for "operating profit or loss", "profit or loss before financing and income taxes" and "profit or loss".

5. CASH

As of September 30, 2025, cash of \$20,456 (RMB 104,613) (December 31, 2024 - \$113,956 (RMB 577,481)) resided in Mainland China. Under PRC law, cash advanced to the Company's PRC subsidiaries as registered share capital is maintained in the subsidiaries' registered capital bank account. Accordingly, the remittance of these funds back to Canada requires approvals by the relevant government authorities or designated banks in China, or both.

Smartwell Technology Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited – Prepared by Management

Expressed in Canadian dollars

For the nine months ended September 30, 2025

6. ACCOUNTS RECEIVABLE

	September 30, 2025	December 31, 2024
Receivables from third-party customers	\$ 493,669	\$ 645,375
Allowance for expected credit loss	(473,467)	(477,800)
	<u>\$ 20,202</u>	<u>\$ 167,575</u>

Set out below is the movement in the allowance (recovery) of expected credit loss of trade receivables:

	Expected credit loss
Balance, December 31, 2023	\$ 453,752
Expected credit loss (recovery) of accounts receivable	(63)
Foreign exchange effect	24,111
Balance, December 31, 2024	<u>477,800</u>
Foreign exchange effect	(4,333)
Balance, September 30, 2025	<u>\$ 473,467</u>

7. OTHER RECEIVABLES

As of September 30, 2025 and December 31, 2024, other receivables mainly consisted of advances to employees for contract implementation activities, which will be expensed when expenses occurred subsequently.

8. REFUNDABLE LEASE DEPOSIT

Refundable lease deposit as of September 30, 2025 and December 31, 2024 are refundable deposit related to the office lease (Note 9), which is expected to be collected more than 1 year after the financial reporting date. There is no current portion of refundable lease deposit as of September 30, 2025.

9. RIGHT OF USE (“ROU”) ASSETS AND LEASE LIABILITIES

On December 5, 2024, the Company entered into an office lease agreement for a 24-month lease period starting December 16, 2024. The monthly lease payment is \$5,862 (RMB30,750). In accordance with IFRS 16 *Leases*, the Company recorded right-of-use assets of \$136,174 and recognized lease liabilities of \$136,174 on commencement of the lease. As at December 5, 2024, the Company measured the present value of its lease liabilities using a discount rate of 7.2% as determined from its incremental borrowing rate.

During the nine months period ended September 30, 2025, the company recognized \$2,518 (RMB 13,001) (2024: \$2,775(RMB 14,660) short-term lease expense in operating expenses.

Smartwell Technology Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited – Prepared by Management

Expressed in Canadian dollars

For the nine months ended September 30, 2025

9. RIGHT OF USE (“ROU”) ASSETS AND LEASE LIABILITIES (cont’d...)

a) Right-of-use assets

A reconciliation of the Company’s right-of-use assets for the nine months ended September 30, 2025 and the year ended December 31, 2024 as follows:

	Total
Balance, December 1, 2022 and 2023	\$ -
Initial recognition of new office lease	136,174
Amortization of ROU assets	(5,369)
Foreign exchange effect	(190)
Balance, December 31, 2024	130,615
Amortization of ROU assets	(49,086)
Foreign exchange effect	(1,668)
Balance, September 30, 2025	\$ 79,861

b) Lease liabilities

A reconciliation of the Company’s lease liabilities for the nine months ended September 30, 2025 and the year ended December 31, 2024 is as follows:

	Total
Balance, December 1, 2022 and 2023	\$ -
Initial recognition of new office lease	136,174
Accretion of interest	959
Lease payment	(17,586)
Foreign exchange effect	(586)
Balance, December 31, 2024	118,961
Accretion of interest	5,336
Lease payment	(53,589)
Foreign exchange effect	(1,553)
Balance, September 30, 2025	\$ 69,155

	September 30, 2025	December 31, 2024
Short-term portion of lease liability	\$ 69,155	\$ 66,143
Long-term portion of lease liability	\$ -	\$ 52,818

10. LOAN TO EMPLOYEES

As of September 30, 2025, the Company has interest free loans of \$102,886 (December 31, 2024 - \$52,363) to two employees. There is no written loan agreement. The loans are due on demand and have no fixed term of repayment. As at September 30, 2025, the Company measured the present value of the loan to employees using amortized method with a discount rate of 6.0% as determined from employees’ individual borrowing rate.

Smartwell Technology Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited – Prepared by Management

Expressed in Canadian dollars

For the nine months ended September 30, 2025

10. LOAN TO EMPLOYEES (cont'd...)

The continuity of loan to employees are as follows:

	Loan to employees
Balance as of December 31, 2023	\$ 88,095
Loan to employees	58,789
Repayment	(97,831)
Foreign exchange effect	3,309
Balance as of December 31, 2024	52,362
Loan to employees	146,002
Repayment	(96,142)
Accretion of interest income	4,643
Employee benefit expense resulting from interest-free loan	(4,000)
Foreign exchange effect	21
Balance as of September 30, 2025	\$ 102,886

As of the date of issuance of the interim condensed consolidated financial statements, the balance of loan to employees has been fully repaid.

11. SHORT-TERM LOAN FROM A THIRD PARTY

As of December 31, 2024, the Company received a short-term loan of \$39,466 (RMB200,000) from an arm-length party. The short-term loan is non interest bearing and to be repaid by December 31, 2025.

In March 2025, The Company repaid \$20,913 (RMB 108,000) short-term loan and the remaining loan balance \$17,990 (RMB92,000) is expected to be repaid before December 31, 2025.

12. SHAREHOLDERS' EQUITY

Authorized - unlimited number of common shares without par value

Share issuance

At September 30, 2025, the Company had 97,730,000 (December 31, 2024 – 97,730,000) common shares issued and outstanding.

There was no share issuance during the nine months ended September 30, 2025.

As of September 30, 2025, the Company had received advanced subscription proceeds of \$24,284 (RMB125,000) for the issuance of 125,000 shares, which are recorded in accounts payable and accrued liabilities. Subsequent to the balance sheet date and up to the date of these consolidated financial statements, these shares had not been issued yet.

During the year ended December 31, 2024:

On October 10, 2024, the Company issued 2,500,000 shares at RMB1.00 per share for gross proceeds of \$478,940. The Company paid/accrued cash finders' fees of \$19,442.

On December 20, 2024, the Company issued 1,550,000 shares at RMB1.00 per share for gross proceeds of \$305,489.

Smartwell Technology Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited – Prepared by Management

Expressed in Canadian dollars

For the nine months ended September 30, 2025

13. RELATED PARTY TRANSACTIONS

i) During the nine months ended September 30, 2025, the Company paid or accrued a salary of \$17,427 (2024 - \$17,037) and social welfare fund contribution of \$5,664 (2024 - \$5,537) to the director and CEO of the Company. As of September 30, 2025, the Company was owed \$Nil (December 31, 2024 – \$20,477) by the CEO.

As of September 30, 2025, the Company also has an interest free loan of \$91,407 (December 31, 2024 - \$178,527) to the director and CEO. There is no written loan agreement. The loan is due on demand and has no fixed term of repayment. The continuity of loan to CEO is as follows:

	Loan to CEO
Balance as of December 31, 2023	\$ 116,172
Loan to CEO	170,406
Repayment	(116,133)
Foreign exchange effect	8,082
Balance as of December 31, 2024	178,527
Loan to CEO	259,835
Repayment	(344,502)
Foreign exchange effect	(2,453)
Balance as of September 30, 2025	<u>\$ 91,407</u>

As of the date of issuance of the interim condensed consolidated financial statements, the balance of loan to CEO has been fully repaid.

ii) During the nine months ended September 30, 2025, the Company paid or accrued a salary of \$69,710 (2024 - \$68,149) and social welfare fund contribution of \$20,084 (2024 - \$19,023) for the CTO of the Company. The amount was recorded as service costs. As of September 30, 2025, the Company owed to the CTO \$10,201 (December 31, 2024 – \$57,114).

iii) During the nine months ended September 30, 2025, the Company paid or accrued legal fee (professional services) of \$13,440 (2024 - \$50,320) to a law firm of which is a partner of a director of the Company. As of September 30, 2025, the Company owed to the law firm \$10,940 (December 31, 2024 - \$Nil) which is recorded in due to related parties.

iv) During the nine months ended September 30, 2025, the Company accrued consulting fee (professional services) of \$3,780 (2024 - \$Nil) to Bizfield Accelerator Inc. ("Bizfield"), a company controlled by the same director. As of September 30, 2025, the Company owed to the Bizfield \$3,780 (December 31, 2024 - \$Nil) which is recorded in due to related parties.

On August 8, 2020, the Company entered into a Financing and Listing Service Agreement with Bizfield, according to which, Bizfield will providing consulting service to assist the Company going public in Canada for a total service fee of \$133,500. The service fee is payable by a) \$90,000 in shares (issued. Note 12); b) \$22,500 within 5 business days after a pre-filing meeting with TSX-V (paid); and c) \$21,000 within 5 business days after listing.

Due to and from related parties do not bear interest, are unsecured and repayable on demand.

Smartwell Technology Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited – Prepared by Management

Expressed in Canadian dollars

For the nine months ended September 30, 2025

13. RELATED PARTY TRANSACTIONS (cont'd...)

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

Other than the transactions disclosed above, there was no other compensation paid to key management during the nine months ended September 30, 2025 and the year ended December 31, 2024.

14. CAPITAL RISK MANAGEMENT

The Company defines capital as the items included in shareholders' equity. The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern, ensure sufficient capital and liquidity to complete its technology developments, establish commercial markets and pursue its growth strategy.

To support these objectives, the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. In order to maximize the development efforts, the Company does not pay out dividends during its development stage.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the reporting period.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at September 30, 2025 and December 31, 2024, the Company's financial instruments comprised cash, accounts receivable, other receivables, due to/from related parties, loan to employees, loan to a related party, refundable lease deposit, short term loan from a third party, accounts payable and accrued liabilities, and lease liabilities. With the exception of cash, all financial instruments held by the Company are measured at amortized cost. The fair values of these financial instruments approximate their carrying value due to their short-term maturities. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values.

The levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at September 30, 2025 and December 31, 2024, the fair value of cash held by the Company was based on Level 1 of the fair value hierarchy. The Company does not have Level 2 and Level 3 financial instruments.

The Company's trade and other receivables, accounts payable and accrued liabilities, due from (to) related parties, loan to employees, loan to a related party, short-term loan from (to) a third party are measured at amortized cost. The carrying amounts of trade and other receivables, due from (to) related parties, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these items.

Smartwell Technology Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited – Prepared by Management

Expressed in Canadian dollars

For the nine months ended September 30, 2025

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (*cont'd...*)

The carrying amounts of loan to employees, loan to a related party, short-term loan from (to) a third party and lease liabilities approximate their fair value as they are discounted at the current market rate of interest.

There were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy during the periods ended September 30, 2025 and December 31, 2024.

The Company's receivables, accounts payable and accrued liabilities, due to/from related parties, refundable lease deposits, loan to employees, lease liabilities, short-term loan from a third party and related parties are measured at amortized cost. The Company's carrying values of these items approximate their fair value due to the relatively short periods to maturity of the instruments. The carrying amounts of lease liabilities approximate their fair value as they are discounted at the current market rate of interest.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. As of September 30, 2025 and December 31, 2024, the Company was primarily exposed to credit risk attributable to cash, trade receivable, other receivables, due from related party, loan to employees and a related party, and refundable lease deposit. The maximum credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 3 Significant Accounting Estimates and Judgements – Expected credit loss. The Company limits exposure to credit risk attributable to cash by maintaining its cash with large financial institutions.

The Company regularly reviews the collectability of its trade receivable and other receivables and establishes an allowance account for credit losses based on its best estimate of any potentially uncollectible amounts. As September 30, 2025, the Company estimated an allowance of credit loss of 100% (December 31, 2024 - 100%) for accounts receivable outstanding from the customers that are individually assessed due to significant credit risk identified and 0.00% (December 31, 2024 – 0.00%) on remaining accounts receivable. The Company considers trade receivables outstanding for more than one year at the reporting date to represent a significant increase in credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at September 30, 2025, the Company had a cash balance of \$21,037 (December 31, 2024 - \$202,594) to settle current liabilities of \$637,963 (December 31, 2024 - \$491,060). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company needs further funding to meet its short-term and long-term cash requirements.

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. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risks is insignificant.

Concentration risk

During the nine months ended September 30, 2025, revenue from three customers is over 10% of the total revenue, the total of which is RMB 980,768 (\$189,914) (2024 – two customers, RMB 8,674,759 (\$1,642,168)) representing 86% (2024 – 88%) of total revenue of the period.

Smartwell Technology Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited – Prepared by Management

Expressed in Canadian dollars

For the nine months ended September 30, 2025

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

For the nine months ended September 30, 2025	Amount	Percentage of total revenue
Customer A	\$ 102,904	47%
Customer B	55,407	25%
Customer E	31,603	14%
	\$ 189,914	86%

For the nine months ended September 30, 2024	Amount	Percentage of total revenue
Customer C	\$ 1,383,214	74%
Customer D	258,954	14%
	\$ 1,642,168	88%

As of September 30, 2025, accounts receivable from two customers is RMB 103,315 (\$20,202) (December 31, 2024 – three customers, RMB 743,390 (\$146,714), accounted for 100% of total accounts receivable (December 31, 2024 - three customers, accounted for 87.6% of total accounts receivable).

16. SEGMENTED INFORMATION

The Company has one reportable segment: the IT consulting, data technology and software service in China. The management has determined that the Company operates as one segment. The Company's chief operating decision maker reviews financial information on an aggregated and consolidated basis, together with certain operating and performance measures principally to make decisions about how to allocate the resources and to measure the Company's performance.

All revenues are derived from external customers in PRC. The Company's non-current assets, excluding financial instruments, mainly comprise of right-of-use assets related to lease located in PRC.

17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash investing and financing transactions during the nine months ended September 30, 2025 or 2024.

18. PROPOSED TRANSACTIONS

Proposed financing with Research Capital Corporation

On August 25, 2022, the Company accepted a financing proposal from Research Capital Corporation ("RCC"), according to which, RCC will act as lead agent and sole bookrunner, on a best-efforts basis, for a brokered private placement offering of up to 2,500,000 units (the "Units") a price of \$0.20 per Unit for gross proceeds up to \$500,000 (the "Initial Offering").

Each Unit will consist of one common share of the Company and one common share purchase warrant. Each Warrant will entitle the holder to purchase one common share of the Company at an exercise price of \$0.50 in a 24-month period.

Smartwell Technology Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited – Prepared by Management

Expressed in Canadian dollars

For the nine months ended September 30, 2025

18. PROPOSED TRANSACTIONS (cont'd...)

Proposed transaction with Research Capital Corporation (cont'd...)

Upon closing of the Initial Offering, the Company intends to complete a subsequent private placement of a \$1,500,000 (the "Subsequent Offering") in subscription receipts. Each one subscription receipt will be automatically exchanged into one Unit under the same terms as the Initial Offering.

The Company will grant RCC an option (the "Over-Allotment Option") to increase the number of Units to be sold in Subsequent Offering by up to 15%.

The Company will pay to RCC a cash commission equal to 6% of the gross proceeds arising from the Initial Offering and Subsequent Offering. The Company will also grant RCC broker warrants exercisable at \$0.20 per Unit within 24-month period to purchase the number of Units of the Company in an amount equal to 6% of the number of Units and subscription receipts issued in the Initial Offering and Subsequent Offering.

At closing, the Company also shall pay to RCC a corporate finance fee equal to 2% of the gross proceeds arising from the Initial Offering and Subsequent Offering, and corporate finance fee warrants exercisable at \$0.20 per Unit within 24-month period to purchase the number of Units of the Company in an amount equal to 2% of the number of Units and subscription receipts issued in the Initial Offering and Subsequent Offering.

In addition, upon closing, the Company shall pay to RCC a work fee of \$50,000 plus GST. Upon execution of this proposal, the Company shall pay RCC \$15,000 (paid) as a retainer.

The Company is responsible for RCC's reasonable expenses related to the offering, including but not limited to estimated legal fees of \$45,000 and other disbursements and expenses of \$10,000. The Company paid \$15,000 as a retainer to RCC to be applied against the expenses incurred by RCC.

Proposed transaction with Inceptus Capital Ltd.

Inceptus Capital Ltd. (the "Inceptus") was incorporated under the provincial Business Corporations Act (British Columbia) on February 1, 2017 and its registered office is at 530, 355 Burrard Street, Vancouver, BC V6C 2G8 Canada. On November 9, 2017, Inceptus completed its initial public offering ("IPO") and listed on the TSX Venture Exchange ("TSX-V") under the symbol of "ICI.P". Inceptus is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX-V.

On January 17, 2022, the Company and Inceptus entered into a letter of intent (the "LOI"), pursuant to which, Inceptus will acquire 100% of the issued common shares of the Company by issuing one share in exchange for every one outstanding common share of the Company.

On May 27, 2022 the Company and Inceptus agreed to change the terms of the LOI to a Binding Letter Of Intent (the "BLOI"). The terms and conditions in the LOI dated January 17, 2022 remain unchanged. As consideration, the Company paid a non refundable deposit of \$30,000 which will be used for the retainer for Inceptus' legal counsel and auditors and promotion expenses. If the Company terminates the BLOI, the \$30,000 will be forfeited by Inceptus as the break fee, and the Company will pay an additional \$20,000 break fee.

19. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

The Company evaluated subsequent events and transactions that occurred after the balance sheet date through the date of these consolidated financial statements were issued. Except as otherwise described in these consolidated financial statements, the Company did not identify any subsequent events that would require adjustment or disclosure in the consolidated financial statements.

SMARTWELL TECHNOLOGY INC.
Management Discussion and Analysis
For the Nine Months Ended September 30, 2025

The following information, prepared as of March 2nd, 2026, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Smartwell Technology Inc. (“Smartwell” or the “Company”) for the nine months ended September 30, 2025, as well as the audited consolidated financial statements for the year ended December 31, 2024 and the related management’s discussion and analysis (the “Annual MD&A”). The unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2025 have been prepared in accordance with IFRS Accounting Standards (“IFRS”). All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A contains forward looking statements. For a description of assumptions made in developing the forward-looking statements and the material factors that could cause the Company’s actual results to differ materially from the forward-looking statements in this MD&A, please see the “Forward-Looking Statements” and the “Risks and Uncertainties” sections below.

Forward-Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company’s future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to internet and social media industry (see section “Business Risks” herein). Forward-looking information is, in addition, based on various assumptions including, without limitation, the expectations and beliefs of management, that the Company can access financing, appropriate equipment and sufficient labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements.

Description of Business

Smartwell was incorporated on June 22, 2021, by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia). The head office and registered office of the Company is located at 1600 – 409 Granville Street, Vancouver, British Columbia, V7C 1T2.

On July 7, 2022, the Company completed an equity exchange arrangement with Beijing Zhongnong Internet Information Co., Ltd. (“Beijing Zhongnong”) and its subsidiaries under common control, whereby it acquired 100% ownership of Beijing Zhongnong and its subsidiaries through the Company’s wholly owned subsidiary Zhongnong Internet Group Limited (“HongKong Zhongnong”) in Hong Kong. As a result of this reorganization, the Company is involved in the business of providing IT consulting, data technology and software service to businesses in China.

Smartwell, through its subsidiaries in China, is involved mainly in internet technology and service business in China:

1) System development services

The main business of Beijing Zhongnong is providing Controlled Environment Agriculture (CEA) system development services, which improves the quality and yield of crops for high-value indoor farming customers to enhance economic benefits and to make the whole growing process smarter and greener.

The system development and implementation service could be performed as service alone, or at sometimes it is combined with sales to customers of electronic devices (sensors, monitors, transmitters, computers and other electronic devices) that are needed in order to deliver the final product/result.

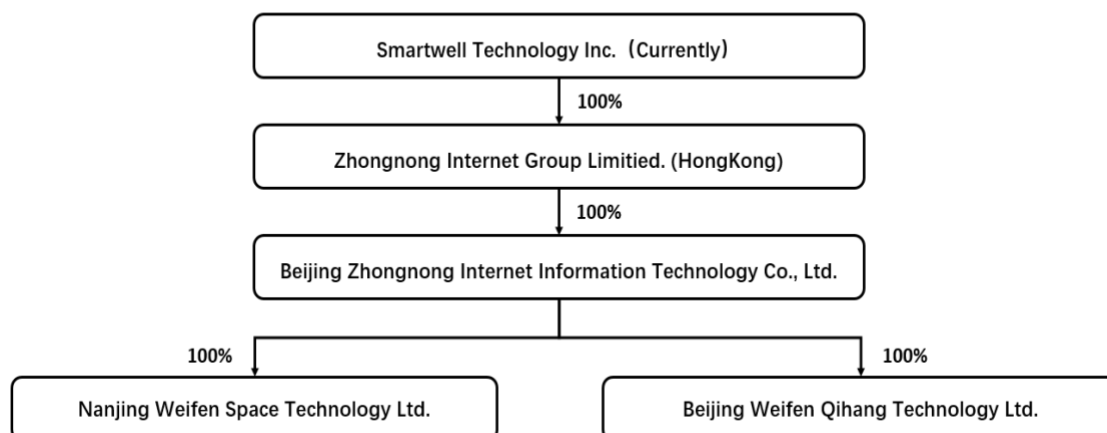
2) Technology consulting services

Various technology consulting services other than their major IT services as described in 1), namely the CEA services.

3) Hardware sales

Beijing Zhongnong sells electronic devices to its customers as per their request in a stand-alone contract.

Corporate Structure



Smartwell was incorporated on June 22, 2021 pursuant to the provisions of the Business Corporations Act (British Columbia), Canada.

Zhongnong Internet Group Limited (“HongKong Zhongnong”) was incorporated on April 14, 2022 in Hong Kong. Beijing Zhongnong Internet Information Co., Ltd. (“Beijing Zhongnong”) was incorporated on May 25, 2015 in Beijing, China.

Nanjing Weifen Space Technology Co. Ltd. (“Nanjing Weifen”) was incorporated on May 15, 2019 in Nanjing, Jiangsu Province, China.

Beijing Weifen Qihang Technology Co., Ltd. (Beijing Weifen”) was incorporated on March 1, 2021 in Beijing China

On July 7, 2022, the Company, HongKong Zhongnong and each of the 15 shareholders of Beijing Zhongnong, entered into an equity exchange agreement. Pursuant to the agreements, the Company issued a total of 88,000,000 common shares to the shareholders of Beijing Zhongnong, while the 15 shareholders transferred their 100% shareholdings in Beijing Zhongnong to HongKong Zhongnong, a wholly-owned subsidiary incorporated by the Company for the purpose of this transaction. As a result of the share exchange, the 15 original Beijing Zhongnong shareholders owned 100% of the Company on July 7, 2022, immediately after the share exchange, and the Company owns 100% of Beijing Zhongnong through its subsidiary, HongKong Zhongnong.

Proposed transaction with Inceptus Capital Ltd.

Inceptus Capital Ltd. (the “Inceptus”) was incorporated under the provincial Business Corporations Act (British Columbia) on February 1, 2017 and its registered office is at 530, 355 Burrard Street, Vancouver, BC V6C 2G8 Canada. On November 9, 2017, Inceptus completed its initial public offering (“IPO”) and listed on the TSX Venture Exchange (“TSX-V”) under the symbol of “ICI.P”. Inceptus is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX-V.

On January 17, 2022, the Company and Inceptus entered into a letter of intent (the “LOI”), pursuant to which, Inceptus will acquire 100% of the issued common shares of the Company by issuing one share in exchange for every one outstanding common share of the Company.

On May 27, 2022 the Company and Inceptus agreed to change the terms of the LOI to a Binding Letter of Intent (the “BLOI”). The terms and conditions in the LOI remain unchanged. As consideration, the Company paid a non

refundable deposit of \$30,000 which will be used for the retainer for Inceptus' legal counsel and auditors and promotion expenses. If the Company terminates the BLOI, the \$30,000 will be forfeited to Inceptus as the break fee, and the Company will pay an additional \$20,000 break fee.

Share issuances

At September 30, 2025, the Company had 97,730,000 (December 31, 2024 – 97,730,000) common shares issued and outstanding.

There was no share issuance during the nine months ended September 30, 2025.

As of September 30, 2025, the Company had received advanced subscription proceeds of \$24,284 (RMB125,000) for the issuance of 125,000 shares. Subsequent to the balance sheet date and up to the date of these consolidated financial statements, these shares had not been issued yet

On October 10, 2024, the Company issued 2,500,000 shares at RMB1.00 per share for gross proceeds of \$478,940.

The Company paid/accrued cash finders' fees of \$19,442.

On December 20, 2024, the Company issued 1,550,000 shares at RMB1.00 per share for gross proceeds of \$305,489.

Results of Operations

Nine months ended September 30, 2025 and 2024

During the nine months ended September 30, 2025, the Company incurred a net loss of \$555,090, compared with a net income of \$247,047 for comparative nine months ended September 30, 2024. The Company currently has generated revenue from providing IT services and sales of hardware. The Company is still in the development stage and its revenue and expense are not consistent each period.

The losses are mainly comprised of the following items:

- During the nine months ended September 30, 2025, the Company generated revenue of \$151,886 (2024 - \$1,789,150) from system development and technology consulting service, and \$69,155 (2024 - \$90,173) from sales of hardware. Corresponding to the revenue, the Company incurred costs of \$95,159 (2024 - \$186,403) in relation to service revenue and \$43,049 (2024 - \$87,303) in relation to the sales of hardware. The decrease of revenue during the current nine-month period ended September 30, 2025 is due to the Company focusing on raising money and completing its listing process. The Company has several on-going system development contracts that were not completed and not recognized into revenue as of September 30, 2025 as the milestones under those contracts were not met.
- Office and miscellaneous expenses of \$17,043 (2024 - \$14,495) includes meals and entertainment, office supplies, and other office expenses incurred in Beijing Zhongnong office in China.
- Professional fees of \$257,676 (2024 - \$157,996) are consulting, legal, accounting and audit fees. Significant professional fees included legal fees of \$13,440 (2024 - \$50,320) paid to a law firm of which a partner is the Company's director; accounting fees of \$41,291 (2024 - \$29,873) for preparing the consolidated financial statements; and \$180,722 (2024 - \$72,481) for audit fees.
- Research and development expenses of \$255,469 (2024 - \$950,437) mainly consisted of the purchase of technology and data services. Projects are different in each fiscal year and expenses are therefore not comparable or consistent.
- Salary and benefits of \$132,260 (2024 - \$119,097) are general administrative, sales and office employees in China.
- Listing expenses of \$48,916 (2024 - \$112,545) mainly consists of \$16,285 (2024 - \$16,165) to Inceptus' auditor, \$20,015 (2024 - \$39,084) to Inceptus' lawyer, \$Nil (2024 - \$17,414) for internal control consulting, and \$5,890 (2024 - \$16,234) to TSX-V filing fees, which are all related to the proposed reverse takeover transaction for listing at TSX-V.
- Travel expenses of \$3,401 (2024 - \$3,091) are incurred for travelling in China.
- Government grant of \$126,622 (2024 - \$Nil) is received during the current nine-month period for technology innovation rewards.

Revenue

For the nine months ended September 30, 2025, the Company generated revenue of \$221,041, representing a decrease compared to revenue of \$1,879,323 for the nine months ended September 30, 2024. The decrease in revenue was primarily attributable to the timing of project delivery and milestone-based revenue recognition under the Company's system development contracts.

The Company's revenue is primarily derived from project-based controlled environment agriculture ("CEA") system development services, under which revenue is recognized upon completion of defined delivery milestones and customer acceptance. During the nine-month period ended September 30, 2025, the Company continued to perform under several ongoing system development contracts; however, the relevant delivery and acceptance milestones under those contracts had not been achieved as of September 30, 2025. Accordingly, revenue related to such contracts could not be recognized during the period in accordance with the Company's revenue recognition policies and applicable accounting standards.

Several of these ongoing system development projects, including projects with customers previously disclosed in the Company's MD&A, are expected to reach their respective delivery and acceptance milestones in the fourth quarter of 2025, at which time the associated revenue is expected to be recognized.

During the nine months ended September 30, 2025, the Company maintained commercial relationships with certain customers from prior periods, including customers with whom system development projects were completed in 2024. However, all system development contracts entered into by the Company are independent, project-based arrangements with no long-term framework agreements or automatic renewal provisions. Each contract has a distinct scope of work, delivery objectives and acceptance criteria, and revenue is recognized independently for each contract upon completion and customer acceptance.

Research and Development Expenses

For the nine months ended September 30, 2025, the Company incurred research and development ("R&D") expenses of \$255,469, representing a decrease of approximately \$695,000, or 73.1%, compared to \$950,437 for the same period in 2024.

The decrease in R&D expenses primarily reflects the timing and sequencing of the Company's R&D activities, rather than a reduction in the scope or strategic importance of research and development. The Company's core R&D activities relate to the development and refinement of its crop growth data models, which are inherently subject to natural crop growth cycles that dictate the timing of observation, data collection and validation activities.

During the nine-month period ended September 30, 2025, several key R&D projects were in early-stage observation or monitoring phases, with significant data acquisition, third-party services and computing resource usage scheduled to occur in later stages of the project cycles. As a result, the level of R&D costs incurred during the period was lower compared to the same period in 2024, when multiple R&D initiatives were simultaneously in intensive data collection and model training phases.

R&D expenditures are expensed as incurred in accordance with the Company's accounting policies. Accordingly, the lower R&D expenses recorded during the nine-month period ended September 30, 2025 reflect the timing of cost incurrence associated with the underlying project cycles, notwithstanding the continuation of the Company's R&D initiatives.

The variability in interim R&D expenses should be read in conjunction with the Company's annual R&D expenditure profile discussed in the December 31, 2024 MD&A. Management believes that such variability is consistent with the project-based nature of the Company's research and development activities and does not indicate a change in the Company's long-term commitment to R&D.

Summary of Quarterly Results

The Company was not a reporting issuer as of September 30, 2025 and as a result quarterly reporting is not required.

Liquidity and Capital Resources

The Company commenced fiscal 2025 with working capital of \$161,385 and cash of \$202,594. As at September 30, 2025, the Company had a working capital deficiency of \$401,616 and cash of \$21,037.

As of September 30, 2025, cash of \$20,456 (RMB 104,613) (December 31, 2024 - \$113,956 (RMB 577,481)) resided in Mainland China. Under Chinese law, cash advanced to the Company's Chinese subsidiaries as registered share capital is maintained in the subsidiaries' registered capital bank account. Accordingly, the remittance of these funds back to Canada requires approvals by the relevant government authorities or designated banks in China, or both.

Cash flows

Operating activities

Net cash used in operating activities for the current nine-month period was \$163,869 (2024 - \$358,767). The net cash used in operating activities for the period consisted primarily of the operating income or loss, and change in non-cash working capital items. The change in non-cash working capital was mainly due to decrease in accounts receivable, increase in accounts payable and accrued liabilities and contract liabilities, offsetting by due to/from related parties.

Financing Activities

Net cash used in financing activities for the current nine-month period was \$15,490 (2024 – cash obtained \$527,479).

During the nine months ended September 30, 2025, the Company has made a lease payment of \$53,589 (2024 - \$Nil), a net loan paid to employees of \$49,860 (2024 – net loan repayment of \$41,789); a net loan repaid from a related party of \$84,667 (2024 – net loan paid to a related party of \$26,379); a repayment of long term borrowing to a third party of \$20,913 (2024 - \$Nil), and received advanced subscription payment of \$24,205. Subsequent to the balance sheet date and up to the date of these consolidated financial statements, these shares had not been issued.

During the comparative nine months ended September 30, 2024, the Company received subscription receivable (net of issuance cost) of \$474,208, the shares of which were issued on October 10, 2024.

The Company will need to raise funds through debt or equity offerings in order to have sufficient working capital to sustain its operations for the next 12 months.

Related Party Transactions

i) During the nine months ended September 30, 2025, the Company paid or accrued a salary of \$17,427 (2024 - \$17,037) and social welfare fund contribution of \$5,664 (2024 - \$5,537) to the director and CEO of the Company. As of September 30, 2025, the Company was owed \$Nil (December 31, 2024 – \$20,477) by the CEO.

As of September 30, 2025, the Company also has an interest free loan of \$91,407 (December 31, 2024 - \$178,527) to the director and CEO. There is no written loan agreement. The loan is due on demand and has no fixed term of repayment. The continuity of loan to CEO is as follows:

	<u>Loan to CEO</u>	
Balance as of December 31, 2023	\$	116,172
Loan to CEO		170,406
Repayment		(116,133)
Foreign exchange effect		8,082

Balance as of December 31, 2024	178,527
Loan to CEO	259,835
Repayment	(344,502)
Foreign exchange effect	(2,453)
Balance as of September 30, 2025	\$ 91,407

As of the date of issuance of the interim condensed consolidated financial statements, the balance of loan to CEO has been fully repaid.

ii) During the nine months ended September 30, 2025, the Company paid or accrued a salary of \$69,710 (2024 - \$68,149) and social welfare fund contribution of \$20,084 (2024 - \$19,023) for the CTO of the Company. The amount was recorded as service costs. As of September 30, 2025, the Company owed to the CTO \$10,201 (December 31, 2024 - \$57,114).

iii) During the nine months ended September 30, 2025, the Company paid or accrued legal fee (professional services) of \$13,440 (2024 - \$50,320) to a law firm of which is a partner of a director of the Company. As of September 30, 2025, the Company owed to the law firm \$10,940 (December 31, 2024 - \$Nil) which is recorded in due to related parties.

iv) During the nine months ended September 30, 2025, the Company accrued consulting fee (professional services) of \$3,780 (2024 - \$Nil) to Bizfield Accelerator Inc. ("Bizfield"), a company controlled by the director, Lillian Jing Liu. As of September 30, 2025, the Company owed to the Bizfield \$3,780 (December 31, 2024 - \$Nil) which is recorded in due to related parties.

On August 8, 2020, the Company entered into a Financing and Listing Service Agreement with Bizfield, according to which, Bizfield will providing consulting service to assist the Company going public in Canada for a total service fee of \$133,500. The service fee is payable by a) \$90,000 in shares; b) \$22,500 within 5 business days after a pre-filing meeting with TSX-V (paid); and c) \$21,000 within 5 business days after listing.

Due to and from related parties do not bear interest, are unsecured and repayable on demand.

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

Other than the transactions disclosed above, there was no other compensation paid to key management during the nine months ended September 30, 2025 and 2024.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Commitments

The Company has no commitments.

Financial and Capital Risk Management

As at September 30, 2025 and December 31, 2024, the Company's financial instruments comprised cash, accounts receivable, other receivables, due to/from related parties, loan to employees, loan to a related party, refundable lease deposit, short-term loan from a third-party, accounts payable and accrued liabilities, and lease liabilities. With the exception of cash, all financial instruments held by the Company are measured at amortized cost. The fair values of

these financial instruments approximate their carrying value due to their short-term maturities except for loan to employees and long-term lease liabilities. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values.

The levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at September 30, 2025 and December 31, 2024, the fair value of cash held by the Company was based on Level 1 of the fair value hierarchy. The Company does not have Level 2 and Level 3 financial instruments.

The Company's trade and other receivables, accounts payable and accrued liabilities, due from (to) related parties, loan to employees, loan to a related party, short-term loan from (to) a third party are measured at amortized cost. The carrying amounts of trade and other receivables, due from (to) related parties, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these items.

The carrying amounts of loan to employees, loan to a related party, short-term loan from (to) a third party and lease liabilities approximate their fair value as they are discounted at the current market rate of interest.

There were no transfers between Level 1, Level 2, and Level 3 of the fair value hierarchy during the periods ended September 30, 2025 and December 31, 2024.

The Company's receivables, accounts payable and accrued liabilities, due to/from related parties, refundable lease deposits and related parties are measured at amortized cost. The Company's carrying values of these items approximate their fair value due to the relatively short periods to maturity of the instruments. The carrying amounts of lease liabilities approximate their fair value as they are discounted at the current market rate of interest.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. As of September 30, 2025 and December 31, 2024, the Company was primarily exposed to credit risk attributable to cash, trade receivable, other receivables, due from related party, loan to employees and a related party, and refundable lease deposit. The maximum credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 3 Significant accounting estimates and judgements – Expected credit loss. The Company limits exposure to credit risk attributable to cash by maintaining its cash with large financial institutions.

The Company regularly reviews the collectability of its trade receivable and other receivables and establishes an allowance account for credit losses based on its best estimate of any potentially uncollectible amounts. As September 30, 2025, the Company estimated an allowance of credit loss of 100% (December 31, 2024 - 100%) for accounts receivable outstanding from the customers that are individually assessed due to significant credit risk identified and 0.00% (December 31, 2024 – 0.00%) on remaining accounts receivable. The Company considers trade receivables outstanding for more than one year at the reporting date to represent a significant increase in credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at September 30, 2025, the Company had a cash balance of \$21,037 (December 31, 2024 - \$202,594) to settle current liabilities of \$637,963 (December 31, 2024 - \$491,060). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company needs further funding to meet its short-term and long-term cash requirements.

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. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risks is insignificant.

Concentration risk

During the nine months ended September 30, 2025, a significant portion of the Company's revenue was derived from a limited number of customers. Management monitors customer concentration as part of its ongoing assessment of operating performance and period-to-period variability in results.

For the nine months ended September 30, 2025, revenue from three customers each accounted for more than 10% of total revenue and together generated revenue of RMB 980,768 (\$189,914), representing approximately 86% of total revenue for the period (nine months ended September 30, 2024 – two customers, RMB 8,674,759 (\$1,642,168), representing approximately 88% of total revenue).

The level of revenue concentration during the period reflects the project-based nature of the Company's system development business, under which revenue in any given interim period may be generated from a limited number of relatively large contracts depending on the timing of project delivery and customer acceptance.

The Company's major customers for the nine months ended September 30, 2025 were:

For the nine months ended September 30, 2025	Amount	Percentage of total revenue
Customer A	\$ 102,904	47%
Customer B	55,407	25%
Customer E	31,603	14%
	\$ 189,914	86%

The respective revenue attributable to these customers during the period was as follows:

For the nine months ended September 30, 2024	Amount	Percentage of total revenue
Customer C	\$ 1,383,214	74%
Customer D	258,954	14%
	\$ 1,642,168	88%

Accounts Receivable Concentration

As of September 30, 2025, accounts receivable from two customers is RMB103,315 (\$20,202) (December 31, 2024 –three customers, RMB743,490 (\$146,714), accounted for 100% of total accounts receivable (December 31, 2024 - three customers, accounted for 87.6% of total accounts receivable).

The concentration of accounts receivable at interim reporting dates may fluctuate depending on the timing of billing, milestone completion and customer payment cycles.

Nature of Customer Relationships

The Company operates under an independent, project-based collaboration model, pursuant to which each customer engagement is governed by a standalone contract with a defined scope of work, pricing, delivery milestones and acceptance criteria. These contracts do not include automatic renewal provisions or long-term framework arrangements.

Accordingly, customer concentration and related revenue levels may vary between reporting periods depending on the number, size and timing of individual projects completed during the period. Revenue is recognized independently for each contract in accordance with the Company's revenue recognition policies and applicable accounting standards.

Capital management

The Company defines capital as the items included in shareholders' equity. The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern, ensure sufficient capital and liquidity to complete its technology developments, establish commercial markets and pursue its growth strategy.

To support these objectives, the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. In order to maximize the development efforts, the Company does not pay out dividends during its development stage.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the reporting period.

Significant Accounting Policies, Critical Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant accounting policies and estimates are included in Notes 3 and 4 of its audited consolidated financial statements for the years ended December 31, 2024 and 2023.

New and amended and future Accounting Standards and Interpretations

Accounting standards and amendments to existing accounting standards that have been issued but have future effective dates:

IFRS 18 – Presentation and Disclosure in Financial Statements Effective for annual periods beginning on or after 1 January 2027.

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation in Financial Statements. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for "operating profit or loss", "profit or loss before financing and income taxes" and "profit or loss".

Subsequent Events

None.

Outstanding Share Data

The following table summarizes the Company's outstanding share data as of the date of this MD&A:

	Number of shares Issued or issuable
Common shares	97,730,000
Stock options	-
Warrants	-

Risks and Uncertainties

Limited Operating History

The Company was incorporated in April 2022 and does not have an operating history or any established financing sources. The Company's wholly-owned subsidiary, Beijing Zhongnong, was incorporated in May 2015.

The Company has a history of operating losses and may not achieve or sustain profitability. It cannot guarantee investors that it will become profitable, and even if it achieves profitability, given the evolving nature of the industry in which it operates, it may not be able to sustain or increase profitability and its failure to do so could adversely affect its business, including its ability to raise additional funds.

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

The Company cannot assure that it can avoid net losses in the future or that there will not be any earning or revenue declines in the future. The Company expects that its operating expenses will increase as it grows its business. If the revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

To increase its revenues, the Company must regularly add new customers, provide additional services and/or sell additional products to existing customers and encourage existing customers to increase their minimum commitment levels. There are no assurances that the Company will be able to attract new customers or retain existing customers in which case its operating results will be adversely affected.

Negative Operating Cash Flows

Since commencing its operations the Company has had negative operating cash flow and incurred losses. The Company may never achieve positive operating cash flow. To the extent the Company has negative operating cash flows in future, it may need to deploy a portion of its existing cash reserves or identify additional sources of financing

to fund such negative cash flows. The Company may require additional financing in order to continue as a going concern, as well as to grow and expand its operations. It is possible that any required future financing will not be available or, if available, will not be available on favorable terms. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, respond to competitive pressures or remain in business.

Foreign Exchange Rate Risk

Because the Company's business operations are centered in China. All of the Company's revenue and expenses may be denominated in Chinese Renminbi. Accordingly, foreign currency fluctuations may adversely affect the Company's financial position and operating results.

Further, under Chinese law, cash advanced to the Company's Chinese subsidiaries as registered share capital is maintained in the subsidiaries' registered capital bank account. Accordingly, the remittance of these funds back to Canada requires approvals by the relevant government authorities or designated banks in China, or both.

Changes in Laws

Changes to any of the laws, rules, regulations or policies to which the Company is subject in any jurisdiction in which it carries on business could have a significant impact on the Company's business. There can be no assurance that the Company will be able to comply with any future laws, rules, regulations and policies. Failure by the Company to comply with applicable laws, rules, regulations and policies may subject it to civil or regulatory proceedings, including fines or injunctions, which may have a material adverse effect on the Company's business, financial condition, liquidity and results of operations. In addition, compliance with any future laws, rules, regulations and policies could negatively impact the Company's profitability and have a material adverse effect on its business, financial condition, liquidity and results of operations.

Staffing and Reliance on Key Management

The responsibility of successfully implementing the Company's business strategy depends substantially on its senior management and its key personnel, in particular, Yang He, the Company's CEO, and Zhongyi Li, the Company's CTO. The Company does not currently have any "key-man" insurance policy on Mr. He or Mr. Li or on any other key employee of the Company, therefore there is a risk that the death or departure of Mr. He or Mr. Li or any one or more other key employee could have a material adverse effect on the Company.

Further, the Company currently needs to acquire sales and technical staff to execute its business strategy. If the Company does not secure the appropriate funding to acquire the staff it needs, or if it is unable to attract and retain sufficiently qualified staff, its ability to successfully develop and sell its products and services could be significantly compromised.

There is also a risk to the business where there is a turnover of development staff that have knowledge of the Company's technology and business. This loss of knowledge could result in leakage or misappropriation of confidential information. While the Company aims to mitigate this risk by imposing contractual restraints on use and ownership of the Company's confidential information, there could also be increased costs for the Company in having to replace the implicit knowledge and skills of departing employees.

Corporate Governance

The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Audit Committee of the Company fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual financial statements prior to their submission to the Board of Directors for approval.

The Audit Committee, comprised of three directors, the majority of whom are independent, meets with management of the Company on a quarterly basis to review the financial statements, including the MD&A, and to discuss other financial, operating and internal control matters as required.

**APPENDIX D – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE
COMPANY FOR THE YEAR ENDED MARCH 31, 2025 AND MARCH 31, 2024 AND
MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MARCH 31,
2025.**

INCEPTUS CAPITAL LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024

(Expressed in Canadian Dollars)

INCEPTUS CAPITAL LTD.
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Inceptus Capital Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Inceptus Capital Ltd. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, changes in equity (deficiency), and cash flows for the years 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 March 31, 2025 and 2024, and its financial performance and its cash flows for the years 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 the continuation of the Company as a going concern is dependent upon its ability to complete a qualifying transaction for which additional financing might be needed. As stated in Note 1, these events and conditions indicate 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.

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 year. 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.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

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:

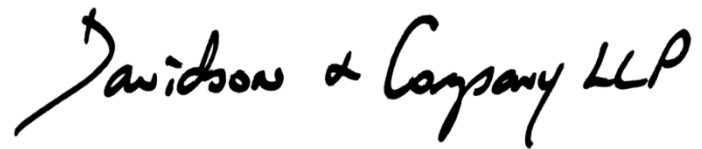
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 Michael MacLaren.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

July 29, 2025

INCEPTUS CAPITAL LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

As at	Notes	March 31, 2025	March 31, 2024
		\$	\$
ASSETS			
Current assets:			
Cash		2,782	6,634
Prepaid Expenses		-	3,497
Deferred Financing Costs	10	10,000	10,000
TOTAL ASSETS		12,782	20,131
LIABILITIES AND EQUITY (DEFICIENCY)			
CURRENT			
Accounts Payable and Accrued Liabilities	5	61,565	31,545
Loan Payable	4	170,998	55,879
TOTAL LIABILITIES		232,563	87,424
EQUITY (DEFICIENCY)			
Share Capital	3	295,431	295,431
Reserves	3	42,304	42,304
Deficit		(557,516)	(405,028)
		(219,781)	(67,293)
TOTAL LIABILITIES AND EQUITY (DEFICIENCY)		12,782	20,131

Nature and continuance of operations (Note 1)

Proposed transaction (Note 10)

These consolidated financial statements are authorized for issue by the Board of Directors on July 29, 2025

They are signed on the Company's behalf by:

"Peter Chen"

Peter Chen

Director

"Tony Chan"

Tony Chan

Director

The accompanying notes are an integral part of the consolidated financial statements

INCEPTUS CAPITAL LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)

	Notes	For the year ended March 31, 2025	For the year ended March 31, 2024
		\$	\$
OPERATING EXPENSES			
Dues and Filings		17,549	2,515
Listing Fees		5,890	5,890
Office and Miscellaneous		1,236	2,172
Professional Fees		120,951	46,277
Transfer Agent Fees		7,168	4,392
TOTAL OPERATING EXPENSES		(152,794)	(61,246)
OTHER INCOME		306	-
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		(152,488)	(61,246)
BASIS AND DILUTED LOSS PER SHARE		(0.07)	(0.03)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING BASIC AND DILUTED		2,067,500	2,067,500

The accompanying notes are an integral part of the consolidated financial statements

INCEPTUS CAPITAL LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(EXPRESSED IN CANADIAN DOLLARS)

	Share Capital				
	Number of Shares	Amount	Reserves	Deficit	Total Equity (Deficiency)
BALANCE, MARCH 31, 2023	4,747,500	295,431	42,304	(343,782)	(6,047)
Loss for the Year	-	-	-	(61,246)	(61,246)
BALANCE, MARCH 31, 2024	4,747,500	295,431	42,304	(405,028)	(67,293)
Loss for the Year	-	-	-	(152,488)	(152,488)
BALANCE, MARCH 31, 2025	4,747,500	295,431	42,304	(557,516)	(219,781)

The accompanying notes are an integral part of the consolidated financial statements

INCEPTUS CAPITAL LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

	Notes	For the year ended March 31, 2025	For the year ended March 31, 2024
		\$	\$
OPERATING ACTIVITIES			
Loss for the Year		(152,488)	(61,246)
Changes in Non-Cash Working Capital Items			
Prepaid Expenses		3,497	(13,497)
Accounts Payable and Accrued Liabilities		145,139	66,271
Cash Received/(Used) In Operating Activities		(3,852)	(8,472)
CHANGE IN CASH DURING THE YEAR		(3,852)	(8,472)
CASH – BEGINNING OF YEAR		6,634	15,106
CASH – END OF YEAR		2,782	6,634
Supplemental Disclosure of Non-Cash Transactions			
Amount Paid for Interest	\$	-	\$ -
Advances on Behalf of the Company	\$	115,119	\$ 55,879

The accompanying notes are an integral part of the consolidated financial statements

INCEPTUS CAPITAL LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024
(Expressed in Canadian Dollars)

1. Nature and Continuance of Operations

Inceptus Capital Ltd. (the "Company") was incorporated under the provincial Business Corporations Act (British Columbia) on February 1, 2017 and its registered office is at 530, 355 Burrard Street, Vancouver, BC V6C 2G8 Canada. The Company is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange ("TSX-V"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading.

On November 9, 2017, the Company successfully completed its initial public offering ("IPO") and listed on the TSX-V under the symbol of "ICI.P". The offering consisted of 2,147,500 common shares at a price of \$0.10 per share for gross proceeds of \$214,750. The proceeds raised from the IPO may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until the completion of a qualifying transaction by the Company as defined under the policies of the Exchange.

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The consolidated financial statements do not include adjustments to amounts and reclassification of assets and liabilities that might be necessary should the Company be unable to continue operates.

During fiscal year 2022, the Company entered into a letter of intent to acquire 100% of the issued common shares of Smartwell Technology Inc. ("Smartwell"), a private company incorporated under the laws of British Columbia and a company specializing in the development of intelligent algorithms for processing agriculture data.

During fiscal year 2023, the Company entered into a binding letter of intent for the acquisition of Smartwell as more fully described in Note 10.

As at March 31, 2025 the Company has a working capital deficit of 219,781, and has incurred accumulated loss of \$557,516 since incorporation. The Company possesses \$2,782 in cash. The continuation of the Company as a going concern is dependent upon its ability to complete a qualifying transaction. To the extent that the Company is unable to identify a purchase transaction, additional financing might be needed. However, there can be no assurance that such financing will occur in the amounts and with the terms expected in favor of the Company. These material uncertainties may cast significant doubt on the Company's ability to continue as going concern.

The COVID-19 pandemic has developed rapidly in 2020 and measures taken by various governments to contain the virus have affected economic activity. The Company has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures (social distancing, working from home and specific protocols for office attendance). Since the Company has not started its operations, there has been no negative impact on the business.

The Company will continue to follow the various government policies and advice and, monitor the implications of COVID-19 on the Company.

2. Material Accounting Policies

(a) Statement of Compliance

The consolidated financial statements of the Company comply with the IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

These consolidated financial statements were approved by the Board of Directors for issuance on July 29, 2025.

(b) Basis of presentation

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

(c) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, 1262595 B.C. Ltd., a BC company, which carries no activity and is currently dormant.

INCEPTUS CAPITAL LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024
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2. Material Accounting Policies (Continued)

(d) Significant Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual outcomes could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Areas of Assumptions and Estimates

Going Concern

These consolidated financial statements have been prepared 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. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used.

(e) Financial Instruments

The Company classifies and measures the Company's financial assets and liabilities as follows:

Financial Assets

Amortized cost

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely principal and interest ("SPPI") criterion. Financial assets classified in this category are measured at amortized cost using the effective interest method.

Fair value through profit or loss ("FVTPL")

This category includes quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at fair value through other comprehensive income. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in profit or loss.

Financial Liabilities

Financial liabilities are designated as either: FVTPL; or amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL.

The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

The following table summarizes the measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities:

	IFRS 9 Classification
Financial Assets	
Cash	Amortized cost
Financial Liabilities	
Accounts Payable and Accrued Liabilities	Amortized cost
Loan Payable	Amortized cost

Impairment of Financial Assets

The Company assesses impairment losses for financial assets using the forward-looking expected credit loss approach. There were no impairment losses recognized in these consolidated financial statements for the years presented.

(f) Related Parties Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

INCEPTUS CAPITAL LTD.
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2. Material Accounting Policies (Continued)

(g) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and the fair value of brokers' warrants are recognized as a deduction from equity, net of any tax effects.

(h) Share-Based Payments

The Company's stock option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

(i) 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 or other comprehensive income, in which case the income tax is recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized on temporary differences arising from the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the reporting date. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) Loss per Share

Basic loss per share is computed by dividing net earnings (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). Escrow shares that are contingently returnable are not treated as outstanding and are excluded from the calculation of basic loss per share until the date the shares are no longer subject to recall.

In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In periods where a loss is reported all outstanding options, warrants and other convertible instruments are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

Upcoming Pronouncements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which will replace IAS 1, *Presentation of Financial Statements* aims to improve how companies communicate their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date. The Company is currently evaluating the impact of this standard on the consolidated financial statements. The Company is evaluating the impact of this standard on the consolidated financial statements.

3. Share Capital

a) Authorized Share Capital

Authorized:

Unlimited Class A Voting, Participating, Common Shares without par value

Unlimited Class B Voting, Non-participating, Common Shares without par value

Unlimited Class C Non-Voting, Participating, Common Shares without par value

Unlimited Class D Non-Voting, Non-participating, Common Shares without par value

b) Issued Share Capital

As at March 31, 2025, there were 4,747,500 Class A common shares issued and outstanding. No share transactions occurred during the year ended March 31, 2025.

INCEPTUS CAPITAL LTD.
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3. Share Capital (Continued)

c) Escrow

The Company has entered into a new escrow agreement in the form approved for capital pool companies by the TSX-V effective January 1, 2021, to amend, supersede and replace the original share escrow agreement entered into by the Company. The Company has 2,680,000 common shares subject to an escrow agreement whereby 25% of the shares will be released from escrow upon completion of the qualifying transaction. An additional 25% of the escrowed common shares will be released on each six-month anniversary thereafter unless otherwise permitted by TSX-V.

d) Share Purchase Option

The Company has a stock option plan pursuant to which it may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and consultants to the Company, non-transferable options to purchase common shares (the "Incentive Stock Options"), provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares upon completion of the Offering, exercisable for periods of up to 10 years from the date of grant. Common Shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions to the extent of options exercised prior to the completion of a Qualifying Transaction.

For the year ended March 31, 2025 and 2024, the Company granted nil incentive stock options to its directors and officers of the Company.

(e) Reserves – Stock Options

A summary of stock option activity for the year ended March 31, 2025 is as follows:

	Number of Options/ Exercisable	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (Years)
Balance, March 31, 2024	474,750	\$0.10	3.63
Balance, March 31, 2025	474,750	\$0.10	2.63

The expiry date of 474,750 options above is November 14, 2027.

4. Loan Payable

Smartwell has paid on behalf of the Company \$170,998 (March 31, 2024: \$55,879) of expenses with no repayment term and with no interest.

5. Related Parties

The Company has identified its directors and certain senior officers as its key management personnel. Key management personnel refer to individuals within an organization who have significant authority and responsibility for planning, directing, and controlling the activities of the entity. These individuals play a crucial role in the decision-making process and have a substantial impact on the organization's financial and operational performance.

As at March 31, 2025, the Company carried \$2,192 (March 31, 2024: \$1,869) in accounts payable due to related parties.

6. Capital Disclosures

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1. The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and
- to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements except as disclosed in Note 1. There were no changes in the Company's approach to capital management in the current year.

7. Financial Instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

INCEPTUS CAPITAL LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. Financial Instruments (Continued)

The carrying value of cash, accounts payable and accrued liabilities, and loan payable approximates fair value due to its short-term nature.

8. Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Overview

The Company's consolidated financial instruments consist of cash, accounts payable and accrued liabilities, and loan payable. The fair value of these financial instruments, approximate their carrying value due to short term nature.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada.

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's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2025, the Company had a cash balance of \$2,782 to pay accounts payable and accrued liabilities of \$61,565 and loan payable of \$170,998. The Company is exposed to liquidity risk.

Market Risk

The Company will be subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. For the year ended March 31, 2025, the Company held \$nil financial instruments subject to significant foreign exchange or interest rate risks. Due to the nature of the business, the Company is not exposed to other price risk such as commodity price risk and equity price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

9. Income Tax

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

	2025	2024
Loss for the year	\$ (152,488)	\$ (61,246)
Expected income tax (recovery)	\$ (41,000)	\$ (17,000)
Change in unrecognized deductible temporary differences	41,000	17,000
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

	2025	2024
Deferred tax asset (liabilities)		
Non-capital losses	152,000	111,000
	152,000	111,000
Unrecognized deferred tax assets	(152,000)	(111,000)
Net deferred tax assets	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	2024	Expiry Date Range	2024	Expiry Date Range
Temporary Differences				
Non-capital losses available for future periods	\$562,000	2037 to 2045	\$410,000	2037 to 2044

Tax attributes are subject to review, and potential adjustment, by tax authorities.

10. Proposed Transaction

The Company entered into a binding letter of intent for the acquisition of Smartwell and received a \$30,000 non-refundable deposit from Smartwell during the 2023 fiscal year. The transaction is not a non-arm's-length qualifying transaction within the meaning of the policies of the TSX-V and is intended to constitute the qualifying transaction of the Company under Policy 2.4 (Capital Pool Companies) of the TSX-V. The Company expects to be classified as a technology issuer on Tier 2 of the TSX-V upon completion of the transaction. Trading in the shares of the Company on the TSX-V has been halted and will remain halted pending receipt by the TSXV of applicable documentation.

INCEPTUS CAPITAL LTD.
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10. Proposed Transaction (Continued)

The Company has entered into a share exchange agreement dated effective February 5, 2024, with Smartwell, pursuant to which the Company will acquire all of the issued and outstanding shares and warrants in the capital of Smartwell, which acquisition is intended to serve as the company's qualifying transaction, as defined in and pursuant to, the policies of the TSX Venture Exchange. The transaction will result in a reverse takeover transaction and the continuance of financial information will be that of Smartwell.

Concurrently with the closing of the acquisition, the Company will arrange for a prospectus offering for gross proceeds of not less than \$500,000 pursuant to an engagement letter dated December 11, 2023, with Research Capital Corp. (RCC). RCC will receive a cash commission and warrants to acquire shares of the Company, a corporate finance and sponsorship fee, and reimbursement of approved expenses, as more particularly set out in the definitive agency agreement to be entered into between the parties.

Also concurrently with closing of the acquisition, Smartwell will arrange for a financing for gross proceeds of not less than \$2,500,000 of Smartwell units at a price of \$0.20 per Smartwell unit. All Smartwell common shares issued pursuant to the Smartwell financing will be exchanged for shares of the Company and all Smartwell warrants issued pursuant to the Smartwell financing will be exchanged for warrants of the Company in accordance with the terms of the share exchange agreement.

Closing of the acquisition will be subject to regulatory approval and other customary closing conditions.

INCEPTUS CAPITAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025 and 2024

GENERAL

Set out below is a review of the activities, results of operations and financial position of Inceptus Capital Ltd. (the "Company"). This Management's Discussion and Analysis ("MD&A"), dated as of July 29, 2025 should be read in conjunction with the consolidated financial statements of the Company for the year ended March 31, 2025 and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The presentation and functional currency of the Company is the Canadian dollar, unless otherwise stated. The Company is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario in Canada and is listed on the TSX Venture Exchange ("TSX-V") under the symbol "ICLP". Additional information related to the Company is available on SEDAR at www.sedar.com.

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings. The Board of Directors' approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

CAUTIONARY NOTES REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively "forward-looking statements"). Forward-looking information may include financial and other projections, as well as statements regarding future events, plans, objectives or economic performance, or the assumption underlying any of the foregoing. The use of any of the words "may", "would", "could", "will", "likely", "except", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", and other similar expressions are intended to identify forward-looking statements.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information. In evaluating these statements, the prospective purchasers should not place undue reliance on any such forward-looking information and should specifically consider various factors, including the risks outlined under 'Risk Factors'. Further, any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

RISKS AND UNCERTAINTIES

The Company has a limited history of existence. There can be no assurance that a qualifying transaction will be completed. Equity or debt financing may be required to complete a qualifying transaction. There can be no assurance that the Company will be able to obtain adequate financing to continue. The securities of the Company should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

- a) until completion of a qualifying transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential qualifying transactions;
- b) the Company has had no business activity and has not acquired any material assets since its incorporation other than cash;
- c) the Company does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the completion of the qualifying transaction;
- d) the Company has only limited funds with which to identify and evaluate potential qualifying transactions and there can be no assurance that the Company will be able to identify a suitable qualifying transaction within the timeframe from the date of listing;
- e) even if a proposed qualifying transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction;
- f) the qualifying transaction may be financed in all or part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant, and which may also result in a change of control of the Company;
- g) there can be no assurance that an active and liquid market for the common shares will develop and an investor may find it difficult to resell its common shares;
- h) if the Company fails to complete a qualifying transaction within 24 months from the date of listing, the TSX-V could suspend or delist the common shares of the Company and an interim cease trade order may be issued against the Company's securities by an applicable securities commission if its common shares are suspended from trading on or delisted from the TSX-V or otherwise; and
- i) the Company competes with many Capital Pool Companies that are seeking suitable qualifying transactions. In addition, other Capital Pool Companies may have substantially greater financial and technical resources than the Company.

INCEPTUS CAPITAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025 and 2024

BUSINESS OVERVIEW AND OPERATIONS

Inceptus Capital Ltd. (the "Company") was incorporated under the provincial Business Corporations Act (British Columbia) on February 1, 2017.

The Company is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX-V. The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the TSX-V rules.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the TSX-V, at which time the TSX-V may suspend or de-list the Company's shares from trading. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

On November 9, 2017, the Company successfully completed its initial public offering ("IPO") and listed on the Exchange under the symbol of "ICLP". The offering consisted of 2,147,500 common shares at a price of \$0.10 per share for gross proceeds of \$214,750. The proceeds raised from the IPO may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until the completion of a qualifying transaction by the Company as defined under the policies of the TSX-V.

During fiscal year 2020, the Company entered into a non-binding letter of intent dated November 18, 2019, with Alpha K-9 Technologies Inc. in respect of a proposed reverse takeover transaction intended to constitute the Company's qualifying transaction, as such term is defined under Policy 2.4 of the TSX Venture Exchange. Pursuant to the transaction, the Company will acquire all of the issued and outstanding common shares of Alpha at an exchange ratio of one common share of the Company for every one Alpha share, resulting in a reverse takeover of the Company. It is expected that shareholders of Alpha will hold, in aggregate, at least 31.7 million of the outstanding common shares (on a non-diluted basis) of the resulting issuer after completion of the transaction, which represents approximately 87 per cent of the total outstanding common shares (on a non-diluted basis) of the resulting issuer. The transaction does not constitute a non-arm's-length qualifying transaction for the purposes of the Exchange.

During fiscal year 2021, the amalgamation agreement between Alpha K-9 Technologies Inc. and the Company previously announced in the Company's news release of August 28, 2020, in an effort to complete a qualifying transaction had been terminated.

During fiscal year 2022, the Company entered into a non-binding letter of intent dated July 23, 2021, to acquire 100 per cent of the issued common shares of Cozystay Holdings Inc., a private company incorporated under the laws of British Columbia and a technology driven company, dedicated to providing management and operation services to short-term rental operators in North America, Asia and the rest of the world. The Company subsequently announced the termination of the letter of intent for the acquisition of Cozystay Holdings Inc.

During fiscal year 2022, the Company entered into a binding letter of intent to acquire 100% of the issued common shares of Smartwell Technology Inc., a private company incorporated under the laws of British Columbia and a company specializing in the development of intelligent algorithms for processing agriculture data.

During fiscal year 2023, the Company entered into a binding letter of intent for the acquisition of Smartwell as more fully described in Note 10 of the consolidated financial statements.

The transaction is not a non-arm's-length qualifying transaction within the meaning of the policies of the TSX-V and is intended to constitute the qualifying transaction of the company under Policy 2.4 (Capital Pool Companies) of the TSX Venture Exchange. The Company expects to be classified as a technology issuer on Tier 2 of the TSX-V upon completion of the transaction. Trading in the shares of the company on the TSX-V has been halted and will remain halted pending receipt by the TSX-V of applicable documentation

The Company has entered into a share exchange agreement dated effective February 5, 2024, with Smartwell, pursuant to which the Company will acquire all of the issued and outstanding shares and warrants in the capital of Smartwell, which acquisition is intended to serve as the company's qualifying transaction, as defined in and pursuant to, the policies of the TSX Venture Exchange.

Subject to the terms and conditions of the share exchange agreement, the Company will purchase all of the issued and outstanding shares and warrants of Smartwell for an aggregate purchase price of \$21,236,000 plus the value of any Smartwell shares issued pursuant to a bridge financing to be carried out by Smartwell in the maximum amount of \$500,000. The purchase price shall be satisfied by the Company issuing pro rata to the Smartwell shareholders 106.18 million shares of the Company plus the number of shares of the Company equal to the number of Smartwell shares issued pursuant to the bridge financing at a deemed price of 20 cents per share and by the Company issuing pro rata to the holders of warrants of Smartwell 12.5 million warrants of the Company on closing.

INCEPTUS CAPITAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025 and 2024

BUSINESS OVERVIEW AND OPERATIONS (CONTINUED)

Concurrently with the closing of the acquisition, the Company will arrange for a prospectus offering for gross proceeds of not less than \$500,000 pursuant to an engagement letter dated December 11, 2023, with Research Capital Corp. (RCC), further to the Company's news release dated September 12, 2022. RCC will receive a cash commission and warrants to acquire shares of the Company, a corporate finance and sponsorship fee, and reimbursement of approved expenses, as more particularly set out in the definitive agency agreement to be entered into between the parties.

Also concurrently with closing of the acquisition, Smartwell will arrange for a financing for gross proceeds of not less than \$2.5-million of Smartwell units at a price of 20 cents per Smartwell unit. All Smartwell common shares issued pursuant to the Smartwell financing will be exchanged for shares of the Company and all Smartwell warrants issued pursuant to the Smartwell financing will be exchanged for warrants of the Company in accordance with the terms of the share exchange agreement.

Closing of the acquisition will be subject to regulatory approval and other customary closing conditions.

As at March 31, 2025, the Company has a working capital deficit of \$219,781, and has incurred accumulated loss of \$557,516 since incorporation. The Company possesses \$2,782 in cash.

RESULTS OF OPERATIONS

The net loss for the year ended March 31, 2025 was \$152,488, which comprised of dues and filing fees of \$17,549, listing fees of \$5,890, office and miscellaneous of \$1,236, professional fees of \$120,951, and transfer agent fees of \$7,168. The net loss for the corresponding year ended March 31, 2024 was \$61,246.

Professional Fees

The Company incurred \$120,951 and \$46,277 in legal and audit fees for the year ended March 31, 2025 and 2024, respectively. The professional fees primarily included costs for general legal matters, the acquisition of Smartwells, preparation of the prospectus and legal documents, assistance in connection with the TSX-V filings and the auditing of the Company's annual accounts.

Listing Fees

The Company incurred \$5,890 and \$5,890 in listing fees for the year ended March 31, 2025 and 2024, respectively. The listing fees related to regulatory maintenance fees paid to TSX-V.

Dues & Filings

Dues & filings amounted to \$17,549 for the year ended March 31, 2025, compared to \$2,515 for prior year. Regulatory filing fees related to fees paid to TSX-V and Sedar filings.

Transfer Agent Fees

Transfer agent fees amounted to \$7,168 and \$4,392 for the year ended March 31, 2025 and 2024, respectively. Transfer agent fees related to fees paid to Computershare for their agency services provided.

Loss and Comprehensive Loss

The Company incurred losses from operations of \$152,488 and \$61,246 for the year ended March 31, 2025 and 2024, respectively. As the principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction, further losses are anticipated for the foreseeable future.

SUMMARY OF QUARTERLY RESULTS

Period Ended	Mar 31, 2025	Dec 31, 2024	Sept 30, 2024	June 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income/(Loss)	(67,004)	(33,868)	(7,390)	(44,226)	(40,126)	(6,489)	(13,781)	(850)	12,713
Income/(Loss per Share)	(0.03)	(0.02)	(0.00)	(0.02)	(0.02)	0.00	(0.01)	0.00	0.01
Cash	2,782	3,184	3,198	6,620	6,634	8,516	8,531	13,558	15,106
Total Assets	12,782	13,184	13,198	16,620	20,131	16,280	21,696	13,558	15,106
Total Liabilities	232,563	165,962	132,108	128,139	87,424	43,447	42,374	20,455	21,153
Long-Term Liabilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
(Deficit)	(557,516)	(490,513)	(456,645)	(449,254)	(405,028)	(364,902)	(358,413)	(344,632)	(343,782)

As at March 31, 2025 the Company has working deficiency of \$219,781, compared to \$67,293 as at March 31, 2025, a decrease of \$152,488. The Company has incurred accumulated loss of \$557,516 since incorporation. The Company holds \$2,782 in cash as at March 31, 2025.

INCEPTUS CAPITAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025 and 2024

LIQUIDITY

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2025, the Company had a cash balance of \$2,782 to pay accounts payable and accrued liabilities of \$61,565 and loan payable of \$170,998. The Company is exposed to liquidity risk.

CAPITAL RESOURCES

The authorized share capital of the Company consists of:

Unlimited Class A Voting, Participating, Common Shares without par value

Unlimited Class B Voting, Non-participating, Common Shares without par value

Unlimited Class C Non-voting, Participating, Common Shares without par value

Unlimited Class D Non-Voting, Non-participating, Common Shares without par value

As at March 31, 2025, there were 4,747,500 Class A common shares issued and outstanding. No share transactions occurred during the year ended March 31, 2025.

The Company has entered into a new escrow agreement in the form approved for capital pool companies by the TSX-V effective January 1, 2021, to amend, supersede and replace the original share escrow agreement entered into by the Company. The Company has 2,680,000 common shares subject to an escrow agreement whereby 25% of the shares will be released from escrow upon completion of the qualifying transaction. An additional 25% of the escrowed common shares will be released on each six-month anniversary thereafter unless otherwise permitted by TSX-V.

The Company has a stock option plan pursuant to which it may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares, exercisable for periods of up to 10 years from the date of grant.

For the year ended March 31, 2025 and 2024, the Company granted nil incentive stock options to its directors and officers of the Company.

LOAN PAYABLE

Smartwell has paid on behalf of the Company \$170,998 (March 31, 2024: \$55,879) of expenses with no repayment term and with no interest.

RELATED PARTIES

The Company has identified its directors and certain senior officers as its key management personnel. Key management personnel refers to individuals within an organization who have significant authority and responsibility for planning, directing, and controlling the activities of the entity. These individuals play a crucial role in the decision-making process and have a substantial impact on the organization's financial and operational performance.

As at March 31, 2025, the Company carried \$2,192 (March 31, 2024: \$1,869) in accounts payable due to related parties.

OFF-BALANCE SHEET ARRANGEMENTS

The Company is not aware of any off-balance sheet transactions requiring disclosure.

FOURTH QUARTER EVENTS, 2025

The Company has been actively collaborating with Smartwell Technology Inc., legal advisors, the Company's auditor, and the Exchange to finalize the qualifying transaction and business combination as previously disclosed.

PROPOSED TRANSACTIONS

The Company is not aware of any additional proposed transactions requiring disclosure.

SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual outcomes could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Areas of Assumptions and Estimates

Going Concern

These condensed interim consolidated financial statements have been prepared 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.

INCEPTUS CAPITAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025 and 2024

FINANCIAL INSTRUMENTS

If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash, accounts payable and accrued liabilities, and loan payable approximates fair value due to its short-term nature.

FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Overview

The Company's condensed interim financial instruments consist of cash, and accounts payable and accrued liabilities. The fair value of these financial instruments, other than cash which is measured at fair value, using level 1 of the fair value hierarchy, approximate their carrying value due to short term nature.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada.

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's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2025, the Company had a cash balance of \$2,782 to pay accounts payable and accrued liabilities of \$61,565 and loan payable of \$170,998. The Company is exposed to liquidity risk.

Market Risk

The Company will be subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. For the year ended March 31, 2025, the Company held \$nil financial instruments subject to significant foreign exchange or interest rate risks. Due to the nature of the business, the Company is not exposed to other price risk such as commodity price risk and equity price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

CAPITAL MANAGEMENT

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to complete a qualifying transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to externally imposed capital requirements.

OTHER MD&A REQUIREMENTS

(a) Additional Information

Additional information relating to the Company may be available upon request.

Additional relevant disclosure, such as general and administration expenses, share capitals, significant accounting policies adopted are disclosed in the Company's consolidated financial statements for the year ended March 31, 2025.

INCEPTUS CAPITAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2025 and 2024

OTHER MD&A REQUIREMENTS (CONTINUED)

(b) Disclosure of Outstanding Share Data

Security in Number	March 31, 2025	The reporting date July 29, 2025
Each class and series of voting or equity securities for which there are securities Common Shares Outstanding: Class A Common Share	4,747,500	4,747,500
Each class and series of securities for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities Agent's Warrants Stock Options	- 474,750	- 474,750
Each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities above Common Shares Fully diluted	474,750 5,222,250	474,750 5,222,250

As of the date of this report, the Company had 4,747,500 Class A common shares issued and outstanding and 474,750 stock options had been granted and outstanding. The Company has 2,680,000 common shares subject to an escrow agreement.

(c) Disclosure Controls and Procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures for the Company and has designed such disclosure controls and procedures, or caused them to be designed under the Company management's supervision, to provide reasonable assurance that material information relating to the Company is made known to management by others within those entities particularly during the period covered by this MD&A.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures for the period covered by this MD&A and based on that evaluation, Management has concluded that the disclosure controls and procedures are effective.

**APPENDIX E – UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS OF THE COMPANY FOR THE SIX-MONTH PERIOD ENDED
SEPTEMBER 30, 2025 AND MANAGEMENT DISCUSSION AND ANALYSIS FOR THE
SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2025.**

INCEPTUS CAPITAL LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

(Unaudited - Expressed in Canadian Dollars)

INCEPTUS CAPITAL LTD.

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

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INCEPTUS CAPITAL LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)

As at	Notes	September 30, 2025	March 31, 2025
		\$	\$
ASSETS			
Current assets:			
Cash		2,727	2,782
Deferred Financing Costs	9	10,000	10,000
TOTAL ASSETS		12,727	12,782
LIABILITIES AND EQUITY (DEFICIENCY)			
CURRENT			
Accounts Payable and Accrued Liabilities	5	49,443	61,565
Loan Payable	4	191,067	170,998
TOTAL LIABILITIES		240,510	232,563
EQUITY (DEFICIENCY)			
Share Capital	3	295,431	295,431
Reserves	3	42,304	42,304
Deficit		(565,518)	(557,516)
		(227,783)	(219,781)
TOTAL LIABILITIES AND EQUITY (DEFICIENCY)		12,727	12,782

Nature and continuance of operations (Note 1)

Proposed transaction (Note 9)

These consolidated financial statements are authorized for issue by the Board of Directors on November 28, 2025.

They are signed on the Company's behalf by:

"Peter Chen"

Peter Chen

Director

"Tony Chan"

Tony Chan

Director

The accompanying notes are an integral part of the condensed interim consolidated financial statements

INCEPTUS CAPITAL LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Three Months Ended September 30, 2025	Six Months Ended September 30, 2025	Three Months Ended September 30, 2024	Six Months Ended September 30, 2024
	\$	\$	\$	\$
OPERATING EXPENSES				
Audit & Accounting	3,000	3,000	2,128	11,162
Dues & Filings	-	-	2,549	10,049
Office and Miscellaneous	11	26	75	965
Professional Fees	2,515	2,515	106	24,416
Transfer Agent Fees	1,357	2,461	2,532	5,025
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(6,883)	(8,002)	(7,390)	(51,617)
BASIS AND DILUTED LOSS PER SHARE	(0.00)	(0.00)	(0.00)	(0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	2,067,500	2,067,500	2,067,500	2,067,500
BASIC AND DILUTED	2,067,500	2,067,500	2,067,500	2,067,500

The accompanying notes are an integral part of the condensed interim consolidated financial statements

INCEPTUS CAPITAL LTD.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(EXPRESSED IN CANADIAN DOLLARS)

	Share Capital					
	Number of Shares	Amount	Reserves	Deficit	Total Equity (Deficiency)	
BALANCE, MARCH 31, 2024	4,747,500	295,431	42,304	(405,028)	(67,293)	
Loss for the Period	-	-	-	(51,617)	(51,617)	
BALANCE, SEPTEMBER 30, 2024	4,747,500	\$ 295,431	\$ 42,304	\$ (456,645)	\$ (118,910)	
Loss for the Period	-	-	-	(100,871)	(100,871)	
BALANCE, MARCH 31, 2025	4,747,500	295,431	42,304	(557,516)	(219,781)	
Loss for the Period	-	-	-	(8,002)	(8,002)	
BALANCE, SEPTEMBER 30, 2025	4,747,500	295,431	42,304	(565,518)	(227,783)	

The accompanying notes are an integral part of the condensed interim consolidated financial statements

INCEPTUS CAPITAL LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)

	Notes	Six Months Ended September 30, 2025	Six Months Ended September 30, 2024
		\$	\$
OPERATING ACTIVITIES			
Loss for the Period		(8,002)	(51,167)
Changes in Non-Cash Working Capital Items			
Prepaid Expenses		-	3,497
Accounts Payable and Accrued Liabilities		7,947	44,234
Cash Received/(Used) In Operating Activities		(55)	(3,436)
CHANGE IN CASH DURING THE PERIOD		(55)	(3,436)
CASH – BEGINNING OF PERIOD		2,782	6,634
CASH – END OF PERIOD		2,727	3,198
Supplemental Disclosure of Non-Cash Transactions			
Amount Paid for Interest	\$	-	\$ -
Advances on Behalf of the Company	\$	20,069	\$ 33,238

The accompanying notes are an integral part of the condensed interim consolidated financial statements

INCEPTUS CAPITAL LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in Canadian Dollars)

1. Nature and Continuance of Operations

Inceptus Capital Ltd. (the "Company") was incorporated under the provincial Business Corporations Act (British Columbia) on February 1, 2017 and its registered office is at 530, 355 Burrard Street, Vancouver, BC V6C 2G8 Canada. The Company is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange ("TSX-V"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Company's shares from trading.

On November 9, 2017, the Company successfully completed its initial public offering ("IPO") and listed on the TSX-V under the symbol of "ICI.P". The offering consisted of 2,147,500 common shares at a price of \$0.10 per share for gross proceeds of \$214,750. The proceeds raised from the IPO may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until the completion of a qualifying transaction by the Company as defined under the policies of the Exchange.

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The consolidated financial statements do not include adjustments to amounts and reclassification of assets and liabilities that might be necessary should the Company be unable to continue operates.

During fiscal year 2022, the Company entered into a letter of intent to acquire 100% of the issued common shares of Smartwell Technology Inc. ("Smartwell"), a private company incorporated under the laws of British Columbia and a company specializing in the development of intelligent algorithms for processing agriculture data.

During fiscal year 2023, the Company entered into a binding letter of intent for the acquisition of Smartwell as more fully described in Note 9.

As at September 30, 2025 the Company has a working capital deficit of \$227,783, and has incurred accumulated loss of \$565,518 since incorporation. The Company possesses \$2,727 in cash. The continuation of the Company as a going concern is dependent upon its ability to complete a qualifying transaction. To the extent that the Company is unable to identify a purchase transaction, additional financing might be needed. However, there can be no assurance that such financing will occur in the amounts and with the terms expected in favor of the Company. These material uncertainties may cast significant doubt on the Company's ability to continue as going concern.

2. Material Accounting Policies

(a) Statement of Compliance

These condensed interim consolidated financial statements of the Company comply with the IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements including IAS 34, Interim Financial Reporting. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting.

These condensed interim consolidated financial statements were approved by the Board of Directors for issuance on November 28, 2025.

(b) Basis of presentation

These condensed interim consolidated financial statements have been prepared on the historical cost basis and are presented in Canadian dollars, which is the Company's presentation currency.

(c) Basis of consolidation

These condensed interim consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, 1262595 B.C. Ltd., a BC company, which carries no activity and is currently dormant.

(d) Significant Judgments, Estimates and Assumptions

The preparation of these condensed interim consolidated financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual outcomes could differ from these estimates.

INCEPTUS CAPITAL LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in Canadian Dollars)

2. Material Accounting Policies (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Areas of Assumptions and Estimates

Going Concern

These condensed interim financial statements have been prepared 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. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used.

(e) Financial Instruments

The Company classifies and measures the Company's financial assets and liabilities as follows:

Financial Assets

Amortized cost

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely principal and interest ("SPPI") criterion. Financial assets classified in this category are measured at amortized cost using the effective interest method.

Fair value through profit or loss ("FVTPL")

This category includes quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at fair value through other comprehensive income. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in profit or loss.

Financial Liabilities

Financial liabilities are designated as either: FVTPL; or amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL.

The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

The following table summarizes the measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities:

	IFRS 9 Classification
Financial Assets	
Cash	Amortized cost
Financial Liabilities	
Accounts Payable and Accrued Liabilities	Amortized cost
Loan Payable	Amortized cost

Impairment of Financial Assets

The Company assesses impairment losses for financial assets using the forward-looking expected credit loss approach. There were no impairment losses recognized in these condensed interim financial statements for the years presented.

(f) Related Parties Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(g) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and the fair value of brokers' warrants are recognized as a deduction from equity, net of any tax effects.

(h) Share-Based Payments

The Company's stock option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

INCEPTUS CAPITAL LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in Canadian Dollars)

2. Material Accounting Policies (Continued)

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

(i) 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 or other comprehensive income, in which case the income tax is recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized on temporary differences arising from the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realized or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the reporting date. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) Loss per Share

Basic loss per share is computed by dividing net earnings (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). Escrow shares that are contingently returnable are not treated as outstanding and are excluded from the calculation of basic loss per share until the date the shares are no longer subject to recall.

In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In periods where a loss is reported all outstanding options, warrants and other convertible instruments are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

Upcoming Pronouncements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which will replace IAS 1, *Presentation of Financial Statements* aims to improve how companies communicate their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date. The Company is currently evaluating the impact of this standard on the consolidated financial statements. The Company is evaluating the impact of this standard on the consolidated financial statements.

3. Share Capital

a) Authorized Share Capital

Authorized:

Unlimited Class A Voting, Participating, Common Shares without par value

Unlimited Class B Voting, Non-participating, Common Shares without par value

Unlimited Class C Non-Voting, Participating, Common Shares without par value

Unlimited Class D Non-Voting, Non-participating, Common Shares without par value

b) Issued Share Capital

As at September 30, 2025, there were 4,747,500 Class A common shares issued and outstanding. No share transactions occurred during the six months ended September 30, 2025.

c) Escrow

The Company has entered into a new escrow agreement in the form approved for capital pool companies by the TSX-V effective January 1, 2021, to amend, supersede and replace the original share escrow agreement entered into by the Company. The Company has 2,680,000 common shares subject to an escrow agreement whereby 25% of the shares will be released from escrow upon completion of the qualifying transaction. An additional 25% of the escrowed common shares will be released on each six-month anniversary thereafter unless otherwise permitted by TSX-V.

INCEPTUS CAPITAL LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in Canadian Dollars)

3. Share Capital (Continued)

d) Share Purchase Option

The Company has a stock option plan pursuant to which it may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and consultants to the Company, non-transferable options to purchase common shares (the "Incentive Stock Options"), provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares upon completion of the Offering, exercisable for periods of up to 10 years from the date of grant. Common Shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions to the extent of options exercised prior to the completion of a Qualifying Transaction.

For the six months ended September 30, 2025 and 2024, the Company granted nil incentive stock options to its directors and officers of the Company.

(e) Reserves – Stock Options

A summary of stock option activity for six months ended September 30, 2025 is as follows:

	Number of Options/ Exercisable	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (Years)
Balance, March 31, 2025	474,750	\$0.10	2.63
Balance, September 30, 2025	474,750	\$0.10	2.13

The expiry date of 474,750 options above is November 14, 2027.

4. Loan Payable

During the six months ended September 30, 2025, Smartwell paid \$20,069 expenses on behalf of the Company. As at September 30, 2025, the total amount paid by Smartwell on behalf of the Company amounted to \$191,067, also with no repayment terms and no interest.

5. Related Parties

The Company has identified its directors and certain senior officers as its key management personnel. Key management personnel refer to individuals within an organization who have significant authority and responsibility for planning, directing, and controlling the activities of the entity. These individuals play a crucial role in the decision-making process and have a substantial impact on the organization's financial and operational performance.

As at September 30, 2025, the Company carried \$2,192 (March 31, 2025: \$2,192) in accounts payable due to related parties.

6. Capital Disclosures

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1. The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements except as disclosed in Note 1. There were no changes in the Company's approach to capital management in the current year.

7. Financial Instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash, accounts payable and accrued liabilities, and loan payable approximates fair value due to its short-term nature.

INCEPTUS CAPITAL LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(Expressed in Canadian Dollars)

8. Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Overview

The Company's condensed interim financial instruments consist of cash, accounts payable and accrued liabilities, and loan payable. The fair value of these financial instruments, approximate their carrying value due to short term nature.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada.

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's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2025, the Company had a cash balance of \$2,727 to pay accounts payable and accrued liabilities of \$49,443 and loan payable of \$191,067. The Company is exposed to liquidity risk.

Market Risk

The Company will be subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. For the six months ended September 30, 2025, the Company held \$nil financial instruments subject to significant foreign exchange or interest rate risks. Due to the nature of the business, the Company is not exposed to other price risk such as commodity price risk and equity price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

9. Proposed Transaction

The Company entered into a binding letter of intent for the acquisition of Smartwell and received a \$30,000 non-refundable deposit from Smartwell during the 2023 fiscal year. The transaction is not a non-arm's-length qualifying transaction within the meaning of the policies of the TSX-V and is intended to constitute the qualifying transaction of the Company under Policy 2.4 (Capital Pool Companies) of the TSX-V.

The Company expects to be classified as a technology issuer on Tier 2 of the TSX-V upon completion of the transaction. Trading in the shares of the Company on the TSX-V has been halted and will remain halted pending receipt by the TSXV of applicable documentation.

The Company has entered into a share exchange agreement dated effective February 5, 2024, with Smartwell, pursuant to which the Company will acquire all of the issued and outstanding shares and warrants in the capital of Smartwell, which acquisition is intended to serve as the company's qualifying transaction, as defined in and pursuant to, the policies of the TSX Venture Exchange. The transaction will result in a reverse takeover transaction and the continuance of financial information will be that of Smartwell.

Concurrently with the closing of the acquisition, the Company will arrange for a prospectus offering for gross proceeds of not less than \$500,000 pursuant to an engagement letter dated December 11, 2023, with Research Capital Corp. (RCC). RCC will receive a cash commission and warrants to acquire shares of the Company, a corporate finance and sponsorship fee, and reimbursement of approved expenses. Smartwell paid for advances to RCC on behalf of the Company of \$10,000 as deferred financing costs with no repayment term and with no interest.

Also concurrently with closing of the acquisition, Smartwell will arrange for a financing for gross proceeds of not less than \$2,500,000 of Smartwell units at a price of \$0.20 per Smartwell unit. All Smartwell common shares issued pursuant to the Smartwell financing will be exchanged for shares of the Company and all Smartwell warrants issued pursuant to the Smartwell financing will be exchanged for warrants of the Company in accordance with the terms of the share exchange agreement.

Closing of the acquisition will be subject to regulatory approval and other customary closing conditions.

INCEPTUS CAPITAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

GENERAL

Set out below is a review of the activities, results of operations and financial position of Inceptus Capital Ltd. (the "Company"). This Management's Discussion and Analysis ("MD&A"), dated as of November 28, 2025 should be read in conjunction with the consolidated financial statements of the Company for the year ended March 31, 2025 and the related notes thereto, which have been prepared in accordance with IFRS Accounting Standards ("IFRS"). The presentation and functional currency of the Company is the Canadian dollar, unless otherwise stated. The Company is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario in Canada and is listed on the TSX Venture Exchange ("TSX-V") under the symbol "ICLP". Additional information related to the Company is available on SEDAR at www.sedar.com.

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings. The Board of Directors' approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

CAUTIONARY NOTES REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking information and forward-looking statements within the meaning of applicable securities legislation (collectively "forward-looking statements"). Forward-looking information may include financial and other projections, as well as statements regarding future events, plans, objectives or economic performance, or the assumption underlying any of the foregoing. The use of any of the words "may", "would", "could", "will", "likely", "except", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", and other similar expressions are intended to identify forward-looking statements.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information. In evaluating these statements, the prospective purchasers should not place undue reliance on any such forward-looking information and should specifically consider various factors, including the risks outlined under 'Risk Factors'. Further, any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

RISKS AND UNCERTAINTIES

The Company has a limited history of existence. There can be no assurance that a qualifying transaction will be completed. Equity or debt financing may be required to complete a qualifying transaction. There can be no assurance that the Company will be able to obtain adequate financing to continue. The securities of the Company should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

- a) until completion of a qualifying transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential qualifying transactions;
- b) the Company has had no business activity and has not acquired any material assets since its incorporation other than cash;
- c) the Company does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the completion of the qualifying transaction;
- d) the Company has only limited funds with which to identify and evaluate potential qualifying transactions and there can be no assurance that the Company will be able to identify a suitable qualifying transaction within the timeframe from the date of listing;
- e) even if a proposed qualifying transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction;
- f) the qualifying transaction may be financed in all or part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant, and which may also result in a change of control of the Company;
- g) there can be no assurance that an active and liquid market for the common shares will develop and an investor may find it difficult to resell its common shares;
- h) if the Company fails to complete a qualifying transaction within 24 months from the date of listing, the TSX-V could suspend or delist the common shares of the Company and an interim cease trade order may be issued against the Company's securities by an applicable securities commission if its common shares are suspended from trading on or delisted from the TSX-V or otherwise; and
- i) the Company competes with many Capital Pool Companies that are seeking suitable qualifying transactions. In addition, other Capital Pool Companies may have substantially greater financial and technical resources than the Company.

INCEPTUS CAPITAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

BUSINESS OVERVIEW AND OPERATIONS

Inceptus Capital Ltd. (the "Company") was incorporated under the provincial Business Corporations Act (British Columbia) on February 1, 2017.

The Company is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX-V. The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the TSX-V rules.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the TSX-V, at which time the TSX-V may suspend or de-list the Company's shares from trading. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

On November 9, 2017, the Company successfully completed its initial public offering ("IPO") and listed on the Exchange under the symbol of "ICLP". The offering consisted of 2,147,500 common shares at a price of \$0.10 per share for gross proceeds of \$214,750. The proceeds raised from the IPO may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until the completion of a qualifying transaction by the Company as defined under the policies of the TSX-V.

During fiscal year 2020, the Company entered into a non-binding letter of intent dated November 18, 2019, with Alpha K-9 Technologies Inc. in respect of a proposed reverse takeover transaction intended to constitute the Company's qualifying transaction, as such term is defined under Policy 2.4 of the TSX Venture Exchange. Pursuant to the transaction, the Company will acquire all of the issued and outstanding common shares of Alpha at an exchange ratio of one common share of the Company for every one Alpha share, resulting in a reverse takeover of the Company. It is expected that shareholders of Alpha will hold, in aggregate, at least 31,700,000 of the outstanding common shares (on a non-diluted basis) of the resulting issuer after completion of the transaction, which represents approximately 87 per cent of the total outstanding common shares (on a non-diluted basis) of the resulting issuer. The transaction does not constitute a non-arm's-length qualifying transaction for the purposes of the Exchange.

During fiscal year 2021, the amalgamation agreement between Alpha K-9 Technologies Inc. and the Company previously announced in the Company's news release of August, 28, 2020, in an effort to complete a qualifying transaction had been terminated.

During fiscal year 2022, the Company entered into a non-binding letter of intent dated July 23, 2021, to acquire 100 per cent of the issued common shares of Cozystay Holdings Inc., a private company incorporated under the laws of British Columbia and a technology driven company, dedicated to providing management and operation services to short-term rental operators in North America, Asia and the rest of the world. The Company subsequently announced the termination of the letter of intent for the acquisition of Cozystay Holdings Inc.

During fiscal year 2022, the Company entered into a binding letter of intent to acquire 100% of the issued common shares of Smartwell Technology Inc., a private company incorporated under the laws of British Columbia and a company specializing in the development of intelligent algorithms for processing agriculture data.

During fiscal year 2023, the Company entered into a binding letter of intent for the acquisition of Smartwell as more fully described in Note 9.

The transaction is not a non-arm's-length qualifying transaction within the meaning of the policies of the TSX-V and is intended to constitute the qualifying transaction of the company under Policy 2.4 (Capital Pool Companies) of the TSX Venture Exchange. The Company expects to be classified as a technology issuer on Tier 2 of the TSX-V upon completion of the transaction. Trading in the shares of the company on the TSX-V has been halted and will remain halted pending receipt by the TSX-V of applicable documentation

The Company has entered into a share exchange agreement dated effective February 5, 2024, with Smartwell, pursuant to which the Company will acquire all of the issued and outstanding shares and warrants in the capital of Smartwell, which acquisition is intended to serve as the company's qualifying transaction, as defined in and pursuant to, the policies of the TSX Venture Exchange.

Subject to the terms and conditions of the share exchange agreement, the Company will purchase all of the issued and outstanding shares and warrants of Smartwell for an aggregate purchase price of \$21,236,000 plus the value of any Smartwell shares issued pursuant to a bridge financing to be carried out by Smartwell in the maximum amount of \$500,000. The purchase price shall be satisfied by the Company issuing pro rata to the Smartwell shareholders 106,180,000 shares of the Company plus the number of shares of the Company equal to the number of Smartwell shares issued pursuant to the bridge financing at a deemed price of \$0.20 per share and by the Company issuing pro rata to the holders of warrants of Smartwell 12,500,000 warrants of the Company on closing.

INCEPTUS CAPITAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

BUSINESS OVERVIEW AND OPERATIONS (CONTINUED)

Concurrently with the closing of the acquisition, the Company will arrange for a prospectus offering for gross proceeds of not less than \$500,000 pursuant to an engagement letter dated December 11, 2023, with Research Capital Corp. (RCC), further to the Company's news release dated September 12, 2022. RCC will receive a cash commission and warrants to acquire shares of the Company, a corporate finance and sponsorship fee, and reimbursement of approved expenses, as more particularly set out in the definitive agency agreement to be entered into between the parties.

Also concurrently with closing of the acquisition, Smartwell will arrange for a financing for gross proceeds of not less than \$2,500,000 of Smartwell units at a price of \$0.20 per Smartwell unit. All Smartwell common shares issued pursuant to the Smartwell financing will be exchanged for shares of the Company and all Smartwell warrants issued pursuant to the Smartwell financing will be exchanged for warrants of the Company in accordance with the terms of the share exchange agreement.

Closing of the acquisition will be subject to regulatory approval and other customary closing conditions.

As at September 30, 2025, the Company has a working capital deficit of \$227,783, and has incurred accumulated loss of \$565,518 since incorporation. The Company possesses \$2,727 in cash.

RESULTS OF OPERATIONS

The net loss for the six months ended September 30, 2025 was \$8,002, which comprised of audit and related fees of \$3,000, office and miscellaneous of \$26, professional fees of \$2,515, and transfer agent fees of \$2,461. The net loss for the corresponding period was \$51,617.

Professional Fees

The Company incurred \$2,515 in legal fees for the six months ended September 30, 2025, compared to \$106 and \$24,416 for the three and six months ended September 30, 2024, respectively. The professional fees primarily included costs for general legal matters, the acquisition of Smartwells, preparation of the prospectus and legal documents, assistance in connection with the TSX-V filings and the auditing of the Company's annual accounts.

Dues & Filings

Dues & filings amounted to \$nil for the six months ended September 30, 2025, compared to \$2,549 and \$10,049 for the three and six months ended September 30, 2024, respectively. Regulatory filing fees related to fees paid to TSX-V and Sedar filings.

Transfer Agent Fees

Transfer agent fees amounted to \$1,357 and \$2,461 for the three and six months ended September 30, 2025, respectively, compared to \$2,532 and \$5,025 for the three and six months ended September 30, 2024, respectively. Transfer agent fees related to fees paid to Computershare for their agency services provided.

Loss and Comprehensive Loss

The Company incurred loss from operations of \$8,002 and \$51,617 for the six months ended September 30, 2025 and 2024, respectively. As the principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction, further losses are anticipated for the foreseeable future.

SUMMARY OF QUARTERLY RESULTS

Period Ended	Sep 30, 2025	June 30, 2025	Mar 31, 2025	Dec 31, 2024	Sept 30, 2024	June 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income/ (Loss)	(6,883)	(1,119)	(67,004)	(33,868)	(7,390)	(44,226)	(40,126)	(6,489)	(13,781)
Income/ (Loss per Share)	(0.00)	(0.00)	(0.03)	(0.02)	(0.00)	(0.02)	(0.02)	0.00	(0.01)
Cash	2,727	2,767	2,782	3,184	3,198	6,620	6,634	8,516	8,531
Total Assets	12,727	12,767	12,782	13,184	13,198	16,620	20,131	16,280	21,696
Total Liabilities	240,510	233,667	232,563	165,962	132,108	128,139	87,424	43,447	42,374
Long-Term Liabilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
(Deficit)	(565,518)	(558,635)	(557,516)	(490,513)	(456,645)	(449,254)	(405,028)	(364,902)	(358,413)

As at September 30, 2025, the Company has a working capital deficit of \$227,783, compared \$219,781 as at March 31, 2025, a decrease of \$8,002. and has incurred accumulated loss of \$565,518 since incorporation. The Company possesses \$2,727 in cash.

INCEPTUS CAPITAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

LIQUIDITY

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2025, the Company had a cash balance of \$2,727 to pay accounts payable and accrued liabilities of \$49,443 and loan payable of \$191,067. The Company is exposed to liquidity risk.

CAPITAL RESOURCES

The authorized share capital of the Company consists of:

Unlimited Class A Voting, Participating, Common Shares without par value

Unlimited Class B Voting, Non-participating, Common Shares without par value

Unlimited Class C Non-voting, Participating, Common Shares without par value

Unlimited Class D Non-Voting, Non-participating, Common Shares without par value

As at September 30, 2025, there were 4,747,500 Class A common shares issued and outstanding. No share transactions occurred during the six months ended September 30, 2025.

The Company has entered into a new escrow agreement in the form approved for capital pool companies by the TSX-V effective January 1, 2021, to amend, supersede and replace the original share escrow agreement entered into by the Company. The Company has 2,680,000 common shares subject to an escrow agreement whereby 25% of the shares will be released from escrow upon completion of the qualifying transaction. An additional 25% of the escrowed common shares will be released on each six-month anniversary thereafter unless otherwise permitted by TSX-V.

The Company has a stock option plan pursuant to which it may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares, exercisable for periods of up to 10 years from the date of grant.

For the six months ended September 30, 2025 and 2024, the Company granted nil incentive stock options to its directors and officers of the Company.

RELATED PARTIES

The Company has identified its directors and certain senior officers as its key management personnel. Key management personnel refers to individuals within an organization who have significant authority and responsibility for planning, directing, and controlling the activities of the entity. These individuals play a crucial role in the decision-making process and have a substantial impact on the organization's financial and operational performance.

As at September 30, 2025, the Company carried \$2,192 (March 31, 2025: \$2,192) in accounts payable due to related parties.

OFF-BALANCE SHEET ARRANGEMENTS

The Company is not aware of any off-balance sheet transactions requiring disclosure.

SECOND QUARTER EVENTS, 2026

The Company has been actively collaborating with Smartwell Technology Inc., legal advisors, the Company's auditor, and the Exchange to finalize the qualifying transaction and business combination as previously disclosed.

PROPOSED TRANSACTIONS

The Company is not aware of any additional proposed transactions requiring disclosure.

SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual outcomes could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Areas of Assumptions and Estimates

Going Concern

These condensed interim consolidated financial statements have been prepared 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. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used.

INCEPTUS CAPITAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

FINANCIAL INSTRUMENTS

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash, accounts payable and accrued liabilities, and loan payable approximates fair value due to its short-term nature.

FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Overview

The Company's condensed interim financial instruments consist of cash, and accounts payable and accrued liabilities. The fair value of these financial instruments, other than cash which is measured at fair value, using level 1 of the fair value hierarchy, approximate their carrying value due to short term nature.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada.

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's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2025, the Company had a cash balance of \$2,727 to pay accounts payable and accrued liabilities of \$49,443 and loan payable of \$191,067. The Company is exposed to liquidity risk.

Market Risk

The Company will be subject to normal market risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. For the six months ended September 30, 2025, the Company held \$nil financial instruments subject to significant foreign exchange or interest rate risks. Due to the nature of the business, the Company is not exposed to other price risk such as commodity price risk and equity price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

CAPITAL MANAGEMENT

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to complete a qualifying transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to externally imposed capital requirements.

OTHER MD&A REQUIREMENTS

(a) Additional Information

Additional information relating to the Company may be available upon request.

Additional relevant disclosure, such as general and administration expenses, share capitals, significant accounting policies adopted are disclosed in the Company's condensed interim consolidated financial statements for the six months ended September 30, 2025.

INCEPTUS CAPITAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

OTHER MD&A REQUIREMENTS (CONTINUED)

(b) Disclosure of Outstanding Share Data

Security in Number	September 30, 2025	The reporting date November 28, 2025
Each class and series of voting or equity securities for which there are securities Common Shares Outstanding: Class A Common Share	4,747,500	4,747,500
Each class and series of securities for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities Agent's Warrants Stock Options	- 474,750	- 474,750
Each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities above Common Shares Fully diluted	474,750 5,222,250	474,750 5,222,250

As of the date of this report, the Company had 4,747,500 Class A common shares issued and outstanding and 474,750 stock options had been granted and outstanding. The Company has 2,680,000 common shares subject to an escrow agreement.

(c) Disclosure Controls and Procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures for the Company and has designed such disclosure controls and procedures, or caused them to be designed under the Company management's supervision, to provide reasonable assurance that material information relating to the Company is made known to management by others within those entities particularly during the period covered by this MD&A.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures for the period covered by this MD&A and based on that evaluation, Management has concluded that the disclosure controls and procedures are effective.

**APPENDIX F – UNAUDITED PRO-FORMA CONSOLIDATED FINANCIAL
STATEMENTS OF THE COMPANY FOR THE PERIOD ENDED SEPTEMBER 30, 2025.**

INCEPTUS CAPITAL LTD.

PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

SEPTEMBER 30, 2025

INCEPTUS CAPITAL LTD.
PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars – Unaudited)

	Inceptus Capital Ltd September 30, 2025	Smartwell Technology Inc. September 30, 2025	Note	Pro-forma Adjustments	Pro-forma Consolidated
	\$	\$		\$	\$
Current assets					
			3e	(110,000)	
			3d	(40,000)	
			3c	500,000	
Cash and cash equivalents	2,727	21,037	3b	2,500,000	2,873,764
Trade and other receivables	-	20,528		-	20,528
Loan to employees	-	102,886		-	102,886
Due from related parties and loan to a related party	-	91,407		-	91,407
Prepays	-	489		-	489
Deferred financing costs	10,000	-	3e	(10,000)	-
Total current assets	12,727	236,347		2,840,000	3,089,074
Refundable lease deposits	-	11,733		-	11,733
Right-of-use assets	-	79,861		-	79,861
Total assets	12,727	327,941		2,840,000	3,180,668
Current liabilities					
Accounts payable and accrued liabilities	49,443	457,457		-	506,900
Loan payable	191,067	17,990		-	209,057
Due to related parties	-	24,921		-	24,921
Contract liabilities	-	68,440		-	68,440
Lease obligation	-	69,155		-	69,155
Total current liabilities and total liabilities	240,510	637,963		-	878,473
Shareholders' equity (deficiency)					
			3f	(295,431)	
			3f	949,500	
			3e	20,000	
			3d	(43,357)	
			3d	(40,000)	
			3c	500,000	
Share capital	295,431	1,660,722	3b	2,500,000	5,546,865
Additional paid-in capital	-	478,061		-	478,061
			3g	745,801	
			3f	72,211	
			3f	(42,304)	
Reserves	42,304	-	3d	43,357	861,369
Accumulated other comprehensive loss	-	(22,371)		-	(22,371)
Deficit	(565,518)	(2,426,434)	3e	(140,000)	(4,561,729)
			3f	565,518	
			3f	(1,249,494)	
			3g	(745,801)	
Total shareholders' equity (deficiency)	(227,783)	(310,022)		2,840,000	2,302,195
Total liabilities and shareholders' equity (deficiency)	12,727	327,941		2,840,000	3,180,668

The accompanying notes are an integral part of the pro-forma consolidated financial statements.

INCEPTUS CAPITAL LTD.
PRO-FORMA CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
(Expressed in Canadian Dollars – Unaudited)

	Inceptus Capital Ltd. for twelve months ended March 31, 2025	Smartwell Technology Inc. for twelve months ended December 31, 2024	Note	Pro-forma Adjustments	Pro-forma Consolidated
	\$	\$		\$	\$
Revenue:					
Sales of goods	-	157,124		-	157,124
Service income	-	2,321,245		-	2,321,245
Costs:					
Costs of goods sold	-	(154,079)		-	(154,079)
Service costs	-	(220,958)		-	(220,958)
Gross profit	-	2,103,332		-	2,103,332
General and administration:					
Accretion	-	(959)		-	(959)
Amortization of right-of-use assets	-	(5,369)		-	(5,369)
Dues and filings	(17,549)	-		-	(17,549)
Listing expenses	(5,890)	(133,008)	3f 3e	(1,249,494) (140,000)	(1,528,392)
Office and miscellaneous	(1,236)	(31,900)		-	(33,136)
Professional services	(120,951)	(259,037)		-	(379,988)
Research and development expenses	-	(2,277,269)		-	(2,277,269)
Salaries and benefits	-	(181,892)		-	(181,892)
Share-based compensation	-	-	3g	(745,801)	(745,801)
Transfer agent	(7,168)	-		-	(7,168)
Travel expenses	-	(9,107)		-	(9,107)
Recovery (allowance) of credit loss	-	63		-	63
Other item	306	-		-	306
	(152,488)	(2,898,478)		(2,135,295)	(5,186,261)
Loss for the period	(152,488)	(795,146)		(2,135,295)	(3,083,929)
Other comprehensive income:					
Foreign exchange difference on translating foreign operations	-	4,640		-	4,640
Total comprehensive loss for the period	(152,488)	(790,506)		(2,135,295)	(3,078,289)
Number of ordinary shares outstanding			4		117,577,500
Loss per share					(\$0.03)

The accompanying notes are an integral part of the pro-forma consolidated financial statements.

INCEPTUS CAPITAL LTD.
PRO-FORMA CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
(Expressed in Canadian Dollars – Unaudited)

	Inceptus Capital Ltd. for six months ended September 30, 2025	Smartwell Technology Inc. for six months ended September 30, 2025 (Note 6)	Note	Pro-forma Adjustments	Pro-forma Consolidated
	\$	\$		\$	\$
Revenue:					
Sales of goods	-	35,379		-	35,379
Service income	-	151,886		-	151,886
Costs:					
Costs of goods sold	-	(43,049)		-	(43,049)
Service costs	-	(63,461)		-	(63,461)
Gross profit	-	80,755		-	80,755
General and administration:					
Accretion	-	(3,187)		-	(3,187)
Amortization of right-of-use assets	-	(29,629)		-	(29,629)
Listing expenses	-	(30,653)	3f 3e	(1,249,494) (140,000)	(1,420,147)
Office and miscellaneous	(26)	(6,580)		-	(6,606)
Professional services	(5,515)	(139,272)		-	(144,787)
Research and development expenses	-	(159,967)		-	(159,967)
Salaries and benefits	-	(88,100)		-	(88,100)
Share-based compensation	-	-	3g	(745,801)	(745,801)
Transfer agent	(2,461)	-		-	(2,461)
Travel expenses	-	(506)		-	(506)
Recovery of credit loss	-	4,642		-	4,642
Other item – government grant	-	96,810		-	96,810
	(8,002)	(356,442)		(2,135,295)	(2,499,739)
Loss for the period	(8,002)	(.275,687)		(2,135,295)	(2,418,984)
Other comprehensive loss:					
Foreign exchange difference on translating foreign operations	-	(6,099)		-	(6,099)
Total comprehensive loss for the period	(8,002)	(281,786)		(2,135,295)	(2,425,083)
Number of ordinary shares outstanding			4		117,577,500
Loss per share					(\$0.02)

The accompanying notes are an integral part of the pro-forma consolidated financial statements.

1. BASIS OF PRESENTATION

Inceptus Capital Ltd. (the "Company" or "Inceptus") was incorporated under the provincial Business Corporations Act (British Columbia) on February 1, 2017 and its registered office is at 530, 355 Burrard Street, Vancouver, BC V6C 2G8 Canada. The Company is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "TSX-V").

The unaudited pro-forma consolidated statement of financial position and the unaudited pro-forma consolidated statement of profit and loss and comprehensive loss has been prepared by management for disclosure in the Prospectus of Inceptus dated December 22, 2025, in conjunction with the acquisition of 100% interest in Smartwell Technology Inc. ("Smartwell").

These unaudited pro-forma consolidated financial statements have been compiled in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), using the significant accounting policies on a basis consistent with the Company's accounting policies.

The unaudited pro-forma consolidated financial statements are not necessarily indicative of the financial position or results of operations which would have resulted if the combination had actually occurred as set out in Note 2.

The unaudited pro-forma consolidated financial statements has been derived from and should be read in in conjunction with the following:

- i) the audited consolidated financial statements of the Company for the year ended March 31, 2025;
- ii) the condensed interim consolidated financial statements of the Company for the six months ended September 30, 2025;
- iii) the audited consolidated financial statements of Smartwell as at December 31, 2024; and
- iv) The financial information of Smartwell for the six-month period ended September 30, 2025 is derived from subtracting the operation results for the three months ended March 31, 2025 from the condensed interim consolidated financial statement of Smartwell for the nine months ended September 30, 2025. (Note 6).

The unaudited pro-forma consolidated statement of financial position has been prepared assuming the acquisition and associated financings as described in Notes 2 and 3 closed on September 30, 2025.

It is management's opinion that this unaudited pro-forma consolidated statement of financial position includes all adjustments necessary for the fair presentation of the acquisition. The unaudited pro-forma consolidated statement of financial position is not intended to reflect the financial position or results of operations of the Company, which would have actually resulted had the Acquisition been effected on the dates indicated. Actual amounts recorded upon consummation of the Acquisition will differ from those recorded in the unaudited pro-forma consolidated statement of financial position and the differences may be material.

2. PROPOSED SHARE EXCHANGE

On February 5, 2024, the Company and Smartwell entered into a Share Exchange Agreement (the "Agreement"), pursuant to which, the Company will acquire 100% of the issued common shares of Smartwell by issuing one share in exchange for every one outstanding common share of Smartwell.

Smartwell's issued and outstanding share capital consists of 110,230,000 common shares. The Company has 4,747,500 common shares issued and outstanding and will further issue 110,230,000 shares to the shareholders of Smartwell.

Because the former shareholders of Smartwell will obtain control of the Company, the transaction is considered a purchase of the Company's operation by Smartwell and is accounted for as a reverse acquisition.

3. PRO-FORMA ADJUSTMENTS

The unaudited pro-forma consolidated financial statements were prepared based on the following assumptions:

- a) The unaudited pro-forma consolidated statements of profit and loss and other comprehensive loss give effect to the transactions as if they had been in effect as at April 1, 2024 and the unaudited pro-forma consolidated statement of financial position give effect to the transactions as if they had been in effect as at September 30, 2025.
- b) Smartwell closes a non-brokered concurring financing of 12,500,000 units at a price of \$0.20 per unit for total gross proceeds of \$2,500,000. Each unit consists of one Class A voting, participating common shares of Smartwell and one common share purchase warrant exercisable at \$0.50 for a period of 24 months following the closing of the offering.
- c) The Company closes a prospectus offering of 2,500,000 units at a price of \$0.20 per unit for total gross proceeds to the Company of \$500,000. Each unit consists of one Class A voting, participating common shares of the Company and one common share purchase warrant exercisable at \$0.50 for a period of 24 months following the closing of the offering.
- d) The prospectus offering agent (the “Agent”) receives cash commission equal to 6.0% of the gross proceeds of the offering (\$30,000) and compensation options (the “Agent’s Options”) to acquire units in an amount equal to 6% of the number of units sold under the Inceptus financing at an exercise price of \$0.20 per unit for a period of 24 months.

The Company will also pay to the Agent a cash corporate finance fee equal to 2.0% of the gross proceeds of the Inceptus financing (\$10,000) and grant to the Agent corporate finance fee options (the “Agent’s Corporate Finance Options”) to acquire Units (the “Corporate Finance Fee Units”) in an amount equal to 2% of the number of units sold under the prospectus offering at an exercise price of \$0.20 per Corporate Finance Fee Unit for a period of 24 months.

The Agent’s Options are valued at \$32,517 and the Agent’s Corporate Finance Options are valued at \$10,840 (see note h below).

- e) The Agent also acts as a sponsor and will receive a fee of \$75,000 and \$20,000 worth of common shares of the Company. The Agent is also reimbursed for its legal fees estimated at \$45,000.
- f) As consideration for acquiring 100% interest in Smartwell, the Company will issue 110,230,000 common shares of the Company to the shareholders of Smartwell. The fair value of the shares issued is valued at \$0.20 per share. The Company does not meet the definition of a business under IFRS 3.

Fair value of consideration

Common shares 4,747,500 at \$0.20 per share	\$ 949,500
Fair value of 474,750 remaining options (see note h below)	72,211
	<u>1,021,711</u>

Net liabilities assumed

	<u>227,783</u>
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Listing expenses

1,249,494

The net liabilities of Inceptus of \$227,783, assumed on the acquisition, are recognized initially at fair value. It is assumed the carrying amounts of Inceptus’ net liabilities approximates fair value.

INCEPTUS CAPITAL LTD.
NOTES TO PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars – Unaudited)

3. PRO-FORMA ADJUSTMENTS (continued)

- g) The Company grants to new directors, officers and consultants 4,400,000 stock options, exercisable at \$0.20 per share for a term of five years. The fair value of the stock options granted was \$745,801 (see note h below).
- h) The assumptions used in the Black-Scholes option price model for a valuation of options are as follows:

Assumptions	Agent's Options and Agent's Corporate		
	Finance Options (note d)	4,400,000 new Options (note g)	474,500 existing options (note f)
Risk free interest rate	2.47%	2.47%	2.47%
Volatility	125%	125%	125%
Expected life of options	2 years	5 years	2.1 years
Dividend rate	0%	0%	0%

4. SHARE CAPITAL AND RESERVES

Share capital in the unaudited pro-forma consolidated financial position is comprised of the following:

	Notes	Number of shares issued	Share capital \$	Reserves \$
Smartwell, balance, September 30, 2025		97,730,000	1,660,722	-
Concurring financing	3b	12,500,000	2,500,000	-
Smartwell, balance, prior to share exchange		110,230,000	4,160,722	-
Inceptus, balance, prior to share exchange		4,747,500	295,431	42,304
Shares issued to exchange for Smartwell shares	3f	110,230,000	949,500	-
Fair value of 474,500 options retained by Inceptus directors and officers	3f	-	-	72,211
Smartwell shares eliminated		(110,230,000)	(295,431)	(42,304)
		114,977,500	5,110,222	72,211
Prospectus offering	3c	2,500,000	500,000	-
Share issue costs – cash commission	3d	-	(30,000)	-
Share issue costs – Agent's options	3d	-	(32,517)	32,517
Share issue costs – corporate finance fee	3d	-	(10,000)	-
Share issue costs – Agent's corporate finance options	3d	-	(10,840)	10,840
Share issue for service – sponsorship fee	3e	100,000	20,000	-
Fair value of 4,400,000 new options	3g	-	-	745,801
Balance, September 30, 2025		117,577,500	5,546,865	861,369

5. INCOME TAXES

The pro-forma effective income tax rate that will be applicable to the operations of the Company is 27%.

INCEPTUS CAPITAL LTD.**NOTES TO PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars – Unaudited)

6. FINANCIAL INFORMATION OF SMARTWELL FOR THE SIX-MONTH PERIOD

	Smartwell Technology Inc. for nine months ended September 30, 2025 (A)	Smartwell Technology Inc. for three months ended March 31, 2025 (B)	Smartwell Technology Inc. for six months ended September 30, 2025 (A)-(B)
	\$	\$	\$
Revenue:			
Sales of goods	69,155	33,376	35,379
Service income	151,886	-	151,886
Costs:			
Costs of goods sold	(43,049)	-	(43,049)
Service costs	(95,159)	(31,698)	(63,461)
Gross profit	82,833	2,078	80,755
General and administration:			
Accretion	(5,336)	(2,149)	(3,187)
Amortization of right-of-use assets	(49,086)	(19,457)	(29,629)
Listing expenses	(48,916)	(18,263)	(30,653)
Office and miscellaneous	(17,043)	(10,463)	(6,580)
Professional services	(257,676)	(118,404)	(139,272)
Research and development expenses	(255,469)	(95,502)	(159,967)
Salaries and benefits	(132,260)	(44,160)	(88,100)
Travel expenses	(3,401)	(2,895)	(506)
Recovery of credit loss	4,642	-	4,642
Other item – government grant	126,622	29,812	96,810
	(637,923)	(281,481)	(356,442)
Loss for the period	(555,090)	(279,403)	(275,687)
Other comprehensive income (loss):			
Foreign exchange difference on translating foreign operations	(5,954)	145	(6,099)
Total comprehensive loss for the period	(561,044)	(279,258)	(281,786)

APPENDIX G – RESULTING ISSUER AUDIT COMMITTEE CHARTER.

APPENDIX A

INCEPTUS CAPITAL LTD. (the “Company”)

CHARTER FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

1. Purpose

1.1. The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Audit Committee’s role is to: (a) support the Board of Directors in meeting its responsibilities to shareholders;

(b) enhance the independence of the external auditor;

(c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors; and

(d) increase the credibility and objectivity of the Company’s financial reports and public disclosure.

1.2. The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee’s responsibilities as described herein.

1.3. The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

2. Membership 2.1. Each member of the Audit Committee must be a director of the Company.

2.2. The Audit Committee will consist of at least three members, the majority of whom are considered “independent” as that term is defined in National Instrument 52-110.

2.3. The members of the Audit Committee will be appointed annually by and will serve at the discretion of the Board of Directors.

3. Authority 3.1. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to: (a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities;

(b) communicate directly with management and any internal auditor, and with the external auditor without management involvement; and

(c) approve interim financial statements and interim MD&A on behalf of the Board of Directors.

4. Duties and Responsibilities 4.1. The duties and responsibilities of the Audit Committee include: (a) recommending to the Board of Directors the external auditor to be nominated by the Board of Directors;

(b) recommending to the Board of Directors the compensation of the external auditor;

(c) reviewing the external auditor’s audit plan, fee schedule and any related services proposals;

(d) overseeing the work of the external auditor;

(e) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board and enquiring if there are any sanctions imposed by the CPAB on the external auditor;

(f) ensuring that the external auditor meets the rotation requirements for partners and staff on the Company’s audits;

(g) reviewing and discussing with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor’s written communications to the Committee and to management;

(h) reviewing the external auditor’s report, audit results and financial statements prior to approval by the Board of Directors;

(i) reporting on and recommending to the Board of Directors the annual financial statements and the external auditor’s report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public;

(j) reviewing financial statements, MD&A and annual and interim earnings press releases prior to public disclosure of this information;

- (k) ensuring adequate procedures are in place for review of all public disclosure of financial information by the Company, prior to its dissemination to the public;
- (l) overseeing the adequacy of the Company's system of internal accounting controls and internal audit process obtaining from the external auditor summaries and recommendations for improvement of such internal accounting controls;
- (m) ensuring the integrity of disclosure controls and internal controls over financial reporting;
- (n) resolving disputes between management and the external auditor regarding financial reporting;
- (o) establishing procedures for:

- (i) the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practices relating thereto; and
- (ii) the confidential, anonymous submission by employees of the Company or concerns regarding questionable accounting or auditing matters;
- (p) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
- (q) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor; and
- (r) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities.

4.2. The Audit Committee will report, at least annually, to the Board regarding the Committee's examinations and recommendations.

5. Meetings 5.1. The quorum for a meeting of the Audit Committee is a majority of the members of the Committee who are not officers or employees of the Company or of an affiliate of the Company.

5.2. The members of the Audit Committee must elect a chair from among their number and may determine their own procedures.

5.3. The Audit Committee may establish its own schedule that it will provide to the Board of Directors in advance.

5.4. The external auditor is entitled to receive reasonable notice of every meeting of the Audit Committee and to attend and be heard thereat.

5.5. A member of the Audit Committee or the external auditor may call a meeting of the Audit Committee.

5.6. The Audit Committee will meet separately with the President and separately with the Chief Financial Officer of the Company at least annually to review the financial affairs of the Company.

5.7. The Audit Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.

5.8. The chair of the Audit Committee must convene a meeting of the Audit Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

6. Reports 6.1. The Audit Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors' meeting at which those recommendations are presented.

7. Minutes 7.1. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

CERTIFICATE OF THE COMPANY

Dated: _ March 2_, 2026.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation in British Columbia, Alberta and Ontario.

(Signed) *Peter Yung Tan Chen*

Peter Yung Tan Chen

Chief Executive Officer

(Signed) *Eric Wing Kin Lam*

Eric Wing Kin Lam

Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) *Tony Yee Chong Chan*

Tony Yee Chong Chan, Director

(Signed) *Christopher Trevor Twells*

Christopher Trevor Twells, Director

CERTIFICATE OF THE PROMOTER OF THE COMPANY

Dated: _ March 2_, 2026.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation in British Columbia, Alberta and Ontario.

(Signed) Peter Yung Tan Chen
Peter Yung Tan Chen
Promoter

CERTIFICATE OF SMARTWELL

Dated: March 2_, 2026.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation in British Columbia, Alberta and Ontario.

(Signed) Yang He_____

Yang He

Chief Executive Officer

(Signed) Jing Liu_____

Jing Liu

Vice-President, Finance

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) Yang He_____

Yang He, Director

(Signed) Jing Liu_____

Jing Liu, Director

(Signed) David Toyoda_____

David Toyoda, Director

CERTIFICATE OF THE PROMOTER OF SMARTWELL

Dated: _ March 2, 2026.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation in British Columbia, Alberta and Ontario.

(Signed) *Yang He*

Yang He

Promoter of Smartwell

CERTIFICATE OF THE AGENT

Dated: March 2, 2026.

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

RESEARCH CAPITAL CORPORATION

(Signed) Jovan Stupar

By: Jovan Stupar