



September 26, 2024

Mr. Yona Shtern
Chairman / CEO
Mr. Mitch Kujavsky
CFO
Hapbee Technologies Inc.
1427-1771, Robson St.,
Vancouver, BC, V6G 3B7

Dear Sirs:

The Objective and Scope of the Audit

You have requested that we audit the financial statements of Hapbee Technologies Inc., which comprise the statements of financial position as at December 31, 2024, and the statements of Income and comprehensive income, statements of changes in shareholders' equity and statements of cash flow for the years then ended, and notes to the financial statements including a summary of significant accounting policies.

We are pleased to confirm our acceptance and our understanding of the nature, scope and terms of this audit engagement, and all services related thereto by means of this letter (the "Engagement").

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

The Responsibilities of the Auditor

We will conduct our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements. 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:

- a. Identify and assess the risks of material misstatement of the financial statements* (whether due to fraud or error), design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements* that we have identified during the audit.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements* or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

The Responsibilities of Management

Our audit will be conducted on the basis that management [and, where appropriate, those charged with governance] acknowledge and understand that they have responsibility:

- a. For the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretation issued by the International Financial Reporting Interpretations Committee ("IFRIC"), which is appropriate for the purpose of future anticipated compliance requirements.
- b. For ensuring that the financial statements will not be used or distributed to parties other than parties mutually agreed upon beforehand in writing,
- c. For the design and implementation of such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- d. To provide us with timely:

- i. Access to all information of which management is aware that is relevant to the preparation of the financial statements* (such as records, documentation, and other matters);
- ii. Information about all known or suspected fraud, any allegations of fraud or suspected fraud and any known or probable instances of non-compliance with legislative or regulatory requirements;
- iii. Additional information that we may request from management for the purpose of the audit; and
- iv. Unrestricted access to persons within Hapbee Technologies Inc. from whom we determine it necessary to obtain audit evidence.

As part of our audit process:

- a. We will make inquiries of management about the representations contained in the financial statements. At the conclusion of the audit, we will request from management [and, where appropriate, those charged with governance] written confirmation concerning those representations. If such representations are not provided in writing, management acknowledges and understands that we would be required to disclaim an audit opinion.
- b. We will communicate any misstatements identified during the audit other than those that are clearly trivial. We request that management correct all the misstatements communicated.

Form and Content of Audit Opinion

Unless unanticipated difficulties are encountered, our report will be substantially in the form contained in Appendix A to this letter.

If we conclude that a modification to our opinion on the financial statements* is necessary, we will discuss the reasons with you in advance.

Confidentiality

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Each professional accountant must preserve the secrecy of all confidential information that becomes known during the practice of the profession.

Accordingly, we will not provide any third party with confidential information concerning the affairs of Hapbee Technologies Inc. unless:

- a. We have been specifically authorized with prior consent;
- b. We have been ordered or expressly required by law or by the provincial Code of Professional Conduct/Code of Ethics; or
- c. The information requested is (or enters into) public domain.

Communications

In performing our services, we will send messages and documents electronically. As such communications can be intercepted, misdirected, infected by a virus, or otherwise used or communicated by an unintended third party, we cannot guarantee or warrant that communications from us will be properly delivered only to the addressee. Therefore, we specifically disclaim, and you release us from, any liability or

responsibility whatsoever for interception or unintentional disclosure of communications transmitted by us in connection with the performance of this Engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from such communications, including any that are consequential, incidental, direct, or indirect, punitive, exemplary or special damages (such as loss of data, revenues or anticipated profits).

If you do not consent to our use of electronic communications, please notify us in writing.

Use of Information

It is acknowledged that we will have access to all information about identified individuals ("personal information") in your custody that we require to complete our Engagement. Our services are provided on the basis that:

- a. You represent to us that management has obtained any required consents for our collection, use, disclosure, storage, transfer and process of personal information required under applicable privacy legislation and professional regulation; and
- b. We will hold all personal information in compliance with our Privacy Statement.

Use and Distribution of Our Report

The examination of the financial statements* and the issuance of our audit report are solely for the use of Hapbee Technologies Inc. and those to whom our report is specifically addressed by us. We make no representations or warranties of any kind to any third party in respect of these financial statements or our audit report, and we accept no responsibility for their use by any third party or any liability to anyone other than Hapbee Technologies Inc.

For greater clarity, our audit will not be planned or conducted for any third party or for any specific transaction. Accordingly, items of possible interest to a third party may not be addressed and matters may exist that would be assessed differently by a third party, including, without limitation, in connection with a specific transaction. Our audit report should not be circulated (beyond Hapbee Technologies Inc.) or relied upon by any third party for any purpose, without our prior written consent.

You agree that our name may be used only with our prior written consent and that any information to which we have attached a communication be issued with that communication, unless otherwise agreed to by us in writing.

If you require our consent in this regard, management agrees to provide, on a timely basis, a draft of the other information for our review prior to the issuance of the audit report.

Reproduction of Auditor's Report

If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings, or posting of the report

on a website, a copy of the entire document should be submitted to us in sufficient time for our review and approval in writing before the publication or posting process begins.

Should some of the information in the annual report not be available until after the date of the auditor's report, we will request that management provide a written representation that the final version of the document(s) will be provided to us when available (and prior to its issuance) so we can complete our required procedures.

Management is responsible for the accurate reproduction of the financial statements, the auditor's report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either full or summarized financial statements* that we have audited.

We are not required to read the information contained in your website or to consider the consistency of other information on the electronic site with the original document.

Preparation of Schedules

We understand that you or your employees will prepare certain schedules and locate specified documents for our use before our Engagement is planned to commence, which we anticipate commencing prior to year end, due to this being our first year auditing you're the financial statements of the company, thus requiring us to test opening balances.

Accordingly, we also request that you obtain copies of testing done by your previous auditors in order to aid us in the testing of the opening balances, which would alleviate the time required to do the testing, thus saving you additional costs in fees.

The requested schedules and documents are as follows:

- a. Schedules and analyses; and
- b. Other specified documents, as requested from time to time.

This assistance will facilitate our work and help to minimize our costs. Any failure to provide these working papers or documents on a timely basis may impede our services and require us to suspend our services or withdraw from the Engagement.

Ownership

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the Engagement are the property of our firm, constitute our confidential information and will be retained by us in accordance with our firm's policies and procedures.

During the course of our work, we may provide, for your own use, certain software, spreadsheets and other intellectual property to assist with the provision of our services. Such software, spreadsheets and other intellectual property must not be copied,

distributed or used for any other purpose. We also do not provide any warranties in relation to these items and will not be liable for any lost or corrupted data or other damage or loss suffered or incurred by you in connection with your use of them.

We retain the copyright and all intellectual property rights in any original materials provided to you.

File Inspections

In accordance with professional regulations (and by our firm's policy), our client files may periodically be reviewed by practice inspectors and by other engagement file reviewers to ensure that we are adhering to our professional and firm's standards. File reviewers are required to maintain confidentiality of client information.

Accounting Advice

Except as outlined in this letter, the Engagement does not contemplate the provision of specific accounting advice or opinions or the issuance of a written report on the application of accounting standards to specific transactions and to the facts and circumstances of the entity. Such services, if requested, would be provided under a separate engagement letter.

Other Services

In addition to the audit services referred to above, if requested, we will, as allowed by the provincial [Code of Professional Conduct/Code of Ethics], prepare your federal and provincial income tax returns as agreed upon. Unless expressly agreed in a separate engagement letter, we will have no involvement with or responsibility for the preparation or filing of GST/HST/PST returns or any other (including foreign) tax returns, source deductions, information returns, slips, elections, designations, certificates or reports. Management will, on a timely basis, provide the information necessary to complete these federal and provincial income tax returns and will review and file them with the appropriate authorities on a timely basis.

Governing Legislation

This engagement letter is subject to, and governed by, the laws of the Province of British Columbia. The Province of British Columbia will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum or to claim that those courts do not have jurisdiction.

Dispute Resolution

You agree that any dispute that may arise regarding the meaning, performance or enforcement of this Engagement will, prior to resorting to litigation, be submitted to mediation.

You agree That British Columbia mediation laws will apply.

Indemnity

Hapbee Technologies Inc. hereby agrees to indemnify, defend (by counsel retained and instructed by us) and hold harmless our firm (and its partners, agents and employees) from and against any and all losses, costs (including solicitors' fees), damages, expenses, claims, demands and liabilities arising out of (or in consequence of):

- a. The breach by Hapbee Technologies Inc., or its directors, officers, agents, or employees, of any of the covenants or obligations of Hapbee Technologies Inc. herein, including, without restricting the generality of the foregoing, the misuse of, or the unauthorized dissemination of, our engagement report or the financial statements in reference to which the engagement report is issued, or any other work product made available to you by our firm.
- b. A misrepresentation by a member of your management or board of directors.

Limitation of Liability

Our aggregate liability for all claims, losses, liabilities and damages in connection with this Engagement, whether as a result of breach of contract, tort (including negligence), or otherwise, regardless of the theory of liability, is limited to \$1,000,000. Our liability shall be several and not joint and several. We shall only be liable for our proportionate share of any loss or damage, based on our contribution relative to the others' contributions and only if your claim is commenced within 24 months or less of the date Hapbee Technologies Inc. should have been aware of the potential claim. In addition, we will not be liable in any event for consequential, incidental, indirect, punitive, exemplary, aggravated, or special damages, including any amount for loss of profit, data or goodwill, whether or not the likelihood of such loss or damage was contemplated.

Time Frames

We originally estimated the audit could be completed within a period of two and a half months. This was based on our understanding that we would be auditing one year of operations.

However, we shall not be liable for failures or delays in performance that arise from causes beyond our reasonable control, including any delays in the performance by Hapbee Technologies Inc. of its obligations.

Estimated Fees

We estimate that our fees for these services will be in the range of \$60,000 to \$70,000, for the audit and, plus direct out-of-pocket expenses and applicable GST/PST. This fee estimate is based on:

- a. The anticipated cooperation from all your personnel in preparing the requested information on a timely basis;
- b. The ongoing assistance of personnel throughout the Engagement; and
- c. The assumption that unexpected circumstances will not be encountered.

If significant additional time is likely to be incurred, we will discuss the reasons with you and agree on a revised fee estimate before we incur the additional costs.

Fees will be rendered as work progresses and are payable on presentation.

Retainer

Prior to commencing our services, as agreed, we require that you provide us with a retainer in the amount of \$40,000.00 plus applicable GST/PST.

The retainer will be applied against our final invoice, and any unused portion will be returned to you upon our collection of all outstanding fees and costs related to this Engagement.

Billing

Our fees and costs will be billed monthly and are payable upon receipt. Invoices unpaid 30 days past the billing date may be deemed delinquent and are subject to an interest charge of 1.5% per month. We reserve the right to suspend our services or to withdraw from this Engagement in the event that any of our invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for our costs of collection, including lawyers' fees.

Costs of Responding to Government or Legal Processes

In the event we are required to respond to a subpoena, court order, government agency or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this Engagement, you agree to compensate us at our normal hourly rates for the time we expend in connection with such response and to reimburse us for all of our out-of-pocket costs (including applicable GST/PST) incurred.

Termination

Management acknowledges and understands that failure to fulfill its obligations as set out in this engagement letter will result, upon written notice, in the termination of the Engagement.

Either party may terminate this agreement for any reason upon providing written notice to the other party [not less than 30 calendar days before the effective date of termination]. If early termination takes place, Hapbee Technologies Inc. shall be responsible for all time and expenses incurred up to the termination date and all costs in terminating any agreement with any specialist or other third party retained by us in connection with this Engagement.

If we are unable to complete the audit or are unable to form, or have not formed, an opinion on the financial statements, we may withdraw from the audit before issuing an auditor's report, or we may disclaim an opinion on the financial statements. If this occurs, we will communicate the reasons and provide details.

Survival of Terms

This engagement letter will continue in force for subsequent audits unless terminated by either party by written notice prior to the commencement of the subsequent audit.

Conclusion

This engagement letter includes the relevant terms that will govern the Engagement for which it has been prepared. The terms of this letter supersede any prior oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all of the parties.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements, and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to us.

We appreciate the opportunity of continuing to be of service to your organization.

Yours truly,

Signed _____
Morton Garellek, CPA

Acknowledged and agreed on behalf of Hapbee Technologies Inc. by:

Signed _____
Yona Shtern, Chairman / CEO

Signed _____
Mitch Kujavsky, Chairman / CFO

Date _____