AXE2 ACQUISITIONS INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2024

(Expressed in Canadian Dollars)

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Financial Statements

(Expressed in Canadian Dollars)

December 31, 2024

INDEX

GOODMAN
& ASSOCIATES LLP
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INDEPENDENT AUDITORS' REPORT

To the directors of
Axe2 Acquisitions Inc.

Opinion

We have audited the accompanying financial statements of Axe2 Acquisitions Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2024 and December 31, 2023, the statements of loss and comprehensive loss, changes in shareholder's equity and cash flows for the years then ended, and the related notes, which comprise a summary of material accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year ended December 31, 2024 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year ended December 31, 2024. These matters were addressed in the context of our audit of the 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 that there are no key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis" but does not include the financial statements and our auditor's report thereon.

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

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 auditors' 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 Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's 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.

The engagement partner on the audit resulting in this independent auditor's report is Alan Goodman, CPA, CA, LPA.

Toronto, Ontario
March 26, 2025

"Goodman & Associates LLP"
Chartered Professional Accountants
Licensed Public Accountants

Axe2 Acquisitions Inc.

Statement of Financial Position

(Expressed in Canadian Dollars)

As at December 31,	2024	2023
ASSETS		
Current		
Cash	$ 128,356	$ 238,627
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 31,497	$ 8,895
SHAREHOLDERS' EQUITY		
Share Capital (Note 4)	489,061	489,061
Contributed surplus	46,382	46,382
Deficit	(438,584)	(305,711)
	96,859	229,732
	$ 128,356	$ 238,627

Approved on behalf of the Board *"Chris Rowan"* Director *"Norm Chang"* Director

The accompanying notes are an integral part of these financial statements.

Axe2 Acquisitions Inc.

Statement of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the year ended December 31,	2024	2023
Interest Income	$ 5,651	$ 9,770
Expenses		
Professional fees	83,007	50,941
General and administrative (Note 6)	44,189	52,892
Occupancy (Note 6)	11,300	13,560
Interest and bank charges	28	66
	138,524	117,459
Net Loss and Comprehensive Loss	$ (132,873)	$ (107,689)
Basic and diluted loss per common share	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding	6,886,468	6,886,468

The accompanying notes are an integral part of these financial statements.

Axe2 Acquisitions Inc.

Statement of Changes in Shareholder's Equity

(Expressed in Canadian Dollars)

For the year ended December 31, 2024

	Number of Shares		Share Capital		Contributed Surplus		Deficit		Shareholders Equity
Balance, December 31, 2022	6,886,468	$	489,061	$	46,382	$	(198,022)	$	337,421
Net loss and comprehensive loss	-		-		-		(107,689)		(107,689)
Balance, December 31, 2023	6,886,468	$	489,061	$	46,382	$	(305,711)	$	229,732
Net loss and comprehensive loss	-		-		-		(132,873)		(132,873)
Balance, December 31, 2024	6,886,468	$	489,061	$	46,382	$	(438,584)	$	96,859

The accompanying notes are an integral part of these financial statements.

Axe2 Acquisitions Inc.

Statement of Cash Flows

(Expressed in Canadian Dollars)

For the year ended December 31,	2024	2023
OPERATING ACTIVITIES		
Net loss and comprehensive loss	$ (132,873)	$ (107,689)
Changes in non-cash working capital items:		
Government remittance receivable	-	5,474
Prepaid expenses and other assets	-	7,690
Accounts payable and accrued liabilities	22,602	(102,886)
	22,602	(89,722)
Cash Used In Operating Activities	(110,271)	(197,411)
NET CHANGE IN CASH	(110,271)	(197,411)
CASH, Beginning of year	238,627	436,038
CASH, End of year	$ 128,356	$ 238,627

The accompanying notes are an integral part of these financial statements.

1. NATURE OF BUSINESS AND ORGANIZATION

Axe2 Acquisitions Inc. (the "Company"), was incorporated on October 14, 2020 under the British Columbia Business Corporations Act. On November 23, 2022, the Company completed an initial public offering of its common shares and the shares are listed on the TSX Venture Exchange (the "Exchange") under the stock symbol "AXET.P".

The address of the Company's registered office is 2900 - 550 Burrard Street Vancouver, British Columbia, Canada, V6C 0A3.

2. BASIS OF ACCOUNTING

(a) Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS") as issued by the International Accounting Standards Board.('IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved for issuance by management on March 26, 2025.

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All amounts are presented in Canadian dollars, which is the Company's functional currency, unless otherwise specified.

Certain comparative figures in these consolidated financial statements have been reclassified in order to conform with current period presentation.

(c) Significant judgments, estimates and assumptions

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Judgments

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

2. BASIS OF ACCOUNTING (Cont'd)

Critical Accounting Estimates

Share-based payments

Share-based payments, as measured with respect to stock options granted are estimated using the Black-Scholes pricing model.

Income taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies are as follows:

Financial Instruments

Recognition

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ('FVTPL'). The directly attributable transactions costs of financial assets and liabilities as at FVTPL are expensed in the period in which they are incurred.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value through profit or loss ("FVTPL"); or
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Classification and Measurement (Cont'd)

After initial recognition at fair value, financial liabilities are classified and measured at amortized cost.

The amortized cost of the financial asset is the amount at which the financial asset is measured at initial recognition minus the principal payments, plus the cumulative amortization using effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

All of the Company's financial assets are measured at amortized cost. The Company's financial assets at amortized costs primarily include cash and government remittances receivable included in current assets.

The Company's financial liabilities consist of accounts payable and accrued liabilities which are classified and measured at amortized cost using the effective interest method.

Fair value

IFRS requires classification of the financial instrument fair value measurements using a fair value hierarchy that reflects the significance of the inputs used to measure fair value into three broad levels. Investments measured at fair value are classified in one of three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three fair value hierarchy levels are as follows:

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 (ie., as prices) or indirectly (ie., derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Income Tax

The Company follows the liability method of accounting for income taxes, whereby deferred tax assets and liabilities reflect the expected deferred tax consequences of temporary differences between carrying amounts of assets and liabilities and their income tax bases. Deferred tax assets and liabilities are measured based on the enacted or substantively enacted income tax rates that are expected to be in effect when the deferred tax assets or liabilities are expected to be realized or settled. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized into income in the period that includes the substantive enactment date.

Deferred tax assets are recognized to the extent that it is probable that 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. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Company's shareholders. Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

Share based payments

Awards of options to employees and others providing similar services under stock option plan are expensed based on the estimated fair value of the options at the grant date, with a corresponding credit to reserves in shareholders' equity. Fair value is measured using the Black-Scholes pricing model. If the options are subject to vesting periods, the compensation cost is recognized over this period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Equity-settled share-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Consideration received on the exercise of stock options is credited to share capital together with the amounts originally recorded as share-based compensation in reserves related to the exercised options.

Loss per share

Basic loss per share is computed by dividing the net comprehensive loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive.

The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

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. Parties are also considered to be related if they are subject to common control or common significant influence. 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. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY

Authorized

Unlimited	Common shares without par value
Unlimited	Class A Preferred shares without par value

		2024	2023
Issued			
6,886,468	Common shares	$ 489,061	$ 489,061

2,000,000 common shares were issued at $0.05 per share on the date of incorporation, October 14, 2020.

600,000 common shares were issued at $0.05 per share on May 27, 2022.

On November 23, 2022, the Company completed an initial public offering of 4,286,468 common shares in the capital of the Company at a price of $0.10 per share for gross proceeds to the Company of $428,646.80 to purchasers in Alberta, British Columbia and Ontario. The Company now has 6,886,468 shares issued and outstanding, of which, 2,907,468 shares are currently held in escrow pursuant to the polices of the Exchange. PI Financial Corp. acted as sole lead agent in respect of the offering and received a cash commission, a corporate finance fee and an option to acquire up to 321,747 shares for a period of 60 months from the date of listing of the shares on the Exchange at an exercise price of $0.10 per Share.

Stock Options

The Company has a stock option plan whereby options may be granted to directors, officers, employees and consultants. Under the Company's stock option plan, the Company may grant options for up to 10% of the aggregate issued and outstanding common shares to directors, officers, employees and consultants. Under the plan, the exercise price and vesting is at the discretion of the board, and options can be granted for a maximum term of ten years, with certain restrictions as to limits on amounts granted to insiders, consultants or person engaged in investor relations activities.

Upon closing of the above initial public offering, the Company granted 688,647 incentive stock options to its directors and officers, all of which are exercisable within ten years from the date of grant at an exercise price of $0.10 per share, and 321,747 options were issued to PI Financial Corp. for a period of five years at an exercise price of $0.10 per share.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (Cont'd)

The following is a summary of stock options outstanding as at December 31, 2024:

	Number of options	Weighted Average Exercise Price
Outstanding as of December 31, 2022	-	$ -
Options issued	1,010,394	-
Options exercised	-	-
Options cancelled	-	-
Balance December 31, 2023	1,010,394	$ 0.10
Options issued	-	$ -
Options exercised	-	-
Options cancelled	-	-
Balance December 31, 2024	1,010,394	$ 0.10

(1). The weighted average time to expiration for outstanding options is 6.4 years.

(2). The range of exercise prices are:

a. 1,010,394 options Cdn$ 0.10

There were 1,019,394 options exercisable as at December 31, 2024.

The Company recognizes share-based compensation expense for all stock options granted using the fair value on grant date as calculated by using the Black Scholes Model. The Company used the following weighted average assumptions for the Model in 2022:

Risk free discount rate	4.51%
Expected volatility	30%
(using historic volatility of comparable companies as a basis)	
Expected life	5- 10 years

The total compensation cost for 2022 for the 1,010,394 options outstanding in fiscal 2022 was calculated as $46,382, of which $35,121 was recognised in stock option expense and $11,261 was recognised in share capital (share issue cost).

5. INCOME TAXES

The Company has non-capital loss carried forward in the amount of $427,648 available to reduce future year's income for tax purposes, the tax effect of which has not been recorded in the accounts. The expiry dates for these losses are summarized below.

2040	$ 39,596
2041	39,431
2042	108,059
2043	107,689
2044	132,873
	$ 427,648

6. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2024, the Company paid $40,680 (2023 - $40,680) to NewGen Asset Management Limited, a related party owned by certain of the directors and officers of the Company, for reimbursement of office rental, administrative and regulatory expenses.

During the year ended December 31, 2024, the compensation paid to key management personnel and the members of the board of directors was $nil (2023 - $nil) share-based compensation.

7. CAPITAL DISCLOSURES

The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its search for business opportunities. The Board of Directors do 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. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financing to fund activities.

In order to continue its search for business opportunities and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new business opportunities and/or seek to acquire other businesses if it feels there is sufficient economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

8. FINANCIAL INSTRUMENTS

Management of Financial Instrument Risks

In the normal course of business, the Company is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). Risk management relates to management of various risks that the Company is exposed to. The Company is not significantly exposed to interest rate risk, other price risk and currency risk for the period ended December 31, 2024.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company's cash balances are maintained at large financial institutions. The Company is exposed to credit risk in its receivables. However, this risk is limited due to the nature and financial stability of the client base.

Liquidity Risk

Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligation on time or at a reasonable price. The Company retains sufficient cash to fund the payment of liabilities as they come due. Thus, liquidity risk is considered to be minimal.