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**INEO Tech Corp.**

**Interim Condensed Consolidated Financial Statements**

As at and for the months ended September 30, 2024, and 2023

(Unaudited - Expressed in Canadian Dollars)

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Company is responsible for the preparation of the accompanying unaudited interim condensed consolidated financial statements. The unaudited interim condensed consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") for the preparation of interim condensed financial statements and are in accordance with *International Accounting Standard ("IAS") 34 – Interim Financial Reporting*.

The Company's auditor has not performed a review of these interim condensed consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

## INEO Tech Corp.

Interim Condensed Consolidated Statements of Financial Position  
(Unaudited - Expressed in Canadian dollars)

	<i>Notes</i>	September 30, 2024	June 30, 2024
<b>Assets</b>			
<b>Current assets</b>			
Cash		46,679	-
Accounts and other receivables	5	156,615	108,956
Prepaid expenses	7	31,862	7,534
Inventory	6	212,436	216,323
		<b>447,592</b>	<b>332,813</b>
<b>Non-current assets</b>			
Notes receivable	8	29,848	28,910
Equipment	9	1,580,141	1,527,191
Right-of-use asset	21	12,938	20,701
Intangibles	4	542	1,085
		<b>1,623,469</b>	<b>1,577,887</b>
<b>Total assets</b>		<b>2,071,061</b>	<b>1,910,700</b>
<b>Liabilities and Shareholders' Equity (Deficiency)</b>			
<b>Current liabilities</b>			
Cash (bank indebtedness)		-	17,561
Accounts payable and accrued liabilities	10	1,721,653	1,702,323
Loans payable	11	254,220	249,365
Interest payable	12, 13, 14, 15	214,591	173,816
Current portion of the bank loan payable	14	63,180	58,400
Government grant	15	-	-
Due to related parties	18	105,980	33,698
Lease liability	22	17,306	27,266
		<b>2,376,930</b>	<b>2,262,429</b>
<b>Non-current liabilities</b>			
Notes payable	12	923,413	908,566
Convertible debenture	13	450,095	436,968
Non-current portion of the bank loan payable	14	277,020	291,600
Government grant	15	120,000	120,000
		<b>1,770,528</b>	<b>1,757,134</b>
<b>Total liabilities</b>		<b>4,147,458</b>	<b>4,019,563</b>
<b>Shareholders' equity</b>			
Share capital	16	15,668,979	14,968,979
Reserves	16	1,175,211	1,164,072
Equity conversion feature on convertible debenture	13	92,140	92,140
Deficit		<b>(19,012,727)</b>	<b>(18,334,054)</b>
		<b>(2,076,397)</b>	<b>(2,108,863)</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,071,061</b>	<b>1,910,700</b>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.  
Nature and continuance of operations (Note 1).

## INEO Tech Corp.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss  
(Unaudited - Expressed in Canadian dollars)

	Notes	For the three months ended September 30	
		2024	2023
<b>Sales</b>	24, 25	<b>278,704</b>	365,931
<b>Cost of sales</b>	24	<b>(166,315)</b>	(222,196)
<b>Gross profit</b>		<b>112,389</b>	143,735
<b>Expenses</b>			
General and administrative	17	<b>378,907</b>	437,527
Selling		<b>166,884</b>	203,487
Research and development		<b>147,843</b>	198,344
		<b>693,634</b>	839,358
<b>Net Income (loss) before other income (expenses)</b>		<b>(581,245)</b>	(695,623)
<b>Other Income (Expenses)</b>			
Interest expense, net	8,11,12,13,14,15,23,24	<b>(91,206)</b>	(51,618)
Foreign exchange gain (loss)	24	<b>(2,955)</b>	(3,299)
Miscellaneous income (expenses), net	24	<b>(3,267)</b>	-
		<b>(97,428)</b>	(54,917)
<b>Loss and comprehensive loss</b>		<b>(678,673)</b>	(750,540)
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<b>84,513,274</b>	76,143,709
<b>Basic and diluted loss per share</b>		<b>(0.008)</b>	(0.010)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

## INEO Tech Corp.

Interim Condensed Consolidated Statements of Shareholders' Equity (Deficiency)  
(Unaudited - Expressed in Canadian dollars)

	<i>Notes</i>	Number of shares	Amount	Equity portion of convertible debentures	Warrant reserves	Share-based payment reserves	Deficit	Total shareholders' equity
Balance, June 30, 2023		76,143,709	\$14,968,979	-	\$255,295	\$689,887	\$(15,245,327)	\$668,834
Share-based payment	16	-	-	-	-	202,231	-	202,231
Warrants issued for debt	13,16	-	-	-	16,659	-	-	16,659
Issuance of convertible debentures	13,23	-	-	92,140	-	-	-	92,140
Net loss and comprehensive loss		-	-	-	-	-	(3,088,727)	(3,088,727)
Balance, June 30, 2024		76,143,709	14,968,979	92,140	271,954	892,118	(18,334,054)	(2,108,863)
Share issuance during the year:								
Private placement	16	14,000,000	700,000	-	-	-	-	700,000
Share-based payment	16	-	-	-	-	11,139	-	11,139
Net loss and comprehensive loss		-	-	-	-	-	(1,372,163)	(1,372,163)
<b>Balance, September 30, 2024</b>		<b>90,143,709</b>	<b>\$15,668,979</b>	<b>\$92,140</b>	<b>\$271,954</b>	<b>\$903,257</b>	<b>\$(19,706,217)</b>	<b>\$(2,769,887)</b>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

# INEO Tech Corp.

Interim Condensed Consolidated Statements of Cash Flows  
(Unaudited - Expressed in Canadian dollars)

	For the three months ended	
	September 30	
	2024	2023
Cash flows used in operating activities:		
Net loss for the period	\$(678,673)	\$(750,540)
Items not involving cash:		
Amortization on equipment, and intangibles	107,483	90,506
Share-based payment	11,139	47,727
Interest expense	72,407	54,265
Accretion on convertible debenture	13,127	-
Amortization of right-of-use asset	7,763	7,763
Interest income on notes receivable	(938)	(748)
Bad Debts Expense	-	12,766
Provision for the inventory write down	-	14,261
Change in non-cash operating working capital:		
Accounts and other receivables	(47,659)	34,232
Prepaid expenses	(24,328)	26,982
Inventory	3,887	(40,172)
Payables and accrued liabilities	24,345	322,411
	<b>(511,447)</b>	<b>(180,547)</b>
Cash flows used in investing activities:		
Purchase of equipment	(159,890)	(276,376)
	<b>(159,890)</b>	<b>(276,376)</b>
Cash flows provided by (used in) financing activities:		
Loan received	-	-
Proceeds from convertible debenture issuances	-	-
Proceeds from bank loan	-	350,000
Interest paid	(16,195)	(2,511)
Payments for lease obligations	(10,710)	(10,500)
Advances from related parties	105,980	-
Repayment to related parties	(33,698)	(9,950)
Debt issuance cost	-	-
Proceeds from issuance of shares	700,000	-
Repayment of bank loan	(9,800)	-
	<b>735,577</b>	<b>327,039</b>
Change in cash	<b>64,240</b>	<b>(129,884)</b>
(Bank indebtedness) Cash, beginning of period	<b>(17,561)</b>	<b>362,510</b>
Cash, end of period	<b>\$46,679</b>	<b>\$232,626</b>

Supplemental cash flow information (Note 23).

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

# INEO Tech Corp.

Notes to the Interim Condensed Consolidated Financial Statements  
As at and for the three months ended September 30, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

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## 1. NATURE AND CONTINUANCE OF OPERATIONS

INEO Tech Corp. (the “Company” or “INEO”) is a Canadian company incorporated under the laws of the Province of British Columbia on March 4, 2008. The Company’s shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol ‘INEO.’ The Company’s corporate head office and records office are located at 105 – 19130 24 Avenue, Surrey, BC, V3Z 3S9.

INEO is the inventor and operator of the *INEO Media Network* for retailers, which provides retail analytics and targeted advertising through its cloud-based IoT (Internet of Things) and AI (Artificial Intelligence) technology. The Company operates the *INEO Media Network* using a SaaS-based model for retail stores.

These consolidated financial statements, including comparatives (the ‘Financial Statements’), have been prepared in accordance with IFRS Accounting Standards (“IFRS”) and interpretations of the IFRS Interpretations Committee (“IFRIC”) with the going concern assumption, which assumes that the Company will continue operations for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company’s ability to realize its assets and discharge its liabilities depends upon the Company obtaining the necessary financing and, ultimately, upon its ability to achieve profitable operations.

For significant expenditures, the Company will depend on external capital. Such external capital will include the issuance of additional equity shares. There can be no assurance that capital will be available, as necessary, to meet the Company’s operating commitments and development plans. The issuance of additional equity securities by the Company may result in the dilution of current shareholders’ equity interests.

The Company’s future capital requirements will depend on many factors, including the cash flows from its operating activities, costs of research and developing its products, operating costs, the current capital market environment, and global market conditions.

The continued operations of the Company are dependent on its ability to generate revenues, develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, and ultimately generate profitable operations in the future. The Company has no assurance that it will be successful in its efforts. If the Company cannot obtain financing in the amounts and on terms deemed acceptable, the business's future success could be adversely affected. These conditions result in material uncertainties, which may cast significant doubt on whether the Company will continue as a going concern.

# INEO Tech Corp.

Notes to the Interim Condensed Consolidated Financial Statements  
As at and for the three months ended September 30, 2024 and 2023  
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## 2. BASIS OF CONSOLIDATION AND PREPARATION

These Financial Statements have been prepared on a historical cost basis except for certain financial instruments, measured at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for the cash flow information.

These Financial Statements, except as otherwise stated, are presented in Canadian dollars and include the accounts of the Company and its wholly owned subsidiaries, each having a Canadian functional currency.

Entity	Parent	Country of Incorporation	Effective Interest
INEO Solutions Inc.	INEO Tech Corp.	Canada	100%
FG Manufacturing Inc. ("FG")	INEO Solutions Inc.	Canada	100%

These Financial Statements include the accounts of the Company and its subsidiaries of which it has control. IFRS 10 states that an investor has control over an investee if and only if the investor has the power over the investee and is able to use it to influence the amount of the investor's returns. And that the investor has exposure or rights, to variable returns from its involvement with the investee. All intercompany balances, transactions, and any unrealized gains and losses arising from intercompany transactions have been eliminated.

### Use of estimates and judgments

The preparation of these Financial Statements requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues, and expenses. Estimates and associated assumptions applied in determining asset or liability values are based on historical experience and various other factors, including other sources that are believed to be reasonable under the circumstances but are not necessarily readily apparent or recognizable when such estimate or assumption is made. Actual results may differ from these estimates.

The information about significant areas of estimation uncertainty considered by management in preparing the Financial Statements is as follows:

#### *Inventories*

Inventories are valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, import duties, transport, handling, and other costs directly attributable to the acquisition of inventories) and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business, less the estimated completion costs and costs necessary to make the sale.

# INEO Tech Corp.

Notes to the Interim Condensed Consolidated Financial Statements  
As at and for the three months ended September 30, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

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## 2. BASIS OF CONSOLIDATION AND PREPARATION (CONTINUED)

### Use of estimates and judgments (continued)

#### *Share-based payment*

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in Note 3. The fair value of stock options granted is measured using the Black-Scholes option pricing model, which was created to estimate the fair value of freely tradable, fully transferable options. The Company's stock options have characteristics significantly different from those of traded options, and changes in the highly subjective input assumptions can materially affect the calculated values.

#### *Income taxes*

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves assessing when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets and the amounts recognized in profit or loss in the year in which the change occurs.

The information about significant areas of judgment considered by management in preparing these Financial Statements is as follows:

#### *Convertible Debentures*

The component parts of convertible debentures are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. The classification of the conversion option as equity requires significant judgement in assessing whether the settlement would result in a fixed amount of cash for a fixed number of equity instruments.

# INEO Tech Corp.

Notes to the Interim Condensed Consolidated Financial Statements  
As at and for the three months ended September 30, 2024 and 2023  
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### 3. MATERIAL ACCOUNTING POLICY INFORMATION

In preparing these Financial Statements, the significant accounting policies and judgements made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited financial statements for the year ended June 30, 2024.

Interim results are not necessarily indicative of the results expected for the financial year. Annual results may differ from interim estimates. The significant judgments made by management applied in the preparation of these Financial Statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended June 30, 2024.

### 4. INTANGIBLES

During the three months ended September 30, 2024, the Company recognized \$543 (September 30, 2023 - \$543) in amortization related to the intangible assets. Intangible assets acquired include domain names, websites, social media accounts, and customer listings.

The reconciliation of opening and closing balances of intangible follows:

	Cost	Accumulated Amortization	Carrying Amount
Balance, June 30, 2023	\$6,508	\$3,254	\$3,254
Additions	-	2,169	-
Balance, June 30, 2024	6,508	5,423	1,085
Additions	-	543	-
<b>Balance, September 30, 2024</b>	<b>\$6,508</b>	<b>\$5,966</b>	<b>\$542</b>

### 5. ACCOUNTS AND OTHER RECEIVABLES

	September 30, 2024	June 30, 2024
Gross trade and accounts receivable	\$156,851	\$112,556
Less: estimated credit losses	(8,591)	(8,591)
Net trade accounts receivable	148,260	103,965
GST receivable	8,355	4,991
<b>Total</b>	<b>\$156,615</b>	<b>\$108,956</b>

Reconciliation of expected credit loss is as follows:

	September 30, 2024	June 30, 2024
Beginning balance	\$8,591	\$10,448
Written off receivables	-	(19,815)
Bad debts expense	-	17,958
Ending balance	\$8,591	\$8,591

# INEO Tech Corp.

Notes to the Interim Condensed Consolidated Financial Statements  
As at and for the three months ended September 30, 2024 and 2023  
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## 6. INVENTORY

Inventory of finished goods held by the Company as at September 30, 2024, was \$212,436 (June 30, 2024 - \$216,323). Finished goods inventory consists of EAS products held for resale. During the three months ended September 30, 2024, the Company recognized \$37,837 of inventory in cost of sales (September 30, 2023 - \$98,082).

## 7. PREPAID EXPENSES

The components of prepaid expenses are as follows:

	September 30, 2024	June 30, 2024
Prepaid insurance	\$1,363	\$3,498
Security deposit	615	615
Other prepaids	29,884	3,421
<b>TOTAL</b>	<b>\$31,862</b>	<b>\$7,534</b>

Other prepaid consist of advances to contractors and suppliers for goods and services delivered subsequent to the period ending September 30, 2024.

## 8. NOTE RECEIVABLE

On May 3, 2023, a third party issued a promissory note in favour of the Company amounting to \$25,000, with an initial maturity date on June 1, 2024. Subsequently, on May 8, 2024, the Company entered into an extension agreement with the third party with a new maturity date of December 1, 2025. The unsecured promissory note bears an annual interest rate of 12% in the first year of the commitment period and 15% after that. During the three months ended September 30, 2024, the interest income accrued from the note receivable amounted to \$938 (September 30, 2023 - \$748).

The reconciliation of opening and closing balances of note receivable follows:

	Amount
Balance, June 30, 2023	\$25,393
Notes receivable during the year	-
Interest accrued	3,517
Balance, June 30, 2024	28,910
Interest accrued	938
<b>Balance, September 30, 2024</b>	<b>\$29,848</b>

# INEO Tech Corp.

Notes to the Interim Condensed Consolidated Financial Statements  
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## 9. EQUIPMENT

The movements in the balance of equipment follows:

	Furniture and Equipment	Computer Hardware	Motor Vehicle	Welcoming Pedestals - Installed Units	WIP Installed Units	Total
<b>Costs:</b>						
Balance, June 30, 2023	\$151,930	\$80,327	\$13,800	\$1,525,334	\$283,872	\$2,055,263
Additions	-	-	-	231,138	172,698	403,836
Transfer of WIP to Installed units	-	-	-	219,242	(219,242)	-
Balance, June 30, 2024	151,930	80,327	13,800	1,975,714	237,328	2,459,099
Additions	8,560	-	-	39,949	111,381	159,890
Transfer of WIP to Installed units	-	-	-	105,206	(105,206)	-
<b>Balance, September 30, 2024</b>	<b>160,490</b>	<b>80,327</b>	<b>13,800</b>	<b>2,120,869</b>	<b>243,503</b>	<b>2,618,989</b>
<b>Accumulated Depreciation:</b>						
Balance, June 30, 2023	100,517	63,815	5,978	375,565	-	545,875
Amortization	18,676	3,264	1,430	362,663	-	386,033
Balance, June 30, 2024	119,193	67,079	7,408	738,228	-	931,908
Amortization	4,390	679	314	101,556	-	106,940
<b>Balance, September 30, 2024</b>	<b>123,583</b>	<b>67,758</b>	<b>7,722</b>	<b>839,784</b>	<b>-</b>	<b>1,038,848</b>
<b>Net Book Value:</b>						
June 30, 2024	\$32,737	\$13,248	\$6,392	\$1,237,486	\$237,328	\$1,527,191
<b>September 30, 2024</b>	<b>\$36,907</b>	<b>\$12,569</b>	<b>\$6,078</b>	<b>\$1,281,084</b>	<b>\$243,503</b>	<b>\$1,580,141</b>

# INEO Tech Corp.

Notes to the Interim Condensed Consolidated Financial Statements  
As at and for the three months ended September 30, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

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## 10. PAYABLES AND ACCRUED LIABILITIES

The components of accounts payable and accrued liabilities are as follows:

	September 30, 2024	June 30, 2024
Accounts payable	\$967,626	\$1,008,173
Other payables due in three months	-	25,000
Accrued liabilities	754,027	669,150
<b>Total</b>	<b>\$1,721,653</b>	<b>\$1,702,323</b>

Accounts payable are generally non-interest bearing and are settled on 30 to 60-day payment terms. Accrued liabilities include accruals for remuneration and benefits, other expenses billed, and collections received from customers for sales delivered after the reporting date. Accrued liabilities are generally settled within 12 months from year-end.

On May 2024, the Company received \$25,000 short-term loan from an employee, bearing an annual interest rate of 12%. During the three months ended September 30, 2024, the Company incurred \$329 in interest expense (September 30, 2023 - \$Nil).

	September 30, 2024	June 30, 2024
Interest payable on short term loan	\$592	\$263
Interest paid on short term loan	(592)	-
	-	\$263

## 11. LOANS PAYABLE TO RELATED PARTIES

The Company entered into related party transactions with two officers. On December 16, 2016, INEO received \$100,000 as a loan, bearing an annual interest rate of 12.5% from an officer of the Company. During the year, INEO received an additional \$54,500 as a loan, bearing an annual interest rate of 12.5% from the related parties. Both loans are due on demand and unsecured and proceeds were used for the Company's operating expenses. The loans balance as at September 30, 2024, amounted to \$254,220 (June 30, 2024 - \$249,365). During the three months ended September 30, 2024, the Company incurred \$4,855 in interest expense (September 30, 2023 - \$3,125).

The reconciliation of opening and closing balances of loans payable are as follows:

	Amount
Balance, June 30, 2023	\$181,250
Additional loan	54,500
Interest accrued	13,615
Balance, June 30, 2024	249,365
Interest accrued	4,855
<b>Balance, September 30, 2024</b>	<b>\$254,220</b>

# INEO Tech Corp.

Notes to the Interim Condensed Consolidated Financial Statements  
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## 12. NOTE PAYABLE

On November 17, 2022, INEO received a \$1,000,000 unsecured promissory note bearing an annual interest rate of 12.0% from a third party. Repayment of this note is due November 17, 2025. In connection with the note, the Company issued 1,428,571 common shares with a fair value of \$171,428. The shares issued were considered debt issuance costs resulting in a discount and amortized using the effective interest method over the credit term of three (3) years with an effective annual interest rate of 19.6%. During the three months ended September 30, 2024, the Company incurred \$45,011 in interest expense (September 30, 2023 – \$42,500).

The details of the outstanding note as at September 30, 2024, are as follows:

	Balance as at September 30, 2024				
	Maturity date	Interest rate	Accrued Interest	Long-term portion	Total
Note - \$1,000,000	17-Nov-25	12.00%	-	\$1,000,000	\$1,000,000
Accrued interest			164,330	-	164,330
Discount on notes payable			-	(76,587)	(76,587)
<b>Total Notes Payable</b>			<b>\$164,330</b>	<b>\$923,413</b>	<b>\$1,087,743</b>

The reconciliation of opening and closing balances of note payable follows:

	Note Payable	Accrued interest	Total
Balance, June 30, 2023	\$856,112	\$13,973	\$870,085
Interest expense	52,454	120,193	172,647
Interest paid	-	-	-
Balance, June 30, 2024	908,566	134,166	1,042,732
Interest expense	14,847	30,164	45,011
Interest paid	-	-	-
<b>Balance, September 30, 2024</b>	<b>\$923,413</b>	<b>\$164,330</b>	<b>\$1,087,743</b>

# INEO Tech Corp.

Notes to the Interim Condensed Consolidated Financial Statements  
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## 13. CONVERTIBLE DEBENTURES

On January 11, 2024, the Company announced an offering of a non-brokered private placement of unsecured convertible debenture in the aggregate principal amount of up to \$700,000. Each Debenture will be convertible into common shares in the capital of the Company (each, a "Share") at a conversion price of \$0.085 per Share for the first year from the date of issuance and thereafter at an adjusted conversion price of \$0.10 per Share until the date which is three (3) years from the date of issuance (the "Maturity Date") and bears interest at the rate of 12.0% per annum for a period expiring on the Maturity Date.

Upon a change of control, the Company may also redeem the principal amount and any unpaid interest of the Debenture in cash, without penalty, at any time before the Maturity Date by providing a ten (10) day notice period to the debenture holder by way of a written notice.

In connection with the Offering, the Company paid finders' fees to certain eligible finders, as permitted by the policies of the TSX Venture Exchange (the "Exchange"). The Shares issuable upon the conversion of the Debenture will be subject to a statutory hold period of four (4) months plus a day from the date of issuance in accordance with applicable securities legislation.

On January 31, 2024, the Company issued \$510,000 convertible debenture with net proceeds of \$485,680. The Company incurred \$24,320 on finder's fee and issued 286,116 share warrants. The warrants were valued \$13,713 using the Black Scholes option pricing model with the following assumptions: volatility rate of 106.0%, risk-free rate of 3.77%, weighted average life of 3 years. Each warrant entitles the holder to purchase one common share at a price of \$0.085 per share for a period of three years.

On February 16, 2024, the Company issued \$60,000 convertible debenture with net proceeds of \$55,200. The Company incurred \$4,800 on finder's fee and issued 56,470 share warrants. The warrants were valued \$2,946 using the Black Scholes option pricing model with the following assumptions: volatility rate of 106.0%, risk-free rate of 4.05%, weighted average life of 3 years. Each warrant entitles the holder to purchase one common share at a price of \$0.085 per share for a period of three years. The Company allocated \$92,140 to the equity component of the debenture.

The finder's fee and share warrants issued were considered part of the debt issuance cost resulting to a discount and amortized using the effective interest method over the credit term of three (3) years with an effective annual interest rate of 17%. During the three months ended September 30, 2024, the Company incurred \$24,276 in interest expense (September 30, 2023 – \$Nil).

	Convertible Debenture	Accrued Interest	Interest Payable
Balance, June 30, 2023	-	-	-
Issuance of convertible debentures	\$570,000	-	-
Debt Issuance Cost	-	-	-
Finder's Fee	(29,120)	-	-
Warrants issued	(16,659)	-	-
Equity component on convertible debentures issued	(92,140)	-	-
Interest on convertible debenture	-	34,116	34,116
Accretion on convertible debenture	4,887	-	-
Balance, June 30, 2024	436,968	34,116	34,116
Interest on convertible debenture	-	24,276	11,149
Accretion on convertible debenture	13,127	-	-
<b>Balance, September 30, 2024</b>	<b>\$450,095</b>	<b>\$58,393</b>	<b>\$45,266</b>
<b>Convertible debenture, equity component, September 30, 2024</b>	<b>\$92,140</b>		

# INEO Tech Corp.

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## 14. BANK LOAN PAYABLE

On September 14, 2023, the Company received a secured bank loan amounting to \$350,000 from the Business Development Bank of Canada (BDC). The loan is payable in 72 equal monthly installments starting July 31, 2024, to June 30, 2030. The interest on the loan is equivalent to BDC's Floating Base Rate plus a variance of 7.50% per year. During the three months ended September 30, 2024, the BDC's Floating Base rate is at 8.55% and the Company incurred \$14,198 in interest expense (September 30, 2023 - \$2,416).

Under the terms of existing debt agreements, the following are the three material covenants: (i) Guarantee of the CEO for 5.5% of the Loan amount outstanding on the date BDC demands payment under this guarantee; (ii) Guarantee of the founder and CFO for 16.8% of the Loan amount outstanding on the date BDC demands payment under this guarantee and; (iii) General Security Agreement from the Company, providing a first security interest in all present and after-acquired personal property, except consumer goods, subject only to priority on inventory and receivables to lender extending line of credit.

			Balance as at September 30, 2024		
	Maturity date	Interest rate	Current portion	Long-term portion	Total
Bank loan payable	30-Jun-30	16.05%	\$63,180	\$277,020	\$340,200
Interest payable			52,549	105,106	157,655
<b>Total</b>			<b>\$115,729</b>	<b>\$382,126</b>	<b>\$497,855</b>

The reconciliation of the opening and closing balances of the bank loan follows:

	Principal	Interest	Total
Balance, June 30, 2024	\$350,000	\$4,762	\$354,762
Proceeds	-	-	-
Interest expense	-	14,198	14,198
Payment	(9,800)	(14,473)	(24,273)
<b>Balance, September 30, 2024</b>	<b>\$340,200</b>	<b>\$4,487</b>	<b>\$344,687</b>

## 15. GOVERNMENT GRANT

Due to the global outbreak of the Novel Coronavirus ("COVID-19"), the federal government of Canada introduced the Canada Emergency Business Account ("CEBA"). CEBA provides eligible businesses with an interest-free loan ("CEBA Loan") of \$40,000. The CEBA Loan has an initial term that expired on December 31, 2022, throughout which the CEBA Loan remains interest-free—repayment of \$30,000 by December 31, 2022, results in a \$10,000 loan forgiveness. If the balance is not paid before December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly, effective January 1, 2023. The entire balance must be repaid by December 31, 2025. On May 6, 2020, INEO Solutions and FG Manufacturing each received \$40,000 in loans from the Government as part of the CEBA.

On December 4, 2020, the federal government of Canada expanded CEBA, and eligible businesses facing financial hardship due to the pandemic could access a second loan of up to \$20,000. Half of this additional financing, up to \$10,000, will be forgivable if the loan is repaid by December 31, 2022. If the balance is not paid before December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly, effective January 1, 2024. The entire balance must be repaid by December 31, 2026. On April 7, 2021, INEO Solutions and FG Manufacturing each received an additional \$20,000 in loans from the Government as part of CEBA.

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## 15. GOVERNMENT GRANT (CONTINUED)

Under IAS 20, *Accounting for Government Grant and Disclosure of Government Assistance*, the benefit of a government loan at a below-market rate is treated as a government grant and measured in accordance with IFRS 9, *Financial Instruments*. The benefit of below-market-rate shall be measured as the difference between the initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The Company has estimated the initial carrying value of each initial CEBA loan at \$26,880 and additional loans at \$15,408, using a discount rate of 15%, which was the estimated rate for a similar loan without the interest-free component. The difference will be accreted to each CEBA loan liability over the term of the CEBA Loan and offset to other income on the statements of loss and comprehensive loss.

On January 12, 2022, the government extended the loan repayment deadline to December 31, 2023. If the loan balance remains unpaid after December 31, 2023, the outstanding loans will convert to two-year term loans with an interest of 5% per annum commencing on January 1, 2024, with the loans entirely due by December 31, 2025. The Company has estimated the new carrying value of the CEBA loan at \$103,381, using a discount rate of 15%, which was the estimated rate for a similar loan without the interest-free component. Furthermore, the Company has estimated that the loan remeasurement resulted in a gain of \$8,620. The difference will be accreted to each CEBA loan liability over the term of the CEBA Loan and offset to other income (expenses) on the statements of loss and comprehensive loss.

On September 14, 2023, the government extended the loan repayment deadline to January 18, 2024. Additionally, repaying the balance of the loan on or before said date will result in loan forgiveness of up to 33% or up to \$20,000. Furthermore, CEBA loan holders who submit a refinancing loan application to their financial institution provider by January 18, 2024, requiring a grace period can still qualify for partial loan forgiveness if the outstanding principal of their CEBA loan, plus any applicable interest is repaid by March 28, 2024. The Government of Canada also extended the final loan maturity date from December 31, 2025, to December 31, 2026, with the same interest rate of 5% per annum.

The loan was not paid by the Company on January 18, 2024 and the maturity date was automatically extended to December 31, 2026. During the three months ended September 30, 2024, the total interest expense recognized for the CEBA grants amounted to \$1,508 (September 30, 2023 - \$4,230).

The reconciliation of opening and closing balances of government grants follows:

	Principal	Interest	Total
Balance, June 30, 2023	\$111,380	-	\$111,380
Interest amortization	8,620	-	8,620
Interest expense	-	2,656	2,656
Interest paid	-	(2,148)	(2,148)
Balance, June 30, 2024	120,000	508	120,508
Interest amortization	-	-	-
Interest expense	-	1,508	1,508
Interest paid	-	(1,508)	(1,508)
<b>Balance, September 30, 2024</b>	<b>\$120,000</b>	<b>\$508</b>	<b>\$120,508</b>

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## 16. SHARE CAPITAL AND RESERVES

### Authorized share capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

### Shares held in escrow

On January 24, 2023, all common shares held in escrow were released to shareholders. As of September 30, 2024, nil shares were held in escrow. (June 30, 2024 – nil shares held in escrow).

### Issued share capital

The Company issued 14,000,000 common shares at \$0.05 per share, with total consideration of \$700,000 during the period ended September 30, 2024.

During the year ended June 30, 2023, the Company had the following capital stock transactions:

On November 17, 2022, the Company completed a brokered short-form prospectus offering (the 'Offering'), issuing 14,525,000 units for \$0.12 per unit for aggregate proceeds of \$1,743,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each warrant will entitle the holder to acquire one common share of the Company at an exercise price of \$0.19 per common share for a period of 36 months from the date of issuance. The warrants were allocated a value of \$nil using the residual value allocation method. In connection with the Offering, the Company incurred \$419,029 in share issuance cost and issued 923,721 broker warrants with a fair value of \$61,503. The broker warrants were valued using the Black Scholes option pricing model with the following assumptions: volatility rate of 83.04%, risk-free rate of 3.86%, weighted average life of 3 years. Each broker warrant entitles the holder to purchase one common share at a price of \$0.12 per share for a period of three years. The Company also issued 1,428,571 bonus shares in connection with a non-brokered private placement of the \$1,000,000 unsecured promissory note. The bonus shares have a fair value of \$171,428 and were considered debt issuance costs (Note 12).

### Stock options

The Company has adopted a stock option plan that allows the Company to issue options to certain directors, officers, employees, and consultants to acquire up to 10% of the issued and outstanding common stock. The exercise price of each option cannot be less than the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years. Stock options granted under the plan vest immediately subject to vesting terms, which may be imposed at the directors' discretion.

The summary of changes in stock options during the three months ended September 30, 2024, and the year ended June 30, 2024, are as follows:

	September 30, 2024		June 30, 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	7,375,863	\$0.20	6,930,863	\$0.20
Options granted	1,430,000	0.05	815,000	0.05
Options forfeited	(105,000)	-	(370,000)	0.19
Options outstanding, ending	8,700,863	\$0.12	7,375,863	\$0.19
Options exercisable, ending	4,355,863	\$0.19	4,232,113	\$0.24

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## 16. SHARE CAPITAL AND RESERVES (CONTINUED)

### Stock options (Continued)

Details of options outstanding as at September 30, 2024, are as follows:

Expiry date	Number of options	Weighted average exercise price	Weighted average contractual life	Number of Options exercisable
January 23, 2025	175,863	0.09	0.32	175,863
April 14, 2030	2,250,000	0.26	5.54	2,250,000
April 14, 2030	500,000	0.35	5.54	500,000
October 16, 2030	100,000	0.05	6.05	75,000
June 16, 2031	425,000	0.05	6.71	318,750
July 26, 2031	250,000	0.05	6.82	125,000
October 25, 2031	75,000	0.05	7.07	37,500
February 28, 2033	2,760,000	0.05	8.42	690,000
September 18, 2033	735,000	0.05	8.97	183,750
	<b>8,700,863</b>	<b>0.12</b>	<b>6.54</b>	<b>4,355,863</b>

During the three months ended September 30, 2024, the Company recognized share-based payment related to stock options of \$11,139 (September 30, 2023 - \$47,727). The fair value of stock options granted was determined using the Black-Scholes Option Pricing Model using the following assumptions:

	September 30, 2024	June 30, 2024
Expected life of options	<b>10years</b>	10years
Annualized volatility	<b>114%</b>	106%
Risk-free interest rate	<b>3.08%</b>	3.75%
Dividend rate	<b>0%</b>	0%
Weighted average fair value per option granted	<b>0.05</b>	0.05
Stock price	<b>0.05</b>	0.05

### Warrants

The summary of changes in warrants during the three months ended September 30, 2024, and the year ended June 30, 2024, are as follows:

	September 30, 2024		June 30, 2024	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	<b>8,528,807</b>	<b>\$0.18</b>	8,186,221	\$0.17
Warrants issued	-	-	342,586	0.09
Broker warrants issued	-	-	-	-
Warrants expired	-	-	-	-
Warrants outstanding, ending	<b>8,528,807</b>	<b>0.18</b>	8,528,807	0.18
Warrants exercisable, ending	<b>8,528,807</b>	<b>\$0.18</b>	8,528,807	\$0.18

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## 16. SHARE CAPITAL AND RESERVES (CONTINUED)

### Warrants (Continued)

Details of warrants outstanding as at September 30, 2024, are as follows:

Expiry date	Number of warrants	Exercise price	Number of warrants exercisable
17-Nov-25	7,262,500	0.19	7,262,500
17-Nov-25	923,721	0.12	923,721
31-Jan-27	286,116	0.09	286,116
16-Feb-27	56,470	0.09	56,470
	<b>8,528,807</b>	<b>0.18</b>	<b>8,528,807</b>

## 17. BREAKDOWN OF EXPENSES

General and administrative expenses are composed of the following:

	For the three months ended September 30	
	2024	2023
Remuneration and benefits (Note 18)	\$158,416	\$158,394
Amortization and depreciation (Note 4, 9, 21)	115,246	98,269
Office expenses	37,392	83,761
Share-based payment (Note 16,18)	23,432	34,053
Accounting and legal	11,367	26,115
Rent (Note 22)	23,030	11,974
Insurance	9,274	10,296
Bad debt (Note 5)	-	12,766
Lease interest (Note 22)	750	1,899
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>\$378,907</b>	<b>\$437,527</b>

## 18. RELATED PARTY TRANSACTIONS

### Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Amounts due to or from related parties are non-interest-bearing and unsecured unless specified.

As at September 30, 2024, the Company has \$105,980 due to the officers of the Company (June 30, 2024 - \$33,698).

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## 18. RELATED PARTY TRANSACTIONS (CONTINUED)

During the three months ended September 30, 2024, and 2023, the Company incurred the following key management compensation:

	For the three months ended	
	September 30	
	2024	2023
Remuneration and benefits	\$87,500	\$87,500
Share-based payment	23,835	40,713
Total	\$111,335	\$128,213

## 19. CAPITAL MANAGEMENT

The Company considers the items in shareholders' equity (deficiency) as capital, which was \$2,076,397 deficit at September 30, 2024 (June 30, 2024 - \$2,108,863 deficit). The Company's objectives when managing capital are to support the further advancement of the Company's business objectives and existing product lines, as well as to ensure that the Company can meet its financial obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility, adjusting it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the Company's relative size, is reasonable. The approach to capital management has not changed since the prior year, and the Company is not subjected to externally imposed capital requirements.

## 20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Fair value of financial instruments

The Company's financial instruments consist of cash, bank indebtedness, accounts and other receivable, note receivable, payables and accrued liabilities, due to related parties, loans payable to related parties, note payable, interest payable, convertible debenture, bank loan payable, and government grants.

## 20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### Fair value of financial instruments (Continued)

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three 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 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 that are not based on observable market data

Cash under the fair value hierarchy is based on Level 1 quoted prices in active markets for identical assets or liabilities. Accounts and other receivables, note receivable, payables and accrued liabilities, due to related parties and loans payable approximate their fair value due to their short-term maturities. The fair value of convertible debenture, note payable, bank loans payable, and government grants also approximates the carrying value since they are discounted using market rates.

### Financial and capital risk management

The Company examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include market risk, credit risk, and liquidity risk. These risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Discussions of risks associated with financial assets and liabilities are detailed below

#### a) Market risk

Market risk is the risk that a financial instrument's fair value or future cash flows will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk, and price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

##### (i) Currency risk

Currency risk is the risk of change in profit or loss that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company's exposure to the risk of changes in foreign exchange rates relates to its operational activities. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company's international sales and purchases of goods and services from foreign companies are denominated in US Dollars and are exposed to foreign exchange fluctuations. Due to these fluctuations, operating results may differ materially from expectations, resulting in significant gains and losses on the remeasurements associated with these transactions. The Company's approach to management of foreign currency risk has not changed materially from that of the year ended June 30, 2024.

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## 20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### Financial and capital risk management (continued)

As at September 30, 2024, and June 30, 2024, a summary of the quantitative information of the exposure due to foreign currencies is provided as follows:

	<b>September 30, 2024</b>	June 30, 2024
	<i>in US Dollar</i>	<i>in US Dollar</i>
Cash	<b>\$39,626</b>	\$181
Accounts receivable	<b>31,137</b>	15,959
Prepaid expenses	<b>21,890</b>	2,500
Accounts payable and accrued liabilities	<b>(218,906)</b>	(284,208)
<b>Net assets denominated in foreign currency</b>	<b>\$(126,253)</b>	\$(265,568)

The most significant closing exchange rates and the approximate average exchange rates of Canadian Dollar per US dollar used in these Financial Statements were as follows:

	<b>September 30, 2024</b>		June 30, 2024	
<b>Currency</b>	<b>Closing</b>	<b>Average</b>	Closing	Average
U.S. Dollar	<b>1.35</b>	<b>1.37</b>	1.37	1.36

The Company estimates that a 10% increase (decrease) in applicable U.S. dollar exchange rates would impact loss and comprehensive loss by \$17,079 (June 30, 2024 - \$26,557).

#### a) Market risk (continued)

##### (ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate due to changes in market interest rates. As at September 30, 2024, the Company is exposed to interest rate risks primarily on the floating interest rate corresponding to \$350,000 long-term bank loan with BDC (see Note 14). A 10% change in interest rates would not result in a material change in profit or loss. The Company's approach to management of interest risk has not changed materially from that of the year ended June 30, 2024.

##### (ii) Price risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company does not hold any securities or investments which could expose it to stock prices volatility. The Company's approach to management of price risk has not changed materially from that of the year ended June 30, 2024.

#### c) 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.

All the Company's cash is held through Canadian chartered banks; accordingly, the Company's exposure to credit risk is limited. The Company's GST recoverable are refunds due from the Government of Canada, and the exposure to credit risk on these amounts is considered limited.

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## 20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### Financial and capital risk management (continued)

#### c) Credit risk (continued)

The Company's accounts receivable consists of amounts due from various customers. The maximum exposure to credit risk is equal to the carrying value of accounts receivable. The business models of the Company's respective segments require credit risk analysis specific to each business line. The Company's historic rate of bad debts is low. The Company's approach to management of credit risk has not changed materially from that of the year ended June 30, 2024.

The due date of these amounts can vary by agreement but in general, balances over 30 days are considered past due. The aging of the receivables is as follows:

	September 30, 2024	June 30, 2024
0 - 30 days	\$59,396	\$46,456
30 - 90 days	47,618	30,340
Over 90 days	49,837	28,060
Total receivables before allowance for credit losses	156,851	104,856
Less: allowance for credit losses	(8,591)	(8,591)
Receivables	\$148,260	\$96,265

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits using the lifetime expected loss provision for all accounts receivable. To measure the expected credit losses, accounts receivable are assessed primarily on days past due combined with the Company's knowledge of past bad debts. During the three months ended September 30, 2024, expected credit losses for the Company were \$Nil (September 30, 2023 - \$12,766).

#### d) 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, 2024, the Company has a cash balance of \$46,679 (June 30, 2024 - \$17,561) and current liabilities balance of \$2,376,930 (June 30, 2024 - \$2,262,429). The Company manages its liquidity risk by attempting to maintain sufficient cash balances to enable settlement of transactions on the due date. As the Company has limited sources of revenue, additional financing is necessary to accomplish its long-term strategic objectives. The Company's approach to management of liquidity risk has not changed materially from that of the year ended June 30, 2024.

The following table summarizes the amount and the contractual maturities of the principal portion of significant financial liabilities on an undiscounted basis as at September 30, 2024:

	2025	2026	2027	2028	2029	2030	Total
Convertible debenture	-	-	570,000	-	-	-	570,000
Accounts payables and accrued liabilities	1,721,653	-	-	-	-	-	1,721,653
Note payable	-	1,000,000	-	-	-	-	1,000,000
Bank loan	48,600	58,320	58,320	58,320	58,320	58,320	340,200
Government grant	-	120,000	-	-	-	-	120,000
<b>Total</b>	<b>1,770,253</b>	<b>1,178,320</b>	<b>628,320</b>	<b>58,320</b>	<b>58,320</b>	<b>58,320</b>	<b>3,751,853</b>

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## 21. RIGHT-OF-USE ASSET

On March 6, 2020, the Company entered into a 5-year lease agreement for leased premises in Surrey, British Columbia, commencing April 1, 2020, and ending on March 9, 2025. The minimum monthly base rent for years 1 to 5 of the 5-year lease is \$3,290 for year 1, \$3,360 for year 2, \$3,430 for year 3, \$3,500 for year 4, and \$3,570 for year 5, respectively. In accordance with IFRS 16, the Company recognized a right-of-use asset of \$155,260 as at March 6, 2020, equal to the present value of all remaining lease payments discounted at an incremental borrowing rate of 12.5%. The Company depreciates the right-of-use assets on a straight-line basis over the lease term.

<b>Cost</b>	<b>Amount</b>
Balance, June 30, 2024	\$155,260
Additions	-
<b>Balance, September 30, 2024</b>	<b>155,260</b>
<b>Accumulated Amortization</b>	
Balance, June 30, 2023	(103,507)
Amortization	(31,052)
Balance, June 30, 2024	(134,559)
Amortization	(7,763)
<b>Balance, September 30, 2024</b>	<b>(142,322)</b>
<b>Net Book Value</b>	
Balance, June 30, 2024	\$20,701
<b>Balance, September 30, 2024</b>	<b>\$12,938</b>

## 22. LEASE LIABILITY

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, using the effective interest method for the present value determination. As the rate implicit in the lease cannot be readily determined, the Company applied an average incremental borrowing rate. The Company used a discount rate of 12.5% to calculate the present value of its lease payments. Total interest expense on lease liabilities for the three months ended September 30, 2024, was \$750 (September 30, 2023 - \$1,899). The following table represents the lease obligation for the Company:

	<b>September 30, 2024</b>	June 30, 2024
Current	<b>\$17,306</b>	\$27,266
Non-current	-	-
<b>Total lease obligation</b>	<b>\$17,306</b>	\$27,266

# INEO Tech Corp.

Notes to the Interim Condensed Consolidated Financial Statements  
As at and for the three months ended September 30, 2024 and 2023  
(Unaudited - Expressed in Canadian dollars)

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## 22. LEASE LIABILITY (CONTINUED)

The following table shows the roll forward of lease obligations for the three months ended September 30, 2024 and for the year ended June 30, 2024:

	September 30, 2024	June 30, 2024
Beginning balance	\$27,266	\$63,618
Interest expense	750	5,928
Lease payments	(10,710)	(42,280)
<b>Ending balance</b>	<b>\$17,306</b>	<b>\$27,266</b>

The following table presents the contractual undiscounted cash flows for lease obligation for the three months ended September 30, 2024 and for the year ended June 30, 2024:

	September 30, 2024	June 30, 2024
Less than one year	\$17,850	\$28,560
One to five years	-	-
<b>Total undiscounted lease obligation</b>	<b>\$17,850</b>	<b>\$28,560</b>

During the three months ended September 30, 2024, the Company expensed \$23,030 in short-term and low-value leases (September 30, 2023 – \$11,974).

## 23. SUPPLEMENTAL CASH FLOW INFORMATION

	September 30, 2024	June 30, 2024
<b>Disclosure of non-cash financing activities:</b>		
Bonus shares issued, net from note payable	-	-
Fair value of warrants	-	16,659
Equity portion of the convertible debentures	-	92,140
<b>Disclosure of cash flow information:</b>		
Cash paid for income taxes	-	-
Cash paid for interest	16,195	43,805

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## 24. SEGMENTED INFORMATION

The Company has the following reporting segments: corporate and administration, loss prevention, retail media, and fabrication.

Reportable segments are defined as components of an enterprise for which separate financial information is available. They are evaluated regularly by the chief operating decision maker when deciding how to allocate resources and assess performance.

The reportable segments were determined based on the nature of the services provided and goods sold. Loss Prevention refers to sales of security technology, electronic article surveillance systems, and supplies. Fabrication specializes in precision CNC cutting, routing, and drilling for various industries and sectors. Retail media refers to advertising revenue welcoming systems.

	For the quarter ended September 30, 2024				
	Loss Prevention	Fabrication	Welcoming Systems	Corporate and administration	Total
Sales	\$173,631	\$28,144	\$76,929	-	\$278,704
Cost of goods sold	(112,939)	(15,506)	(37,870)	-	(166,315)
Gross profit	60,692	12,638	39,059	-	112,389
Operating expenses*	(45,334)	(3,921)	(86,893)	(442,241)	(578,389)
Amortization, equipment	(1,651)	(4,274)	(101,557)	-	(107,482)
Amortization, right-of-use asset	(1,941)	-	(1,941)	(3,881)	(7,763)
Foreign exchange gain	-	-	-	(2,955)	(2,955)
Miscellaneous income, net	-	-	-	(3,267)	(3,267)
Operating income (loss)	11,766	4,443	(151,332)	(452,344)	(587,467)
Finance costs:					
Interest expense	(754)	(754)	-	(90,636)	(92,144)
Interest income	-	-	-	938	938
Net income (loss) and comprehensive income (loss)	\$11,012	\$3,689	\$(151,332)	\$(542,042)	\$(678,673)

\*Operating expenses include Administration, Selling, Marketing, and Research and Development costs.

	For the quarter ended Sep 30, 2023				
	Loss Prevention	Fabrication	Welcoming Systems	Corporate and administration	Total
Sales	\$291,368	\$22,516	\$52,047	-	\$365,931
Cost of goods sold	(196,256)	(15,731)	(10,209)	-	(222,196)
Gross profit	95,112	6,785	41,838	-	143,735
Operating expenses	(70,659)	(6,073)	(276,681)	(387,676)	(741,089)
Amortization, equipment	(1,946)	(4,235)	(84,325)	-	(90,506)
Amortization, right-of-use asset	(1,941)	-	(1,941)	(3,881)	(7,763)
Foreign exchange gain	(3,299)	-	-	-	(3,299)
Miscellaneous income, net	-	-	-	-	-
Operating income (loss)	17,267	(3,523)	(321,109)	(391,557)	(698,922)
Finance costs:					
Interest expense	-	-	-	(52,366)	(52,366)
Interest income	-	-	-	748	748
Net income (loss) and comprehensive income (loss)	\$17,267	\$(3,523)	\$(321,109)	\$(443,175)	\$(750,540)

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## 24. SEGMENTED INFORMATION (CONTINUED)

Loss Prevention has one customer, accounting for 13% of revenue (September 30, 2023 – five customers accounting for 31%). Fabrication Operations has two customers, accounting for 98% of revenue (September 30, 2023 – two customers accounting for 74%). Retail Media has three customers accounting for 67% of revenue during the period (September 30, 2023 – two customers for 86%).

The Company's chief operation decision makers are the CEO, President, Corporate Secretary, and CFO. They review the operations and performance of the Company.

	September 30, 2024	June 30, 2024
<b>Total assets by segment</b>		
Fabrication	\$64,968	\$39,198
Loss Prevention and other operations	2,006,093	1,871,502
Total	\$2,071,061	\$1,910,700

Sales by geographical locations are as follows:

	For the three months ended	
	September 30	
	2024	2023
Canada	\$175,969	\$186,741
USA	98,788	161,996
Mexico	3,947	17,194
Total	\$278,704	\$365,931

## 25. REVENUE

	September 30, 2024	September 30, 2023
<b>Revenue</b>		
Loss prevention and fabrication	\$201,775	\$313,884
Retail media	76,929	52,047
Total	\$278,704	\$365,931

The Company recorded revenue from the transfer of goods and services at a point-in-time and over time in the following lines of business:

	September 30, 2024	September 30, 2023
<b>Point-in-time</b>		
Loss prevention and fabrication	\$201,775	\$313,884
Total	\$201,775	\$313,884
	September 30, 2024	September 30, 2023
<b>Overtime</b>		
Retail media	\$76,929	\$52,047
Total	\$76,929	\$52,047