



Consolidated Financial Statements

For the Years Ended [June 30, 2025 and 2024](#)

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Independent Auditor's Report

To the Shareholders of The FUTR Corporation (formerly Hank Payments Corp.)

Opinion

We have audited the consolidated financial statements of The FUTR Corporation (formerly Hank Payments Corp.) and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2025 and 2024, and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended June 30, 2025 and, as of that date, the Company has an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Soheil Talebi.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
October 29, 2025

The FUTR Corporation

(formerly Hank Payments Corp.)

Consolidated Statements of Financial Position

As at June 30, 2025 and June 30, 2024

(Expressed in Canadian Dollars)

	Note	June 30,	June 30,
	#	2025	2024
		\$	\$
ASSETS			
Current			
Cash		2,189,991	719,582
Accounts receivable	16	849,373	732,980
Contract receivable	15	1,200,000	1,392,678
Prepaid expenses and deposits		726,885	334,394
Sales tax receivable		90,266	-
Total current assets		5,056,515	3,179,634
Advances to related party	8	-	925,956
Restricted cash	5	259,217	191,645
Contract receivable	15	1,280,181	-
Equipment	6	12,553	19,404
Intangible assets	4, 7	6,527,956	687,619
Total assets		13,136,422	5,004,258
LIABILITIES			
Current			
Accounts payable and accrued liabilities	12, 16	6,663,899	5,365,949
Short-term loans	13	318,012	1,882,429
Advances from related party	8	283,664	-
Loans payable	4, 14	183,337	-
Contract liability - current portion	10	1,357,934	1,218,657
Convertible debentures	9	-	149,543
Total current liabilities		8,806,846	8,616,578
Convertible debentures	9	-	1,690,383
Loans payable	4, 14	352,970	-
Contract liability	10	2,969,703	2,567,751
Total liabilities		12,129,519	12,874,712
SHAREHOLDERS' EQUITY			
Share capital	11	24,519,301	8,438,709
Contributed surplus	11	8,446,274	8,842,196
Other comprehensive income		40,739	(37,985)
Deficit		(31,999,411)	(25,113,374)
Total shareholders' equity (deficiency)		1,006,903	(7,870,454)
Total liabilities and shareholders' equity (deficiency)		13,136,422	5,004,258

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 17)

Related party transactions (Note 12)

Subsequent events (Note 21)

Approved on behalf of the Board:

"Michael Hilmer", Director
(signed)

"Peter McRae", Director
(signed)

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

The FUTR Corporation

(formerly Hank Payments Corp.)

Consolidated Statements of Operations and Comprehensive Loss

For the Years Ended June 30, 2025 and 2024

(Expressed in Canadian Dollars)

	Note	2025	2024
	#	\$	\$
Revenue			
Bank processing fees	15	3,856,104	3,418,336
Enrollment fees	10,15	2,192,771	2,072,536
Licensing fees	15	2,033,328	1,694,440
Other revenue	12b,15	263,128	202,031
Total revenue		8,345,331	7,387,343
Cost of sales		838,224	718,998
Gross profit		7,507,107	6,668,345
Expenses			
Salaries and wages	7	6,669,463	5,501,875
Stock based compensation	11,12	536,744	306,135
Software and licensing fees	7	1,222,713	949,254
Professional fees		556,715	209,043
Office and general		1,359,200	1,030,882
Bad debts	16	201,154	138,549
Depreciation	6	18,147	20,869
Amortization	7	528,083	235,476
		11,092,219	8,392,083
Loss from operations		(3,585,112)	(1,723,738)
Other expenses (income)			
Accretion expense	9	58,559	116,106
Interest expense	9,13,14	1,410,392	352,728
Provision for interest and penalties	16	233,910	81,820
Interest (income)		(447,953)	-
Foreign exchange loss (gain)		63,991	(1,029)
Loss on contract modification	15	699,738	-
Loss on conversion of debt	9	1,282,288	-
Gain on repurchase of debentures	9	-	(138,566)
Net loss		(6,886,037)	(2,134,797)
Other Comprehensive loss			
Currency translation adjustment		78,724	(153,447)
Comprehensive loss		(6,807,313)	(2,288,244)
Loss per share - basic and diluted		(0.17)	(0.03)
Weighted average number of outstanding common shares - basic and diluted			
		40,404,422	73,148,651

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

The FUTR Corporation

(formerly Hank Payments Corp.)

Consolidated Statements of Changes in Shareholders' Equity

As at June 30, 2025 and 2024

(Expressed in Canadian Dollars)

	Number of Common Shares (Note 11) #	Share Capital \$	Contributed Surplus \$	Accumulated Other Comprehensive Income (Loss) \$	Deficit \$	Shareholder's Equity (Deficiency) \$
Balance, June 30, 2023	12,721,505	8,438,709	8,402,921	115,462	(22,978,577)	(6,021,485)
Stock-based compensation	-	-	306,135	-	-	306,135
Issuance of debentures	-	-	154,098	-	-	154,098
Repurchase of debentures	-	-	(20,958)	-	-	(20,958)
Currency translation adjustment	-	-	-	(153,447)	-	(153,447)
Net loss for the year	-	-	-	-	(2,134,797)	(2,134,797)
Balance, June 30, 2024	12,721,505	8,438,709	8,842,196	(37,985)	(25,113,374)	(7,870,454)
Balance, June 30, 2024	12,721,505	8,438,709	8,842,196	(37,985)	(25,113,374)	(7,870,454)
Stock-based compensation	-	-	536,744	-	-	536,744
Issuance of debentures	-	-	171,988	-	-	171,988
RSU exercise	813,406	2,320,005	(2,322,917)	-	-	(2,912)
Debenture conversions	12,137,924	3,812,846	-	-	-	3,812,846
Conversion of debt	2,393,767	461,676	-	-	-	461,676
Acquisition (note 4)	30,830,370	5,318,239	-	-	-	5,318,239
Private placements	43,061,586	4,410,896	1,189,175	-	-	5,600,071
Share issuance costs	-	(170,209)	(43,773)	-	-	(213,982)
Finder warrants	-	(72,861)	72,861	-	-	-
Currency translation adjustment	-	-	-	78,724	-	78,724
Net loss for the year	-	-	-	-	(6,886,037)	(6,886,037)
Balance, June 30, 2025	101,958,558	24,519,301	8,446,274	40,739	(31,999,411)	1,006,903

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

The FUTR Corporation
(formerly Hank Payments Corp.)
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024
(Expressed in Canadian Dollars)

	2025 \$	2024 \$
Operating activities		
Net loss for the year	(6,886,037)	(2,134,797)
Adjusted for non-cash items:		
Amortization	528,083	235,476
Depreciation	18,147	20,869
Interest expense	1,410,392	348,948
Accretion expense	58,559	116,106
Loss on contract modification	699,738	-
Loss on conversion of debt	1,282,288	-
Gain on repurchase of debenture	-	(138,566)
Stock based compensation	536,744	306,135
Changes in non-cash working capital items:		
Prepaid expenses and deposits	(357,333)	161,179
Accounts receivable	(116,393)	(167,092)
Contract receivable	(1,787,241)	(1,392,678)
Sales tax receivable	(80,851)	125,886
Contract liability	541,229	(201,887)
Accounts payable and accrued liabilities	1,219,158	339,062
Cash used in operating activities	(2,933,517)	(2,381,359)
Investing activities		
Additions to equipment	(11,030)	(12,395)
Additions to intangible assets	(607,076)	(413,011)
Receipts from related party	1,209,620	797,309
Transaction costs	(20,000)	-
Cash acquired in acquisition	227,227	-
Decrease (increase) of restricted cash	(67,572)	(27,401)
Cash provided by investing activities	731,169	344,502
Financing activities		
Interest paid	(1,028,291)	(110,289)
Private placement	5,525,071	-
Share issuance costs	(213,982)	-
Loans received	30,000	484,000
Repayments of loans payable	(400,000)	-
Short-term loans received	1,491,440	1,812,068
Repayments of short-term loans	(1,804,105)	(46,955)
Cash provided by financing activities	3,600,133	2,138,824
Effect of currency translation	72,624	(74,509)
Net (decrease) in cash	1,470,409	27,458
Cash, beginning of year	719,582	692,124
Cash, end of year	2,189,991	719,582

Supplemental Cash Flow Information:

Shares issued on conversion of debentures	3,812,846	-
Shares issued on exercise of RSUs	2,320,005	-
Convertible debentures issued for settlement of short term loans payable	678,921	-
Shares issued on conversion of debt	461,676	-
Shares issued for acquisition	5,318,239	-
Convertible debentures issued for settlement of accounts payable	66,000	-
Shares issued for settlement of short term loan	75,000	-
Broker warrants issued	72,861	-

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

The FUTR Corporation

(formerly Hank Payments Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2025 and 2024

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

The FUTR Corporation (formerly Hank Payments Corp.) (the “Company” or “FUTR”) was incorporated under the Canada Business Corporations Act on February 26, 2015, as Aconi Capital Corporation and changed its name to Nobelium Tech Corp. on January 8, 2016, to Hank Payments Corp. on October 13, 2021 and to The FUTR Corporation on April 7, 2025. The Company’s head office is located at 66 Wellington St. West, Suite 4100, Toronto, Ontario, M5K 1B7. The Company’s shares trade on the TSX-V under the stock symbol “FTRC” and on the OTCQB marketplace under the symbol “FTRCF”.

On October 13, 2021, the Company completed the reverse takeover (“RTO”) of Hank Payments Corp. (formerly The Card Collaborative Corp.) (“Hank US”). Hank US was incorporated on October 29, 2014, in the State of Florida. On January 13, 2021, the Company filed articles of amendment to change its name to Hank Payments Corp. These consolidated financial statements are presented as a continuation of Hank US as the deemed acquirer.

On February 24, 2025, the Company completed the acquisition of 100% of the shares of FUTR Inc., (“FUTR Inc.”). FUTR Inc. was incorporated on April 4, 2022 in the Province of Ontario. The purchase was satisfied through the issuance of 172,949,626 (30,078,196 post consolidation of shares) common shares of the Company. As a result of the acquisition, FUTR Inc. became a wholly owned subsidiary of the Company. The transaction has been accounted for as an asset acquisition.

These financial statements of the Company have been prepared on a going concern basis which presumes the Company will continue in operation and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company incurred a net loss of \$6,886,037 during the year ended June 30, 2025 (June 30, 2024 – \$2,134,797), and has a total accumulated deficit of \$31,999,411 as at June 30, 2025 (June 30, 2024 – \$25,113,374). The Company’s ability to continue as a going concern is dependent upon its ability to access sufficient capital until it has profitable operations. To this point, all operational activities and overhead costs shortfalls have been funded through the issuance of debt and equity instruments.

The Company believes that continued funding from equity and debt issuances will provide sufficient cash flow for it to continue as a going concern in its present form. However, there can be no assurances that the Company will continue to have the required funding for its operations. These material uncertainties cast significant doubt as to the Company’s ability to continue as a going concern. As at June 30, 2025 and June 30, 2024, these financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

On April 7, 2025, the Company consolidated its issued and outstanding share capital on the basis of 5.75 pre-consolidation common shares for each one (1) post-consolidation common share (the “Share Consolidation”). All current and comparative references in these consolidated financial statements to the number of common shares, weighted-average number of common shares, loss per share, stock options, restricted share units (“RSUs”), and warrants have been retroactively restated to reflect the Share Consolidation.

The FUTR Corporation

(formerly Hank Payments Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2025 and 2024

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements of the Company were prepared using accounting policies consistent with IFRS as issued by the Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”) in effect on June 30, 2025 and June 30, 2024.

These financial statements were authorized for issue by the Board of Directors on October 29, 2025.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of its wholly owned subsidiaries, Hank US and FUTR Inc.

A subsidiary is an entity over which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A subsidiary is consolidated from the date upon which control is acquired by the Company and all intercompany transactions and balances have been eliminated on consolidation.

Basis of Presentation

These financial statements have been prepared on a historical cost basis, except where otherwise disclosed. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars. The functional currency of the Company and FUTR Inc., as determined by management, is Canadian dollars and the functional currency of Hank US is United States dollars.

Use of Estimates and Judgements

The preparation of these financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and 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 these financial statements and may require accounting adjustments based on future occurrences. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are

The FUTR Corporation

(formerly Hank Payments Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2025 and 2024

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

Use of Estimates and Judgements (consinued)

recognized in the period in which the estimate is revised and in any future periods affected. The key assumptions concerning the future, and other key sources of estimation uncertainty as of the date of the statement of financial position that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next fiscal year arise in connection with the valuation of financial instruments, contract liabilities and revenue recognition and deferred taxes. Also, see Note 3, Significant accounting judgement and estimates.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these financial statements are described below.

Contingencies

Management's determination of the existence of contingencies requires the use of judgment. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also applies judgment to assess the likelihood of the occurrence of one or more future events. When contingencies exist, management estimates the related financial impact to the Company based on the possible outcomes of one or more future events.

Financial instruments

(a) Recognition and initial measurement

The Company initially recognizes a financial asset or a financial liability on the date it becomes a party to the contractual provisions of the instrument. Except for trade receivables that do not contain a significant financing component, a financial asset or financial liability is initially measured at fair value. If a financial asset or financial liability is not subsequently recognized at fair value through profit or loss, the initial measurement includes transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables that do not contain a significant financing component are initially recognized at their transaction price.

(b) Classification and subsequent measurement – Non-derivative financial assets

On initial recognition, the Company classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss ("FVTPL") on the basis of the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are reclassified subsequently to their initial recognition when, and only when, the Company changes its business model for managing financial assets.

The FUTR Corporation

(formerly Hank Payments Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2025 and 2024

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i) Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost using the effective interest method, less impairment losses, if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Interest income, foreign exchange gains or losses, and impairment losses are recognized in profit or loss. Upon derecognition, all gains or losses are also recognized in profit or loss.

ii) Financial assets measured at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

The Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. This election is made for each separate investment.

These assets are subsequently measured at fair value. For debt instruments measured at fair value through other comprehensive income, interest calculated using the effective interest method, foreign exchange gains and losses, and impairment gains or losses are recognized in profit or loss. Other gains or losses are recognized in other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss as a reclassification adjustment.

For equity instruments measured at fair value through other comprehensive income, dividends are recognized in profit or loss, unless the dividend represents a recovery of part of the cost of the investment. Gains or losses are recognized in other comprehensive income and are never reclassified to profit or loss.

iii) Financial assets classified at fair value through profit and loss

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income are measured at FVTPL. This includes all derivative financial assets. The Company may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring

The FUTR Corporation

(formerly Hank Payments Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2025 and 2024

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

assets or liabilities or recognizing the gains and losses on them on different bases. These assets are subsequently measured at fair value, and gains or losses, including interest income or dividend income, are recognized in profit or loss.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when the Company transfers contractual rights to receive the cash flows of the financial asset in a transaction where substantially all the risks and rewards of ownership of the financial asset have been transferred or in a transaction where the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but does not retain control of the asset. Any rights and obligations created or retained in the transfer by the Company are recognized as separate assets or liabilities.

iv) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost or fair value through other comprehensive income. The Company uses a matrix to determine the lifetime expected credit losses for trade receivables.

The Company uses historical patterns for the probability of default, the timing of collection and the amount of the incurred credit loss, which is adjusted based on management's judgment about whether current economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

The amount of the impairment loss on a financial asset measured at amortized cost is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss, and applied against trade and other receivables through a loss allowance account.

c) Classification and subsequent measurement – Non-derivative financial liabilities

Non-derivative financial liabilities are recognized initially on the date the Company becomes a party to the contractual obligations of the financial instrument. All non-derivative financial liabilities are recognized initially at fair value along with directly attributable transaction costs. Subsequent to initial measurement, non-derivative financial liabilities are measured at amortized cost or as financial liabilities measured at fair value through profit and loss.

i) Financial liabilities measured at amortized cost

A financial liability is subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognized in profit or loss. Upon derecognition, all gains or losses are also recognized in profit or loss.

The FUTR Corporation

(formerly Hank Payments Corp.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2025 and 2024

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

ii) Financial liabilities measured at fair value through profit and loss

Financial liabilities are classified as measured at FVTPL if they are held for trading, are derivative financial liabilities or are designated as such on initial recognition. Financial liabilities at fair value through profit or loss are subsequently measured at fair value, and gains or losses, including interest expense, are recognized in profit or loss.

The Company derecognizes a financial liability when the obligation specified in the contract is discharged or cancelled or expires.

d) Derivative financial instruments - warrants and options

A financial derivative such as warrants or options that will be settled with the Company's own equity instruments will be classified as an equity instrument if the derivative is to acquire a fixed number of the Company's own equity instruments for a fixed amount of Canadian dollars.

A financial derivative will be considered a financial liability at FVTPL if it's to acquire either a variable number of equity instruments and the options/warrants were not offered pro-rata to all existing owners of the case class of non-derivative equity instruments.

The Company's classification and measurement of its financial assets and financial liabilities are as follows:

Asset/Liability	Classification
Cash	Amortized cost
Accounts receivable	Amortized cost
Contract receivable	Amortized cost
Restricted cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Short term loans	Amortized cost
Loans payable	Amortized cost
Convertible debentures	Amortized cost
Advances to/from related party	Amortized cost
Contract liability	Amortized cost

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

Long-lived assets, including equipment and intangible assets, are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or the "CGU").

The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss equal to the amount by which the carrying amount exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Revenue from contracts with customers

The Company recognizes revenue to depict the transfer of control of promised services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Revenue is measured based on the consideration specified in a contract with a customer.

Enrolment and related fees

The Company provides consumers services to manage and reduce the terms of their liabilities and loans by changing their payment frequency to match the consumers' cash flows, without altering the underlying loan documentation. The Company derives revenue from enrolment fees and the bank processing fees.

Enrolment fees are upfront fees charged to customers to access FUTR's automatic processing platform over the term of a loan. Revenue is recognized over the term of the loan. Revenue from non-cancellable contracts is recorded as an accounts receivable and a corresponding contract liability after typical three month cancellable period has lapsed. Fees received or receivable are recorded as contract liability until the satisfaction of the performance obligation. If a contract is determined to be abandoned, the amount of contract liability is recognized as revenue at the time the determination is made.

Revenue related to bank processing fees are recognized when the Company satisfies its performance obligation and payment is received.

Other revenue is related to fees charged to a related party for sales support at an agreed upon rate and is recognized when the Company satisfies its performance obligation.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Licensing fees

Under its licensing contracts, the Company provides its customer with non-exclusive and non-transferable license for the right to access the Company's proprietary technology for the term of the contract. In addition, the Company provides the customer with support services and software updates and upgrades over defined term. These services are determined to be a single performance obligation satisfied over time. This method provides a faithful depiction of the transfer of services because the work required does not vary significantly from month-to-month.

The total consideration under the Company's licensing contracts consists of both fixed and variable consideration and is paid in instalments over the term of the contract. The total variable consideration is not considered material at this time.

Business combination and asset acquisitions

A business combination requires that the assets acquired, and liabilities assumed constitute a business. If the assets acquired are not a business the transaction or other event is accounted for as an asset acquisition. The determination of whether a transaction or other event is a business combination or an asset acquisition requires judgement, including whether or not a business has been acquired. In considering whether a transaction or other event constitutes a business the Company considers factors such as whether the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets; or whether a transaction or other event results in inputs and whether processes applied to those inputs that have the ability to contribute to the creation of outputs.

In an asset acquisition, no obligation for the cash component of contingent consideration payable based on the future performance of the asset and actions of the Company is recognized at the date of purchase of the related asset.

Intangible assets

Expenditures related to research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the entity can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Development costs are capitalized as soon as the above criteria are met. Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. They are amortized on a straight-line basis over their useful life of five years, and an impairment loss is recognized in profit or loss when their recoverable amount is less than their net carrying amount.

Equipment

Equipment is stated at historical cost, less accumulated depreciation and any accumulated impairment losses. The gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of operations. Expenditures to replace a component of an item of equipment that is accounted for separately are capitalized and the existing carrying amount of the component written off. Other subsequent expenditures are capitalized if future economic benefits will arise from the expenditure. All other expenditures, including repair and maintenance, are recognized in the statement of operations as incurred.

Depreciation is charged to the statement of operations based on the cost, less estimated residual value of the asset, on a straight-line basis over the estimated useful life. Depreciation commences when the assets are available for use. The Company's equipment consists of office and computer equipment. The useful life of the Company's equipment is two years and is amortized on a straight-line basis from the date of addition.

Loss per share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the dilution that would occur if stock options and share purchase warrants were exercised or converted into common shares using the treasury stock method and are calculated by dividing net loss applicable to common shares by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued.

Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the Company's outstanding stock options, warrants and the convertible debenture conversion feature were anti-dilutive for the years ended June 30, 2025 and 2024.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity

Share capital is classified as equity. Transaction costs directly attributable to the issue of shares and share purchase options are recognized as a deduction from equity, net of any tax effects. When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from total equity.

Income taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized in equity, in which case it is recognized in equity. Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax liabilities or assets are recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

Share based Payments

Where equity-settled share instruments are awarded to employees, the fair value of the instruments at the date of grant is charged to the statement of operations over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of instruments that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the instruments granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Where the terms and conditions of instruments are modified before they vest, the increase in the fair value of the instruments, measured immediately before and after the modification, is also charged to the statement of operations over the remaining vesting

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share based Payments (continued)

period. Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the statement of operations over the vesting period, described as the period during which all the vesting conditions are to be satisfied. Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of operations.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, plus any consideration paid. If the instruments expire unexercised, the amount remains in contributed surplus.

Where a grant of instruments is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

The fair value of stock options is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant. The fair value of RSUs is the market value of the underlying shares as of the date of grant. Changes to the estimated number of awards that will eventually vest are accounted for prospectively.

Leases

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset of a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Lease obligations

The Company recognizes a lease obligation and a right-of-use asset for its leased equipment. The lease obligation is measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease terms. If that rate cannot be readily determined, the Company will use its incremental borrowing rate.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The lease term determined by the Company comprises:

- The non-cancellable period of lease contracts, including a rent-free period if applicable;
- Periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option;
- Periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The commencement date of the lease begins on the date on which the lessor makes the underlying asset available for use to the Company. Lease payments included in the measurement of the lease obligation are comprised of the following:

- Fixed lease payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price of purchase options that the Company is reasonably certain to exercise;
- Lease payments in an option renewal period if the Company is reasonably certain to exercise the extension option;
- Penalties for early termination of the lease unless the Company is reasonably certain not to terminate early; and
- Less any lease incentives receivable.

Variable payments for leases that do not depend on an index or rate are not included in the measurement of the lease obligations. The variable payments are recognized as an expense in the period in which they are incurred. The Company accounts for any leases and associated non-lease components separately, as opposed to a single arrangement, which is permitted under IFRS 16. The Company records non-lease components such as an expense in the period in which they are incurred.

Interest on the lease obligations is calculated using the effective interest method and increases the lease obligation while rent payments reduce the obligation. The lease obligation is remeasured whenever a lease contract is modified, and the lease modification is not accounted for as a separate lease, or there is a change in the assessment of the exercise of an extension option. The lease obligation is remeasured by discounting the revised lease payments using a revised discount rate resulting in a corresponding adjustment to the right-of-use asset or is recorded in gain or loss if the carrying amount of the right-of-use asset has been reduced to zero or the modification results in a reduction in the scope of the lease.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Right-of-use assets

The right-of-use asset will be initially calculated at an amount equal to the initial value of the lease liability, adjusted for the following items:

- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the Company;
- An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

For short-term leases that have a lease term of 12 months or less and low-value assets, the Company has elected to not recognize a lease obligation and right-of-use asset and instead will recognize a lease expense as permitted under IFRS 16.

The right-of-use assets will be depreciated from the date of commencement to the earlier of the end of the useful life of the asset or the end of the lease term.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, Impairment of Assets.

Convertible debentures

The convertible debentures are segregated into their debt and equity components or derivative liability components at the date of issue, in accordance with the substance of the contractual agreement. One of the criteria is that the conversion option exchanges a fixed amount of shares for a fixed amount of cash ("fixed for fixed"). If the conversion feature meets the fixed for fixed criteria, the conversion option will be classified as equity components. Equity instruments are instruments that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Therefore, when the initial carrying amount of the convertible debenture is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The sum of the carrying amounts assigned to the liability and equity components on initial recognition is always equal to the fair value that would be ascribed to the instrument as a whole. No gain or loss arises from initially recognizing the components of the instrument separately.

If the conversion feature does not meet the fixed for fixed criteria, the conversion option will be recorded as derivative financial liability, which must be separately accounted for at fair value on initial recognition. The carrying amount of the debt component, on initial recognition, is recalculated as the difference between the proceeds of the convertible promissory notes as a whole and the fair value of the derivative financial liabilities. Subsequent to initial recognition, the derivative financial liability is re-measured at fair value at the end of each reporting period.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Convertible debentures (continued)

with changes in fair value recognized in the statement of operations for each reporting period, while the debt component is accreted to the face value of the debt using the effective interest method.

The liability component is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the computed financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method. The equity component is not re-measured subsequent to initial recognition except on conversion or upon expiration, when the carrying value of the equity portion is transferred to common shares or contributed surplus

Government Grants and Assistance

Government grants are recognized only once there is reasonable assurance that the Company will comply with the conditions attached to the grant and that the grant will be received. Grants are recognized as either income over the period(s) necessary to match them with the related costs or if related to a specific expense, as a reduction to the expenses for which they are intended to compensate, on a systematic basis. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Grants receivable for costs already incurred or for immediate financial support, with no future related costs, are recognized as income in the period in which the grant is receivable. Forgivable loans are accounted for in the same way as a government grant whereby the receipt of a forgivable loan is recorded either as a reduction of a non-current asset or as a reduction of expenses. The liability to repay a forgivable loan is recorded in the period in which conditions arise that will cause the loan to become repayable.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgement and estimates

Expected credit losses

Determining allowance for expected credit losses (“ECLs”) requires management to make assumptions about historical patterns for probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management’s judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what historical patterns suggest.

Leases

To determine the carrying amount of right-of-use assets and lease liabilities, the Company must estimate the incremental borrowing rate for each leased asset if the interest rate implicit in the lease cannot be readily determined. Management determines the incremental borrowing rate for each leased asset by taking into account the Company’s credit standing, the guarantee, the term and the value of the underlying leased asset, as well as the economic environment in which the leased asset is operated. Incremental borrowing rates can be changed due to macroeconomic changes in the environment.

Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive as a result of a previous event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the expected future cash flows.

Deferred tax assets

The Company recognizes deferred tax assets only to the extent that it considers it probable that those assets will be recoverable. The Company makes assumptions about when deferred tax assets are probable to reverse, the extent to which it is probable that temporary differences will reverse and whether or not there will be sufficient taxable profits available to realize the tax assets when they do reverse. In making these judgments, the Company continually evaluates the magnitude and duration of any past losses, current profitability and whether it is sustainable, and earnings forecasts.

Revenue recognition

Application of the accounting principles related to the measurement and recognition of revenue requires the Company to make judgments and estimates. Revenue arrangements may be comprised of multiple performance obligations. Judgment is required in determining the performance obligations that exist in an arrangement and the nature of these deliverables. Management also applies judgement in the calculation of the estimated life of a contract, the value of amounts recoverable on contracts, the discount rate used to determine the present value of contract assets and the timing of revenue recognition.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgement and estimates (continued)

Capitalization of qualifying development costs

In assessing whether development costs qualify for capitalization, management makes judgments and estimates related to expectations of technical feasibility in completing the project, the probability of future economic benefits, the availability of adequate technical and financial resources to complete the development, the ability to reliably measure the costs, and whether the Company intends to complete development, and to use or sell the assets.

In making these judgments and estimates, management has assessed various sources of information, including but not limited to, internal and external scoping and feasibility studies, forecasted cash flows associated with the developments and with operations, in general, which are used to support whether or not the Company will have sufficient resources to complete the development of the assets. Changes in management's judgments, estimates and assumptions, could have a material effect in the future on the Company's financial position and results of operations.

Amortization and impairment of non-financial assets

The Company reviews amortized non-financial assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may be impaired. It also reviews annually non-financial assets with indefinite life for impairment. If the recoverable amount of the respective non-financial asset is less than its carrying amount, it is considered to be impaired. In the process of measuring the recoverable amount, management makes assumptions about future events and circumstances. The actual results may vary and may cause significant adjustments. The amortization expense related to intangible assets and depreciation related to equipment are determined using estimates relating to the useful life of the related assets.

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities on the statement of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

Derivative liabilities

The Company measures the embedded derivative liabilities relating to the conversion feature of the convertible debentures and warrants issued using the Black-Scholes-Merton valuation model taking into account the features of the instrument and market data as at the grant date and subsequent reporting dates on the basis of the Company's management assumptions.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgement and estimates (continued)

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are estimated at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

New accounting standards effective July 1, 2024

During the year ended June 30, 2024, the Company adopted a number of amendments and improvements of existing standards. These included IAS 1. These new standards and changes did not have any material impact on the Company's financial statements.

New standards not yet adopted and interpretations issued but not yet effective

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments – Disclosures*. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted.

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. The new standards replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

4. ACQUISITION OF FUTR INC.

On February 24, 2025, the Company completed the acquisition of 100% of the issued and outstanding shares of FUTR Inc. a privately held Canadian technology company. The purchase consideration was satisfied through the issuance of 30,078,196 common shares of the Company. As a result of the transaction, FUTR Inc. became a wholly owned subsidiary of the Company.

Management determined that FUTR Inc. did not meet the definition of a business under IFRS 3 – Business Combinations, as FUTR Inc. was an early-stage technology entity with limited processes and no revenues or outputs at the acquisition date. Accordingly, the transaction has been accounted for as an asset acquisition. The total cost of the acquisition, including directly attributable transaction costs, was allocated to the identifiable assets acquired and liabilities assumed based on their relative fair values at the acquisition date.

The Company acquired 100% of the equity interests of FUTR Inc. in exchange for the issuance of 30,078,196 common shares valued at \$0.1725 per share, for total share consideration of \$5,188,489. In addition, the Company issued 4,325,000 common shares as an advisory fee, valued at \$129,750 and paid \$20,000 in other transaction related costs. The total cost of the acquisition was therefore \$5,338,239. The share price used to measure the consideration was based on the quoted market price of the Company shares on the closing date.

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4. ACQUISITION OF FUTR INC. (continued)

The identifiable assets acquired and liabilities assumed at the acquisition date were as follows:

Cash and cash equivalents	\$	227,227
Other current assets		44,573
Accounts payable and accrued liabilities		(218,059)
Loan payable		(619,028)
Term promissory note		(102,910)
Identifiable liabilities assumed	\$	(668,197)
Purchase consideration shares	\$	5,188,489
Advisory shares issued		129,750
Other transaction costs		20,000
Elimination of intercompany promissory note		(250,000)
Total consideration transferred	\$	5,088,239
Net liabilities assumed		668,197
Cost allocated to intangible assets	\$	5,756,436

The total acquisition cost of \$5,756,436 was allocated between the acquired technology license and the FUTR Inc. software platform under development based on their relative fair values, as follows:

Technology license agreement	\$	5,718,879
FUTR Inc. software platform		37,557
	\$	5,756,436

The technology license is being amortized on a straight-line basis over its remaining contractual term of approximately 9.45 years from the acquisition date. The software platform will be amortized once it is available for use. Because the acquisition did not constitute a business, no goodwill was recognized. The transaction costs associated with the acquisition have been capitalized as part of the cost of the intangible assets.

The results of operations of FUTR Inc. are included in the consolidated financial statements from the acquisition date.

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5. RESTRICTED CASH

Restricted cash relates to deposits in non-interest bearing reserve accounts that are established and controlled by participating banks to cover any possible losses as a result of disputes, fraud, or embezzlement in the Company's operations. As at June 30, 2025, restricted cash was related to two deposits in the amount of \$259,217 (USD\$190,000) (June 30, 2024 - \$191,645 (USD\$140,020))

6. EQUIPMENT

Equipment is comprised of office furniture and computer equipment and consists of the following:

Cost		
Balance at June 30, 2023	\$	52,709
Additions		12,395
Currency translation		1,368
Balance at June 30, 2024		66,472
Additions		11,030
Currency translation		(164)
Balance at June 30, 2025	\$	77,338
Depreciation		
Balance at June 30, 2023	\$	(25,348)
Additions		(20,869)
Currency translation		851
Balance at June 30, 2024		(47,068)
Additions		(18,147)
Currency translation		430
Balance at June 30, 2025	\$	(64,785)
Net Book Value		
Balance, June 30, 2024	\$	19,404
Balance, June 30, 2025	\$	12,553

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7. INTANGIBLE ASSETS

Intangible assets relate to software platforms which include costs associated with the development of the Company's internally generated proprietary softwares. Intangible assets are comprised of the following:

	Software Platform	Platform 2.0	FUTR Inc. Platform	Technology License	Total
Cost	\$	\$	\$		\$
Balance at June 30, 2023	1,218,422	-	-	-	1,218,422
Additions	413,011	-	-	-	413,011
Currency translation	41,135	-	-	-	41,135
Balance at June 30, 2024	1,672,568	-	-	-	1,672,568
Additions	70,725	283,374	252,977	-	607,076
Acquired in acquisition	-	-	37,556	5,718,879	5,756,435
Currency translation	(5,377)	-	-	-	(5,377)
Balance at June 30, 2025	1,737,916	283,374	290,533	5,718,879	8,030,702
Amortization					
Balance at June 30, 2023	(722,711)	-	-	-	(722,711)
Additions	(235,476)	-	-	-	(235,476)
Currency translation	(26,762)	-	-	-	(26,762)
Balance at June 30, 2024	(984,949)	-	-	-	(984,949)
Additions	(319,481)	-	-	(208,602)	(528,083)
Currency translation	10,286	-	-	-	10,286
Balance at June 30, 2025	(1,294,144)	-	-	(208,602)	(1,502,746)
Net Book Value					
Balance, June 30, 2024	687,619	-	-	-	687,619
Balance, June 30, 2025	443,772	283,374	290,533	5,510,277	6,527,956

The existing software platform continues to be amortized over its revised remaining useful life and will be fully retired upon completion of the migration to Platform 2.0, expected by June 30, 2026. Platform 2.0 and the FUTR platform remain under development as at June 30, 2025 and are not yet available for use; accordingly, no amortization has been recorded on them during the year ended June 30, 2025. Both platforms will begin amortization once they are placed in service. Amortization recorded on the software platforms for the year ended June 30, 2025 amounted to \$319,481 (2024 - \$235,476).

For the year ended June 30, 2025 the Company expensed \$778,903 (2024 - \$802,653), in relation to the research and maintenance of the Company's internally generated proprietary software. The amount consists of \$721,239 (2024 - \$759,377), in salaries and wages and \$57,664 (2024 - \$43,276), in consulting fees. The consulting fees are recorded in software and licensing fees and salaries and wages are recorded in salaries and wages on the statement of operations.

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7. INTANGIBLE ASSETS(continued)

On February 24, 2025, the Company recognized a technology license at its fair value of \$5,718,879 as part of the FUTR Inc. acquisition. The license represents the contractual rights obtained from FutureVault Inc. to use and commercialize its secure data storage and document-management technology within specific market segments. The agreement extends to August 4, 2034. The asset is being amortized on a straight-line basis over the remaining term of the agreement. For the year ended June 30, 2025, the Company recorded amortization expense of \$208,602 (2024 - \$nil) related to this asset.

8. ADVANCES TO RELATED PARTY

The amount due to/from a related party corporation, a shareholder and wholesaler, is unsecured, non-interest bearing and due on demand. As at June 30, 2025, the balance due to the related party was \$283,664, at June 30, 2024, the amount due from the related party was \$925,956.

9. CONVERTIBLE DEBENTURES

Transactions related to the Company's convertible debentures during the years ended June 30, 2025 and 2024 include the following:

	2025	2024
Carrying amount of debt, beginning of year,	1,839,926	1,421,199
Issued during the period, net of issuance costs	572,933	329,902
Debentures converted	(2,329,826)	-
Accretion	58,559	116,106
Accrued interest	100,306	234,673
Debentures repurchased	-	(143,712)
Interest paid	-	(110,289)
Interest settled	(200,732)	(7,953)
Accrued liabilities	(41,166)	-
Carrying amount of debt, end of year,	-	1,839,926
Current carrying amount, end of year	-	149,543
Long term carrying amount, end of year	-	1,690,383

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9. CONVERTIBLE DEBENTURES (continued)

Convertible debentures are comprised of the following:

	June 30, 2022 \$	December 16, 2022 \$	April 21, 2023 \$	June 15, 2023 \$	January 30, 2024 \$	November 1, 2024 \$	Total \$
Carrying amount of debt at June 30, 2023	18,716	434,994	656,683	310,806	-	-	1,421,199
Proceeds from issuance of convertible debentures	-	-	-	-	484,000	-	484,000
Amounts classified as equity instruments	-	-	-	-	(154,098)	-	(154,098)
Debentures repurchased	-	-	(143,712)	-	-	-	(143,712)
Accreted interest	-	37,839	47,240	23,246	7,781	-	116,106
Interest expense	-	70,192	94,188	50,137	20,156	-	234,673
Interest settled	-	-	(7,953)	-	-	-	(7,953)
Interest paid	-	(35,288)	(49,796)	(25,205)	-	-	(110,289)
Carrying amount of debt at June 30, 2024	18,716	507,737	596,650	358,984	357,839	-	1,839,926
Proceeds from issuance of convertible debentures	-	-	-	-	-	744,921	744,921
Amounts classified as equity instruments	-	-	-	-	-	(171,988)	(171,988)
Debentures converted	-	(487,697)	(570,939)	(343,120)	(344,469)	(583,601)	(2,329,826)
Accreted interest	-	14,864	17,173	9,068	6,786	10,668	58,559
Interest expense	-	20,328	24,974	14,520	18,034	22,450	100,306
Interest settled	-	(55,232)	(67,858)	(39,452)	(38,190)	-	(200,732)
Accrued liabilities	(18,716)	-	-	-	-	(22,450)	(41,166)
Carrying amount of debt at June 30, 2025	-	-	-	-	-	-	-

November 1, 2024 Convertible Debenture

On November 1, 2024, the Company closed a non-brokered private placement of 744 secured convertible debenture units (the "Units") of the Company for settlement of short term loans and other payables totalling \$744,921. Each Unit consists of one \$1,000 convertible debenture and 10,000 common share purchase warrants. The debentures mature on and become payable on November 1, 2027, and bear interest at a fixed rate of 10% per annum, payable on the earlier of the redemption date, conversion date or maturity date. The debentures are secured by the assets of the Company through a general security agreement and rank equally with all other Debentures.

At any time before maturity, a holder of debentures may elect to convert the outstanding net principal amount, or any portion thereof, into common shares at a conversion price of \$0.075 per share during the first year and \$0.10 per share thereafter (the "Conversion Price"). The Company may force the conversion of the principal amount of the then outstanding debentures at any time at the Conversion Price on not less than 5 days notice if the volume weighted average trading price of the common shares on the TSX Venture Exchange for any 10 consecutive trading day period is equal to or greater than \$0.20. The Company may also force the conversion of the principle amount of the then outstanding Convertible Debentures immediately prior to completion of a Change of Control. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.10 per common share until November 1, 2026.

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9. CONVERTIBLE DEBENTURES (continued)

The Units are determined to be a compound instrument, comprising a liability, a conversion feature and warrants. Both conversion feature and warrants met the fixed for fixed criteria and were therefore presented as equity instruments in accordance with IAS 32. The fair value of the debt component was determined by discounting the stream of future payments of interest and principal at a market interest rate of 17.5% which is estimated to be the borrowing rate available to the Company for similar instruments of debt having no conversion rights. Using the residual method, the carrying amount of the conversion feature and the warrants issued is the difference between the principal amount and the initial fair value of the financial liability. The fair value of the liability was determined to be \$572,933. The residual value of \$171,988 was allocated to the equity portion of convertible debt and warrants based on their pro-rata fair values of \$65,029 and \$106,960, respectively. The carrying value of the Units, net of the equity components, have been accreted using the effective interest rate method over the term of the debentures, such that the carrying amount of the financial liability will equal the principal balance at maturity.

On February 19, 2025, these debentures were fully converted into common shares of the Company. At June 30, 2025, there is \$22,450 in interest owing on these debentures, the interest has been recorded as an accrued liability.

January 30, 2024 Convertible Debenture

On January 30, 2024, the Company closed a non-brokered private placement of 484 secured convertible debenture units (the "Units") of the Company for gross proceeds of \$484,000. Each Unit consists of one \$1,000 convertible debenture and 6,667 common share purchase warrants. The debentures mature on and become payable on January 30, 2029, and bear interest at a fixed rate of 10% per annum, payable semi-annually. The debentures are secured by the assets of the Company through a general security agreement and rank equally with all other Debentures. At any time before maturity, a holder of debentures may elect to convert the outstanding net principal amount, or any portion thereof, into common shares at a conversion price of \$0.075 per share during the first year and \$0.10 per share thereafter (the "Conversion Price"). The Company may force the conversion of the principal amount of the then outstanding debentures at any time at the Conversion Price on not less than 5 days notice if the volume weighted average trading price of the common shares on the TSX Venture Exchange for any 10 consecutive trading day period is equal to or greater than \$0.30. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.10 per common share until January 30, 2026.

The Units are determined to be a compound instrument, comprising a liability, a conversion feature and warrants. Both conversion feature and warrants met the fixed for fixed criteria and were therefore presented as equity instruments in accordance with IAS 32. The fair value of the debt component was determined by discounting the stream of future payments of interest and principal at a market interest rate of 20% which is estimated to be the borrowing rate available to the Company for similar instruments of debt having no conversion rights. Using the residual method, the carrying amount of the conversion feature and the warrants issued is the difference between the principal amount and the initial fair value of the financial liability. The fair value of the liability was determined to be \$329,902. The residual value of \$154,098 was allocated to the

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9. CONVERTIBLE DEBENTURES (continued)

equity portion of convertible debt and warrants based on their pro-rata fair values of \$81,407 and \$72,691, respectively. The carrying value of the Units, net of the equity components, have been accreted using the effective interest rate method over the term of the debentures, such that the carrying amount of the financial liability will equal the principal balance at maturity. On November 1, 2024, these debentures and the related interest were fully converted into common shares of the Company.

10. CONTRACT LIABILITY

The Company's contract liability is deferred revenue which relates to revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) which amounted to \$4,327,637 at June 30, 2025 (June 30, 2024 - \$3,786,408). Details of the Company's contract liability is noted as follows:

	June 30, 2025		June 30, 2024	
Opening balance	\$	3,786,408	\$	3,878,163
Revenue recognized from contract liability		(2,192,771)		(2,072,536)
Additions		2,697,302		1,870,649
Currency translation adjustment		36,698		110,132
Ending balance	\$	4,327,637	\$	3,786,408
Current portion	\$	1,357,934	\$	1,218,657
Long-term portion	\$	2,969,703	\$	2,567,751

Revenue from customer contracts are derived entirely from customers in the United States.

11. SHARE CAPITAL

All share information presented in these financial statements has been retrospectively adjusted to reflect the consolidation of the Company's common shares on a 5.75 to 1 basis, which was completed during the year. The authorized share capital of the Company consists of an unlimited number of common shares without par value.

a) Common shares

The Company had the following share-based transactions during the year ended June 30, 2025:

- On November 1, 2024, the Company issued 9,546,894 common shares upon conversion of the December 16, 2022, April 21, 2023, June 15, 2023 and January 30, 2024 convertible debentures (Note 9). On February 19, 2025, the Company issued 2,591,030 common shares upon conversion of the November 1, 2024 convertible debentures. As a result of these conversions the Company recorded a loss on conversion of debt in the amount of \$1,282,288.

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11. SHARE CAPITAL (continued)

a) Common shares (continued)

- On November 1, 2024, 813,406 RSUs with a total value of \$2,320,005 were exercised into common shares of the Company.
- On February 18, 2025, the Company issued 2,393,767 common shares as settlement of amounts owing in the aggregate amount of \$461,676. The debt settlements include shares issued for \$143,342 of principal and interest owed to related parties and fees owed to former directors of the Company of \$85,588.
- On February 18, 2025, the Company closed a non-brokered private placement issuing 2,028,986 common shares at a price of \$0.1725 for proceeds of \$350,000.
- On February 24, 2025, the Company issued 30,830,370 common shares valued at \$5,318,239 in connection with its acquisition of FUTR Inc., this includes 752,174 common shares valued at \$129,750 issued to an advisor in connection with the acquisition (Note 4)
- On March 25, 2025, the Company issued 6,002,896 common shares related to its non-brokered private placement, including issued to related parties, at a price of \$0.115 per unit for a total of \$690,333. Each unit is comprised of one common share and one half common share purchase warrant. The fair value of the warrants were valued at \$137,644, the remaining proceeds of \$552,689 have been allocated to share capital. Share issuance costs of \$10,848 have been recorded as a reduction to the warrants and share capital in the amount of \$2,163 and \$8,685, respectively.
- On April 22, 2025, the Company issued 28,779,705 common shares related to its non-brokered private placement, including 391,304 shares issued to officers of the Company, at a price of \$0.115 per unit for a total of \$3,309,738. Each unit is comprised of one common share and one half common share purchase warrant. The fair value of the warrants were valued at \$647,321, the remaining proceeds of \$2,662,417 have been allocated to share capital. Share issuance costs of \$188,410 have been recorded as a reduction to the warrants and share capital in the amount of \$36,849 and \$151,560, respectively.
- On May 23, 2025, the Company issued 6,250,000 common shares related to its non-brokered private placement at a price of \$0.20 per unit for a total of \$1,250,000. Each unit is comprised of one common share and one common share purchase warrant. The fair value of the warrants were valued at \$404,210, the remaining proceeds of \$845,790 have been allocated to share capital. Share issuance costs of \$14,723 have been recorded as a reduction to the warrants and share capital in the amount of \$4,761 and \$9,962, respectively.

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11. SHARE CAPITAL (continued)

a) Common shares (continued)

The Company had no share-based transactions during the year ended June 30, 2024.

b) Stock Options

The Company has a stock option plan (the "Plan") which authorizes the board of directors to grant incentive stock options to directors, employees, and consultants. The maximum number of shares in respect of which options may be outstanding under the Plan at any given time is equivalent to 10% of the issued and outstanding shares of the Company at that time. Options may be exercisable for a maximum period of 10 years from the date of grant. The exercise price and vesting terms of any option granted pursuant to the Plan shall be determined by the FUTR Board when granted.

During the year ended June 30, 2025, the Company had the following stock option activity:

- On May 29, 2025 the Company issued 314,125 stock options to an officer, a consultant and an employee of the Company. The fair value of the options were valued at \$110,380, using the Black-Scholes model and the following assumptions: share price of \$0.385, expected life of 5 years, \$nil dividends, 150% volatility, exercise price of \$0.39, and a risk-free interest rate of 2.75%. The issuance included 64,125 options to an officer of the Company valued at \$22,533. The stock options fully vest at a rate of 1/48th per month.
- On April 21, 2025 the Company issued 6,615,000 stock options to directors, officers, consultants and employees of the Company, including 5,090,000 granted to officers and directors. The fair value of the options were valued at \$1,419,351 using the Black-Scholes model and the following assumptions: share price of \$0.24, expected life of 5 years, \$nil dividends, 142% volatility, exercise price of \$0.24, and a risk-free interest rate of 2.71%. The stock options fully vest at a rate of 1/48th per month.
- On March 24, 2025 the Company issued 2,250,000 stock options to directors, officers, consultants and employees of the Company, including 1,455,043 granted to officers and a director. The fair value of the options were valued at \$399,015 using the Black-Scholes model and the following assumptions: share price of \$0.20, expected life of 5 years, \$nil dividends, 144% volatility, exercise price of \$0.288, and a risk-free interest rate of 2.65%. The stock options fully vest at a rate of 1/48th per month.

During the year ended June 30, 2024, the Company had the following stock option activity:

- On June 17, 2024, the Company issued 26,087 stock options to a director of the Company. The fair value of the options were valued at \$3,735 using the Black-Scholes model and the following assumptions: share price of \$0.288, expected life of 3 years, \$nil dividends, 100% volatility, exercise price of \$0.575, and a risk-free interest rate of 3.91%. The stock options vest in two equal tranches with the first tranche vesting on June 16, 2025 and the second tranche vesting on June 16, 2026.

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11. SHARE CAPITAL (continued)

b) Stock Options (continued)

- On January 29, 2024, the Company issued 16,522 stock options to employees of the Company. The fair value of the options were valued at \$5,964 using the Black-Scholes model and the following assumptions: share price of \$0.489, expected life of 5 years, \$nil dividends, 100% volatility, exercise price of \$0.575, and a risk-free interest rate of 3.56%. The stock options vest in three equal tranches with the first tranche vesting on the grant date, the second tranche vesting on January 30, 2025 and the last tranche vesting on January 30, 2026.
- On January 29, 2024, the Company issued 321,739 stock options to employees of the Company, including 304,348 options issued to officers of the Company. The fair value of the options were valued at \$140,909 using the Black-Scholes model and the following assumptions: share price of \$0.489, expected life of 10 years, \$nil dividends, 100% volatility, exercise price of \$0.575, and a risk-free interest rate of 3.41%. The stock options vest in three equal tranches with the first tranche vesting on the grant date, the second tranche vesting on January 30, 2025 and the last tranche vesting on January 30, 2026.
- On November 1, 2023, the Company issued 4,348 stock options to an employee of the Company. The fair value of the options were valued at \$470 using the Black-Scholes model and the following assumptions: share price of \$0.288, expected life of 2 years, \$nil dividends, 100% volatility, exercise price of \$0.575, and a risk-free interest rate of 4.57%. The stock options vest in three equal tranches with one third vesting on issuance, one third vesting on November 1, 2024 and the last third vesting on October 31, 2025.
- On September 6, 2023, the Company issued 8,696 stock options to a consultant of the Company. The fair value of the options were valued at \$2,267 using the Black-Scholes model and the following assumptions: share price of \$0.316, expected life of 8 years, \$nil dividends, 100% volatility, exercise price of \$0.575, and a risk-free interest rate of 4.66%. The stock options fully vested on the grant date.
- On September 6, 2023, the Company issued 43,478 stock options to a consultant of the Company. The fair value of the options were valued at \$3,104 using the Black-Scholes model and the following assumptions: share price of \$0.316, expected life of 1 years, \$nil dividends, 100% volatility, exercise price of \$0.575, and a risk-free interest rate of 4.66%. The stock options vest in four equal tranches with one fourth vesting on issuance, one fourth vesting on December 6, 2023, one fourth vesting on March 6, 2024 and the last fourth vesting on September 5, 2024.

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11. SHARE CAPITAL (continued)

b) Stock Options (continued)

Stock option activity for the years ended June 30, 2025 and 2024 are as follows:

	2025		2024	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening balance	1,128,551	\$ 2.13	777,971	\$ 2.59
Granted	9,179,125	\$ 0.25	464,348	\$ 0.58
Cancelled	(305,797)	\$ 5.38	-	-
Expired	(241,884)	\$ 0.71	(113,768)	\$ 0.86
Outstanding, June 30,	9,759,995	\$ 0.30	1,128,551	\$ 2.13
Exercisable, June 30,	880,928	\$ 0.68	842,174	\$ 2.65

Details of the options outstanding and exercisable as at June 30, 2025 are as follows:

Expiry Date	Number of Options Outstanding	Number of Options Vested	Exercise Price	Remaining Contractual Life (in years)
September 6, 2031	8,696	8,696	\$ 0.58	6.19
October 13, 2031	116,522	116,522	\$ 0.58	6.29
October 13, 2031	43,478	43,478	\$ 5.75	6.29
November 1, 2025	4,348	2,899	\$ 0.58	0.34
November 30, 2025	43,478	43,478	\$ 0.58	0.42
January 30, 2029	16,522	11,014	\$ 0.58	3.59
January 30, 2034	321,739	214,493	\$ 0.58	8.59
June 16, 2027	26,087	17,391	\$ 0.58	1.96
March 24, 2030	2,250,000	140,788	\$ 0.29	4.73
April 21, 2030	6,615,000	275,625	\$ 0.24	4.81
May 29, 2030	314,125	6,544	\$ 0.39	4.92
Balance, June 30, 2025	9,759,995	880,928		

c) Restricted Stock Units

The Company has a Restricted Stock Unit plan ("RSUs") which authorizes the board of directors to grant incentive RSUs to directors, employees, and consultants. The maximum number of shares in respect of which options may be outstanding under the Plan at any given time is 7,001,956 shares less any shares reserved pursuant to the Company's other share compensation arrangements. The vesting terms and other conditions of any RSUs granted shall be determined by the FUTR Board when granted.

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11. SHARE CAPITAL (continued)

c) Restricted Stock Units (continued)

During the year ended June 30, 2025 the Company had the following RSU activity:

- On April 21, 2025, the Company granted 963,755 RSUs valued at \$231,301 based on the quoted market price on the date of grant to consultants of the Company. The RSUs vest on April 20, 2026. During the year ended June 30, 2025, the Company expensed \$44,333, (June 30, 2024: \$nil) as stock based compensation related to the vesting of these RSUs.
- On April 21, 2025, the Company granted 1,885,000 RSUs valued at \$452,400 based on the quoted market price on the date of grant to employees and consultants of the Company, including 1,325,000 to officers of the Company. The RSUs vest at a rate of $\frac{1}{4}$ on April 20, 2026 and $\frac{1}{36}$ per month starting April 21, 2026. During the year ended June 30, 2025, the Company expensed \$51,063, (June 30, 2024: \$nil) as stock based compensation related to the vesting of these RSUs.

During the year ended June 30, 2024 the Company had the following RSU activity:

- On January 30, 2024, the Company granted 121,739 RSUs valued at \$59,500 based on the quoted market price on the date of grant to officers and directors of the Company. The RSUs vested on January 29, 2025.
- On June 17, 2024, the Company granted 17,390 RSUs valued at \$5,000 based on the quoted market price on the date of grant to a director of the Company. The RSUs vest in two tranches with 8,695 vesting on June 17, 2025 and the remaining 8,695 vesting on June 17, 2026. During the year ended June 30, 2025, the Company expensed \$3,660, (June 30, 2024: \$135) as stock based compensation related to the vesting of these RSUs.

RSU activity for the years ended June 30, 2025 and 2024 are as follows:

	Number of RSUs	
	2025	2024
Opening balance	1,061,450	955,667
Granted	2,848,755	182,609
Exercised	(864,058)	-
Forfeited	(93,043)	(76,826)
Outstanding, June 30,	2,953,104	1,061,450
Exercisable, June 30,	95,652	900,870

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11. SHARE CAPITAL (continued)

d) Warrants

During the year ended June 30, 2025, the Company had the following warrant activity:

- On May 23, 2025, the Company granted 6,250,000 warrants as part of the units issued pursuant to the private placement. Each warrant is exercisable into one common share until June 30, 2027 at an exercise price of \$0.2875. The fair value of the warrants were valued at \$404,410, using the Black-Scholes model and the following assumptions; share price of \$0.14, expected life of 2.1 years, \$nil dividends, 120% volatility, exercise price of \$0.2875, and a risk-free interest rate of 2.69%. If at any time after four months and one day from the closing date, the common shares of the Company, trade at a volume weighted average price of \$1.65 per common share or higher on the TSXV over a period of 10 trading days, the Company may accelerate the expiry date of the warrants to the earlier of the 30th day after the date which notice is given or the actual expiry date of the warrants
- On May 23, 2025, The Company issued 66,500 finder's warrants equal to 7% of the aggregate number of units sold under the offering attributable to certain finders. Each finder warrant is exercisable to acquire one unit of the Company until March 30, 2027, at an exercise price of \$0.20 per unit. The fair value of the warrants were valued at \$15,970, using the Black-Scholes model and the following assumptions; share price of \$0.14, expected life of 1.9 years, \$nil dividends, 120% volatility, exercise price of \$0.20, and a risk-free interest rate of 2.69%.
- On April 22, 2025, the Company granted 14,389,853 warrants as part of the units issued pursuant to the private placement, including 195,652 warrants issued to officers of the Company. Each warrant is exercisable into one common share until June 30, 2027 at an exercise price of \$0.2875. The fair value of the warrants were valued at \$647,321, using the Black-Scholes model and the following assumptions; share price of \$0.09, expected life of 2.2 years, \$nil dividends, 133% volatility, exercise price of \$0.2875, and a risk-free interest rate of 2.56%. If at any time after four months and one day from the closing date, the common shares of the Company, trade at a volume weighted average price of \$1.65 per common share or higher on the TSXV over a period of 10 trading days, the Company may accelerate the expiry date of the warrants to the earlier of the 30th day after the date which notice is given or the actual expiry date of the warrants.
- On April 22, 2025, The Company issued 1,386,030 finder's warrants equal to 7% of the aggregate number of units sold under the offering attributable to certain finders. Each finder warrant is exercisable to acquire one unit of the Company until March 30, 2027, at an exercise price of \$0.115 per unit. The fair value of the warrants were valued at \$481,615, using the Black-Scholes model and the following assumptions; share price of \$0.09, expected life of 1.9 years, \$nil dividends, 134% volatility, exercise price of \$0.115, and a risk-free interest rate of 2.56%.

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11. SHARE CAPITAL (continued)

d) Warrants (continued)

- On March 25, 2025, the Company granted 3,001,448 warrants as part of the units issued pursuant to the private placement, including 652,174 warrants issued to officers of the Company. Each warrant is exercisable into one common share until June 30, 2027 at an exercise price of \$0.28. The fair value of the warrants were valued at \$137,644 using the Black-Scholes model and the following assumptions; share price of \$0.09, expected life of 2.3 years, \$nil dividends, 133% volatility, exercise price of \$0.28, and a risk-free interest rate of 2.57%. If at any time after four months and one day from the closing date, the common shares of the Company, trade at a volume weighted average price of \$1.67 per common share or higher on the TSXV over a period of 10 trading days, the Company may accelerate the expiry date of the warrants to the earlier of the 30th day after the date which notice is given or the actual expiry date of the warrants.
- On November 1, 2024, the Company granted 1,295,515 warrants as part of the Debenture Units issued. Each warrant is exercisable into one common share for a period of two years at an exercise price of \$0.43. The fair value of the warrants were valued at \$106,960 using the Black-Scholes model and the following assumptions: share price of \$0.26, expected life of 2 years, \$nil dividends, 217% volatility, exercise price of \$0.43, and a risk-free interest rate of 3.12%.

During the year ended June 30, 2024, the Company had the following warrant activity:

- On January 30, 2024, the Company granted 561,187 warrants as part of the Debenture Units issued. Each warrant is exercisable into one common share for a period of two years at an exercise price of \$0.575. The fair value of the warrants were valued at \$137,598 using the Black-Scholes model and the following assumptions: share price of \$0.489, expected life of 2 years, \$nil dividends, 100% volatility, exercise price of \$0.575, and a risk-free interest rate of 4.21%.

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11. SHARE CAPITAL (continued)

d) Warrants (continued)

	Number of warrants	Expiry Date	Exercise Price
Balance, June 30, 2023	2,709,816		
Warrants granted	561,187	2026-01-30	\$ 0.5750
Warrants expired	(529,130)		\$ 0.4313
Warrants expired	(38,257)		\$ 5.750
Warrants expired	(463,722)		\$ 1.438
Warrants expired	(347,826)		\$ 2.703
Warrants cancelled	(136,798)		\$ 0.5750
Balance, June 30, 2024	1,755,270		
Warrants granted	1,295,515	2026-11-01	\$ 0.4313
Warrants granted	3,001,448	2027-06-30	\$ 0.2875
Warrants granted	14,389,853	2027-06-30	\$ 0.2875
Warrants granted	1,386,030	2027-03-30	\$ 0.1150
Warrants granted	6,250,000	2027-06-30	\$ 0.2875
Warrants granted	66,500	2027-03-30	\$ 0.2000
Warrants expired	(1,194,083)		\$ 0.5750
Balance, June 30, 2025	26,950,533		

12. RELATED PARTY TRANSACTIONS

Parties are considered related if the party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. Parties are also related if they are subject to common control of common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. The following are related party transactions during the years ended June 30, 2025 and 2024, not disclosed elsewhere in these consolidated financial statements:

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12. RELATED PARTY TRANSACTIONS (continued)

- a) On May 1, 2018, the Company entered into a master servicing agreement with Uptempo Marketing Corp. ("Marketing Corp."), a company with the same key management personnel (the "Agreement"). Under the Agreement, FUTR provides processing services to end auto-loan customers procured by Marketing Corp. and assists Marketing Corp. in delivering its marketing services to attract automotive consumers.

As part of the Agreement, when Hank and Marketing Corp. enter into agreements with customers, the gross fees paid or payable by the customer are collected by the Hank banking and technology platform and then shared by Hank and Marketing Corp. based on pre-set terms agreed upon between Hank and Marketing Corp. depending on the types of customer contracts entered into and what is considered market pricing for the services provided by each respective party. Hank provides similar services to other wholesalers of the Hank platform, for similar fee structures. The total amount collected by Hank from customers and remitted to Marketing Corp. for the year ended June 30, 2025 amounted to \$5,058,945 (2024 - \$5,448,137);

- b) During the year ended June 30, 2025, the Company charged fees in the amount of \$248,213 (2024 - \$188,327), to Marketing Corp. for sales support. The Company incurred costs in relation to these services in the amount of \$215,837, for the year ended June 30, 2025 (2024 - \$163,762).
- c) Refer to Note 9 and Note 14

Key Management Compensation

The remuneration of directors and other key management personnel of the Company during the year ended June 30, 2025 and 2024 were as follows:

- a) During the year ended June 30, 2025, the Company expensed \$1,106,181 (2024 - \$915,394) in fees payable to officers of the Company, the expense was recorded in salaries and wages. As at June 30, 2025, the Company had amounts payable to officers and directors of the Company in the amount of \$75,508 (June 30, 2024 - \$38,059).

The amount payable to officers is unsecured, non-interest bearing with no fixed terms of repayment.

- b) During the year ended June 30, 2025, the Company expensed \$374,875 (2024 - \$233,217), in stock based compensation related to Officers and Directors of the Company.

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12. RELATED PARTY TRANSACTIONS (continued)

- c) During the year ended June 30, 2025, the Company expensed \$6,875 (2024 - \$77,625), in director's fees, the expense was recorded in office and general. As at June 30, 2025, the Company had amounts payable to directors of the Company in the amount of \$2,538 (June 30, 2024 - \$106,338).

The amount payable to directors is unsecured, non-interest bearing with no fixed terms of repayment.

13. SHORT TERM LOANS PAYABLE

On December 29, 2023, the Company entered into loan agreements under which \$265,000 was advanced to the Company, \$115,000 of which was received from officers of the Company. The loans include an upfront discount of 12.5%, in lieu of interest, and the amount advanced to the Company represents 87.5% of the total principal amount of \$302,857, of which \$131,429 will be owed to officers of the Company. The loan was repayable in full by March 29, 2024, after which date an interest rate of 4% per month will apply, payable monthly. On December 1, 2024, the related party loan agreements, representing \$115,000 of the original amount advanced, were amended to retroactively change the interest to a rate of 1% per month, to be applied from the original advance date. During the year ended June 30, 2025, the Company recorded \$49,029 (June 30, 2024: \$37,025), respectively, as net interest related to these loans. At June 30, 2025, the Company owed \$nil (June 30, 2024: \$339,982) in principal and interest on these loans. On February 18, 2025, these loans and all related interest and fees in the amount of \$376,928 were fully settled with \$150,000 in cash and 1,312,534 common shares valued at \$226,928.

On February 28, 2024, the Company entered into a loan agreement under which \$55,000 was advanced to the Company. The loan is repayable in full on February 28, 2025. An interest rate of 10% per annum applies to the principal amount of the loan, the interest is due and payable at the maturity date of the loan. During the year ended June 30, 2025, the Company recorded \$1,613 (June 30, 2024: \$1,853), as interest expense related to this loan. At June 30, 2025, the Company owed \$nil (June 30, 2024: \$56,853) in principal and interest on these loans. On November 1, 2024, the principal and interest owing on this loan in the amount of \$58,466 was fully settled into convertible debentures.

On February 29, 2024, the Company entered into a loan agreement under which \$67,500 was advanced to the Company. The loan is repayable in full on February 28, 2025. An interest rate of 10% per annum applies to the principal amount of the loan, the interest is due and payable at the maturity date of the loan. During the year ended June 30, 2025, the Company recorded \$2,393, (June 30, 2024: \$2,256), as interest expense related to this loan. At June 30, 2025, the Company owed \$nil (June 30, 2024: \$69,756) in principal and interest on these loans. On November 1, 2024, the principal and interest owing on this loan in the amount of \$72,149 was fully settled into convertible debentures.

On March 12, 2024, the Company entered into a loan agreement under which \$175,000 was advanced to the Company. The loan was repayable in full on April 11, 2024. A structuring fee of \$5,250, equal to 3% of the principal amount, is due on the repayment date. An interest rate of 36% per annum applies to the principal amount of the loan for every month the loan is outstanding past the repayment date, the interest is due and payable on a monthly basis in arrears. During

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13. SHORT TERM LOANS PAYABLE (continued)

the year ended June 30, 2025, the Company recorded \$31,732 (June 30, 2024: \$13,458) as interest expense related to this loan. The Company repaid \$10,000 of this loan during the year ended June 30, 2024. At June 30, 2025, the Company owed \$nil (June 30, 2024: \$183,708) in principal and interest on these loans. During the year ended June 30, 2025, the Company repaid the outstanding principal of \$165,000 owing on this loan and settled \$50,440 in interest payable with the issuance of 292,406 common shares.

On March 28, 2024, the Company entered into a loan agreement under which \$45,000 was advanced to the Company. The loan is repayable in full on May 27, 2024. A structuring fee of \$1,350, equal to 3% of the principal amount, is due on the repayment date. An interest rate of 36% per annum applies to the principal amount of the loan for every month the loan is outstanding past the repayment date, the interest is due and payable on a monthly basis in arrears. During the year ended June 30, 2025, the Company recorded \$4,703 (June 30, 2024: \$4,185) as interest expense related to this loan. At June 30, 2025, the Company owed \$nil (June 30, 2024: \$49,185) in principal and interest on these loans. On November 1, 2024, the principal and interest owing on this loan in the amount of \$53,888 was fully settled into convertible debentures.

On April 12, 2024, the Company entered into a loan agreement with a person related to a director, under which \$10,000 was advanced to the Company. The loan is repayable in full six months from the advance date. An interest rate of 24% per annum applies to the principal amount of the loan, the interest is due and payable on a monthly basis in arrears. During the year ended June 30, 2025, the Company recorded \$1,200 (June 30, 2024: \$520), as interest expense related to this loan. At June 30, 2025, the Company owed \$nil (June 30, 2024: \$10,520) in principal and interest on these loans. On February 18, 2025, the Company fully settled this loan and all related interest and fees in the amount of \$11,720 with the issuance of 67,944 common shares.

On June 3, 2024, the Company entered into a loan agreement under which \$476,000 was advanced to the Company. The loan is repayable in full on June 3, 2025. An interest rate of 10% per annum applies to the principal amount of the loan, the interest is due and payable at the maturity date of the loan. During the year ended June 30, 2025, the Company recorded \$14,897 (June 30, 2024: \$3,521) as interest expense related to this loan. At June 30, 2025, the Company owed \$nil (June 30, 2024: \$479,521) in principal and interest on these loans. On November 1, 2024, the principal and interest owing on this loan in the amount of \$494,418 was fully settled into convertible debentures.

On June 17, 2024 the Company entered into a secured loan agreement under which \$718,568 (USD \$525,000) was loaned to the Company. The Company paid an administrative agent fee of \$34,218 (USD \$25,000) on closing of the loan. On December 2, 2024, the Company entered into a new secured loan agreement with the lender. Under this agreement, the remaining balance of \$227,707 (USD \$162,000) from the original loan, along with an additional \$526,568 (USD \$363,000) provided to the Company, brought the total principal amount back up to \$737,940 (USD \$525,000). The Company paid an administrative agent fee of \$35,140 (USD \$25,000) on closing of the loan. On February 27, 2025, the Company entered into a new secured loan agreement with the lender. Under this agreement, the remaining balance of \$543,413 (USD \$378,000) from the previous loan, along with an additional \$175,387 (USD \$122,000) provided to the Company, brought the total principal amount back up to \$718,800 (USD \$500,000).

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13. SHORT TERM LOANS PAYABLE (continued)

The Company paid an administrative agent fee of \$35,940 (USD \$25,000) on closing of the loan. The new loan matures on September 8, 2025 and is repayable with 4 payments of \$14,376 (USD \$10,000) and 24 payments of \$40,732 (USD \$28,333) to be paid weekly. During year ended June 30, 2025, the Company made payments of \$1,885,008 (June 30, 2024 - \$27,000) towards this secured loan. During the year ended June 30, 2025, the Company recorded 586,893 (June 30, 2024 - \$8,250), in interest expense related to this loan. At June 30, 2025, the balance of this secured loan was \$318,012 (USD \$233,095) (June 30, 2024 - \$692,904 (USD \$506,250)).

On August 26, 2024, the Company entered into a secured loan agreement under which \$50,000 was advanced to the Company. The loan is repayable with monthly payments of \$5,000, plus interest beginning September 30, 2024. An interest rate of 12% per annum applies to the principal amount of the loan for every month the loan is outstanding past September 30, 2024. During the year ended June 30, 2025, the Company recorded \$2,000 (June 30, 2024: \$nil) as interest expense related to this loan. At June 30, 2025, the Company owed \$nil (June 30, 2024: \$nil) in principal and interest on these loans. On February 18, 2025, the principal and interest owing on this loan in the amount of \$52,000 was settled with the issuance of 301,499 common shares.

On August 29, 2024, the Company entered into promissory notes totalling \$250,000. The promissory note is interest free and payable on the earlier of the following: i) the closing of the purchase of the common shares of FUTR INC. by the Company at which time the loan will consolidate into the closing transaction ii) 6 months from the advancement date iii) cancellation of the transaction with FUTR INC. On September 3, 2024, \$100,000 was advanced to the Company related this promissory note, and on September 9, 2024, the remaining \$150,000 was advanced to the Company related to this promissory note. On February 24, 2025, the Company closed the acquisition of FUTR Inc. and the loan was consolidated into the transaction.

On October 1, 2024 the Company entered into a secured loan agreement under which \$425,376 (USD \$315,000) was loaned to the Company. The Company paid an administrative agent fee of \$20,256 (USD \$15,000) on closing of the loan. The loan matures on May 13, 2025 and is repayable with 32 payments of \$19,274 (USD \$14,273) to be paid weekly. During the year ended June 30, 2025, the Company made payments of \$623,125 (June 30, 2024 - \$nil) towards the secured loan and recorded \$300,146 (June 30, 2024 - \$nil) in interest expense. At June 30, 2025, the balance of the secured loan was \$nil (June 30, 2024 - \$nil).

On December 23, 2024, the Company entered into a secured loan agreement under which \$50,000 was advanced to the Company. On February 18, 2025, the loan, in the amount of \$50,000 was fully settled with the issuance of 289,855 common shares of the company.

On December 27, 2024, the Company entered into a secured loan agreement under which \$50,000 was advanced to the Company. During the year ended June 30, 2025, the Company settled \$25,000 of the loan with cash and the remaining \$25,000 of the loan was settled on February 18, 2025 with the issuance of 144,927 common shares of the company.

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14. LOANS PAYABLE

As part of the acquisition of FUTR Inc. on February 24, 2025, the Company assumed a loan payable with a face value of \$1,012,191. The loan is unsecured and non-interest-bearing, with repayments of \$16,667 per month over a period of five years. Monthly payments commence on August 1, 2025, and are due on the first day of each month thereafter.

In accordance with IFRS 9, the loan has been initially recognized at its fair value by discounting the future contractual cash flows using a market-based interest rate of 18%. As a result, the loan was recorded at an initial present value of \$619,028, with a discount of \$393,163 recognized on assumption of the loan. During the year ended June 30, 2025, the Company paid \$400,000 towards the balance of this loan, as a result the Company has recorded a loss on modification of \$142,662.

The discount will be accreted over the term of the loan using the effective interest method. For the year ended June 30, 2025, the Company recognized \$176,100 (June 30, 2024 - \$nil) in interest expense related to the amortization of this discount. At June 30, 2025, the unamortized balance of the loan, was \$395,128 (June 30, 2024 - \$nil)

The Company also assumed a term promissory note as part of the acquisition of FUTR Inc. with an initial principal amount of \$102,910 and received an additional advance of \$30,000 on February 25, 2025. The note bears interest at 18% per annum, calculated monthly and payable on the maturity date of July 2, 2026, or earlier upon prepayment. Interest accrues at a default rate of 24% per annum on any overdue amounts until such amounts are paid in full. The Company may prepay the loan in whole or in part at any time without penalty, subject to five business days' notice and payment of accrued interest. During the year ended June 30, 2025, the Company recorded \$8,270 (June 30, 2024 - \$nil), in interest expense related to this promissory note. At June 30, 2025, the balance of the loan was \$141,180 (June 30, 2024 - \$nil).

15. REVENUE

On March 27, 2023, the Company signed a three year technology license agreement for the use of the Hank technology platform in Canada. The base license fee of \$5,000,000 will be paid in increasing increments over the term of the agreement. The agreement includes a maintenance fee of 22% of the base license fee, \$1,100,000 over the term of the agreement, to be paid in proportional payments along with the incremental base fee payments. The Company will charge a monthly per user fee for the number of users over the maximum user allowance which is calculated proportionally to the base fee payments. In addition, a royalty of 15% will be billed monthly for revenue directly attributed to the Hank product.

On June 30, 2025, the Company and the customer agreed to a revised payment plan for amounts past due under the agreement. Under the revised schedule, the customer will pay \$100,000 per month from July 2025 through June 2026, and \$250,000 per month thereafter until amounts are fully paid. The modification changed only the timing of cash flows; there was no forgiveness or reduction of amounts owed for goods and services already delivered. In accordance with IFRS 9, the Company treated the change as a modification of a financial asset. At June 30, 2025, the receivable related to historic services of \$3,179,919 was re-measured to the present value of the revised cash flows using a market-based discount rate of 30%, resulting in a modification loss of \$699,738 recognized in other operating expense.

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15. REVENUE (continued)

For services to be provided prospectively, the contract contains a significant financing component under IFRS 15 because consideration is received substantially after transfer of service. Accordingly, each month's consideration for the 11 service months beginning July 1, 2025, is recognized at its present value on the service month using the same discount rate of 25%. The difference between the present value recognized as revenue and the cash collected over time is recognized as interest income using the effective-interest method until collection.

During the year ended June 30, 2025, the Company recorded \$2,033,328 (June 30, 2024: \$1,694,440) in revenue related to the technology licensing agreement. At June 30, 2025, the Company recorded \$2,480,181 (June 30, 2024: \$1,392,678) in contract receivables related to the licensing fee.

The Company's revenue is comprised of the following for the years ended June 30, 2025 and 2024:

	2025		2024
Recognized at point in time	\$ 4,119,232	\$	3,620,367
Recognized over time	4,226,099		3,766,976
	\$ 8,345,331	\$	7,387,343

16. FINANCIAL INSTRUMENTS AND RISK FACTORS

The fair value hierarchy that reflects the significance of inputs used in making fair value measurements is as follows:

Level 1: 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. from derived prices); and

Level 3: inputs for the asset or liability that are not based upon observable market data.

Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The fair values of the Company's financial instruments consisting of cash, restricted cash, accounts receivable, advances from related party, accounts payable and accrued liabilities and short term loans approximate their carrying value due to the relatively short term maturities of these instruments. The fair value of convertible debentures approximate their carrying value as a result of the short time that has passed since their issuance.

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16. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

Risk Management Policies

The Company, through its financial assets and liabilities, is exposed to various risks. The Company has established policies and procedures to manage these risks, with the objective of minimizing any adverse effect that changes in these variables could have on these financial statements. The following analysis provides a measurement of risks as at June 30, 2025 and June 30, 2024.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is exposed to credit risk through its financial asset, accounts receivables.

Management believes the identified credit risk and impairment loss related to cash and restricted cash is not significant as such amounts are held at reputable financial institutions. The Company applies the simplified approach to assess and provide for expected credit losses under IFRS 9, which permits the use of the lifetime expected loss provision for all accounts receivables.

The lifetime expected credit loss as at June 30, 2025 and June 30, 2024 was determined as follows:

	June 30, 2025	June 30, 2024
Gross carrying amount	\$ 894,077	\$ 770,922
Expected credit loss rate	5%	5%
Lifetime expected credit loss	\$ 44,704	\$ 37,942
Net carrying amount	\$ 849,373	\$ 732,980

	June 30, 2025	June 30, 2024
Beginning balance	\$ 37,942	\$ 28,811
Write-offs	(189,788)	(131,780)
Net remeasurement of loss allowance	201,154	138,549
Currency translation adjustment	(4,604)	2,362
Ending balance	\$ 44,704	\$ 37,942

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16. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due within one year. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As at June 30, 2025, there is substantial doubt about the Company's ability to continue as a going concern primarily due to its history of losses and negative working capital. Liquidity risk continues to be a key concern in the development of future operations.

The term of the Company's accounts payable and accrued liabilities are all current and consist of the following:

	June 30, 2025	June 30, 2024
Trade payables	\$ 1,127,182	\$ 847,812
Accrued liabilities	1,533,060	1,238,280
Payroll remittance liabilities	4,003,657	3,279,857
	\$ 6,663,899	\$ 5,365,949

Accrued liabilities at June 30, 2025, include a provision for estimated penalties and interest related to payroll remittance liabilities in the amount of \$1,017,504 (June 30, 2024: \$785,312).

Short term contractual obligations as at June 30, 2025 are as follows:

	Payments due by period					
	Total \$	Current \$	1-60 days \$	61-120 days \$	121- 180 days \$	181-365 days \$
Accounts Payable and accrued liabilities	6,663,899	6,663,899	-	-	-	-
Short term loans	318,012	-	252,786	65,226	-	-
Loans payable	183,337	-	16,667	33,334	33,334	100,002

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16. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates on all of the Company's existing debt are fixed, and there not currently subject to any significant interest rate risk.

(ii) Foreign Currency Risk

The Company operates in Canada and the United States. The functional currency of the Company is the Canadian dollar and the functional currency of the Company's subsidiary is the United States dollar. Currency risk arises because the amount of the local currency revenue, expenses, cash flows, receivables and payables for transactions denominated in foreign currencies may vary due to changes in exchange rates and because the non-Canadian-denominated financial statements of the Company's subsidiaries may vary on consolidation into Canadian dollars. The most significant currency exposure arises from changes in the Canadian dollar to US dollar exchange rate. The effect of a 10% change in the US dollar against the Canadian dollar at the reporting date, had all other variables remained constant, would have resulted in an insignificant change to loss for the year. As at June 30, 2025 and June 30, 2024, the Company did not use derivative instruments to hedge its exposure to foreign currency risk.

(iii) Price Risk

The Company's operations do not involve the direct input or output of any commodities and therefore it is not subject to any significant commodity price risk. In addition, the Company does not have any equity investment in other listed public companies, and therefore it is not subject to any significant stock market price risk.

17. COMMITMENTS AND CONTINGENCIES

In the course of normal business, the Company may become involved in certain legal proceedings. In management's opinion, there are no current legal proceedings which would result in claims against the Company that would have a material adverse effect on the Company's overall financial position, results of operations, or cash flows.

The Company is party to certain management contracts under which the Company has minimum payments due in the amount of \$2,156,168, within the next year. These contracts require additional payments of up to \$1,320,000 USD upon the occurrence of employee terminations. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. The Company has entered into other agreements with unrelated parties under which the Company has minimum payments due in the amount of \$307,750 over the next year.

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18. CAPITAL MANAGEMENT

The Company includes equity comprised of issued share capital, deficit and cash in the definition of capital. As at June 30, 2025, the Company's shareholder's equity was \$1,006,903 (June 30, 2024 – deficiency of \$7,870,454). The Company's objectives when managing capital are as follows:

- (i) to safeguard the Company's ability to continue as a going concern; and
- (ii) to raise sufficient capital to meet its business objectives.

19. CAPITAL MANAGEMENT (continued)

The Company manages its capital structure and makes adjustments to it, based on the general economic conditions, the Company's long-term and short-term capital requirements. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or debt. There were no changes to the Company's approach to capital management during the year ended June 30, 2025 and year ended June 30, 2024.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than TSX-V which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of June 30, 2025, the Company may not be compliant with the policies of the TSX-V. The impact of this violation is not known and is ultimately dependent on the discretion of the TSX-V.

20. INCOME TAXES

a) Provision for Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% to the effective tax rate is as follows:

	2025	2024
	\$	\$
(Loss) before income taxes	(6,886,037)	(2,134,797)
Expected income tax recovery based on statutory rate	(1,825,000)	(566,000)
Adjustment to expected income tax recovery:		
Stock based compensation	142,000	81,000
Share issuance costs recorded in equity	(189,000)	-
Expenses not deductible for tax purposes	528,000	-
Other	379,000	41,000
Change in benefit of tax assets not recognized	965,000	444,000
Deferred income tax provision	-	-

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20. INCOME TAXES (continued)

Deferred Income Tax

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

	2025	2024
	\$	\$
<u>Unrecognized deferred tax assets</u>		
Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:		
Non-capital loss carry-forwards	14,217,000	12,568,000
Share issuance costs	570,000	338,000
Other temporary differences	1,625,000	128,000
<u>Total</u>	<u>16,412,000</u>	<u>12,034,000</u>

The tax non-capital loss carry-forwards expire from 2040 to 2045 and the share issuance costs are recognized over five years. The utilization of these losses may be restricted. The other temporary differences do not expire under current legislation.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

21. SUBSEQUENT EVENTS

On September 10, 2025, the Company completed the first closing of its non-brokered private placement units for total gross proceeds of \$4,344,589. Each unit was priced at \$0.30 per unit and consisted of one common share and ½ of a warrant. Each whole warrant is exercisable to acquire one common share at a price of \$0.45 until December 31, 2027, unless the term of the warrant is accelerated pursuant to its terms. The Company paid to eligible persons a cash finder's fee in the amount of \$290,261, representing 7% of units placed by certain finders. The Company also issued 967,538 finder's warrants equal to 7% of the aggregate number of units sold under the offering attributable to certain finders. Each finder warrant is exercisable to acquire one unit of the Company until September 30, 2027, at an exercise price of \$0.30 per unit.

On September 12, 2025, the Company completed the final closing of its non-brokered private placement units for total gross proceeds of \$1,655,411. Each unit was priced at \$0.30 per unit and consisted of one common share and ½ of a warrant. Each whole warrant is exercisable to acquire one common share at a price of \$0.45 until December 31, 2027, unless the term of the warrant is accelerated pursuant to its terms. The Company paid to eligible persons a cash finder's fee in the amount of \$338,204, representing 7% of units placed by certain finders. The Company also issued 1,127,348 finder's warrants equal to 7% of the aggregate number of units sold under the offering attributable to certain finders. Each finder warrant is exercisable to acquire one unit of the Company until September 30, 2027, at an exercise price of \$0.30 per unit.

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On September 12, 2025, the Company announced that it has granted incentive stock options and restricted share units to certain officers and consultants of the Company. An aggregate of 1,110,000 options were issued as well as 2,500,000 RSUs. The Options were granted at an exercise price of \$0.335. The Options have a term of 5 years will vest at a rate of 1/48th per month. The RSU's vest at a rate of 1/4 on the first anniversary and 1/36th per month for the following three years. All Options and RSUs were granted pursuant to the Company's Omnibus Equity Incentive Plan.

On October 24, 2025, the Company completed an additional closing of its non-brokered private placement units for total gross proceeds of \$450,000. Each unit was priced at \$0.30 per unit and consisted of one common share and 1/2 of a warrant. Each whole warrant is exercisable to acquire one common share at a price of \$0.45 until December 31, 2027, unless the term of the warrant is accelerated pursuant to its terms. The Company paid to eligible persons a cash finder's fee in the amount of \$31,500, representing 7% of units placed by certain finders. The Company also issued 105,000 finder's warrants equal to 7% of the aggregate number of units sold under the offering attributable to certain finders. Each finder warrant is exercisable to acquire one unit of the Company until September 30, 2027, at an exercise price of \$0.30 per unit.