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ARway Corporation

Condensed Interim Financial Statements

For the three months ended November 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Financial Statements for the Three Months Ended November 30, 2024 and 2023

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of ARway Corporation for the interim periods ended November 30, 2024 and 2023, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, Davidson & Company LLP, have not performed a review of these unaudited condensed interim financial statements.

January 28, 2024

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

	Note	November 30, 2024	August 31, 2024
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		336	398
Receivables		88,025	125,414
Due from related parties	8	240,624	84,190
Prepaid expenses and deposits	5	11,317	24,081
Total current assets		340,302	234,083
Long term receivables		-	1,105
Total assets		340,302	235,188
LIABILITIES			
Current			
Accounts payable and accrued liabilities	6	381,780	327,691
Due to related parties	8	393,334	338,946
Bank Overdraft		567	-
Deferred revenue		390,556	242,947
Total liabilities		1,166,237	909,584
SHAREHOLDERS' EQUITY			
Share capital	7	8,520,819	8,520,819
Reserves	7	1,363,371	1,328,555
Accumulated Deficit		(10,710,125)	(10,523,770)
Total shareholders' (deficiency)		(825,935)	(674,396)
Total liabilities and shareholders' equity		340,302	235,188

Nature of operations and going concern (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors:

/s/ "Evan Gappelberg"
Director

/s/ "Anthony Pizzonia"
Director

ARWAY CORPORATION**Condensed Interim Statements of Loss and Comprehensive Loss**

(Unaudited - Expressed in Canadian dollars, except per share amounts and number of shares)

	Note	Three months ended November 30,	
		2024	2023
		\$	\$
Revenue		158,114	148,409
Cost of Sales		(15,472)	-
Gross Profit		142,642	148,409
Operating expenses			
Depreciation		-	454
General and administrative	10(a)	118,416	109,499
Research and development	10(b)	47,532	129,701
Sales and marketing	10(c)	127,106	113,289
Share-based compensation	7(f)	34,816	152,941
Loss on sales of shares		-	63,983
Bad Debts		1,127	-
Total operating expenses		328,997	569,867
Loss from operations		(186,355)	(421,458)
Other income (expense)			
Interest income		-	1,539
Total other income (expense)		-	1,539
Net loss and comprehensive loss		(186,355)	(419,919)
Net loss per share			
Basic and diluted		(0.01)	(0.02)
Weighted average number of common shares			
Basic and diluted		33,370,974	27,261,183

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

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

	Three months ended November 30,	
	2024	2023
	\$	\$
Operating activities:		
Net loss for the period	(186,355)	(419,919)
Adjustments for:		
Depreciation	-	454
Loss on sale of shares	-	63,983
Share-based compensation	34,816	152,941
Changes in non-cash working capital:		
Receivables	38,494	(11,531)
Due from related parties	(156,434)	-
Prepaid expenses and deposits	12,764	(292)
Accounts payable and accrued liabilities	54,089	(109,108)
Due to related parties	54,388	79,986
Deferred revenue	147,609	(940)
Cash used in operating activities	(629)	(244,426)
Financing activities:		
Proceeds from employee pay program	-	42,414
Cash provided by financing activities	-	42,414
Change in cash and cash equivalents	(629)	(202,012)
Cash and cash equivalents, beginning of period	398	281,172
Cash and cash equivalents, end of period	(231)	79,160
Supplemental cash flow information:		
Cash received from interest income of operating activities	-	1,539

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

ARWAY CORPORATION**Statements of Changes in Shareholders' Equity**

(Unaudited - Expressed in Canadian dollars, except for number of shares)

	Common shares	Share capital	Reserves	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$
Balance, August 31, 2023	27,177,870	7,021,081	1,257,463	(8,096,781)	181,763
Shares issued from employee pay program	113,156	48,657	-	-	48,657
Stock based compensation	-	-	152,941	-	152,941
Shares for cash	-	-	-	-	-
Net loss for the period	-	-	-	(419,919)	(419,919)
Balance, November 30, 2023	27,291,026	7,069,738	1,410,404	(8,516,700)	(36,558)
Shares issued for warrants exercised	947,621	152,671	-	-	152,671
Shares issued from employee pay program	538,608	222,290	(37,217)	-	185,073
Stock based compensation	506,000	186,120	(44,632)	-	141,488
Stock based compensation - Nextech	-	-	-	-	-
Shares for cash	87,719	50,000	-	-	50,000
Acquisition	4,000,000	840,000	-	-	840,000
Net loss for the period	-	-	-	(2,007,070)	(2,007,070)
Balance, August 31, 2024	33,370,974	8,520,819	1,328,555	(10,523,770)	(674,396)
Shares issued for warrants exercised	-	-	-	-	-
Shares issued from employee pay program	-	-	-	-	-
Stock based compensation	-	-	34,816	(34,816)	-
Stock based compensation - Nextech	-	-	-	-	-
Acquisition	-	-	-	-	-
Net loss for the period	-	-	-	(151,539)	(151,539)
Balance, November 30, 2024	33,370,974	8,520,819	1,363,371	(10,710,125)	(825,935)

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

ARWAY CORPORATION

Notes to the Condensed Interim Financial Statements

For the three months ended November 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

ARway Corporation (the “Company”) develops and operates intellectual property which includes the ARway application. ARway is a mobile app, all-in one no code real-world Metaverse creation tool, with self-generating augmented reality (“AR”) mapping solutions for consumers and brands alike. The Company was incorporated under the Business Corporations Act (Ontario) on July 15, 2022 and is a recent spin out of Nextech3D.ai Corp. (“Nextech”), a Metaverse company and leading provider of AR solutions. The Company’s registered and head office is located at PO Box 64039 RPO Royal Bank Plaza, Toronto, Ontario, M5J 2T6.

The Company’s shares trade in Canada on the Canadian Securities Exchange (“CSE”) under the trading symbol “ARWY”, on the OTC Pink Sheet Open Market under the trading symbol “ARWYF”, and on the Frankfurt Stock Exchange under the trading symbol “FSE: E65”.

a) Going concern

These condensed interim financial statements for the three months ended November 30, 2024 and 2023 (the “financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. During the three months ended November 30, 2024, the Company had net loss and comprehensive loss of \$186,355 (2023 - \$419,919) and incurred negative cash flow from operations. As at November 30, 2024, the Company had an accumulated deficit of \$10,710,125 (August 31, 2024 - \$10,523,770). The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing through debt or equity. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms advantageous to the Company.

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on January 28, 2025.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited financial statements for the years ended August 31, 2024 and 2023 (the “Annual Financial Statements”).

b) Basis of presentation

The financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS, as well as information presented in the condensed interim statements of cash flows.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is also the Company’s functional currency. The functional currency is the currency of the primary economic environment in which an entity operates.

ARWAY CORPORATION

Notes to the Condensed Interim Financial Statements

For the three months ended November 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars, except where noted)

3. ACCOUNTING POLICIES

In the preparation of these financial statements, the Company used the same accounting policies as in the Annual Financial Statements.

4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements under IFRS requires management to make judgements in applying its accounting policies and estimates that affect the reported amounts of assets and liabilities at the period end date and reported amounts of expenses during the reporting period. Such judgements and estimates are, by their nature, uncertain. Actual outcomes could differ from these estimates.

The impact of such judgements and estimates are pervasive throughout these financial statements and may require accounting adjustments based on future occurrences. These judgements and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and are accounted for prospectively.

In preparing these financial statements, the Company applied the same significant judgements in applying its accounting policies and is exposed to the same sources of estimation uncertainty as disclosed in its Annual Financial Statements.

5. PREPAID EXPENSES AND DEPOSITS

A summary of the Company's prepaid expenses and deposits is as follows:

	November 30, 2024	August 31, 2024
	\$	\$
Investor relations	11,317	24,081
	11,317	24,081

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	November 30, 2024	August 31, 2024
	\$	\$
Accounts payable	315,676	288,941
Accrued liabilities	66,104	38,750
	381,780	327,691

7. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued share capital

As at November 30, 2024 33,370,974 common shares were issued and outstanding (Aug 31, 2024 – 33,370,974).

ARWAY CORPORATION**Notes to the Condensed Interim Financial Statements**

For the three months ended November 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars, except where noted)

7. SHARE CAPITAL (continued)**c) Share issuances**

During the three months ended November 30, 2024, the Company had no share capital transactions.

During the year ended August 31, 2024:

- The Company issued 1,599,385 common shares upon the exercise of 1,599,385 warrants. Of the shares issued, 1,499,385 shares related to the employee pay program (Note 7d)
- The company issued 87,719 common shares were sold for cash proceeds of \$50,000.
- The company issued 4,000,000 common shares to acquire Map D for \$840,000.
- The Company issued 506,000 common shares against stock-based compensation.

d) Employee pay program

On July 26, 2023, the Company introduced a share-based employee pay program (“employee pay program”) for the purpose of maintaining a sustainable cash position by allowing the Company to pay for services through the issuance and sale of the Company’s shares. Through this program, the Company is allowed to issue warrants, with a specified exercise price, to its employees. The warrants convert to common shares pursuant to services being completed by employees. A third-party program administrator subsequently completes the sale of the common shares, and the proceeds are used to facilitate cash disbursements in connection with employee services rendered. The employees are guaranteed an amount equal to the maximum of (i) value of shares measured at exercise price (the “cost of shares”) and (ii) the proceeds from the sale of shares.

The Company does not recognize the warrants issued to the employees. Recognition occurs only when the warrants are exercised, with the Company then recording an increase in share capital. When the shares are sold for less than the cost of shares, the Company will compensate the employees for the shortfall and recognize a loss on the sale of shares.

During the three months ended November 30, 2024, as part of the employee pay program, the Company issued nil (August 31, 2024 - 1,270,074) warrants to its employees. Each warrant has an exercise price of \$nil (August 31, 2024 - \$0.53) per common share. During the three months ended November 30, 2024, nil (August 31, 2024 - 1,499,385) warrants have been converted into common shares, of which nil (August 31, 2024 - nil) common shares remained unsold. During the three months ended November 30, 2024, the Company recognized a loss on sale of shares of \$nil (August 31, 2024 - \$28,425).

e) Warrants

A summary of the Company’s warrant activity for the fiscal year 2024 is as follows:

	Number of warrants	Weighted average exercise price
		\$
Balance as of August 31, 2023	7,640,792	0.61
Issued	1,270,074	0.53
Exercised	(1,599,385)	0.71
Expired	(885,870)	1.13
Balance, August 31, 2024	6,425,611	0.50

A summary of the Company’s outstanding warrants as at August 31, 2024 is as follows:

Date of expiry	Number of warrants	Weighted average exercise price	Weighted average remaining life
		\$	Years
February 13, 2025	226,057	0.53	0.45
October 25, 2025	6,199,554	0.50	1.15
	6,425,611	0.50	1.13

ARWAY CORPORATION**Notes to the Condensed Interim Financial Statements**

For the three months ended November 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars, except where noted)

7. SHARE CAPITAL (continued)**e) Warrants (continued)**

A summary of the Company's warrant activity during the three months ended November 30, 2024 is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, August 31, 2024	6,425,611	0.50
Issued	-	-
Exercised	-	-
Expired	-	-
Balance, November 30, 2024	6,425,611	0.50

A summary of the Company's outstanding warrants as at November 30, 2024 is as follows:

Date of expiry	Number of warrants	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
October 25, 2025	226,057	0.53	0.21
January 25, 2026	6,199,554	0.50	0.90
	6,425,611	0.50	0.88

f) Stock options

A summary of the Company's stock option activity for the fiscal year 2024 is as follows:

	Number of stock options	Weighted average exercise price
		\$
Balance as of August 31, 2023	2,610,000	0.91
Granted	1,675,000	0.33
Forfeited	(1,524,000)	0.70
Expired	(321,000)	0.91
Balance, August 31, 2024	2,440,000	0.65

A summary of the Company's stock options outstanding as at August 31, 2024, is as follows:

Date of expiry	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
			\$	Years
November 3, 2025	1,455,000	1,145,000	0.91	1.18
October 17, 2026	100,000	100,000	0.60	2.13
December 14, 2026	885,000	185,000	0.22	2.29

ARWAY CORPORATION**Notes to the Condensed Interim Financial Statements**

For the three months ended November 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars, except where noted)

7. SHARE CAPITAL (continued)**f) Stock options (continued)**

A summary of the Company's stock option activity during the three months ended November 30, 2024 is as follows:

	Number of stock options	Weighted average exercise price
	#	\$
Balance, August 31, 2024	2,440,000	0.65
Granted	500,000	0.27
Forfeited	(110,000)	0.68
Cancelled	(1,020,000)	0.82
Balance, November 30, 2024	1,810,000	0.40

A summary of the Company's stock options outstanding as at November 30, 2024, is as follows:

	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
Date of expiry	#	#	\$	Years
November 3, 2025	595,000	485,000	0.91	0.93
December 14, 2026	715,000	155,000	0.22	2.04
November 26, 2027	500,000	500,000	0.05	2.99
	1,810,000	1,140,000	0.40	1.94

On November 26, 2024, the Company granted 500,000 stock options to an employee. Each option has an exercise price of \$0.05 and expires on November 26, 2027. These options, has a fair value of \$15,780 and vests immediately.

During the three months ended November 30, 2024, the Company recognized share-based compensation of \$34,816 (2023 - \$152,941) from vesting options.

A summary of the Company's inputs used in the Black-Scholes option pricing model for stock options granted during the three months ended November 30, 2024 and years ended August 31, 2024 is as follows:

	Nov 2024	Aug 2024
Stock price	\$0.18	\$0.37
Exercise price	\$0.17	\$0.33
Expected life of options	3 years	3 years
Annualized volatility	100%	100%
Dividend rate	0.00%	0.00%
Risk-free interest rate	3.25%	3.63%
Fair value per option	\$0.12	\$0.24

Subsequent to the quarter-end 220,000 stock options were cancelled as of the issuance date of these financial statements.

ARWAY CORPORATION**Notes to the Condensed Interim Financial Statements**

For the three months ended November 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars, except where noted)

8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company considers the executive officers and directors as the key management of the Company. During the three months ended November 30, 2024, the Company incurred \$51,740 (2023 - \$nil) in remuneration to management personnel including those persons having the authority and responsibility for the planning, directing, and controlling of the activities of the Company.

A summary of the Company's related party transactions for the three months ended November 30, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Revenue	-	125,000
Management fees	51,740	-
Share based compensation	24,467	-
	76,207	125,000

As at November 30, 2024, accounts payable and accrued liabilities included \$393,334 (August 31, 2024 - \$162,282) in respect of the services rendered. These are non-interest bearing with standard payment terms.

A summary of the Company's related party balances consisting of accounts receivables as of November 30, 2024, and August 31, 2024 is as follows:

Party Name	30-Nov-24	31-Aug-24
	\$	\$
Jolokia	240,279	82,275
Toggle	345	1,915
	240,624	84,190

A summary of the Company's related party balances consisting of accounts payable and accrued liabilities as of November 30, 2024, and August 31, 2024 is as follows:

Party Name	30-Nov-24	31-Aug-24
	\$	\$
Belinda Tyldesley	-	(282)
Evan - CEO	-	(162,000)
Indian Entity	(2,451)	(2,451)
NTAR Canada	(390,883)	(336,496)
	(393,334)	(501,228)

9. REVENUE BY NATURE

	2024	2023
	\$	\$
Map D Revenue	140,251	-
ARway platform license and mobile application sales	17,863	23,409
License Revenue	-	125,000
	158,114	148,409

ARWAY CORPORATION**Notes to the Condensed Interim Financial Statements**

For the three months ended November 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars, except where noted)

10. EXPENSES BY NATURE

The Company presents operating expenses by function except for amortization, depreciation, and share-based compensation.

The following presents operating expenses by nature:

a) General and administrative

A summary of the Company's general and administrative costs for the three months ended November 30, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Compliance fees	23,783	19,210
Consulting fees	-	22,880
Management fees and remuneration for services	51,740	-
Computer, software, and maintenance	1,291	11,539
Professional fees	14,743	20,571
Rent	178	16,865
Salaries and wages	21,932	14,601
Office, general, and other	4,748	3,833
	118,416	109,499

b) Research and development

A summary of the Company's research and development costs for the three months ended November 30, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Computer, software, and maintenance	16,811	279
Consulting fees	30,721	74,939
Development costs	-	23,896
Salaries and wages	-	30,587
	47,532	129,701

c) Sales and marketing

A summary of the Company's sales and marketing costs for the three months ended November 30, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Computer, software, and maintenance	19,307	-
Advertising	-	26,283
Investor relations	12,765	25,013
Consulting fees	2,093	-
Salaries, wages, and commissions	92,941	61,993
	127,106	113,289

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

As at November 30, 2024, the Company's financial assets and liabilities were classified as amortized cost.

ARWAY CORPORATION

Notes to the Condensed Interim Financial Statements

For the three months ended November 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars, except where noted)

The carrying values of cash and cash equivalents, receivables (except for GST receivables), and accounts payable and accrued liabilities approximate their fair values because of their short-term nature.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under contract. Credit risk exposure arises with respect to the Company's cash and cash equivalents and receivables from customers. The risk exposure on cash and cash equivalents is limited because the Company's cash and cash equivalents are held in banks of high credit worthiness within Canada. The risk exposure on receivables is assessed as low as it is limited to the total amount of receivables from customers which comprise immaterial amounts.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's main source of cash resources is through equity financing. The Company's financial obligations are limited to its current liabilities which have contractual maturities of less than one year.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has assessed that interest rate risk is low for the financial assets as most investments are made in highly liquid instruments.

d) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. Foreign currency risk exposure arises with respect to some of the Company's cash and cash equivalents, receivables, and accounts payable and accrued liabilities denominated in a foreign currency. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could affect the Company's results of operations, financial position, or cash flows. Assuming all other variables constant, an increase or a decrease of 10% of the US dollar against the Canadian dollar would impact the Company by \$7,827 during the three months ended November 30, 2024. The Company had no hedging agreements in place with respect to foreign exchange rates.

12. CAPITAL MANAGEMENT

The Company's definition of capital includes all accounts of shareholders' equity. The Company's objective when managing capital is to maintain its ability to continue as a going concern to provide returns to shareholders and benefits for other stakeholders. As at November 30, 2024, the Company had shareholders' deficiency of \$825,935 (August 31, 2024 - \$674,396).

The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business. The Company obtains funding primarily through equity issuance. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the three months ended November 30, 2024.

As at November 30, 2024, the Company was not subject to any externally imposed capital requirements.