

APT Systems, Inc.

FINANCIAL STATEMENTS

Years ended January 31, 2023 and 2022
(unaudited)

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APT SYSTEMS, INC.
Consolidated Balance Sheets
(Unaudited)

	January 31, 2023	January 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 510	$ 13,135
Restricted cash	6,261	-
Prepaid expenses and other current assets	78	18,436
Total current assets	6,849	31,571
Other Assets		
Cryptocurrency assets	5,753	-
Precious metals	4,999	23,900
Software and website, net	220,192	62,611
Total other assets	230,944	86,511
Total Assets	**$ 237,794**	**$ 118,082**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued expenses	$ 474,135	$ 284,500
Accrued officer compensation	303,482	303,482
Convertible notes payable, net	176,617	169,708
Convertible notes payable - related party, current portion	26,276	26,276
Notes payable	77,699	77,699
Loans from related parties	25,611	3,463
Derivative liability	280,047	69,997
Cryptocurrency token liability	6,176	-
Total current liabilities	1,370,043	935,125
Total Liabilities	1,370,043	935,125
Preferred B 6% Convertible Cumulative stock $0.001 par value, 1,000,000 shares authorized; 65,000 shares issued and outstanding as of July 31, 2022 and January 31, 2022, respectively.	90,218	87,301
Preferred C 12% Convertible Cumulative stock $0.001 par value, 750,000 shares authorized; 212,500 and 187,500 shares issued and outstanding as of July 31, 2022 and January 31, 2022, respectively	305,987	252,507
STOCKHOLDERS' DEFICIT		
Preferred stock, $0.001 par value, 100,000,000 authorized		
Preferred A stock $0.001 par value, 1,000,000 shares designated;		
1,000,000 issued and outstanding as of July 31, 2022 and January 31, 2022	1,000	1,000
Common stock $0.0001 par value, 2,750,000,000 shares authorized;		
2,461,061,247 and 2,449,480,426 shares issued; 2,460,174,498 and 2,448,593,667 shares outstanding as of January 31, 2023 and January 31, 2022, respectively	246,106	244,948
Additional paid-in capital	4,223,722	4,162,068
Treasury Stock, 886,749 shares at cost as of July 31, 2022 and January 31, 2022	(10,000)	(10,000)
Accumulated deficit	(5,989,282)	(5,554,867)
Total Stockholders' Deficit	(1,528,454)	(1,156,851)
Total liabilities and Stockholders' Deficit	**$ 237,794**	**$ 118,082**

The accompanying notes form part of these unaudited consolidated financial statements.

APT SYSTEMS, INC.

Consolidated Statements of Operations

(Unaudited)

	January 31, 2023	January 31, 2022
Revenue	$ 1,985	$ 7
Operating Expenses		
Amortization	24,168	27,625
General and administrative	304,070	106,145
Total Operating Expenses	328,238	133,770
Net Operating Loss	(302,085)	(133,763)
Other Income (Expense)		
Gain (loss) on change in derivative liability	(41,075)	322,675
Loss on settlement of accounts payable	-	(101,500)
Gain (loss) on cryptocurrency	-	-
Loss on precious metals	(15,936)	-
Interest expense and amortization of debt discount	(23,782)	(48,437)
Other Income	8,111	-
Total Other Income (Expense)	(72,682)	172,738
Net income (loss) from continuing operations	(107,979)	38,975
Net loss from discontinued operations	-	87,536
Net Income (Loss)	(107,979)	126,511
Dividends Applicable to Preferred Stock	10,586	(27,186)
Net Income (Loss) Applicable to Common Stockholders	$ (237,794)	$ 11,789
Net Income (Loss) per Common Share continuing operations:		
Basic and diluted	$ (0.00)	$ 0.00
Weighted average number of common shares outstanding:		
Basic	2,461,061,247	2,324,972,259

The accompanying notes form part of these unaudited consolidated financial statements.

APT SYSTEMS, INC
Statements of Stockholders' Deficit
(Unaudited)

	Preferred B Shares	Preferred B Shares Amount	Preferred C Shares	Preferred C Shares Amount	Preferred A Shares	Preferred A Shares Amount	Common Shares	Common Stock Amount	Treasury Shares	Treasury Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
Balance January 31, 2022	65,000	$ 87,301	187,500	$ 252,507	1,000,000	$ 1,000	2,449,480,426	$ 244,948	886,749	$ (10,000)	$ 4,162,068	$ (5,554,867)	$ (1,156,851)
Issuance of preferred shares for cash	-	-	25,000	25,000	-	-	-	-	-	-	-	-	-
Accretion and dividends of Series B & C preferred stock	-	951	-	9,274	-	-	-	-	-	-	(10,225)	-	(10,225)
Net loss	-	-	-	-	-	-	-	-	-	-	-	(48,900)	(274,536)
Balance April 30, 2022	65,000	88,252	212,500	$ 286,781	1,000,000	$ 1,000	2,449,480,426	$ 244,948	886,749	$ (10,000)	$ 4,151,843	$ (5,603,767)	$ (1,441,612)
Issuance of common shares for conversion of notes payable	-	-	-	-	-	-	11,580,821	1,158	-	-	34,511	-	35,669
Reclassification of derivative liability to additional paid in capital	-	-	-	-	-	-	-	-	-	-	58,540	-	58,540
Accretion and dividends of Series B & C preferred stock	-	983	-	9,603	-	-	-	-	-	-	(10,586)	-	(10,586)
Net loss	-	-	-	-	-	-	-	-	-	-	-	(274,536)	(274,536)
Balance July 31, 2022	65,000	$ 89,235	212,500	$ 296,384	1,000,000	$ 1,000	2,461,061,247	$ 246,106	886,749	$ (10,000)	$ 4,234,308	$ (5,878,303)	$ (1,632,525)
Accretion and dividends of Series B & C preferred stock	-	983	-	9,603	-	-	-	-	-	-	(10,586)	-	(10,586)
Net loss	-	-	-	-	-	-	-	-	-	-	-	(107,979)	(107,979)
Balance October 31, 2022	65,000	$ 90,218	212,500	$ 305,987	1,000,000	1,000	2,461,061,247	246,106	886,749	(10,000)	4,223,722	(5,989,282)	(1,751,090)
Accretion and dividends of Series B & C preferred stock	-	983	-	9,603	-	-	-	-	-	-	-	-	-
Net gain	-	-	-	-	-	-	-	-	-	-	-	222,636	222,636
Balance January 31, 2023	65,000	$ 91,201	212,500	$ 315,590	1,000,000	1,000	2,461,061,247	246,106	886,749	(10,000)	4,223,722	(5,766,646)	(1,528,454)

The accompanying notes form part of these unaudited consolidated financial statements

APT SYSTEMS, INC.
Consolidated Statements of Cash Flows
(Unaudited)

	January 31, 2023	January 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) from continuing operations	$ (484,565)	$ 38,975
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization expense	29,568	27,625
Gain on change in foreign currency investments	-	-
Gain on change in derivative liability	127,249	(322,675)
Amortization of debt discount	98,286	3,377
Loss on settlement of accounts payable	-	101,500
Day 1 loss on derivative liability	32,964	-
Loss on cryptocurrency transactions	(185)	-
Changes in operating assets and liabilities:		
Accounts receivable	(6,261)	-
Prepaid expenses and other current assets	78	18,168
Cryptocurrency assets	5,753	-
Accounts payable and accrued expenses	44,131	64,540
Cryptocurrency token liability	6,176	-
Net cash used in operating activities from continuing operations	(146,806)	(68,490)
Net cash used in operating activities from discontinued operations	-	(58,212)
Net cash used in operating activities	(146,806)	(126,702)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of cryptocurrency assets	(4,041)	-
Purchase of precious metals	13,618	-
Proceeds from sale of subsidiary	-	100,000
Purchase of software	(34,000)	(67,000)
Net cash used in investing activities **from continuing operations**	(24,423)	33,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of loan from related parties	22,443	36,219
Proceeds from convertible notes and short-term notes payable, net of fees	50,000	55,000
Proceeds on issuance of preferred shares	25,000	80,000
Proceeds on issuance of common shares	-	20,000
Net Cash provided by financing activities	97,443	191,219
Net change in cash and cash equivalents	(19,985)	13,052
Cash and cash equivalents at beginning of period	13,135	83
Cash and cash equivalents at end of period	$ 6,850	$ 13,135
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for :		
Interest	$ -	$ -
Income Taxes	$ -	$ -
Non-Cash Transactions		
Common stock issued to settle notes payable	$ 35,669	$ 240,171
Common stock issued to settle accounts payable	$ 124,999	$ 71,000
Debt discount created from derivaive liabilities	$ 108,377	$ -
Settlement of loans from related parties	$ -	$ 24,229
Dividend of Series B & C Preferred Stock	$ 39,066	$ 27,186
Settlement of derivative liability upon conversion	$ 280,047	$ 389,156

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

APT SYSTEMS, INC.

Notes to Consolidated Financial Statements
For the Years Ended January 31, 2023 and 2022
(Unaudited)

NOTE 1 - NATURE OF OPERATIONS

APT Systems, Inc. (OTC Pink: APTY) was created to operate as an emerging growth company that engages in the creation of innovative financial platforms. We are now focused on building a financial ecosystem around the Verifundr escrow system that is a payment distribution platform which can include smart contracts and a subscription trading service that we have backed with a true stablecoin named Spera (SPRA). Streaming payments are a crucial part of the Verifundr platform and are an entirely new paradigm for transferring value beyond the current model of one-off instances. Consider you could send money for a one-time service or continuously and tied to a specific time frame. This opens up new use cases for how people get paid, whether for invoice or payroll, expense allowance or vesting. To further facilitate our business plans for verified participants on the Verifundr escrow platform, we have studied and participated in Know Your Customer (KYC) and Anti-Money Laundering (AML) data management techniques used by large financial institutions to create risk management reports and validate identity claims for persons accessing our platform. We are also developing credentials for verifying and reporting on an accredited investor's status that is useful in fund raising undertakings and then investments can be managed from an escrow account.

To support our financial apps, we intend utilizing real time and delayed financial data; along with graphic techniques pioneered in the gaming industry for charting so that the Intuitrader trading app solutions can speak to the mobile needs demanded by the next generation of traders. The Company's wholly-owned subsidiary, SNAPT Games Inc., was incorporated to facilitate our creative mobile app developments for games in support of the Intuitrader platform, which was achieved through deploying our games in The App Store.

In 2021, APT sold its subsidiary that facilitated the refining of electronic scrap to recover gold and other precious metals. The scaled back recovery operation is now a division within APT which produces, buys and holds gold to be used to partially back the Spera (SPRA) stablecoin. It was determined that APT will continue to selectively purchase high grade scrap material for recovering gold for bolstering company held inventory, and to generate revenues. The company is also separately creating etched gold plate prototypes to aid the company's efforts to generate income from within the non-fungible token (NFT) space. The 24kt gold plates, held as gold inventory to back Spera, can be etched with NFT images as contracted by their verified owners and artists.

Our goal is to provide a trusted financial ecosystem that supports buying transactions by individuals and businesses, and to reduce fraud.

In August of 2017, the Company launched a wholly owned Delaware subsidiary SNAPT Games, Inc. SNAPT Games acquired its first game app on August 24, 2017 and rebranded it Chick Chick Boom and then in November, formally launched its second game and later added to the collection. Games are still available to play in The App Store but generate small revenues as the Company has been discussing its lost revenue concerns with Apple Inc, which included legal correspondence in regard to blocked access to our app, which has now been resolved.

On September 9, 2017, the Company formed and incorporated a second wholly owned subsidiary named RCPS Management, Inc. in Colorado. We are not actively using this corporation at this time.

The Spera (SPRA) stablecoin was launched on MainNet on April 1, 2022 in preparation for selling digital coins to the public. This completed step allows Spera to be minted and sent to a Buyer's wallet. The Company had announced Prime Trust LLC was appointed as the technology partner and account custodian to help manage wallets and custodial cash supporting Spera sales. The Company has built a complete website to manage the purchase, exchange and holding of Spera stablecoins having also completed testing for compliance. The development team conducted testing and completed the wallet for its first sale of Spera stablecoins to a Public Person in 2022.

Subsequent event: After the annual financial statements were prepared, the custodial agent was placed into receivership in June by the Nevada government agency responsible for the licensing of trust companies. We will continue to work with remaining staff and the receiver, and we will report on activities as appropriate. Company held gold reserves are currently backing the Spera stablecoin.

NOTE 2 – GOING CONCERN AND LIQUIDITY

As of January 31, 2023, the Company had cash of $510.48, insufficient revenue to meet its ongoing operating expenses, and a shareholders' deficit of $1,528,454. The Company has not, as of yet, generated significant revenues as its key products are still under development with its subsidiaries now contributing modest revenue.

The financial statements for the year ended January 31, 2023, have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company anticipates future losses in the development of its business raising substantial doubt about the Company's ability to continue as a going concern. The ability to continue as a going concern is dependent upon the Company generating profitable operations in the future and, or, obtaining the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management intends to finance operating costs over the next twelve months with existing cash on hand, loans, loans from directors and, or, the sale of common stock. There is no assurance that this series of events will be satisfactorily completed.

These financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that may be necessary if the Company is unable to continue as a going concern.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America.

Financial Instruments

Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. Accounting Standards Codification ("ASC") 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. ASC 820 establishes a fair value hierarchy that prioritizes the use of inputs used in valuation methodologies into the following three levels:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets. A quoted price in an active market provides the most reliable evidence of fair value and must be used to measure fair value whenever available.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs which reflect a reporting entity's own assumptions about the assumptions that market participants would use for pricing an asset or liability. For example, level 3 inputs would relate to forecasts of future earnings and cash flows used in a discounted future cash flows method.

The recorded amounts of financial instruments, including cash equivalents, investments, accounts payable, accrued expenses, note payable and loan from related parties approximate their market values as of January 31, 2023 and 2022 due to the intended short-term maturities of these financial instruments.

Derivative Financial Instruments

Fair value accounting requires bifurcation of embedded derivative instruments such as conversion features in convertible debt or equity instruments and measurement of their fair value for accounting purposes. In assessing the convertible debt instruments, management determines if the convertible debt host instrument is conventional convertible debt and further if there is a beneficial conversion feature requiring measurement. If the instrument is not considered conventional convertible debt under ASC 470, the Company will continue its evaluation process of these instruments as derivative financial instruments under ASC 815. The Company applies the guidance in ASC 815-40-35-12 to determine the order in which each convertible instrument would be evaluated for derivative classification. The Company's policy is to evaluate for reclassification contracts with the earliest maturity date first.

Once determined, derivative liabilities are adjusted to reflect fair value at each reporting period end, with any increase or decrease in the fair value being recorded in results of operations as an adjustment to fair value of derivatives.

Principles of Consolidation

The Company prepares its financial statements on the accrual basis of accounting. The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, all of which have a fiscal year end of January 31. All intercompany accounts, balances and transactions have been eliminated in the consolidation.

Revenue Recognition

On February 1, 2018, we adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers (the "new revenue standard") to all contracts using the modified retrospective method. The adoption of the new revenue standard had no material impact on our condensed consolidated financial statements as it did not require a change in revenue recognition. As such, comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.
Revenue is recognized based on the following five step model:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

The Company has three sources of revenue. First, the Company generates revenue by selling and generating in-app purchases from various apps and games on major app platforms. Second, the Company accepts and processes electronic scrap for recovering precious metals. Third, the Company generates transaction fee revenue for sales of the Company's Spera Coin. Revenue is generally recognized at the point the final value and is sometimes determined by the processing mills under contract.

Disaggregation of Revenue

	Twelve months Ended January 31, 2023	Twelve months Ended January 31, 2022
App sales	$ 36	$ 7
Precious metals services and recovery	1160	*
Service fee from cryptocurrency transactions	85	
Total sales	**$ 1281**	**$ 7**

** AUREX Trading and Recovery was sold in 2021 and revenues are reflected elsewhere in the 2022 financial statements*

Basic and Diluted Net Income (Loss) per Share

The Company computes net income (loss) per share in accordance with ASC 260, "*Earnings per Share*" which requires presentation of both basic and diluted earnings per share (EPS) on the face of the statement of operations. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of common stock outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common stock outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, using the if converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential common stock if their effect is anti-dilutive. For the years ended January 31, 2023 and 2022, the Company did have potentially dilutive debt instruments that have been excluded from the earnings per share calculation; as such an inclusion would have been anti-dilutive due to the losses incurred in both periods. The debt instruments are convertible at both fixed and variable prices into shares of common stock as of January 31, 2023.

Convertible Debt

The Company records a beneficial conversion feature related to the issuance of convertible debts that have conversion features at fixed or adjustable rates. The beneficial conversion feature for the convertible instruments is recognized and measured by allocating a portion of the proceeds as an increase in additional paid-in capital and as a reduction to the carrying amount of the convertible instrument equal to the intrinsic value of the conversion features. The beneficial conversion feature will be accreted by recording additional non-cash interest expense over the expected life of the convertible notes.

Restricted Cash

The Company maintains a restricted cash balance related to funds received from customers related to the Company's Spera Coin. The Company is required to maintain a cash balance of 98% of the total balance of Spera Coin in the market and with a custodial agent.

Recently Issued Accounting Pronouncements

The Company does not believe that any recently issued effective pronouncements, or pronouncements issued but not yet effective, if adopted, would have a material effect on the accompanying consolidated financial statements.