SmartCard Marketing Systems Inc.

300 Wilmington Avenue, suite 210, Wilmington De USA 19801

1-844-843-7296

www.smartcardmarketingsystems.com news@smartcardmarketingsystems.com

Quarterly Report

For the period ending June 30th, 2026 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

621,486,374 as of **June 30th, 2026** *(Current Reporting Period Date or More Recent Date)*

621,486,374 as of **December 31st, 2025** *(Most Recent Completed Fiscal Year End)*

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control

Indicate by check mark whether a Change in Control[5] of the company has occurred during this reporting period:

Yes: ☐ No: ☒

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

Smartcard Marketing Systems Inc OTC:SMKG
current E-marketplace Inc Mach 2006
Computer Marketplace Inc October 1999

[5] "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

Current State and Date of Incorporation or Registration: **Delaware, 2006-02-10**
Standing in this jurisdiction: (e.g. active, default, inactive): **active**

Prior Incorporation Information for the issuer and any predecessors during the past five years:
None

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:
None

List any company name change, stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:
None

Address of the issuer's principal executive office:

In the United States, SMKG's registered virtual office is now located at: **300 Wilmington Avenue, Suite 210, Wilmington, DE. 19801**. This location strengthens the Company's U.S. presence and supports its expanding ecosystem of financial institutions, sponsor banks, and enterprise clients adopting SMKG's BaaS, Layer-2 tokenization, and marketplace technologies.

In Canada, SMKG's virtual office is established at: **2752 Daniel Johnson Boulevard, 2nd Floor, Laval, Québec.** This site anchors the Company's Canadian operations and provides a centralized point for client engagement, partner coordination, and commercialization activities across North America.
Address of the issuer's principal place of business:

☐ *Check if principal executive office and principal place of business are the same address:*

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: **Securities Transfer Corporation**
Phone: **(469) 633-0101 X104**
Email: **Wendy Pritchett<wpritchett@stctransfer.com, www.stctransfer.com**
Address: **2901 N. Dallas Parkway, Suite 380, Plano, Texas 75093**

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	**SMKG**	
Exact title and class of securities outstanding:	**Common**	
CUSIP:	**831685102**	
Par or stated value:	**0.01**	
Total shares authorized:	**900,000,000**	as of date: **June 30th, 2026**
Total shares outstanding:	**621,486,374**	as of date: **June 30th, 2026**
Total number of shareholders of record:	**100**	as of date: **June 30th, 2026**

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security: _____
Par or stated value: _____
Total shares authorized: _____ as of date: _____
Total shares outstanding: _____ as of date: _____
Total number of shareholders of record: _____ as of date: _____

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

None

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

None

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

None

3. Describe any other material rights of common or preferred stockholders.

None

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities ***in the past two completed fiscal years and any subsequent interim period****.*

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: (If yes, you must complete the table below)

Shares Outstanding Date: **Dec. 31st, 2024** Opening Balance: Common: **485,486,374** Preferred: -	*Right-click the rows below and select "Insert" to add rows as needed.								
Date of Transaction	**Transacti on type)**	**Number of Shares Issued (or cancelled)**	**Class of Securities**	**Value of shares issued ($/per share) at Issuance**	**Were the shares issued at a discou nt**	**Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).**	**Reason for share issuance**	**Restricted or Unrestricte d as of this filing.**	**Exemption or Registration Type.**
01/21/2025	New	50,000,000	Common	0.010	No	Massimo Barone	Debt	Restricted	Rule 144
01/21/2025	New	24,000,000	Common	0.010	No	Paolo Continelli	Debt	Restricted	Rule 144
01/21/2025	New	18,000,000	Common	0.010	No	Michele Tasillo	Debt	Restricted	Rule 144
01/21/2025	New	25,000,000	Common	0.010	No	Lee Tang	Debt	Restricted	Rule 144
01/21/2025	New	8,500,000	Common	0.010	No	Gina Leslie	Services Rendered	Restricted	Rule 144
01/21/2025	New	8,500,000	Common	0.010	No	Gary Repchuk	Services Rendered	Restricted	Rule 144
01/21/2025	New	2,000,000	Common	0.010	No	Dharmesh Vora	Bonus	Restricted	Rule 144
Shares Outstanding on Date of This Report: Date: **June 30th, 2026** Ending Balance: Common: **621,486,374** Preferred:									

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Any additional material details, including footnotes to the table are below:

None

B. Convertible Debt

The following is a complete list of the Company's Convertible Debt which includes all promissory notes, convertible notes, convertible debentures, or any other debt instruments convertible into a class of the issuer's equity securities. The table includes all issued or outstanding convertible debt at any time during the last complete fiscal year and any interim period between the last fiscal year end and the date of this Certification.

[☐] Check this box to confirm the Company had no Convertible Debt issued or outstanding at any point during this period.

Date of Note Issuance	Principal Amount at Issuance ($)	Outstanding Balance ($) (include accrued interest)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	# Shares Converted to Date	# of Potential Shares to be Issued Upon Conversion[6]	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g., Loan, Services, etc.)
March 31st 2022	250,000	297,000	May 15th 2023	$ 0.02 Floor	0	5,555,556	Leonite Fund LP Avi Geller	Loan

Total Outstanding Balance: **Total Shares:**

Any additional material details, including footnotes to the table are below:

None

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.
Ensure that these descriptions are updated on the Company's Profile on www.OTCMarkets.com.

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Smart Card Marketing Systems, Inc. is a Fintech advisory corporation formed under the laws of Delaware as a solutions provider to the payments industry, delivering cloud-based EMV Host Acquiring and Issuing solutions to banks, telecoms and enterprises.

B. List any subsidiaries, parent company, or affiliated companies.

VelocityMwallet Technologies LLC, a Delaware limited liability company which also provides proprietary software solutions, such as VelocityMWallet.com, a transaction payment ecosystem for alternative payment solutions and processing.

C. Describe the issuers' principal products or services.

The company's in-house lab offers customers proprietary software solutions

5) Issuer's Facilities

The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

None, remote offices for the time being.

[6] The total number of shares that can be issued upon full conversion of the Outstanding Balance. The number should not factor any "blockers" or limitations on the percentage of outstanding shares that can be owned by the Noteholder at a particular time. For purposes of this calculation, please use the current market pricing (e.g. most recent closing price, bid, etc.) of the security if conversion is based on a variable market rate.

6) All Officers, Directors, and 5% Beneficial Owners of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.
If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.
The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

Individual Name (First, Last) **or Entity Name** (Include names of control person(s) if a corporate entity)	**Position/Company Affiliation** (ex: CEO, 5% Control person)	**City and State** (Include Country if outside U.S.)	**Number of Shares Owned** (List common, preferred, warrants and options separately)	**Class of Shares Owned**	**Percentage of Class of Shares Owned** (undiluted)
Massimo Barone	CEO, Director	Laval, QC. CA	75,300,585	Common	12.12%
Michelle Tasillo	CFO, Director	Montreal, QC. CA	36,101,645	Common	5.81%
Paolo Continelli	CBDO, Director	Laval, QC. CA	36,000,000	Common	5.79%
Gina Leslie	Director	Windsor, ON. CA	8,500,000	Common	1.36%
Gary L. Repchuk	Director	Makati, Manilla, PH.	9,200,000	Common	1.48%
GESTION INTRAGROUP HOLDINGS INC. (C/O Mario Rosati, Shareholder)	Shareholder	Montreal, QC. CA	37,450,040	Common	6.03%
Primeline Holding HK Inc. (C/O Steve Payne / Gary Repchuk)	Shareholder	Makati, Manilla, PH.	60,000,000	Common	9.65%
Variance Strategy LLC (C/O Massimo Barone & Paolo Continelli)	Shareholder	Wilmington, DE.	165,361,637	Common	26.61%

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, <u>in the past 10 years</u>:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

   <u>None</u>

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

   <u>None</u>

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

   None

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

   None

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

   None

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

   None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

The company is aware and monitoring an ongoing litigation in the Philippines between Steve Payne and Gary Repchuk, equal stakeholders in Primeline HK at the time an investor in SmartCard Marketing Systems Inc. The claim is described as a fallout between the principals of their mutual ownership in Primeline HK and subsidiary Veritaspay Philippines co- which claims by both sides are being argued in Philippines Court of Law and challenged in Hong Kong. SmartCard Marketing the Issuer holds in trust Sixty (60) million shares to which the rightful or remaining owner will be issued which is currently being determined by the Philippine courts which is being challenged. The company as of today is not aware of any other direct or indirect litigation with any parties of the Year end of Dec31st 2025.

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.
Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel

Name:	**NA**
Address 1:	**NA**
Address 2:	**NA**
Phone:	**NA**
Email:	**NA**

Accountant or Auditor

Name:	**Mr. Eric M. Sherb, CPA**
Firm:	**EMS Consulting Services**
Address 1:	**145 West 67th, Street**
Address 2:	**New York, NY**
Phone:	**(516) 713-9590**
Email:	**eric@emscpa.com**

Investor Relations

Name: **Massimo Barone**
Firm: **Smartcard Marketing Systems, Inc.**
Address 1: **20c Trolley Square**
Address 2: **Wilmington De 19806**
Phone: **1-844-843-7296**
Email: **news@smartcardmarketingsystems.com**

All other means of Investor Communication:

X (Twitter): **massimobarone**
LinkedIn **http://linkedin.com/in/massimo-barone-1401227**

Other Service Providers
Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

None

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual): Name: **Michele (Mike) Tasillo**
Title: **CFO**
Relationship to Issuer: **Director**

B. The following financial statements were prepared in accordance with:
☐ IFRS
☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual): Name: **Mr. Eric M. Sherb, CPA**
Title: **CPA**
Relationship to Issuer: **Accountant**
Describe the qualifications of the person or persons who prepared the financial statements:[7]
Over 16 years of experience in accounting advisory, auditing and mergers and acquisitions. Provides outsourced CFO services to private and public companies. Eric has extensive experience in SEC financial reporting, audit and IPO readiness, financial modeling and technical advisory. Eric graduated with a BBA from Emory University in Accounting and Finance.

Provide the following qualifying financial statements:
- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity);
- Financial Notes

Financial Statement Requirements:
- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable." Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

[7] The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

SMARTCARD MARKETING SYSTEMS, INC.
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30th, 2026

TABLE OF CONTENTS

Consolidated Financial Statements:

SmartCard Marketing Systems Inc.
Consolidated Balance Sheets
As of June 30, 2026 and December 31, 2025
(Unaudited)

	June 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 72,594	$ 153
Accounts receivable, net	593,085	482,085
Total current assets	665,679	482,238
Investments	1,200,000	1,200,000
Intangible assets, net	11,950	-
Cryptocurrency assets	800	800
Total assets	$ 1,878,429	$ 1,683,038
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,490,503	$ 3,195,773
Convertible promissory note payable	236,972	146,696
Total current liabilities	3,727,475	3,342,469
Deferred revenue	-	55,000
Total liabilities	3,727,475	3,397,469
Stockholders' deficit:		
Common stock, $0.001 par value, 900,000,000 shares authorized, 621,486,374 shares issued and outstanding as of both June 30, 2026 and December 31, 2025	621,486	621,486
Additional paid-in capital	8,203,125	8,203,125
Accumulated deficit	(10,673,657)	(10,539,042)
Total stockholders' deficit	(1,849,046)	(1,714,431)
Total liabilities and stockholders' deficit	$ 1,878,429	$ 1,683,038

See accompanying notes, they are integral to these consolidated financial statements.

Approved on behalf of the board:

Massimo Barone, CEO
Smartcard Marketing Systems, Inc.

Michele (Mike) Tasillo, CFO
Smartcard Marketing Systems, Inc.

SmartCard Marketing Systems Inc.
Consolidated Statements of Operations
For the Three and Six Months Ended June 30, 2026 and 2025
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenues	$ 108,593	$ 74,956	$ 225,427	$ 253,966
Operating expenses:				
General and administrative	201,754	155,867	360,042	498,496
Loss on impairment of crypto assets	-	82,393	-	5,991,518
Total operating expenses	201,754	238,260	360,042	6,490,014
(Loss) income from operations	(93,161)	(163,304)	(134,615)	(6,236,048)
Provision for income taxes	-	-	-	-
Net (loss) income	$ (93,161)	$ (163,304)	$ (134,615)	$ (6,236,048)
Weighted average common shares outstanding - basic and diluted	621,486,374	621,486,374	621,486,374	553,913,910
Net (loss) income per common share - basic and diluted	$(0.0001)	$(0.0003)	$(0.0002)	$(0.0113)

See accompanying notes, they are integral to these consolidated financial statements.

Approved on behalf of the board:

Massimo Barone, CEO
Smartcard Marketing Systems, Inc.

Michele (Mike) Tasillo, CFO
Smartcard Marketing Systems, Inc.

SmartCard Marketing Systems Inc.
Consolidated Statements of Changes in Stockholders' Deficit
For the Six Months Ended June 30, 2026 and 2025
(Unaudited)

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Deficit
Balances at December 31, 2024	485,486,374	$ 485,486	$ 6,979,125	$ (3,871,752)	$ 3,592,859
Shares issued pursuant to debt conversion	117,000,000	117,000	1,053,000	-	1,170,000
Shares issued pursuant to services rendered	19,000,000	19,000	171,000	-	190,000
Net loss	-	-	-	(6,072,744)	(6,072,744)
Balances at March 31, 2025	621,486,374	621,486	8,203,125	(9,944,496)	(1,119,885)
Net loss	-	-	-	(163,304)	(163,304)
Balances at June 30, 2025	621,486,374	$ 621,486	$ 8,203,125	$ (10,107,800)	$ (1,283,189)
Balances at December 31, 2025	621,486,374	$ 621,486	$ 8,203,125	$ (10,539,042)	$ (1,714,431)
Net loss	-	-	-	(41,454)	(41,454)
Balances at March 31, 2026	621,486,374	621,486	8,203,125	(10,580,496)	(1,755,885)
Net loss	-	-	-	(93,161)	(93,161)
Balances at June 30, 2026	621,486,374	$ 621,486	$ 8,203,125	$ (10,673,657)	$ (1,849,046)

See accompanying notes, they are integral to these consolidated financial statements.

Approved on behalf of the board:

Massimo Barone, CEO
Smartcard Marketing Systems, Inc.

Michele (Mike) Tasillo, CFO
Smartcard Marketing Systems, Inc.

SmartCard Marketing Systems Inc.
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2026 and 2025
(Unaudited)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Cash flows from operating activities:		
Net loss	$ (134,615)	$ (6,236,048)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Non cash issuance of shares in exchange of services	-	190,000
Impairment of crypto assets	-	5,991,518
Changes in operating assets and liabilities:		
Accounts receivable	(111,000)	(108,000)
Accounts payable and accrued liabilities	294,730	284,796
Deferred revenue	(55,000)	(120,000)
Net cash (used in) provided by operating activities	(5,885)	2,266
Cash flows from investing activities:		
Software development costs	(11,950)	(8,188)
Net cash used in investing activities	(11,950)	(8,188)
Cash flows from financing activities:		
Proceeds from notes payable and shareholder loans	90,276	-
Net cash provided by financing activities	90,276	-
Net change in cash and cash equivalents	72,441	(5,922)
Cash and cash equivalents at beginning of period	153	6,022
Cash and cash equivalents at end of period	$ 72,594	$ 100
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ -	$ -
Supplemental disclosure of non-cash investing and financing activities:		
Loans payable converted into shares	$ -	$ 1,170,000
Shares issued in exchange of services	$ -	$ 190,000

See accompanying notes, they are integral to these consolidated financial statements.

Approved on behalf of the board:

Massimo Barone, CEO
Smartcard Marketing Systems, Inc.

Michele (Mike) Tasillo, CFO
Smartcard Marketing Systems, Inc.

SmartCard Marketing Systems Inc.
Consolidated Notes to Financial Statements
(Unaudited)

1. NATURE OF OPERATIONS

Smart Card Marketing Systems, Inc. (the "Company") consist of Smart Card Marketing Systems, Inc. and its wholly owned subsidiary VelocityMWallet Technology LLC.

Smart Card Marketing Systems, Inc. is a Fintech advisory corporation formed under the laws of Delaware as a solutions provider to the payments industry, delivering cloud-based EMV Host Acquiring and Issuing solutions to banks, telecoms and enterprises. The Company's in-house lab offers customers proprietary software solutions, including:

- Generocity.com, a coupon and incentive platform for the retail and events industry.
- Check21SAAS.com, a Remote Deposit Check solution for X9 clearing.

VelocityMWallet Technology LLC is a Delaware limited liability company which also provides proprietary software solutions, such as VelocityMWallet.com, a transaction payment ecosystem for alternative payment solutions and processing.

2. GOING CONCERN

The Company has evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As of June 30, 2026, the Company had an accumulated deficit of $10,673,657, and cash of $72,594. These factors raise substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern for the next twelve months is dependent upon its ability to generate sufficient cash flows from operations to meet its obligations, which it has not been able to accomplish to date, and/or to obtain additional working capital from related and third-parties. Through the date the consolidated financial statements were available to be issued, the Company has been financed by its primary shareholder and third-party investors. No assurances can be given that the Company will be successful in these efforts. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities as a result of this uncertainty.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("GAAP"). The Company's fiscal year is December 31.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company's wholly-owned subsidiary, VelocityMWallet Technology LLC. All intercompany transactions and balances have been eliminated.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience, known trends and other market-specific or other relevant factors that it believes to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates when there are changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company generally maintains balances at financial institutions that management believes to be of high credit quality, in amounts that may exceed federally insured limits. The Company has not experienced any losses related to its cash and cash equivalents and does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships. At June 30, 2026 and December 31, 2025, all of the Company's cash and cash equivalents were held at two accredited financial institutions.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

Fair Value Measurements

Certain assets and liabilities of the Company are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.

- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.

- Level 3—Unobservable inputs that are supported by little or no market activity that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

Fair-value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of June 30, 2026 and December 31, 2025. The carrying values of the Company’s assets and liabilities approximate their fair values.

Accounts Receivable

Accounts receivables are derived from products and services delivered to customers and are stated at their net realizable value. Each month, the Company reviews its receivables on a customer-by-customer basis and evaluates whether an allowance for doubtful accounts is necessary based on any known or perceived collection issues. Any balances that are eventually deemed uncollectible are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Intangible Assets

Intangible assets consist of capitalized software development costs. The Company accounts for costs incurred to develop software for internal use in accordance with Financial Accounting Standards Board (“FASB”) *ASC 350-40 “Internal-Use Software”*. As required by ASC 350-40, the Company capitalizes the costs incurred during the application development stage, which include costs to design the software configuration and interfaces, coding, installation, and testing.

Costs incurred during the preliminary project stage along with post-implementation stages of internal use software are expensed as incurred. Capitalized development costs are amortized over a period of three years. Costs incurred to maintain existing product offerings are expensed as incurred. The capitalization and ongoing assessment of recoverability of development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility, and estimated economic life.

Software development costs are amortized over a useful life of 5 years.

Impairment of Long-Lived Assets

The Company evaluates the recoverability of its property, equipment, and other long-lived assets in accordance with FASB ASC 360 "Property, Plant and Equipment", which requires recognition of impairment of long-lived assets in the event the net book value of such assets exceed the estimated future undiscounted cash flows attributable to such assets or the business to which such intangible assets relate. If the sum of the expected cash flows, undiscounted, is less than the carrying amount of the asset, an impairment loss is recognized as the amount by which the carrying amount of the asset exceeds its fair value. As of June 30, 2026 and December 31, 2025, no impairment of intangible assets was recorded.

Cryptocurrency Assets

The Company initially records cryptocurrency when received at cost, and subsequently adjusts each reporting period to the lower of cost or fair value. The Company recognizes an impairment charge on these assets arising from decreases in market value based upon Level 2 inputs, being actively traded exchange's closing prices at each reporting date, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Such impairment in the value of cryptocurrencies are recorded in the consolidated statements of operations.

During the six months ended June 30, 2026, there was no impairment recorded to cryptocurrency assets.

The Company realizes gains and losses upon sale or transfer of cryptocurrencies, and are recorded under other income (expense) in the consolidated statements of operations.

Revenue Recognition

ASC Topic 606, "Revenue from Contracts with Customers" establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers.

Revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements: 1) identify the contract with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to performance obligations in the contract; and 5) recognize revenue as the performance obligation is satisfied.

Consulting, licensing and processing fee revenues are recognized when the services are provided under the terms of client agreements as the performance obligations are satisfied. Payments received in advance of providing services are recorded as deferred revenue and amortized to revenue as services are performed.

Advertising and Promotion

Advertising and promotional costs are expensed as incurred.

Convertible Instruments

U.S. GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free-standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. An exception to this rule is when the host instrument is deemed to be conventional as that term is described under applicable U.S. GAAP.

When the Company has determined that the embedded conversion options should not be bifurcated from their host instruments, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption.

Income Taxes

The Company uses the liability method of accounting for income taxes as set forth in ASC 740, *Income Taxes*. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. A valuation allowance is recorded when it is unlikely that the deferred tax assets will not be realized. We assess our income tax positions and record tax benefits for all years subject to examination based upon our evaluation of the facts, circumstances and information available at the reporting date. In accordance with ASC 740-10, for those tax positions where there is a greater than 50% likelihood that a tax benefit will be sustained, our policy will be to record the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where there is less than 50% likelihood that a tax benefit will be sustained, no tax benefit will be recognized in the consolidated financial statements.

Net Loss per Share

Net earnings or loss per share is computed by dividing net income or loss by the weighted-average number of common shares outstanding during the period, excluding shares subject to redemption or forfeiture. The Company presents basic and diluted net earnings or loss per share. Diluted net earnings or loss per share reflect the actual weighted average of common shares issued and outstanding during the period, adjusted for potentially dilutive securities outstanding. Potentially dilutive securities are excluded from the computation of the diluted net loss per share if their inclusion would be anti-dilutive.

4. INVESTMENTS

In 2019, the Company entered into an agreement to license its technology to XPay World in exchange for 7% of its equity. The Company valued the transaction, approximating the fair value of the investment, at $1,200,000. The Company recorded the corresponding deferred revenue accordingly. The Company recognizes the revenue over the estimated useful life of the technology of 5 years. As of June 30, 2026 and December 31, 2025, the carrying value of the investment was $1,200,000.

In 2020, the Company entered into an agreement to license its technology to OriginatorX in exchange for 50% of its equity. The Company valued the transaction, approximating the fair value of the investment, at $500,000. The Company recorded the corresponding deferred revenue accordingly. The Company recognizes the revenue over the estimated useful life of the technology of 5 years. As of December 31, 2021, the fair value of the investment was concluded to be indeterminable, and the Company recorded an impairment of $500,000 pertaining to the investment. As of June 30, 2026 and December 31, 2025, the carrying value of the investment was $0.

In 2022, the Company entered into an agreement to license its technology to Acers Group LLC in exchange for 15% of its equity. The Company valued the transaction, approximating the fair value of the investment, at $600,000. The Company recorded the corresponding deferred revenue accordingly. The Company recognizes the revenue over the estimated useful life of the technology of 5 years. As of December 31, 2025, the fair value of the investment was concluded to be indeterminable, and the Company recorded an impairment of $600,000 pertaining to the investment. As of June 30, 2026 and December 31, 2025, the carrying value of the investment was $0.

5. CRYPTOCURRENCY ASSETS

Due to the lack of authoritative guidance under GAAP, the Company accounts for its holdings in cryptocurrency as intangible assets. As a result, the Company initially measures the cryptocurrency at cost. Since there is no limit on the useful life of the cryptocurrencies, they are classified as indefinite-lived intangible assets.

Indefinite-lived intangible assets are not subject to amortization, but rather are tested for impairment on an annual basis and more frequently if events or circumstances change that indicate that it is more likely than not that the asset is impaired. As a result, the Company recognizes decreases in the value of its holdings in cryptocurrency. Both Bitcoin and Ether are traded on exchanges in which there are observable prices in an active market. The Company considers quoted prices below its carrying cost to be an impairment indicator. The quoted price and observable prices are determined by the Company using a principal market analysis in accordance with ASC 820, *Fair Value Measurement*.

The Company considers each cryptocurrency as a separate unit of account when evaluating cryptocurrencies for impairment. The Company tracks the weighted average unit cost of each cryptocurrency received or purchased, when performing impairment testing and upon disposition either through sale or exchanged for goods or services.

In October 2024, the Company received 10,00,000 NGTG/USDC cryptocurrency tokens pursuant to commissions earned from a client pursuant to consulting services. The value of the tokens was $0.60 at the time the performance obligations were fulfilled, and accordingly the Company recognized the fair value of $6,000,000 as revenue in the consolidated statements of operations. During the year ended December 31, 2025, the Company noted that the market value of the NGTG tokens had decreased to $0.00008 per token, and accordingly recorded an impairment charge of $5,999,200. As of December 31, 2025, the total carrying value of the NGTG tokens was $800.

During the six months ended June 30, 2026, there were no additional impairment indicators identified, and no impairment charge was recorded. As of June 30, 2026, the total carrying value of the NGTG tokens was $800.

6. CONVERTIBLE NOTES

In 2023, the Company converted $390,000 in notes payable into 15,100,000 shares of common stock.

In 2023, the Company issued 1,000,000 common shares for $35,000 of services.

During January 2025, the Company issued 117,000,000 shares of common stock pursuant to the conversion of a loan payable of $1,170,000 at a conversion price of $0.10 per share. In addition, the Company issued 19,000,000 shares of common stock in exchange for services rendered and bonuses valued at $190,000, also at a price of $0.10 per share.

All outstanding convertible notes have short-term maturities or are in default as of June 30, 2026 and December 31, 2025, and therefore are recorded as current liabilities in the consolidated balance sheets. As of June 30, 2026 and December 31, 2025, the carrying value of the convertible notes payable was $236,972 and $146,696, respectively.

7. STOCKHOLDERS' EQUITY

The Company is authorized to issue 900,000,000 shares of common stock with a par value of $0.001 per share. As of June 30, 2026 and December 31, 2025, the Company had 621,486,374 shares of common stock issued and outstanding.

During January 2025, the Company issued 117,000,000 shares of common stock pursuant to the conversion of a loan payable of $1,170,000 at a conversion price of $0.10 per share. In addition, the Company issued 19,000,000 shares of common stock in exchange for services rendered and bonuses valued at $190,000, also at a price of $0.10 per share.

In 2023, the Company converted $390,000 in notes payable into 15,100,000 shares of common stock.

In 2023, the Company issued 1,000,000 shares for services totaling $35,000.

No shares of common stock were issued during the six months ended June 30, 2026.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 18, 2026, the date the consolidated financial statements were available to be issued. Based on this evaluation, no material events were identified which require adjustment or disclosure in these consolidated financial statements, other than those disclosed above.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Massimo Barone certify that:

1. I have reviewed this Disclosure Statement for Smartcard Marketing systems, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 18th, 2026

Massimo Barone, CEO

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Michele (Mike) Tasillo certify that:

1. I have reviewed this Disclosure Statement for Smartcard Marketing Systems, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 18th, 2026

Michele (Mike) Tasillo, CFO

(Digital Signatures should appear as "/s/ [OFFICER NAME]")