ALPHINAT INC.

FINANCIAL STATEMENTS

AUGUST 31, 2025 AND 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Alphinat Inc.

Opinion

We have audited the accompanying financial statements of Alphinat Inc. (the "Company"), which comprise the statements of financial position as at August 31, 2025 and 2024 and the statements of changes in shareholders' deficiency, income and comprehensive income, and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company incurred major operating losses in the past and that its current liquidity may be insufficient to meet its obligations. As stated in Note 1, this situation indicates the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

<u>Revenue Recognition</u>

The Company recognized revenue from operations of $1,440,553 during the year ended August 31, 2025. As more fully described in Notes 2 and 3 to the financial statements, the Company enters into multiple service arrangements with its customers which include the sale of licenses, technical support and training, and various other professional services. Judgment is required by the Company to identify the various distinct performance obligations, and to determine the completeness and accuracy of revenue recognized.

The principal considerations for our determination that performing procedures relating to the judgment of the performance obligation, and the completeness and accuracy of revenues is a key audit matter are (i) judgments of whether the sale of licenses, technical support and training, and various other professional services are distinct, which in turn led to (ii) significant auditor judgment, subjectivity and effort in performing procedures and evaluating management's assessment of the performance obligations and the allocation of the prices and (iii) significant effort involved in assessing the completeness of the transactions and the accuracy of revenues recognized.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. Our audit procedures included, among others:

- Reviewing the Company's accounting policy for revenue recognition for compliance with IFRS.
- Evaluating the appropriateness of management's assessment of the performance obligation in revenue transactions by examining the contract source documents, and the allocation of the transaction price to the various obligations.
- Testing sales transactions against sales contracts and purchase orders to assess that revenues have been recognized appropriately.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Alyson Neil.

Davidson & Company LLP

Vancouver, Canada — Chartered Professional Accountants

December 19, 2025

ALPHINAT INC.

STATEMENTS OF FINANCIAL POSITION

AS AT AUGUST 31

(in Canadian dollars)

	Note	**2025**	2024
ASSETS		**$**	$
Current assets			
Cash		**228,646**	131,602
Accounts receivable and other receivables	5	**429,692**	342,686
Prepaid expenses		**26,355**	35,968
		684,693	510,256
Non-current assets			
Equipment	6	**4,897**	1,756
Intangible assets	7	**2,707**	3,959
Right-of-use assets	8	**123,063**	-
Total assets		**815,360**	515,971
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	**812,040**	862,693
Deferred revenues		**254,671**	173,326
Current portion of lease liability	8	**24,358**	-
		1,091,069	1,036,019
Non-current liabilities			
Long term portion of lease liability	8	**102,580**	-
Total liabilities		**1,193,649**	1,036,019
SHAREHOLDERS' DEFICIENCY			
Share capital	11	**6,713,719**	6,713,719
Contributed surplus	12	**2,057,703**	2,036,099
Deficit		**(9,149,711)**	(9,269,866)
Total shareholders' deficiency		**(378,289)**	(520,048)
Total liabilities and shareholders' deficiency		**815,360**	515,971

Going concern (note 1)

Contingency (note 22)

On behalf of the Board

(signed) Mahtab Abbasigaravand , President *(signed) Curtis Page* , Chairman of the board

ALPHINAT INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024
(in Canadian dollars)

	Share capital	Contributed surplus	Deficit	Total
	$	$	$	$
Balance - August 31, 2024	6,713,719	2,036,099	(9,269,866)	(520,048)
Stock-based compensation	-	21,604	-	21,604
Income	-	-	120,155	120,155
Balance - August 31, 2025	**6,713,719**	**2,057,703**	**(9,149,711)**	**(378,289)**
Balance - August 31, 2023	6,713,719	1,933,214	(9,321,690)	(674,757)
Stock-based compensation	-	102,885	-	102,885
Income	-	-	51,824	51,824
Balance - August 31, 2024	6,713,719	2,036,099	(9,269,866)	(520,048)

ALPHINAT INC.
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

(in Canadian dollars)

	Note	**2025**	2024
		$	$
REVENUES			
Licenses		**274,925**	230,224
Support		**369,578**	394,860
Professional services		**796,050**	493,192
		1,440,553	1,118,276
OPERATING EXPENSES			
Cost of services, administrative, selling and development	14	**1,209,934**	867,679
Stock-based compensation	12	**21,604**	102,885
		1,231,538	970,564
INCOME BEFORE THE FOLLOWING ITEMS		**209,015**	147,712
Financial expenses	18	**58,556**	38,912
Depreciation - fixed assets	6	**2,509**	2,516
Amortization - intangible assets	7	**1,252**	1,041
Depreciation - Right of use assets	8	**26,543**	53,419
		88,860	95,888
INCOME BEFORE INCOME TAXES		**120,155**	51,824
INCOME TAXES		**-**	-
NET INCOME AND COMPREHENSIVE INCOME		**120,155**	51,824
Basic and diluted earnings per share	15	**0.00**	0.00
Weighted average number of common shares outstanding		**63,148,956**	63,148,956

ALPHINAT INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

(in Canadian dollars)

	Note	2025	2024
		$	$
OPERATING ACTIVITIES			
Net income		**120,155**	51,824
Adjustments for :			
Depreciation - equipment		**2,509**	2,516
Amortization - intangible assets		**1,252**	1,041
Depreciation right-of-use assets		**26,543**	53,419
Stock-based compensation		**21,604**	102,885
Conversion of loan into government assistance		**-**	(20,000)
Accretion expense		**-**	6,673
Interest on lease liability		**10,571**	(157)
		182,634	198,201
Net change in non cash working capital items	4 a)	**(55,198)**	(19,213)
Cash provided by operating activities		**127,436**	178,988
INVESTING ACTIVITIES			
Acquisition of fixed assets		**(3,153)**	-
Acquisition of intangible assets		-	(5,000)
Cash used in investing activities		**(3,153)**	(5,000)
FINANCING ACTIVITIES			
Loan refund		-	(40,000)
Repayment of lease liability		**(27,239)**	(70,305)
Cash used in financing activities		**(27,239)**	(110,305)
NET CHANGE IN CASH		**97,044**	63,683
CASH, BEGINNING OF YEAR		**131,602**	67,919
CASH, END OF YEAR		**228,646**	131,602

1. DESCRIPTION OF BUSINESS AND GOING CONCERN

Alphinat Inc. (the "Company") was incorporated on March 12, 2004 under the Canada Business Corporations Act. Its mission is to develop and market software products that allow for the implementation of self service solutions and Web based work space, thereby facilitating all dealings between the organization and its clients, partners, suppliers, employees and shareholders.

Alphinat Inc. operates, grouped under one activity area, in four primary markets:
- Public sector
- Telecommunications
- Healthcare sector
- Financial institutions

The Company's common shares are trading on the TSX Venture Exchange in Toronto under the NPA symbol. Stock options are not traded on a stock exchange.

The Company's registered head office is located at 1010 Sherbrooke St. W., suite 718, Montreal, Quebec, Canada,

These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on a going concern basis. These financial statements were approved by the Board of Directors on December 19, 2025. Under the going concern assumption, a company is viewed as being able to continue its operations in the foreseeable future and realize its assets and discharge its liabilities in the normal course of operations.

Although these financial statements have been prepared on a going concern basis, certain facts and circumstances raise doubts as to this assumption. The Company incurred major operating losses in the past. Its current liquidities may be insufficient to meet its obligations as the Company's current liabilities exceed its current assets by $406,376 as at August 31, 2025 ($525,763 as at August 31, 2024). This situation indicates the existence of material uncertainties that may cast significant doubt about the Company ability to continue as going concern.

The Company’s continued operations depend on management’s ability to successfully implement its business plan, under which it expects to be able to increase its operating revenues from existing products and have agreements and partnerships with third parties. There is no assurance that these measures implemented by management will provide results. These financial statements do not include any adjustments that would be required if the Company was unable to continue operating. Should the Company be required to realize the value of its assets and settle its obligations in other than the ordinary course of business, the net realizable value of its assets may be materially less than the amounts shown in the financial statements. These adjustments could be material.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all financial years presented in these financial statements, unless otherwise indicated.

BASIS OF MEASUREMENT

These financial statements have been prepared on an accrual basis under the historical cost method.

CASH AND CASH EQUIVALENTS

The Company's policy is to present in cash and cash equivalents bank balances, including bank overdrafts whose balances fluctuate frequently from being positive to overdrawn cash equivalent definitions.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

FINANCIAL INSTRUMENTS

Recognition and derecognition
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
Except for those accounts receivable that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
- amortised cost;
- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVOCI).

In the years presented the Company does not have any financial assets categorised as FVTPL or FVOCI. The classification is determined by both:
- the entity's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, except for impairment of accounts receivable which is presented within cost of services, administrative, selling and development.

Subsequent measurement of financial assets

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Cash and accounts receivable (except tax credits receivable) fall into this category of financial instrument.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

The Company must consider a broad range of information to assess credit risk and to measure expected credit losses, including past events, current conditions and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and;
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Accounts receivable and other receivables
The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on an individual basis.

Classification and measurement of financial liabilities
The Company's financial liabilities include accounts payable and accrued liabilities (except for salaries, benefits and sales taxes payables), and lease liability.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges are included within finance expenses.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

FIXED ASSETS

Fixed assets are initially recorded at cost, including acquisition fees and all the preparation fees directly related to the asset before it can be used. Subsequent to initial measurement, fixed assets are recorded at cost, less accumulated depreciation and impairment.

Depreciation is recognised on a straight-line basis, in line with the asset's useful life, as follows:

	Methods	Duration
Office furniture and equipment	Straight-line	5 years
Computer equipment	Straight-line	3 years

The Company allocates the amount initially recognised for a fixed assets to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gain and losses on disposals of fixed assets are determined by comparing the proceeds with the carrying amount of the asset and are included as part of income in other revenues or other charges.

INTANGIBLE ASSETS

The Company's intangible assets are capitalized and amortized on a straight-line basis in the statements of income and comprehensive income over their expected useful lives as follows:

	Methods	Duration
Trademarks	Straight-line	4 years

Residual value and useful life duration are reviewed annually.

IMPAIRMENT OF FIXED ASSETS

Fixed assets, intangible assets and right-of-use assets subject to depreciation or amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Management is required to assess at each reporting date whether there is any indication that an asset may be impaired. Where such an indication exists, the asset's recoverable amount is compared to its carrying value, and an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, or cash-generating units ("CGU"). In determining the value in use of a given asset or CGU, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Fixed assets, intangible assets and right-of-use assets subject to depreciation or amortization that suffered impairment are reviewed for possible reversal of the impairment if there has been a change, since the date of the most recent impairment test, in the estimates used to determine the impaired asset's recoverable amount. However, an asset's carrying amount, increased due to the reversal of a prior impairment loss, must not exceed the carrying amount that would have been determined, net of depreciation or amortization, had the original impairment not occurred.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

SHAREHOLDERS' DEFICIENCY

Common shares and warrants issued with a share issuance, are classified as equity and are recorded in share capital at their fair value. The Company applies the residual value method to value warrants issued jointly with common shares. Incremental costs directly attributable to the issuance of shares are recorded in share capital, net of tax deduction.

OTHER COMPONENTS OF EQUITY

Contributed surplus includes stock based compensation expense until the exercice of those financial instruments. When exercised, the cost of the stock based compensation expense is credited to share capital. Deficit includes all the losses for current and past years.

TAX CREDITS

Tax credits for the developement of e-business are recognised when there is reasonable assurance that they will be received. Government authorities may not agree with the Company's interpretation as it relates to admissibility of its demands. When tax credits relate to an asset, they are recognised as a decrease in the asset acquisition cost. When they relate to an expense item, they are reported in profit or loss.

DEVELOPMENT EXPENSES

Development expenses that do not meet the accepted accounting criteria for deferral and research expenses are charged to expenses in the year in which they are incurred. Development costs are deferred if they meet accepted accounting criteria for deferral and amortization and are amortized over the estimated year of economic benefits. As at August 31, 2025 and August 31, 2024 no development costs have been deferred.

PROVISIONS

In accordance with IAS 37 (provisions, contingent liabilities and contingent assets) provisions for risk and charges are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. In the case where a potential obligation resulting from past events exists, but where the occurrence of the outflow of resources is not probable or the estimate is not reliable, these contingent liabilities are disclosed in off-balance sheet commitments and litigation. The provisions are measured based on management's best estimate of the outcome on the basis of facts known at the reporting date.

Disputes are subject, case by case, to regular monitoring by the Company with the help of outside counsel for litigation that is more significant and complex. A provision is recognised when it becomes probable that a present obligation arising from past events will require a settlement whose amount can be measured reliably. The evaluation of the provision is the best estimate of the outflow of resources allowing the extinction of this obligation.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

REVENUE RECOGNITION

Professional service revenues are recognised according to the percentage of completion method. Percentage of completion is established by comparing the actual costs incurred to the total cost of the contract. Work in progress is established by taking into account services rendered that have not yet been invoiced.

Revenues from the sale of software licenses are recognised when there is persuasive evidence of a valid arrangement, the software product has been delivered and accepted by the client, and no significant obligations from the Company remain.

Revenues from after-sales technical support are recognised on a straight-line basis over the contractual service year and revenues from other services are recognised as the services are rendered.

The Company conducts transactions involving many of its services and products such as software sales and support services. In all cases, the total transaction price of a given contract is distributed among the various obligations in proportion to the specific selling prices of each.

The Company recognizes deferred revenue as a liability for consideration received in payment of unfulfilled performance obligations. Likewise, if the Company fulfills an obligation of the service before having received the corresponding consideration, it is recognized as work in progress in current assets in its balance sheet.

LEASES

The Company recognizes a right-of-use asset and a lease liability with respect to a lease on the date the underlying asset is available for use by the Company (hereinafter “commencement date”).

The right-of-use asset is initially measured at cost, which includes the initial lease liabilities adjusted for lease payments made on or before the commencement date, plus the initial direct costs incurred and an estimate of all the costs for dismantling and removing the underlying asset, less any rental incentive received.

The right-of-use asset is amortised over the shorter of the estimated useful life of the underlying asset or the lease term on a straight-line basis. Additionally, the cost of a right-of-use asset is reduced by any accumulated impairment losses and, as appropriate, adjusted for any remeasurement of the related lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, calculated using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as its discounting rate. The lease payments included in the lease liability include the following, in particular:

- Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Lease payments relating to extension options that the Company is reasonably certain it will exercise.

The Company has elected not to recognise separately non-lease components of leases for office space (buildings). Accordingly, lease payments and the lease liability include payments relating to lease and non-lease components. Interest expense related to lease liabilities is accounted in the statements of income and comprehensive income under the effective interest rate method.

The lease liability is remeasured when there is a change in future lease payments resulting from a change in an index or when the Company changes its measurement with respect to the exercise of a purchase, extension or termination option. The lease liability adjustment is adjusted against the related right-of-use asset or recorded in profit or loss if the right-of-use asset is reduced to zero.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

GOVERNMENT GRANTS

During the course of its activities, it is possible that the Company receives different grants. These grants are recognised when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant. Grants that compensate the Company for a specific expense incurred are recognised in the statements of income and comprehensive income against the expenses.

INCOME TAXES

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year. Deferred income taxes are calculated using the balance sheet liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is determined using the weighted average number of shares outstanding during the year.

Diluted earnings per share is determined using the weighted average number of shares outstanding during the year plus the dilutive potential effect of the common shares outstanding during the year. The diluted earnings per share is calculated using the treasury stock method as if all the potential dilutive shares had been issued no later than the beginning of the year or the issuance date, and the proceeds received had been used to redeem the Company’s shares at the average market price during the year.

When funds are received, at the date of issuance of dilutive instruments, the net amount is adjusted net of tax expenses related to these instruments.

Diluted earnings per share is the same as basic earnings per share due to the anti-dilutive effect of stock options when the Company suffers losses or the stock options are issued at a premium to the average market price.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

STOCK BASED COMPENSATION

The Company has granted stock options as described in note 12 a). Stock based compensation expense is recorded using the fair value method for the options granted to directors, officers and employees. Under this method, the stock based compensation expense is measured at the fair value at the date of grant using an option pricing model and is recognised over the vesting year of the options.

The Company estimates the fair value of options using the Black Scholes option pricing model. The Black Scholes option pricing model was developed to estimate the fair value of traded options that have no vesting or transfer restrictions. Furthermore, this pricing model requires the use of subjective assumptions including expected stock price volatility.

When goods or services are obtained in exchange for stock options or warrants, the Company estimates the goods or services received and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless the fair value cannot be reliably estimated. If the Company cannot estimate reliably the fair value of the goods or services received, it estimates the value and the corresponding increase in equity, indirectly, by reference to the fair value of equity instruments granted.

All considerations paid for stock options and the amount previously included for these stock options in contributed surplus are credited to the share capital when the options are exercised.

ACCOUNTS DENOMINATED IN FOREIGN CURRENCIES

Presentation currency and foreign currency operations

The Canadian dollar is the Company's presentation currency, which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies at the date of the balance sheet are converted into functional currency at the exchange rates prevailing at that date. All resulting changes are recognised in profit of loss.

STANDARDS, MODIFICATIONS AND FUTURE INTERPRETATIONS

Standards, modifications and interpretations of existing standards that are not yet in force and that the Company has not adopted in anticipation

At the authorization date for publication of these financial statements, new standards, new amendments and new interpretations of existing standards have been published, but are not yet in force. The Company did not adopt them early. It plans to adopt them according to their date of entry into force and, with the exception of IFRS 18, they are not expected to have a material impact on the Company's financial statements.

IFRS 18 - Presentation and Disclosure in financial statements
IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies financial performance for better investment decisions.
a) Three defined categories for income and expenses - operating, investing or financing - to improve the structure of the income statements, and require all companies to provide new defined subtotals, including operating profit;
b) Requirement for companies to disclose explanations of management-defined performance mesaures (MPMs) that are related to the income statement; and
c) Enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS often requires management to make estimates and apply assumptions or subjective judgment to future events and other matters that affect the reported amounts of the Company's assets, liabilities, revenues, expenses and related disclosures. Assumptions, estimates and judgments are based on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which the Company's financial statements are prepared. Management reviews, on a regular basis, the Company's accounting policies, assumptions, estimates and judgments in order to ensure that the financial statements are presented fairly and in accordance with IFRS.

Critical accounting estimates and judgments are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustments.

Management considers the following areas to be those where critical accounting policies affect the significant judgments and estimates used in the preparation of the Company's financial statements.

Fair value of stock options

Determining the fair value of stock options at the grant date requires judgment related to the choice of a pricing model, the estimation of stock price volatility and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or other components of shareholders' deficiency..

Provisions

Provisions are recognized when the current obligations (legal or constructive), resulting from a past event, are likely to result in an outflow of resources representing economic benefits of the Company and the amounts can be reliably estimated. Provisions are liabilities of uncertain deadline or amount.

The valuation of provisions corresponds to the expenses estimated to be necessary to settle the current obligation, based on the most reliable evidence available at the end of the year, including the risks and uncertainties associated with the current obligation. Provisions are discounted when the time value of money is significant.

Judgment is used to determine whether a past event has given rise to a liability that should be recognized in the financial statements as a provision or whether it should be presented as a contingent liability. Quantifying these liabilities involves judgments and estimates. These judgments are based on several factors, such as the nature of the claim or conflict, legal procedures, the potential amount payable, previous experience and the likelihood of a loss occurring. Several of these factors cause uncertainty in the estimates.

Provisions are reviewed at the end of each fiscal year and adjusted to reflect the best estimates at that date.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Revenue allocation of multiple component contracts

The Company's arrangements often include a mix of services and products. If an arrangement involves the provision of multiple components, the total arrangement value is allocated to each separately identifiable component based on its relative selling price. A component is considered to be separately identifiable if it has value to the client on a stand-alone basis. Assessing whether an arrangement involving the provision of multiple components has separately identifiable components requires judgment by management. When estimating selling price, the Company maximizes the use of observable prices which are established using the Company's prices for same or similar components. When observable prices are not available, the Company estimates selling prices based on its best estimate of selling price. The best estimate of selling price is the price at which the Company would normally expect to offer the services or products and is established by considering a number of internal and external factors including, but not limited to, the Company's pricing policies, internal costs and margins. The appropriate revenue recognition method is applied for each separately identifiable component.

Deferred income taxes

When the Company incurs losses that cannot be associated with current or past profits, it evaluates the probability of generating taxable income in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable revenues and expenses and specific regulations relating to the use of unused credit or unused tax losses. When the forecasts indicate that future taxable profits will be sufficient for temporary differences to be deductible, a deferred tax asset is recognised for all deductible temporary differences.

Government assistance

The Company is entitled to government assistance in the form of tax credits. These are applied either against the related expenses or the cost of the asset acquired. Tax credits are available based on eligible expenses. Grants are subject to compliance with terms and conditions of the related agreements. Government assistance is recognised when there is reasonable assurance that the Company has met the requirements of the approved grant program or, with regard to tax credits, when there is reasonable assurance that they will be realized.

Work in progress

Revenues from long-term contracts are accounted for using the stage of completion method. The stage of completion is determined by comparing the incurred actual costs to anticipated total costs to complete the contract, excluding costs that are not representative in measuring the stage of completion. Estimated revenues include revenues from order changes and claims, when it is probable that they will result in additional revenue and that the amount can be reliably estimated. If a revision of a contract indicates a negative gross margin, the total expected loss on the contract is recognised in cost of services in the year during which the negative gross margin is determined.

Lease contracts

Recognising leases requires judgment and use of estimates and assumptions. Judgment is used to determine whether there is reasonable certainty that a lease extension or cancellation option will be exercised. Furthermore, management estimates are used to determine the lease terms and the appropriate interest rate to establish the lease liability (refer to note 8).

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. The current situation indicates the existence of a material uncertainty, which may cast significant doubt upon the Company's ability to continue as a going concern. Further information regarding going concern is outlined in note 1.

4. SUPPLEMENTARY CASH FLOW INFORMATION

a) Net change in non-cash working capital items is as follows for the years ended :

	2025	2024
	$	$
Accounts receivable and other receivables	**(87,006)**	50,315
Prepaid expenses	**3,613**	(11,098)
Accounts payable and accrued liabilities	**(53,150)**	(3,612)
Deferred revenues	**81,345**	(54,818)
	(55,198)	(19,213)

During the year ended August 31, 2025, the Company paid $nil for interest and taxes ($nil - 2024)

5. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	2025	2024
	$	$
Accounts receivable in Canadian currency [(1)]	**257,781**	91,607
Accounts receivable in US currency [(1)]	**43,923**	11,558
Unbilled revenues	**5,198**	124,647
Tax credits for the developement of e-business	**122,790**	114,874
	429,692	342,686

[(1)] The terms of these accounts receivable are detailed in the following table:

Breakdown of accounts receivable:	**2025**	2024
	$	$
0 to 30 days	**170,671**	52,297
31 to 60 days	**12,886**	18,702
61 to 90 days	**20,868**	8,204
More than 90 days	**97,280**	23,962
	301,704	103,165

(in Canadian dollars)

6. EQUIPMENT

	Office furniture and equipment	Computer equipment	Total
Cost	$	$	$
Balance as at August 31, 2024	12,843	39,576	52,419
Acquisitions	3,153	2,497	5,650
Balance as at August 31, 2025	**15,996**	**42,073**	**58,069**
Accumulated depreciation			
Balance as at August 31, 2024	12,843	37,820	50,663
Depreciation	579	1,930	2,509
Balance as at August 31, 2025	13,422	39,750	53,172
Net book value as at August 31, 2025	**2,574**	**2,323**	**4,897**

	Office furniture and equipment	Computer equipment	Total
Cost	$	$	$
Balance as at August 31, 2023	12,843	39,576	52,419
Acquisitions	-	-	-
Balance as at August 31, 2024	12,843	39,576	52,419
Accumulated depreciation			
Balance as at August 31, 2023	12,745	35,402	48,147
Depreciation	98	2,418	2,516
Balance as at August 31, 2024	12,843	37,820	50,663
Net book value as at August 31, 2024	-	1,756	1,756

7. INTANGIBLE ASSETS

	Trademarks
Cost	$
Balance as at August 31, 2024	5,000
Acquisitions	-
Balance as at August 31, 2025	5,000
Accumulated amortization	
Balance as at August 31, 2024	1,041
Amortization	1,252
Balance as at August 31, 2025	2,293
Net book value as at August 31, 2025	**2,707**

	Trademarks
Cost	$
Balance as at August 31, 2023	-
Acquisitions	5,000
Balance as at August 31, 2024	5,000
Accumulated amortization	
Balance as at August 31, 2023	-
Amortization	1,041
Balance as at August 31, 2024	1,041
Net book value as at August 31, 2024	3,959

8. LEASES

The Company leases an office space. The Company signed a 5-year lease agreement commencing on October 3, 2024. The right-of-use asset and lease liability recognised by the Company relate to office space.

Right-of-use asset	Building
	$
Balance as at August 31, 2023	53,419
Depreciation	(53,419)
Balance as at August 31, 2024	-
Additions	149,606
Depreciation	(26,543)
Balance as at August 31, 2025	**123,063**

Lease liability	
	$
Balance as at August 31, 2023	70,462
Lease payments	(70,305)
Interest expenses on lease liability	(157)
Balance as at August 31, 2024	-
Additions	143,606
Lease payments	(27,239)
Interest expense on lease liability	10,571
Balance as at August 31, 2025	**126,938**

Current portion of lease liability	24,358
Long term portion of lease liability	102,580
	126,938

Contractual undiscounted payments under the lease liabilitiy are as follows:

	2025	2024
	$	$
Within one year	33,973	-
Between 1 and 5 years	116,457	-
Total	150,430	-

	2025	2024
	$	$
Other amounts recognised in profit or loss		
Interest expenses on lease liability	**10,571**	(157)
Cash flow amounts		
Total cash outflow for lease	**27,239**	70,305

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024
	$	$
Accounts payable and accrued liabilities, contracted in Canadian currency	**125,481**	211,706
Accounts payable, contracted in US currency	**41,720**	41,079
Salaries, vacation, bonus and fringe benefits payable	**178,653**	179,034
Canadian sales tax payable	**28,418**	24,203
European value-added taxes payable, contracted in Euro currency	**437,768**	406,671
	812,040	862,693

(in Canadian dollars)

10. CANADA EMERGENCY BUSINESS ACCOUNT LOAN

The Company received a loan of $60,000 under the Canada Emergency Business Account program for the Canadian companies. If the Company repays an amount totaling $40,000 of the loan by January 18, 2024, no further amount will be repayable. Otherwise, the balance of the loan will bear interest at the rate of 5%, repayable at maturity on December 31, 2026.

Although government assistance of $20,000 is not repayable if the Company repays the amount of $40,000 by January 18, 2024, this amount will be recognized in income when the Company has reasonable assurance that it will comply with the terms of early repayment of this aid. In addition, upon initial recognition, the Company measured the loan at fair value resulting in an adjustment of $22,902 recognized in earnings as government assistance.

During the year ended August 31, 2025, the Company repaid $nil of the loan ($40,000 in 2024) and the government assistance of $nil ($20,000 in 2024) was recorded in the statement of income and comprehensive income.

11. CAPITAL STOCK

a) Authorized

An unlimited number of participating and voting common shares.

b) Issued

	2025	2024
	$	$
63,148,956 common shares as at August 31, 2025 and 2024	**6,713,719**	6,713,719

(in Canadian dollars)

12. STOCK OPTIONS

a) Stock options

Pursuant to the terms of the plan modified in February 2010, February 2013 and February 2021, the Board of Directors are authorized to grant directors, officers, employees and consultants of the Company options to acquire common shares of the Company. The maximum number of options that can be granted under this plan is 20% of the issued and outstanding ordinary common shares of the Company. Options granted under this plan have a maximum term of five years and will be granted at a price and vesting conditions as determined by the Board of Directors in order to achieve the objective of the plan, in accordance with the applicable regulatory policies. The exercice price of the option may not be below the market price.

The maximum number of options that may be granted to a beneficiary of the Company cannot exceed 5% of the total outstanding common shares. The maximum number of options that may be granted to consultants cannot exceed 2% of the total outstanding common shares.

The following table presents information concerning outstanding stock options for the years ended August 31, 2025 and 2024:

	Number of options	Weighted average exercise price per share
		$
Balance as at August 31, 2023	6,400,000	0.09
Forfeited	(1,400,000)	0.08
Expired	(1,625,000)	0.12
Granted	2,275,000	0.08
Balance as at August 31, 2024	5,650,000	0.08
Balance as at August 31, 2025	**5,650,000**	**0.08**

Transactions during the year ended August 31, 2025

During the year ended August 31, 2025, the Company recognized stock-based compensation of $21,604 related to the vesting of options granted during the year ended August 31, 2024.

Transactions during the year ended August 31, 2024

During the year ended August 31, 2024, the Company granted 2,275,000 stock options that entitle the holder to purchase 2,275,000 common shares at an exercise price of $0.08, for a period of five years. The fair value of $112,718, or $0.049 per stock option, was estimated on the grant date using the Black and Scholes pricing model. These stock options were granted on January 12, 2024 and will vest every three months for 18 months. Also during the year 1,625,000 stock options expired and 1,400,000 were forfeited. The Company recognized stock-based compensation of $102,885 during the year.

The following assumptions were used:

	Issuance on January 12, 2024
Risk-free interest rate	3.20%
Expected volatility	107%
Dividend yield	0%
Share price	$0.065
Expected life	5 years

(in Canadian dollars)

12. STOCK OPTIONS (CONTINUED)

The following table summarizes information about outstanding stock options granted by the Company as at August 31, 2025 and August 31, 2024 :

Outstanding options				Exercisable options	
Range of exercise price	Number of options	Weighted average remaining contractual life (months)	Weighted average exercise price	Number of options	Weighted average exercise price
$			$		$
As at August 31, 2024					
0.08	5,650,000	47	0.08	3,570,833	0.08
As at August 31, 2025					
0.08	**5,650,000**	**35**	**0.08**	**5,650,000**	**0.08**

b) Contributed surplus

Contributed surplus includes outstanding and expired stock options. The balance is as follows :

	2025	2024
	$	$
Outstanding stock options	**160,437**	135,713
Expired stock options	**1,872,266**	1,875,386
Others	**25,000**	25,000
	2,057,703	2,036,099

13. FINANCIAL INSTRUMENTS

Fair value

The Company measured the fair value of its financial instruments based on current interest rates, fair value and the current price of financial instruments with comparable characteristics. Unless otherwise indicated, the carrying value is considered approximately equal to fair value.

IFRS 7 requires additional disclosure regarding fair value measurements, including a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of hierarchy regarding fair value measurements are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2 – Inputs, other than quoted prices, for which assets or liabilities are directly or indirectly observable;
Level 3 – Inputs that are not based on observable market data.

Amortized cost

Cash, accounts receivable and other receivables and accounts payable and accrued liabilities are carried at amortized cost as they approximate their fair values due to the short-term nature of the financial instruments. Lease liability approximates its fair value as it has been discounted with an interest rate comparable to current makret rates.

(in Canadian dollars)

13. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flow, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. As at August 31, 2025, the Company had a credit concentration of more than 59% of its accounts receivable were due from two customers (57% as at August 31, 2024 due from three customers). Due to these customers' excellent financial situation, management is of the opinion that this credit risk is limited.

Interest rate risk

The Company is exposed to interest rate risk on its financial instruments at a fixed interest rate. Financial instruments at fixed-interest rate subject the Company to a fair value risk.

The following table presents the Company's exposure to interest rate risk:

Accounts receivable and other receivables	Non-interest bearing
Accounts payable and accrued liabilities, except interest payable	Non-interest bearing

Market risk

The future performance of the Company is dependent upon its ability to develop and release updated and upgraded versions of SmartGuide® software suite that gain acceptance and satisfy consumer demands in its targeted markets. The popularity or relevance of any of its solutions may decline over time as consumer preferences change or as new competing softwares are introduced to target markets. The development of new solutions and their distribution within the target market, require significant investments.

Liquidity risk

In order to meet additional capital requirements, the Company may consider collaborative arrangements and additional public or private financing to fund all or a part of particular software development programs and/or working capital needs. Private financing could include incurring debt and the issuance of additional equity securities, which could result in dilution to shareholders. There can be no assurance that additional funding will be available. The corporation manages this risk by establishing a detailed cash forecast, as well as long term operating and strategic plans. According to this forecast, cash flows from operating activities will be generated by government license and maintenance fees and professional services sales directly and through partnerships. As at August 31, 2025 and August 31, 2024, all financial liabilities mature in less than three months, except for the lease liability which matures on November 30, 2029.

13. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign exchange risk

Because of its leasing and sales of licenses in Euros and its operations in US currency, the Company is exposed to foreign exchange risk (notes 5 and 9 show details of accounts receivable and payable in foreign currencies). These risks are partially offset by its marketing expenses in United States and Europe. The risk is not hedged.

The following table details the Company's sensitivity to an increase or decrease of 10% in foreign exchange rate compared to the Canadian currency. The analysis only considers current monetary items :

	Increase of 10%		Decrease of 10%	
	2025	2024	**2025**	2024
			$	$
US currency versus Canadian $				
Net gain (loss) and shareholders' deficiency (i)	**220**	**2,952**	**(220)**	(2,952)
Euro currency versus Canadian $				
Net gain (loss) and shareholders' deficiency (i)	**43,777**	**40,667**	**(43,777)**	(40,667)

(i) Essentially due to exposure to receivables and payables denominated in foreign currencies.

14. COST OF SERVICES, ADMINISTRATIVE, SELLING AND DEVELOPMENT EXPENSES

	2025	2024
	$	$
Insurance	**52,978**	59,118
Other administrative expenses	**68,319**	73,702
Income tax credits	**(122,791)**	(120,215)
Travel expenses	**25,090**	17,804
Publicity and promotion	**11,017**	8,745
Professional fees	**135,632**	76,609
Bad debt	**4,894**	-
Salaries and fringe benefits	**1,034,795**	778,916
Grant	**-**	(27,000)
	1,209,934	867,679

15. EARNINGS PER SHARE

For the financial years ended August 31, 2025 and 2024, there was no difference between the basic and diluted earnings per share due to the fact that all stock options that have been issued have an antidilutive effect and consequently, were not included in the calculations. The basic and diluted earnings per share was calculated using the weighted average number of common shares outstanding.

(in Canadian dollars)

16. IMPORTANT CLIENTS CONCENTRATIONS

Sales made to the most important clients in relation with total sales :

	2025
	$
International intergovernmental organisation	**302,199 (21%)**
City in Canada	**170,801 (12%)**
Major solutions provider for public sector agencies	**150,665 (10%)**

	2024
	$
Province in Canada	323,071 (29%)
Consultant firm	203,232 (18%)
Major solutions provider for Public Sector Agencies	144,367 (13%)

17. GEOGRAPHICAL DISTRIBUTION

Sales made by geographic regions based on client location:

	2025	2024
	$	$
Canada	**995,269 (69%)**	1,017,461 (91%)
United States	**140,448 (10%)**	96,933 (8%)
Other	**304,836 (21%)**	3,882 (1%)
	1,440,553	1,118,276

18. INFORMATION ON INCOME - FINANCIAL EXPENSES

	2025	2024
	$	$
Interest and bank charges	**526**	1,760
Penalties and interest paid to governements	**7,576**	23,631
Interest on lease liability	**10,571**	(157)
Interest revenue	**(762)**	(174)
Accretion expense	**-**	6,673
Foreign exchange loss	**40,645**	7,179
	58,556	38,912

19. INCOME TAXES

a) Income tax expense on benefits vary from the amount that would have been calculated using the statutory income tax rate of 26.5% :

	2025	2024
	$	$
Net income before income taxes	**120,155**	51,824
Income tax expense using the statutory income tax rate	**31,841**	13,733
Use of non refundable income tax credits	**(15,158)**	-
Use of unrecognized tax benefits from temporary differences	**(25,502)**	(34,463)
Permanent differences and others	**8,819**	20,730
	-	-

(in Canadian dollars)

19. INCOME TAXES (CONTINUED)

Deferred tax arising from temporary differences and unused tax losses is summarized as follows:

	2025	2024
	$	$
Refundable tax credit	**(32,540)**	(30,442)
Non-refundable tax credit	**(14,228)**	(7,610)
Right-of-use assets	**(32,612)**	-
Lease liability	**33,639**	-
Non-capital losses	**45,741**	38,052
	-	-

As at August 31, 2025, deductible temporary differences for which no deferred income tax assets has been recognised, are the following:

	Expiry date	**Federal**	**Quebec**
		$	$
Research and development expenses	No expiry date	**3,176,419**	**5,856,162**
Intangible assets	No expiry date	**257,667**	**257,667**
Fixed assets	No expiry date	**77,027**	**76,643**
Non-capital losses	Different expiry date, see below	**2,155,927**	**1,779,890**
		5,667,040	**7,970,362**

The capacity to realize tax benefits depends on a number of factors, including the future profitability of operations. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow recovery of the asset. Consequently, the deferred tax assets have not been recognised, these unrecognised deferred tax assets amounts to $1,777,950 ($1,809,594 in 2024).

As at August 31, 2025, the Company had non-capital losses that can be used to reduce payable income taxes in the following financial years and expire as follows:

	Federal	**Provincial**
	$	**$**
2028	317,631	-
2029	248,776	216,517
2031	727,354	721,971
2032	638,373	622,989
2034	51,450	47,031
2035	67,097	66,135
2038	105,246	105,247
	2,155,927	**1,779,890**

As at August 31, 2025, the Company has unused research and development expenses totalling $3,176,419 at the federal level and $5,856,162 at the provincial level that may be carried forward indefinitely.

In addition, as at August 31, 2025, the Company has research and development tax credits at the federal level totalling approximately $847,049 ($847,049 as at August 31, 2024) that may be uses to offset future taxable income. In the event of recognition of such tax credit, a deferred tax liability of $224,468 would be recognised. The Company also has provincial non-refundable tax credit for the development of e-business totaling $123,724 ($108,184 in 2024).

20. CAPITAL DISCLOSURES

With regards to capital management, the Company's objective, from the beginning of its operations, is the continuity of its operations in order to carry on with the development and marketing of the SmartGuide® software suite, the protection of its assets, while maximizing the shareholders' return on investment. The Company is not subject to any externally imposed capital requirements. The Company has several options regarding its capital needs such as issuance of capital shares, debentures and other current and long term financing.

The Company defines its capital as the sum of its shareholders' deficiency. The shareholders' deficiency of $(378,289) as at August 31, 2025 ($(520,048) as at August 31, 2024) includes share capital, contributed surplus related to stock options issued in exchange of services and deficit.

There was no significant changes in the Company's approach to capital management during the financial years ended August 31, 2025 and 2024.

21. RELATED PARTY TRANSACTIONS

Key management and directors compensation

Key management compensation, i.e. the president, paid as salaries, for the year ended August 31, 2025 was $267,381 ($206,958 for the year ended August 31, 2024). The chief financial officer compensation, paid as professional fees, for the year ended August 31, 2025 was $11,895 ($14,115 for the year ended August 31, 2024).

Directors' compensation, paid as professional fees for the year ended August 31, 2025 was $16,551 ($nil for the year ended August 31, 2024).

Key management and directors compensation, paid as stock options, for the year ended August 31, 2025 was $nil ($5,691 for the year ended August 31, 2024).

Included in accounts payable and accrued liabilities at August 31, 2025 is $17,955 ($13,239 for the year ended August 31, 2024) due to officers and directors of the Company.

22. CONTINGENCY

In the normal course of business, the Company is exposed to litigation or claims arising from transactions with customers or suppliers or resulting from verifications by local and foreign regulatory authorities. The Company cannot predict the outcome of such situations and the probability of an outflow of economic resources. The Company recognizes a contingent liability when the time and amount of the outflow are more likely than not to occur. For the years ended August 31, 2025 and 2024, no provision was recorded.