

## Management Discussion and Analysis

Alphinat Inc. ("Alphinat" or the "Company") Tiohtiá:ke/Montreal, QC headquarters are situated on the traditional territory of the Kanien'kehà:ka, which has long served as a site of meeting and exchange amongst many First Nations including the Kanien'kehà:ka of the Haudenosaunee Confederacy, Huron/Wendat, Abenaki, and Anishinaabeg. We recognize and respect the Kanien'kehà:ka as the traditional custodians of the lands and waters on which we operate and are committed to promoting diversity and inclusion within our company and community. (TSX Ventures Exchange: NPA.H:NEX) has reported its audited results for the year ended August 31, 2025.

### General

This MD&A has been prepared as of December 19, 2025. This MD&A should be read in conjunction with our annual audited financial statements for the years ended August 31, 2025 and 2024 available which are available on SEDAR and on our web site at [www.alphinat.com](http://www.alphinat.com).

These financial statements were prepared by management in accordance with IFRS Accounting Standards.

All dollar amounts are expressed in Canadian dollars unless stated otherwise.

This MD&A was prepared based on information available as of December 19, 2025.

**Overview - SmartGuide® brings faster agile development of digital services with LIVEaiASSIST® to the Cloud, Web and mobile and through its offer with SmartProfile® a standalone secure Single Sign On (SSO) Customer Identity Access Management (CIAM) solution.**

Alphinat sells SmartGuide® software and SmartGuide solutions which are used for development and delivery of advanced digital services and secure portal solutions for public sector and industry.

SmartGuide® is a drag-and-drop development platform complete with features that many other solutions require developers to code, making applications easier to build, test and maintain. SmartGuide® software also provides easy support for accessibility standards with translation capacity supporting multiple languages and can automatically generate customizable documentation of the application being built.

SmartGuide software solutions are used by finance industry, federal, state and over 25 municipal governments with our secure portal technology for enterprise digital service delivery. Designed to leverage existing technologies such as CRM, Document Management, Workflow and other back-office assets.

SmartGuide software is designed to be compatible and scalable with leading cloud providers, enabling clients to deploy multiple applications on the same instance to meet critical workload needs.

The Alphinat SmartGuide software platform is designed to allow for enterprise-level security and control over the applications it helps create, including leveraging features such as, artificial intelligence (AI), blockchain, unlimited encryption and two+ factor authentication that are specifically designed to thwart information, data and identity theft.

Deployable natively in J2EE or .NET environments, on premises or in the cloud, SmartGuide software solutions can help quickly build interactive web and mobile dialogs that guide people to the relevant response, help them diagnose problems or lead them through a series of defined steps that make it easy to interact and to complete complex or infrequently performed tasks. It is ideally suited for complex digital service offerings.

SmartGuide® is a drag-and-drop development platform complete with features that many other solutions require developers to code, making applications easier to build, test and maintain. SmartGuide® software also provides easy support for accessibility standards with translation capacity supporting multiple languages and

can automatically generate customizable documentation of the application being built. As of Version 11 SmartGuide comes with optional Artificial Intelligence (AI) assisted development accelerator LIVEaiASSIST® leveraging your choice of large language model subscriptions.

The public sectors, healthcare, banking, insurance, telecommunications, and others, can benefit from SmartGuide® technology to modernize, automate and make profitable a multitude of business processes by realizing substantial savings compared to solutions tailor-made and coded. For more information on Alphinat or its software suite, please visit [www.alphinat.com/en](http://www.alphinat.com/en).

## Business operations

Alphinat has experienced government cutbacks in IT spending in the post Covid economy but has worked to mitigate the business impact as the public sector continues to need to digitize citizen and enterprise services. Alphinat has an active diversity policy with 42% of its workforce being 1<sup>st</sup> or 2<sup>nd</sup> generation immigrants or visible minorities, being a women lead firm and gender orientation indifferent.

During the year ended August 31, 2025, Alphinat continues to focus its efforts on improving its operating cashflow and on increasing solution sales including its pipeline of professional services working on delivering a few showcase projects to reduce client purchase decision risk and to re-enforce the sales pipeline.

We have also continued to work on expanding our distribution channels and on diversifying our offerings including security and automation features.

In order to accelerate future growth, Alphinat has considerably broadened its horizons by now counting six main areas of solution deliveries:

- 1) SmartGuide® Grants and Contributions solution ([www.SmartGrants.ca](http://www.SmartGrants.ca)) was developed in conjunction with a federal department of the Canadian Government. This platform offers unparalleled productivity for federal, state and municipal clients creating calls for grants including financial program creations for applications, adjudication and payments;
- 2) SmartGuide® Portal Edition for Dynamics 365<sup>1</sup> ([www.smartD365.com](http://www.smartD365.com)) has optimize the way that clients can now create and deploy online services on top of Microsoft Dynamics 365 CRM solutions. This offering is available in SaaS mode as well as on-premises;
- 3) SmartGuide® Green House Gas Registry solutions ([www.SmartGHGR.ca](http://www.SmartGHGR.ca)) is a green fintech solution allowing governments and industry to work together in reducing the harmful effects of greenhouse gas. Alphinat currently has three provincial clients for our SmartGHGR.ca solution;
- 4) SmartGuide® Claims solutions ([www.SmartClaims.ca](http://www.SmartClaims.ca)) was developed in conjunction with a major IT consulting partner, which aims at offering unparalleled productivity to federal, state and municipal clients for financial claims applications, adjudication and settlements for financial compensation and class action settlements;
- 5) SmartGuide® CIVIC Portal, CIVIC Portal for Permits & Licensing ([www.PermitSmarter.ca](http://www.PermitSmarter.ca)) and SmartGuide® Municipal Cloud are Municipal Cloud and on-premises solutions front ending partner solutions and other digital services for improved user experience for both the cities and their citizens.
- 6) SmartProfile® a secure Single Sign On solution is now a standalone solution, built on SmartGuide it provides industry leading flexible for full integration and end-user satisfaction.

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<sup>1</sup> Dynamics 365 is a trademark of Microsoft Corporation



The Company delivers solutions to various industry, federal, provincial/state agencies and municipalities across North America. In addition, the Company continues to be involved in supporting its partners to ensure the delivery of solutions to government customers.

Alphinat is evolving its partnership strategy with consulting firms and systems integrators to promote and ensure resale and delivery of SmartGuide and SmartGuide solutions, as well as with independent software vendors for Original Equipment Manufacturer for portal (OEM) agreements and with other partners for SaaS services. Management believes that these agreements will help to reduce the sales cycle of the Company's products while giving it additional exposure to new potential clients.

### Selected annual data

The information contained in the table below represents selected financial information from operations and the financial evolution of Alphinat for the years ending August 31, 2025, 2024, and 2023 as well as the financial position at these dates.

Fiscal year	2025	2024	2023
	31-08-2025	31-08-2024	31-08-2023
	\$	\$	\$
Revenue	1,440,553	1,118,276	1,423,902
Net income	120,155	51,824	84,870
Basic and diluted EPS	0.00	0.00	0.00
Total Assets	815,360	515,971	543,481
Total liabilities (including current and non-current portion)	1,193,649	1,036,019	1,218,238

### Selected quarterly financial data (unaudited)

Period	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
	31-08-2025	31-05-2025	28-02-2025	30-11-2024	31-08-2024	31-05-2024	28-02-2024	30-11-2023
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	569,396	359,559	182,884	328,714	394,290	256,533	242,715	224,738
Net earnings (Loss)	174,040	29,127	(188,216)	105,204	105,743	(43,866)	803	(10,856)
Basic and diluted EPS	0.00	0.00	(0.00)	0.00	0.00	(0.00)	0.00	(0.00)

## **Q4 2025 versus Q4 2024**

### **Quarterly Revenue**

For the three months ended August 31, 2025, the Company generated revenue of \$569,396, compared to \$394,290 for the three months ended August 31, 2024, representing an increase of \$175,106, or 44%.

The increase in quarterly revenue was primarily attributable to higher professional services revenue, reflecting the continued phased delivery of international SmartGuide implementation projects, including court platform and CIAM-related mandates. Revenue recognized during the quarter reflects the satisfaction of performance obligations under customer contracts.

During the quarter, the Company continued to lease SmartGuide licenses to federal, state/provincial, and municipal government customers in Canada and the United States, both directly and through partners, in the normal course of business. The Company's ongoing transition toward rental and SaaS-based licensing models continued to impact the composition of revenue, with a greater emphasis on recurring and time-based arrangements.

### **Net Earnings (Loss)**

For the three months ended August 31, 2025, the Company recorded net earnings of \$174,040, compared to net earnings of \$105,743 for the corresponding period in the prior year. The increase in net earnings was primarily driven by higher revenue levels during the quarter, partially offset by operating cost increases associated with increased delivery activity.

Basic and diluted earnings per share were \$0.00 for the three months ended August 31, 2025 and 2024, respectively.

### **Operating Expenses**

Operating expenses for the three months ended August 31, 2025 increased compared to the same period in the prior year, primarily reflecting higher personnel-related costs as the Company returned to normalized staffing levels following prior restructuring initiatives. The increase was partially offset by lower non-cash compensation costs, including reduced stock-based compensation expense.

## **Year over Year Results**

### **Annual Revenue**

For the year ended August 31, 2025, the Company recorded total revenue of \$1,440,553 compared to \$1,118,276 for the same period in 2024 mostly due to increased professional service deliveries for new international contracts and new license sales increased.

During the year ended August 31, 2025, license revenue of \$274,925 increased slightly compared to \$230,224 for the year ended August 31, 2024, mainly due to new contracts with a consulting firm. Support revenues of \$369,578 for the year ended August 31, 2025, decreased as compared to \$ 394,860 for the year ended August 31, 2024, reflecting the end of a few projects with recurring support contracts and the transition of the Company to rental or SaaS licenses that have no additional license support revenues.

Professional services revenue for SmartGuide implementations for the year ended August 31, 2025, increased to \$796,050 as compared to \$493,192 for the prior year, following the phased deliveries of three major contracts

in 2025 of an international courts platform and CIAM projects. In the fiscal year ended August 31, 2025, the Company leased SmartGuide licenses for federal, state/provincial and municipal mandates to Canadian and US governments directly and through partners in the normal course of business.

### **Operating expenses**

For the year ended August 31, 2025, operating expenses amounted to \$1,231,538 compared to \$970,564 for the same period in 2024. The increase of \$260,974 is mainly attributable to increases back to pre-restructuring total salaries and performance increases as the Company successfully restructured and is partially offset by reduced non-monetary compensation expenses in the form of stock-based compensation expenses as described in note 11 to the financial statements.

The cost of services, administrative, selling and development expenses was \$1,209,934 for the year ended August 31, 2025 compared to \$867,679 for the year ended August 31, 2024.

During the year ended August 31, 2025, stock-based options compensation, a non-cash expense, was valued at \$21,604 compared to \$102,885 for the year August 31, 2024 as described in note 11 to the financial statements.

### **Financing expenses**

Financing expenses increased to \$58,556 for the current year ended August 31, 2025, compared to \$38,912 for the previous year ended August 31, 2024. This increase is mainly attributable to an increase in the foreign exchange loss of \$40,645 compared to a loss of \$7,179 for the previous year, an increase in interest on lease liability of \$10,571 compared to \$(157) for the previous year, and a decrease in penalties to governments which are \$7,576 compared to \$23,631 for the previous year. For more information on financing expenses, see note 18 to the financial statements.

### **Earnings for the year**

Net income for the year ended August 31, 2025 amounted to \$120,155 or \$ 0.00 per outstanding common share compared to net income of \$51,824 or \$ 0.00 per outstanding common share for the year ended August 31, 2024.

### **Assets**

Cash amounted to \$228,646 as at August 31, 2025 compared to \$131,602 as at August 31, 2024.

As at August 31, 2025 accounts receivable and other receivables amounted to \$429,692 compared to \$342,686 as at August 31, 2024. This increase is attributable to an increase in accounts receivable from ongoing project deliveries and tax credits. The composition of these is described in note 5 to the financial statements.

As at August 31, 2025 prepaid expenses amounted to \$26,355 compared to \$35,968 as at August 31, 2024 due to a decreased cost of renewed prepaid insurance and service subscriptions.

As at August 31, 2025 a right of use asset for the Company's head office lease was recorded in the amount of \$123,063 compared to \$nil as at August 31, 2024 as a result of a new office lease being signed, as explained in note 8 in the financial statements under IFRS 16.

**Liabilities**

Accounts payable and accrued liabilities amounted to \$812,040 as at August 31, 2025 compared to \$862,693 as at August 31, 2024. See note 9 in the financial statements.

Deferred revenue amounted to \$812,040 as at August 31, 2025 compared to \$173,326 as at August 31, 2024 due to an increase in receipt of prepaid sales of support contracts.

As of August 31, 2025, the Company recognized lease liabilities in the amount of \$24,358 short-term and \$102,580 long-term. As of August 31, 2024, these two amounts are respectively \$nil and \$nil as explained in note 8 of the financial statements.

**Shareholders' equity**

As at August 31, 2025 the number of common shares outstanding of the Company was 63,148,956. As at the date of this report, the number of common shares outstanding of the Company was 63,148,956. For more information on the capital stock, please refer to note 11 of the financial statements.

**Stock options**

During the year ended August 31, 2025, 2,275,000 options with an exercise price of \$0.08 with an expiry date of January 12, 2029, had been granted but not issued and are reserved for issuance once the shares are relisted and TSX Ventures Exchange and receive regulatory approval. During the year ended August 31, 2025, no options had been forfeited and no options have expired. As at, August 31, 2025, there were 5,650,000 options outstanding with a weighted average exercise price of \$0.08 and a weighted remaining contractual life of 35 months. As of the date of this report, there were 5,650,00 outstanding with 3,375,000 options issued and 2,275,000 granted but not issued pending shares relisting for trading and approval of regulatory authorities. Please refer to note 12 of the financial statements.

**Liquidity and solvency**

As at August 31, 2025 the Company had a cash balance of \$228,646 compared to \$131,602 as at August 31, 2024.

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.

Liquidity shortfalls were covered during the year ended August 31, 2025, by the support of suppliers, creditors, and government authorities who tolerated payment delays. These situations indicate the existence of significant uncertainties that could cast significant doubt on the Company's ability to continue its operations.

The Company believes that, given available funds, and with operating income before the generation of non-cash items, as well as the signing of contracts resulting from ongoing initiatives, it will be able to hire the additional personnel necessary for its expansion, and therefore meet its financial obligations as they become due. There is a risk that the Company may not be able to obtain the funds necessary to meet its obligations.

## **Related party transactions**

### ▪ **Key management and director compensation**

Key management and director compensation, i.e., the president(s), paid as salaries, for the year ended August 31, 2025, was \$267,381 and \$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).

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

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

The compensation of key management and directors in the form of stock options for the year ended August 31, 2025, was \$nil (\$5,691 for the year ended August 31, 2024).

During the year ended August 31, 2025, the Company had no other related party transactions to report.

These transactions are carried out in the normal course of business.

## **Financial instruments**

Information on financial instruments is presented in note 13 to the financial statements.

## **Subsequent events**

There were no material events subsequent to the year ending August 31, 2025.

## **Upcoming Changes in Accounting Policies**

### 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 measures (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.

IFRS 18 is effective from January 1, 2027 and companies are permitted to apply IFRS 18 before that date.

## **Off Balance Sheet Arrangements**

As at August 31, 2025 and the date of this MD&A, the Company has no off-balance sheet arrangements.

### **Proposed Transactions**

As at August 31, 2025 and the date of this MD&A, the Company has no proposed transactions.

### **Risks and uncertainties**

The main uncertainty relates to the length of the sales cycle in the market sectors where the Company has thus far concentrated the bulk of its efforts.

Several factors could impact actual results and cause them to be different from expected results. These factors include the Company's ability to develop new markets and partnerships and its dependence on a limited number of customers.

Alphinat has limited financial resources and could require additional cash resources that may not be available or be available under conditions deemed unacceptable to the Company.

The significant value of Alphinat's internet tools and solutions could draw attention from players who can deploy considerable means to develop competing products, which would affect Alphinat's business potential.

The Company uses and intends to continue to use various measures such as copyrights, trademarks, trade secrets legislation, confidentiality agreements and other contractual terms in order to establish, to maintain and to protect its intellectual property rights. Unauthorized parties could attempt to copy certain of the Company's products or portions of its products or to obtain what is considered as proprietary information. With increased competition, there is a greater risk that other companies will attempt to produce new substitute products or technologies.

### **Revenue recognition**

Professional service revenues are recognized according to the percentage-of-completion method. Work in progress is established by taking into account services rendered that have not yet been invoiced. Any payment received before services are rendered is recorded as deferred revenue.

Fees from software products, after-sales technical support and other services are normally allocated among the various elements based on vendor-specific evidence of the fair value of each element and the Company recognizes the revenue for each element when revenue recognition criteria are met. To determine the fair value of each element, the Company uses the requested price for an element when it is sold separately, and any other information considered to be relevant.

Revenues from software licenses are recognized when there is persuasive evidence of a valid arrangement, the software product has been delivered and accepted from the client and no significant obligations from the Company remain. The after-sales technical support is recognized on a straight-line basis over the contractual service period and revenues from other services are recognized as the services are rendered.

### **Stock option agreements**

The Company provides stock option and stock-based compensation plan that is described in note 11 to the financial statements.

### **Continuous disclosure process and disclosure controls**

The Company files its financial statements, management discussions and analyses, press releases and other required documents in the Sedar database at [www.sedarplus.ca](http://www.sedarplus.ca).



The Company's shares are listed on the TSX Venture Exchange under stock symbol NPA.H:NEX.

The Company issued its code of ethics that was sent to all employees by the Chief Executive Officer. The Company instructs all employees invited to contact the audit committee directly if they are aware of information that could potentially impact the Company's financial statements.

Given Alphinat's current size, it is difficult to ensure segregation of all management duties. However, the Chief Executive Officer's and Chairperson's direct involvement in the business on a daily basis compensates for this weakness, as they are able to exercise effective oversight as well as by the having a chief financial officer to oversee financial reporting.

## **Outlook**

Alphinat specializes in the development and marketing of a Cloud-related next generation rapid application development (RAD) platform and related solutions with a service-oriented architecture (SOA) approach that simplify and accelerate the implementation of applications, sites and portals designed to meet specific user needs while ensuring reuse of computer resources and experience within an organization.

The Company's products respond to a real need in the market, which is moving toward the deployment of reusable services and the use of organizations' internal expertise. Market expectations indicate that up to 80% of new applications developments will be done through the development of composite applications (i.e. assembly and reuse of existing functionalities) rather than traditional applications development.

The Company's SmartGuide® suite is the result of years of experience with customers who also see the need to customize access to their data and processes based on users' needs and situation regardless of where the computer systems were located. This capability is crucial for making it easier for citizens and businesses to deal with the governments, and large institutions whose operations lead to many complex procedures. The Company is actively working to build on this added value and to establish an integrated support, training and service delivery plan for its software solution.

There is a strong potential for Alphinat's "turnkey" solution in the public and private sector markets. Indeed, in most large institutions with the number of retirements anticipated over the coming decade, the increasing number of procedures, their increasing complexity, and the reduction of operating budgets, require an improvement in the public and private sector's productivity while users press for a radical simplification of the administrative burden.

## **Forward-looking statements**

This MD&A contains forward-looking statements regarding the Company. These forward-looking statements are inherently subject to certain risks and uncertainties that could cause actual results to be materially different from those suggested by these statements.

The Company believes that these forward-looking statements were based on premises that were reasonable at the time they were made. However, readers are warned that future assumptions, several of which are beyond management's control, could otherwise prove to be incorrect.

Readers are invited to refer to Sedar ([www.sedarplus.ca](http://www.sedarplus.ca)) for additional information on the Company.