EDGE TOTAL INTELLIGENCE INC.

Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024
Expressed in United States Dollars

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To the Shareholders of Edge Total Intelligence Inc.:

Opinion

We have audited the consolidated financial statements of Edge Total Intelligence Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated 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 audits 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 Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred negative cash flows from operating activities and incurred a net loss and accumulated shareholders' deficiency as at and for the year ended December 31, 2025. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 matters described below to be the key audit matters to be communicated in our report.

MNP LLP
Suite 2000, 112 - 4th Avenue SW, Calgary AB, T2P 0H3 1.877.500.0792 T: 403.263.3385 F: 403.269.8450

Convertible Debt

Key Audit Matter Description

As disclosed in Note 12 to the consolidated financial statements for the year ended December 31, 2025, the Company issued unsecured convertible debenture units ("Debenture Units"), each of which comprised: (i) a host debt liability measured at amortized cost, (ii) an embedded conversion feature classified as a derivative liability and measured at fair value through profit or loss, (iii) investor warrants classified as equity, and (iv) agent compensation warrants treated as transaction costs.

We considered this a key audit matter due to the significant judgement involved in determining the appropriate accounting treatment for the Debenture Units, including the classification and measurement of their individual components.

Audit Response

We responded to this matter by performing audit procedures relating to the Debenture Units. Our audit work in relation to this included, but was not restricted to, the following:

- Obtained and reviewed the underlying agreements related to the Debenture Units issuance.
- Assessed the appropriateness of the Company's accounting analysis, including the identification, classification, and measurement of the individual components of the Debenture Units.
- Involved our valuation experts to assist in assessing the reasonableness of the valuation of the Debenture Units including the methodology used and significant assumptions applied;
- Recalculated management's allocation of the proceeds to the host debt, embedded conversion feature, investor warrants, and agent compensation warrants; and,
- Evaluated whether the accounting treatment applied by the Company was consistent with the substance of the contractual terms and the requirements of the applicable financial reporting framework.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits 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 on this other information, 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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 consolidated financial statements of the current period 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 Leanne Bjalek.

MNP LLP

Calgary, Alberta

April 27, 2026

Chartered Professional Accountants

Edge Total Intelligence Inc.
Consolidated Statements of Financial Position
As at,
(Expressed in United States dollars)

		December 31, 2025		December 31, 2024
ASSETS				
Current Assets				
Cash	**$**	**6,618,872**	$	778,296
Accounts receivable		**224,782**		49,743
Prepaid expenses (Note 5)		**433,571**		302,560
Total current assets		**7,277,225**		1,130,599
Prepaid expenses (Note 5)		**315,226**		452,520
Property and equipment		**18,538**		14,709
Right of use assets (Note 6)		**55,449**		55,580
Intangible assets (Note 7)		**1,640,602**		2,252,058
TOTAL ASSETS	**$**	**9,307,040**	$	3,905,466
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities (Notes 8, 22)	**$**	**623,362**	$	697,483
Deferred revenue (Note 9)		**653,454**		1,258,693
Lease liabilities (Note 10)		**30,825**		51,857
Promissory note payable (Note 11)		**2,021,923**		617,838
Convertible debt (Notes 12, 22)		**1,015,200**		570,382
Warrant liability (Note 14)		**323,335**		-
Derivative liability (Notes 13, 22)		**498,020**		833,949
Total current liabilities		**5,166,119**		4,030,202
Lease liabilities (Note 10)		**28,082**		9,260
Promissory note payable (Note 11)		**-**		2,002,555
Warrant liability (Note 14)		**-**		242,645
Derivative liability relating to convertible debenture (Note 13)		**803,770**		-
Convertible debt (Note 12)		**5,857,922**		-
TOTAL LIABILITIES	**$**	**11,855,893**	$	6,284,662
SHAREHOLDERS' DEFICIENCY				
Share capital (Note 15)	**$**	**23,511,981**	$	19,127,669
Contributed surplus (Note 15)		**13,572,324**		12,538,518
Warrants (Note 15)		**1,795,476**		707,192
Accumulated deficit		**(41,784,467)**		(35,006,557)
Accumulated other comprehensive income		**355,833**		253,982
		(2,548,853)		(2,379,196)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	**$**	**9,307,040**	$	3,905,466

Going concern (Note 1)

Subsequent events (Note 26)

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

Approved by the Board of Directors

"Seth Kay"
Seth Kay - Director

"Jim Barrett"
Jim Barrett - Executive Chair of the Board

Edge Total Intelligence Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2025, and 2024

(Expressed in United States dollars)

		December 31, 2025		December 31, 2024
Revenues				
Revenue (Note 16)	**$**	**2,182,306**	$	3,016,739
Cost of sales (Note 17)		**1,142,175**		900,097
Gross profit		**1,040,131**		2,116,642
Operating expenses				
Selling and marketing expenses (Note 17)		**1,977,448**		1,356,065
Administrative expenses (Note 17)		**2,818,928**		1,615,770
Research and development expenses (Note 17)		**1,437,982**		1,684,860
Other expenses (Notes 12, 18)		**184,882**		173,526
Share-based expenses (Note 15)		**905,449**		756,882
Total operating expenses		**7,324,689**		5,587,103
Operating loss		**(6,284,558)**		(3,470,461)
Finance costs (Note 19)		**(728,158)**		(480,745)
Write-off account payable (Note 8)		**45,703**		48,736
Change in fair value of debt modification		**-**		66,482
Change in fair value - Warrant liability (Note 14)		**(80,690)**		-
Change in fair value of derivative liability (Note 13)		**334,583**		(551,045)
Change in fair value of deferred share unit		**-**		-
Interest income		**38,882**		-
Bad debt		**(15,231)**		(6,494)
Foreign exchange gain (loss)		**(88,441)**		12,062
Loss before income taxes		**(6,777,910)**		(4,381,465)
Income tax expense		**-**		-
Net loss		**(6,777,910)**		(4,381,465)
Other comprehensive loss				
Foreign currency translation gain (loss)		**101,851**		(68,158)
Net loss and comprehensive loss	**$**	**(6,676,059)**	$	(4,449,623)
Net loss per share (Note 20)				
Basic and diluted	**$**	**(0.13)**	$	(0.13)
Weighted average number of common shares outstanding				
Basic and diluted		**53,196,517**		**32,758,112**

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

Edge Total Intelligence Inc.

Consolidated Statements of Changes in Shareholders' Deficiency

For the years ended December 31, 2025, and 2024

(Expressed in United States dollars)

	Number of SVS Shares	Number of MVS Shares	Amount	Contributed Surplus	Warrants	Accumulated Deficit	Accumulated Other Comprehesive Income	Total Deficit
Balance December 31, 2023	**28,265,000**	**26,570**	**$ 15,558,987**	**$ 11,301,612**	**$ -**	**$ (30,625,092)**	**$ 322,140**	**$ (3,442,353)**
Net loss and comprehensive loss	-	-	-	-	-	(4,381,465)	(68,158)	(4,449,623)
Share-based compensation expense	-	-	-	756,882	-	-	-	756,882
Shares to be issued	-	-	-	58,077	-	-	-	58,077
Private Placement	10,625,000	-	2,542,652	-	583,957	-	-	3,126,609
Broker warrants	-	-	-	-	173,692	-	-	173,692
Share and warrant issuance costs	-	-	(392,496)	-	(50,457)	-	-	(442,953)
Block X acquisition	4,250,000	-	1,262,760	-	-	-	-	1,262,760
Shares issued as finders' fees relating to BlockX acquisition	197,674	-	63,138	-	-	-	-	63,138
Gain on extinguishment of loan payable	-	-	-	397,694	-	-	-	397,694
Gain on modifications to convertible debt	-	-	-	109,413	-	-	-	109,413
Share-based options exercised	200,000	-	92,628	(85,160)	-	-	-	7,468
Balance December 31, 2024	**43,537,674**	**26,570**	**$ 19,127,669**	**$ 12,538,518**	**$ 707,192**	**$ (35,006,557)**	**$ 253,982**	**$ (2,379,196)**
Net loss and comprehensive loss	-	-	-	-	-	(6,777,910)	101,851	(6,676,059)
Converson of MVS Shares (Note 15)	90,000	(90)	-	-	-	-	-	-
Share-based compensation expense (Note 15)	-	-	-	905,449	-	-	-	905,449
Shares to be issued (Note 5)	-	-	-	128,357	-	-	-	128,357
Private Placement (Note 15)	11,103,393	-	4,218,395	-	1,225,746	-	-	5,444,141
Share and warrant issuance costs (Note 15)	-	-	(133,447)	-	(76,714)	-	-	(210,161)
Warrants exercised (Note 15)	561,750	-	299,364	-	(60,748)			238,616
Balance December 31, 2025	**55,292,817**	**26,480**	**$ 23,511,981**	**$ 13,572,324**	**$ 1,795,476**	**$ (41,784,467)**	**$ 355,833**	**$ (2,548,853)**

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

Edge Total Intelligence Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2025, and 2024

(Expressed in United States dollars)

		December 31, 2025		December 31, 2024
Operating activities				
Net loss for the year	**$**	**(6,777,910)**	$	(4,381,465)
Items not involving cash:				
Depreciation of property and equipment		**8,333**		10,328
Depreciation of right of use assets (Note 6)		**65,913**		72,764
Amortization of intangible assets (Note 7)		**581,879**		400,537
Gain on modification of promissory note payable (Note 11)		**-**		(66,482)
Change in fair value of derivative liability (Note 13)		**(334,583)**		551,045
Write-off- account payable (Note 8)		**(45,703)**		(48,736)
Bad debt		**15,231**		6,494
Finance costs (Note 19)		**717,072**		480,745
Share-based compensation expense (Note 15)		**905,449**		756,882
Change in fair value of warrants (Note 14)		**80,690**		-
Convertible debenture transaction costs related to Derivative liability		**30,904**		-
Unrealized foreign exchange gain loss		**29,433**		836
Change in non-cash working capital (Note 21)		**(724,234)**		(120,754)
Cash flows used in operating activities	**$**	**(5,447,526)**	$	(2,337,806)
Financing activities				
Interest and principal repayments of promissory note payable (Note 11,19)		**(801,899)**		(577,889)
Private placement (Note 15)		**4,688,195**		3,126,609
Convertible debenture (Note 12)		**8,010,000**		-
Transaction costs related to convertible debenture (Note 12)		**(668,186)**		-
Shares issuance costs (Note 15)		**(136,626)**		(185,861)
Warrant issuance costs (Note 15)		**(59,309)**		(50,457)
Lease payments on right of use assets (Note 10)		**(76,400)**		(82,884)
Warrants exercised (Note 15)		**238,760**		7,468
Cash flows provided by financing activities	**$**	**11,194,535**	$	2,236,986
Investing activities				
Acquisition of intangible assets		**-**		(43,732)
Acquisition of fixed assets		**(8,284)**		(2,278)
Cash flows used in investing activities	**$**	**(8,284)**	$	(46,010)
Effect of foreign exchange rates on cash		**101,851**		(68,158)
Change in cash		**5,840,576**		(214,988)
Cash, beginning of year		**778,296**		993,284
Cash, end of year	**$**	**6,618,872**	$	778,296

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

1. Reporting Entity and Going Concern

Edge Total Intelligence Inc. (“EdgeTI” or “Company”) was originally incorporated on January 10, 2019, under the name Aphelion Capital Corp ("Aphelion") pursuant to the British Columbia Business Corporation Act. The Company’s registered office and principal place of business is located at Suite 2500, 666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8. Edge Technologies, Inc, the Company’s wholly owned operating subsidiary was incorporated in the state of Virginia, and its registered office and principal place of business is located at 1501 Lee Hwy, Suite 301, Arlington, Virginia, United States 22209. The Company is listed on the TSX Venture Exchange under the symbol “CTRL”.

On September 25, 2024, pursuant to a merger agreement dated August 2, 2024 (the “Merger Agreement”), the Company completed a transaction between itself, Block X Capital Corp. (“BlockX”) and 1494029 B.C. Ltd. (“AcquisitionCo”), a wholly owned subsidiary of the Company. The Company acquired all of the issued and outstanding shares in the capital of BlockX (the “acquisition”) from Victory Square Technologies Inc. (“VST”), the sole shareholder of BlockX, in exchange for an equivalent number of subordinate voting shares of the Company (each, a “SVS”) by way of a three-cornered amalgamation under the Business Corporations Act (British Columbia) (the “Amalgamation”). The Company now holds all of the issued and outstanding shares in the capital of EdgeAI Technologies Inc. (“EdgeAI”), the corporation that resulted from the Amalgamation.

The Company’s principal business activity involves the development, marketing, and sales of a digital twin software platform, in conjunction with maintenance and support services for customers. The Company markets its solutions directly to its customers, who include corporations, governmental, and inter-governmental entities; however, the Company's primary channel is through value-added resellers. While most of the Company’s sales are generated in North America, the Company’s products and services are available internationally. The Company also offers a wide variety of systems engineering and business consulting services to accommodate unique digital twin and data mesh requirements for commercial and government customers.

Going Concern

These consolidated financial statements have been prepared based on accounting policies applicable to a going concern, which assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended December 31, 2025, the Company incurred negative cash flows from operating activities of $5,447,526, an accumulated deficit of $41,784,467 and a net loss and comprehensive loss of $6,676,059.

To continue as a going concern, the Company must generate sufficient income and cash flows to repay its obligations, finance working capital, and fund capital investments. The future of the Company is dependent on its ability to attain sufficient funds and profitable operations, maintain compliance with covenants relating to lending agreements, continue receiving financial support from shareholders, and obtain new financing. There is no certainty that the Company will raise these necessary funds from financing or operations.

1. Reporting Entity and Going Concern (continued)

As a result of these factors, there is material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to meet its obligations as they become due and continue as a going concern. Management is confident that the Company will obtain sufficient working capital from external financing and operating cash flows to settle the Company's liabilities and commitments as they become due. However, there is a risk that funding will not be available on a timely basis or in terms acceptable to the Company.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Should the company be unable to continue as a going concern, adjustments to the carrying value of assets and liabilities, the expenses, and the statement of financial position classifications used would be necessary.

2. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

Authorization

These consolidated financial statements were authorized for issue by the Board of Directors on April 27, 2026.

Functional and presentation currency

These consolidated financial statements are presented in United States dollars ("USD") and include the accounts of the following entities:

Name of entity	**Principle activity**	**Place of operations**	**Functional currency**	**Legal ownership**
Edge Total Intelligence Inc.	Legal parent	Canada	Canadian dollar	-
Edge Technologies Inc.	Accounting parent and operating company	United States	US dollar	100%
Edge Technologies DOO Beograd (Serbia)	Research and development	Serbia	US dollar	100%
EdgeAI Technologies Inc. (formerly BlockX)	Blockchain technology	Canada	Canadian Dollar	100%

Assets and liabilities of foreign operations having a functional currency other than the US dollar are translated at the rate of exchange prevailing at the reporting date, and revenues and expenses at average rates during the period.

Gains or losses on translation are included as a component of shareholders' equity in accumulated other comprehensive loss.

2. Basis of preparation (continued)

Functional and presentation currency (continued)

Transactions in foreign currencies are translated to the respective functional currencies of the Company's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in net income or loss and/ or in accumulated other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency gains and losses are reported on a net basis.

Basis of measurement

These consolidated financial statements are prepared on the historical cost basis except for the following:

- Warrant liability, which is measured at fair value.
- Derivative liability is measured at fair value.
- Equity classified share-based payments are measured at fair value at grant date.
- Lease liabilities are measured at the present value of minimum lease payments at the lease inception.
- Foreign currency derivatives embedded in convertible debentures are measured at fair value.

Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. Management is also required to exercise judgement when applying the Company's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about areas of estimation and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements and their carrying value includes the following:

2. Basis of preparation (continued)

Use of estimates and judgements (continued)

Asset acquisition
Estimates are made in determining the fair value of the intangible asset, the blockchain technology, acquired as part of asset acquisition from BlockX. The fair value was determined using the replacement cost as the valuation basis of the acquisition. Replacement cost is the cost to construct, at current prices as of the date of the analysis, an intangible asset with utility equivalent to the actual intangible asset, developed using modern materials, production standards, design, layout, and quality of workmanship.

These fair value estimates are further based on management's best assessment of the related inputs used in the valuation model, broadly categorized under four general cost components considered for inclusion in the cost approach analysis. These four cost components are direct costs, indirect costs, developer's profit and entrepreneurial incentive.

Warrant liability
Determining the fair value of the warrant liability requires management to make significant assumptions that are highly uncertain about the fair market value of the Company's equity. Management uses the closing market price of the Company's publicly traded SVS shares to determine the fair value of its warrant liability. The Company's SVS shares at times may not be easily sold or exchanged for cash without a significant price change which could result in a potentially material impact on the fair value of the warrant liability.

Useful lives of intangible assets
The useful lives of intangible assets including software development costs is a management estimate that impacts the amount of amortization expense recognized. Significant judgement is used to determine the useful lives of intangible assets. The useful lives of intangible assets were determined based on expected life in which the assets' future economic benefits are expected to be consumed, historical experience with similar assets, and anticipation of future events which may impact an asset's useful life, such as changes in technology.

Impairment of intangible asset
Impairment testing of intangible assets requires an estimation of the value in use of assets and cash-generating units ("CGUs"). The value in use calculation requires an estimation of future cash flows and an appropriate discount rate that reflects current market assessments of the time value of money and the risks associated with the assets and CGUs.

Going concern
The going concern assessment requires management's judgement on the Company's ability to achieve positive cash flows from operations and/or obtain necessary equity or other financing to increase the number of subscription customers, and sale of professional services, and to continue expansion within the digital transformation market.

2. Basis of preparation (continued)

Use of estimates and judgements (continued)

Lease liability
As the Company's leases do not provide an implicit rate, the net present value of future minimum lease payments is determined using the Company's incremental borrowing rate. The Company's incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments in an economic environment where the leased asset is located.

Fair value measurement of financial instruments, including derivatives
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Deferred income taxes
Deferred income tax assets and liabilities result from timing differences between the financial reporting and tax basis of assets and liabilities. The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates, the likelihood of utilizing tax carryforwards, and the level of future taxable income. Changes in these assumptions could materially affect the recorded amounts and therefore do not necessarily provide certainty as to their recorded values.

Share-based payments
Equity-settled share-based payments to employees, agents, consultants, and others are measured at the fair value of the equity instruments at the date at which they are granted. Determining the fair value of such share-based awards granted as warrants and stock options requires an estimate as to the appropriate valuation model (i.e., Black-Scholes pricing model) and the inputs for the model require assumptions including the rate of forfeiture of warrants or options granted, the expected life of the warrant or option, the Company's share price and its expected volatility, the risk-free interest rate, and expected dividends. Equity-settled share-based compensation for consulting services are measured at the fair market value of services being provided.

3. Summary of material accounting policies

Basis of consolidation
These financial statements include the accounts of the Company and its wholly owned subsidiaries are entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one-half of the voting rights. All subsidiary financial statements are prepared using the same accounting policies and reporting period as the parent company. All intra-company balances and transactions are eliminated upon consolidation.

3. Summary of material accounting policies (continued)

Revenue recognition

The Company recognizes revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*.

Nature of Revenue
The Company generates revenue primarily from arrangements that provide customers with access to its proprietary edgeCore software platform. The platform aggregates data from multiple third-party applications and data sources into a single dashboard that provides customers with near real-time operational insights.
Customer contracts typically include a term-based software license, ongoing post-contract support ("PCS") and implementation services.

Performance Obligations
At contract inception, the Company evaluates promised goods and services to determine whether they are distinct performance obligations. Management has concluded that the software license, implementation activities, and PCS are not distinct from one another in the context of the contract, as they are highly interdependent and together provide a single integrated solution to the customer.

Accordingly, each contract includes one combined performance obligation to provide customers with access to, and ongoing support of, the edgeCore platform over the contract term.

Transaction Price
The transaction price is generally a fixed annual subscription fee, typically payable in advance at the beginning of each year of the contract term, which commonly ranges from one to three years. The transaction price includes all elements of the arrangement, including software access, implementation, and ongoing support. The Company has concluded that its contracts do not include variable consideration or a significant financing component.

Term Based Software Licenses
Revenue is recognized over time, as the customer simultaneously receives and consumes the benefits of the Company's performance as access to the software and ongoing support services are provided. Revenue recognition commences when the customer obtains access to the edgeCore platform and can begin using and benefiting from the software. Revenue is recognized on a straight-line basis, generally monthly, over the contract term.

Professional Consulting Services
Professional consulting services include specific custom development, separate of term-based software license. They are defined projects with specific performance criteria. The transaction price for professional consulting services is based on either a fixed price model or an hourly rate. For fixed fee projects, revenue is recognized monthly based on the ratio of hours expended to the total estimated hours. For time-based contracts, revenue is recognized based on the number of hours incurred by the Company's personnel in the performance of the project, multiplied by the hourly rate identified in the contract.

3. Summary of material accounting policies (continued)

Revenue recognition (continued)

Contract Balances

Amounts invoiced in advance of performance are recorded as deferred revenue and as revenue over the contract term as the performance obligation is satisfied.

Costs to Obtain Contracts

Incremental costs of obtaining a contract, such as sales commissions, are capitalized when expected to be recovered and amortized over the related contract term. As a practical expedient, such costs are expensed as incurred when the amortization period would be one year or less.

Financial Instruments

Financial instruments are initially recognized at fair value, which is typically the transaction price plus any directly attributable transaction costs. Subsequent measurement of financial instruments depends on how they have been classified: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

Classification

The Company's classification and measurement basis of its financial instruments are as follows:

Instrument	Classification and Measurement Basis
Cash	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Promissory note payable	Amortized cost
Convertible debt	Amortized cost
Derivative liability	FVTPL
Warrant liability	FVTPL

Estimated fair values for financial instruments are designed to reflect the value of the instruments in a current arm's-length transaction between knowledgeable and willing parties. The Company classifies and discloses fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are:

Level 1 – Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
Level 3 – Valuation techniques using inputs for the asset or liability that are not based on observable market data.

3. Summary of material accounting policies (continued)

Financial Instruments (continued)

Classification (continued)
The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. The process of estimating the fair value of investments for which there is no active market is based on inherent measurement uncertainties and it is possible that the resulting values may differ from values that would have been used had a ready market existed and the differences could be material. In accordance with the fair value hierarchy model, the Company's warrant and derivative liability is classified within level 2.

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument requires reclassification of components or levels for embedded derivatives or whether a group of financial assets have been impaired.

Cash
Cash includes current funds on hand across all short-term investments and highly liquid investments with a maturity date of three months or less from the acquisition date.

Leases
The Company has a lease arrangement for office space. Right of use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments over the lease term. Right of use assets and lease liabilities are recognized based on the present value of the future minimum lease payments as at the lease commencement date. As the Company's leases do not provide an implicit rate, the net present value of future minimum lease payments is determined using the Company's incremental borrowing rate. The Company's incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments in an economic environment where the leased asset is located.

Right of use assets are amortized on a straight-line basis over the lease term and interest expense is recognized on each effective interest basis based on the incremental borrowing rate. At the end of each reporting period, the Company reviews the carrying amounts of its right of use assets to determine whether there is any indication that those assets have been impaired.

Accounts receivable
Accounts receivables are initially recognized at fair value and subsequently measured at amortized cost. A provision for impairment of trade receivable is established based on a forward-looking expected loss impairment model. The carrying amount of the trade receivable is reduced through the use of the provision for impairment accounts. Changes to the provision for impairment account are recognized in profit or loss. When a receivable is considered uncollectible, it is set off against the provision for impairment account for trade receivables.

3. Summary of material accounting policies (continued)

Financial Instruments (continued)

Intangible assets

Software development cost

The Company capitalizes costs incurred for software development projects once all conditions are met. Initial capitalization of costs are based on management's judgement that technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; technical and financial resources are available to complete the development to use or sell; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. The Company has determined that the useful life of its capitalized software is generally five years.

Research costs

During the years ended December 31, 2025, and 2024, research costs were charged to expense when incurred.

Blockchain technology

Blockchain technology acquired from BlockX is stated at cost, net of any accumulated amortization. Cost consists of two components, the fair value of the asset and other incidental costs incurred in completing the acquisition. Costs to integrate this technology with the current software of the Company are capitalized, when incurred. The Company determined the fair value of blockchain technology using fair value determined using the replacement cost as the valuation basis. Replacement cost is the cost to construct, at current prices as of the date of the analysis, an intangible asset with utility equivalent to the actual intangible asset, developed using modern materials, production standards, design, layout, and quality of workmanship. These fair value estimates are further based on management's best assessment of the related inputs used in valuation model, broadly categorized under four general cost components considered for inclusion, namely the direct costs, indirect costs, developer's profit and entrepreneurial incentive.

Intangible assets subject to amortization

Intangible assets subject to amortization consist of software development costs and blockchain technology with finite lives. Intangible assets are amortized on a straight-line basis over their estimated useful lives and are measured at cost less accumulated amortization. The estimated useful lives of finite-lived intangible assets are as follows:

Software development costs	5 years
Blockchain technology	5 years

Deferred financing costs

Deferred financing costs represent commitment fees, loan fees, legal fees, and other third-party costs associated with obtaining financing. These costs are amortized to interest expense over the terms of the respective financing agreements using the effective interest method.

Unamortized deferred financing costs are expensed when the associated debt is refinanced or repaid before maturity. Costs incurred in seeking financing that do not close are expensed in the period in which it is determined that the financing will not close.

3. Summary of material accounting policies (continued)

Income taxes

Deferred tax assets and liabilities are calculated using the financial position method on all temporary differences at the statement of financial position date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liabilities are settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets and liabilities are not recognized if the temporary differences arise from goodwill.

Warrant liability

The Company accounted for warrants that were granted to a lender to purchase common stock as a liability on its Consolidated Statements of Financial Position. These warrants were recorded as a liability as they did not meet the fix-for-fix equity classification requirement. The warrants are subject to re-measurement to fair value at each reporting date and any change in fair value is recognized in profit or loss.

Impairment of long-lived assets

Long-lived assets, including intangible assets, are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimated recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

Share capital

The Company has two classes of equity instruments: Subordinate Voting Shares ("SVS") and Multiple Voting Shares ("MVS"). Both classes are classified as equity in accordance with IAS 32 as they do not contain any contractual obligation to deliver cash or other financial assets. MVS do not have a separate assigned dollar value as they were created through a share reclassification and represent the same residual interest as SVS. Conversion of MVS into SVS does not result in the receipt of cash or other consideration and is accounted for as a reclassification within equity.

Transaction costs directly attributable to the issue of common shares are recognized as a deduction to equity.

3. Summary of material accounting policies (continued)

Earnings (Loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, which is calculated by dividing the earnings (loss) attributed to common shareholders of the Company by the weighted average number of subordinate voting shares outstanding during the period. Diluted earnings (loss) per SVS share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of SVS shares outstanding, adjusted for the effects of all potential dilutive common shares.

The weighted average number of common shares outstanding is increased by the total number of additional common shares that would have been issued by the Company assuming exercise of all common share warrants and stock options with exercise prices below the average market price for the year.

Deferred share units and restricted share units

The Company has established a deferred share plan under which Deferred Share Units ("DSUs") are granted to non-executive directors of the Company as part of long-term incentive compensation. DSUs are classified as equity settled share-based payment transactions as the participants will receive either common shares of the Company or payment of cash, or any combination of the foregoing, as determined by the Company in its sole discretion, following a redemption event. As such, the Company recognizes the expense based on the quoted market price of the Company's common shares at the grant date and a corresponding increase in equity for the eventual redemption when the DSUs are issued.

The Company has also established a restricted share units plan. Restricted share units (RSUs) are granted to eligible directors, employees and contractors of the company. The RSUs are considered equity -settled and are measured using the quoted market price of the company's shares at grant date and recognized as share-based compensation over the vesting period with a corresponding amount recognized as equity.

Future Accounting Standards

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. The Company is currently assessing the impact of this new IFRS accounting standard on its consolidated financial statements.

IFRS 9 Financial Instruments, and IFRS 7 Financial Instruments Disclosures

The amendment to IFRS 9, Financial Instruments ("IFRS 9") and IFRS 7, Financial Instruments: Disclosures ("IFRS 7") clarifies the date of recognition and derecognition of some financial assets and liabilities, including a new exception for certain financial liabilities settled through an electronic payment system before the settlement date. The amendment is effective for annual periods beginning on or after January 1, 2026. The Company has evaluated this amendment and does not expect a material impact on its consolidated financial statements.

(Expressed in United States dollars)

4. BlockX acquisition

On September 25, 2024, pursuant to a merger agreement dated August 2, 2024 (the "Merger Agreement"), the Company completed a transaction between itself, Block X Capital Corp. ("BlockX") and 1494029 B.C. Ltd. ("AcquisitionCo"), a wholly owned subsidiary of the Company. Pursuant to the Merger Agreement, the Company acquired all of the issued and outstanding shares in the capital of BlockX (the "acquisition"), being 4,250,000 common shares, in exchange for an equivalent number of subordinate voting shares of the Company (each, a "SVS") by way of a three-cornered amalgamation under the Business Corporations Act (British Columbia) (the "Amalgamation"), being 4,250,000 SVS (Note 15). The Company now holds all of the issued and outstanding shares in the capital of the corporation that resulted from the Amalgamation, being EdgeAI Technologies Inc. ("EdgeAI"). These SVS shares were issued as part of the Amalgamation to Victory Square Technologies Inc. ("VST"), the sole shareholder of BlockX. A finder's fee was also paid in connection with the acquisition to a finder of the Company (the "Finder"), which was paid through the issuance of 197,674 SVS, valued at $0.32 (CAD $0.43) per SVS share.

The Company and VST share a common Chief Financial Officer ("CFO"); however, the consideration paid was determined through arm's length negotiation between the Company and BlockX. The CFO was not involved in any negotiations between the Company and Block X in relation to paid consideration. The Company determined that $1,700,000 is a fair value for BlockX based on the comparative development costs if undertaken by the Company independently and hence the acquisition was an arm's length transaction.

The acquisition is accounted for as an asset acquisition, as it does not meet the requirements of a business combination under IFRS 3 Business Combinations. At the acquisition date, BlockX had only one asset, an intangible asset related to blockchain technology (the "Blockchain technology") and no liabilities. Blockchain technology has been accounted for as an intangible asset at the deemed fair value of $1,369,687 (Note 7), consisting of the fair value of the intangible asset and other transaction costs.

5. Prepaid expenses and deposits

		December 31, 2025		December 31, 2024
Prepaid insurance	**$**	**29,669**	$	1,342
Advance paid to service providers		**24,956**		36,797
Security deposit		**2,982**		2,982
Consulting services		**19,167**		21,166
Strategic consulting advisory fees and incentive stock options		**639,195**		678,781
Other prepaid expenses		**32,828**		14,012
Total prepaid	**$**	**748,797**	$	755,080
Current portion		**433,571**		302,560
Non-current portion		**315,226**		452,520
Total prepaid expenses	**$**	**748,797**	$	755,080

(Expressed in United States dollars)

5. Prepaid expenses and deposits (continued)

The Company has revised its presentation of prepaid expenses to classify the portion with amortization extending beyond 12 months as non-current. Previously, all prepaid expenses were presented as current.

In 2024, the Company engaged a strategic consulting advisor for matters relating to corporate strategy, capital markets, debt, equity and mergers and acquisitions ("M&A") for a term ending December 31, 2027 (the "term"). The advisory fees payable to the consultant is based on milestones such as signing of the contract, completion of the first financing transaction (the "Triggering financing") and M&A success fees, based on successful completion of any acquisition transaction, subject to applicable laws, stock exchange policies and the receipt of all requisite Board and regulatory and stock exchange approvals.

The closing of the private placement in September 2024 satisfied the triggering financing condition, leading to a retainer fee payment of $700,000 to the consultant for advisory services. In addition to the Company also granted incentive stock options on December 6, 2024, to the strategic consultant. As the services are to be rendered over the duration of the term, this advisory fee, both retainer fees and share-based payment relating to the stock options granted, have been classified as prepaid expenses and will be amortized evenly over the remaining term.

Included in prepaid expenses as strategic consulting advisory fees and incentive stock options consists of the following amounts:

		December 31, 2025		December 31, 2024
Retainer fees for corporate strategy, capital markets, debt, equity and mergers and acquisitions	**$**	**445,106**	$	623,503
Incentive stock options		**194,089**		55,278
	$	**639,195**	$	678,781

During the year ended December 31, 2025, the Company amortized strategic consulting fees totaling $291,039 (December 31, 2024 – $46,559). This amount includes $65,732 related to stock-based compensation for vested stock options.

6. Right of use assets

During the period ended December 31, 2025, the Company signed a second lease for office space. The first lease has a remaining lease term of two months (Note 22), and the second lease has a remaining lease term of two years and two months.

The following table provides movements in the carrying value of right of use assets as at:

		December 31, 2025		December 31, 2024
Opening balance	**$**	**55,580**	$	128,344
Addition		**65,782**		-
Depreciation		**(65,913)**		(72,764)
Ending balance	**$**	**55,449**	$	55,580

(Expressed in United States dollars)

7. Intangible assets

Intangible assets - Cost		Software development costs		Blockchain technology		Total intangible assets
Balance, December 31, 2024	**$**	**5,491,425**	**$**	**1,369,687**	**$**	**6,861,112**
Currency translation adjustment		-		(24,384)		(24,384)
Balance, December 31, 2025	**$**	**5,491,425**	**$**	**1,345,303**	**$**	**6,836,728**

Intangible assets - Accumulated amortization		Software development costs		Blockchain technology		Total intangible assets
Balance, December 31, 2024	**$**	**4,537,262**	**$**	**71,792**	**$**	**4,609,054**
Amortization		318,054		263,825		581,879
Currency translation adjustment		-		5,193		5,193
Balance, December 31, 2025	**$**	**4,855,316**	**$**	**340,810**	**$**	**5,196,126**
Net book value December 31, 2024	$	954,163	$	1,297,895	$	2,252,058
Net book value December 31, 2025	**$**	**636,109**	**$**	**1,004,493**	**$**	**1,640,602**

Amortization of software developments costs amounting to $318,054 (December 31, 2024 $328,745) was included in cost of sales.

Except for intangible asset Blockchain technology $1,004,493 (December 31, 2024 - $1,297,895) located in Canada, all other non-current assets are located in the US.

8. Accounts payable and accrued liabilities

The following table provides a breakdown of the Company’s accounts payable and accrued liabilities as at:

		December 31, 2025		December 31, 2024
Accounts payable and accrued expenses	**$**	**623,362**	$	667,190
State taxes		**-**		8,624
Sales tax payable		**-**		21,669
	$	**623,362**	$	697,483

During the year ended December 31, 2025, the Company wrote-off a total of $45,703 of accounts payable and accrued liabilities. (December 31, 2024- $48,736)

(Expressed in United States dollars)

9. Deferred revenue

The following table provides a reconciliation of deferred revenue to invoiced billings as at:

		December 31, 2025		December 31, 2024
Opening balance	**$**	**1,258,693**	$	902,087
Billings		**1,577,067**		3,373,345
Revenue recognized		**(2,182,306)**		(3,016,739)
Ending balance	**$**	**653,454**	$	1,258,693

10. Lease liabilities

The following table provides a reconciliation of the Company's lease liabilities at:

		December 31, 2025		December 31, 2024
Opening balance	**$**	**61,117**	$	132,381
Additions to lease liabiltiies		**65,782**		-
Lease payments		**(76,400)**		(82,884)
Accretion		**8,408**		11,620
Present value of lease liability	**$**	**58,907**	$	61,117
Current portion		**30,825**		51,857
Non-current portion		**28,082**		9,260
Total lease liability	**$**	**58,907**	$	61,117

The Company's maturities of lease liabilities based on undiscounted future lease payments are as follows:

		December 31, 2025		December 31, 2024
Less than 1 year	**$**	**14,100**	$	56,400
1-2 years		**47,765**		9,400
Total lease payments	**$**	**61,865**	$	65,800

As at December 31, 2025, one of the lease terms expires on February 28, 2026, and the other lease term expires on February 28, 2028. The Company's incremental borrowing rates used to discount lease liabilities were 12% for the 2023 lease and 8% for the 2025 lease.

(Expressed in United States dollars)

11. Promissory note payable

The following table provides a reconciliation of the promissory note payable as at:

		December 31, 2025		December 31, 2024
Principal balance at the beginning of the period	$	**2,620,393**	$	3,011,682
Repayments on the promissory note payable		**(600,000)**		(400,000)
Gain on debt modification		-		(9,127)
Interest and accretion		**203,429**		195,727
Interest paid		**(201,899)**		(177,889)
Total notes payable	$	**2,021,923**	$	2,620,393
Current portion		**2,021,923**		617,838
Non-current portion		-		2,002,555
	$	**2,021,923**	$	2,620,393

On January 20, 2023, the Company amended its promissory note with Salem Investment Partners IV, Limited Partnership (“Lender”) and made a one-time principal payment of $3 million. The interest rate was reduced from 12% to 6% on January 24, 2023 and future ongoing principal repayment requirements were removed until the amended maturity date of January 1, 2024. The Company had the right to repurchase the 7% Salem warrant for the agreed settlement amount of $300,000 until the date of loan maturity. The Company determined that the change in fair value of the debt immediately prior to the amendment and the present value of future cash flows of the amended debt was less than 10% and as a result the Company accounted for the change as a debt modification. As a result of the modification, a gain on modification was recognized of $133,718.

The lender’s legal costs of $28,500 are included in the fair value adjustment of the debt and is amortized over the amended term of the note, i.e. January 1, 2024.

The Company did not repay either the promissory note of $3,011,682 or the warrant liability of $300,000 as at January 1, 2024. The lender did not call the note during the period and continued to work with management to find an amenable solution to address progress payments and determine a new term. The Company repaid $400,000 on December 31, 2024.

On December 31, 2024, the Company and the Lender amended the terms of the note on the following new terms:

a) The Company is required to make a principal repayment of $600,000 on December 31, 2025 (paid) and the remaining principal to be repaid on September 30, 2026;
b) The interest shall accrue at a rate of 8% per annum effective December 1, 2024, increased from a rate of 6% per annum;
c) The warrant liability (Note 14) was increased to $350,000 and the due date extended to December 31, 2031, i.e. 5 years from the maturity date of the promissory note;

(Expressed in United States dollars)

11. Promissory note payable (continued)

d) The terms of convertible debt with related parties (Note 12) and the related derivative liability (Note 13) were amended to extend the maturity date to October 30, 2026 from January 20, 2026 and changed the price of holders' right to convert the principal and any unpaid interest into SVS shares from $0.48 (C$0.62) to $0.44 (C$0.63) per share; and

e) The terms of the loan payable to ConnertonA LLC was amended to bring its terms identical to the convertible debt terms (Notes 12 and 13) with other related parties. This includes extending the maturity date to October 30, 2026 from January 20, 2026, to make this loan subordinate to this promissory note payable and includes a right for the holder to convert the principal and any unpaid interest into SVS shares at a price of $0.44 ($$0.63) per share.

The change in terms of the promissory note payable to the Lender did not result in an extinguishment of the old payable and the recognition of current and non-current portions of the promissory note payable.

Covenants

The agreement of this note as at December 31, 2025 and 2024 has a covenant, to maintain a minimum cash balance, including any cash and cash equivalent and marketable securities, of $100,000 at any time while the loan is outstanding.

At December 31, 2025, the Company was in compliance with the minimum cash balance covenant and the repayments.

12. Convertible debt

		December 31, 2025		December 31, 2024
Balance at the beginning of the period	**$**	**570,382**	$	211,855
Loan payable reclassified as convertible debt (ii)		**-**		256,118
New convertible debt (iii)		**5,797,504**		-
Interest and accretion		**505,236**		211,822
Change in fair value of debt due to debt modifications (i)		**-**		(109,413)
Balance at the end of the period	**$**	**6,873,122**	$	570,382
Current portion	**$**	**1,015,200**	$	570,382
Non current portion	**$**	**5,857,922**	$	-
	$	**6,873,122**	$	570,382

(i) Modifications to convertible debt with certain management and directors and entities controlled by them:

On December 31, 2024, the terms of convertible debt with related parties and the related derivative liability were amended to extend the maturity date to October 30, 2026 from January 20, 2026 and changed the price of holders' right to convert the principal and any unpaid interest into SVS shares from $0.48 (C$0.62) to $0.44 (C$0.63) per share.

12. Convertible debt (continued)

Based upon the 10% qualification test and qualitative factors under IFRS 9, the above amendment on December 31, 2024 was concluded to be a debt modification.

(ii) Loan payable to ConnertonA LLC reclassified as convertible debt:

Following the amendment to the agreement of the loan payable on December 31, 2024, the amended terms and conditions are identical to the existing convertible note agreements noted above. Consequently, at December 31, 2024, the loan payable balance of $256,118 was reclassified as convertible debt (Note 22) and related derivative liability (Note 13).

(iii) New convertible debt

On December 15, 2025, the Company closed a brokered financing private placement issuing a total of 8,010 unsecured convertible debenture units at a price of $1,000 per unit for aggregate proceeds of $8,010,000. Each debenture unit is comprised of unsecured convertible debenture in the principle of $1,000 and 675 subordinate voting share purchase warrants.

The convertible debenture has a maturity date of three years following the date of issuance and will accrue simple, non-compounding interest at a rate of 6% per annum during the first year, 8% per annum during the second year and 10% per annum during the third year payable earlier of the maturity date and date of conversion. In addition, in connection with a qualifying U.S listing event, investors are entitled to a make-whole return capped at 24%, inclusive of interest.

Conversion of the debentures is automatic and contingent upon the completion of a U.S. Listing Event, defined as a merger, amalgamation, share exchange, or similar transaction resulting in the Company's equity securities being listed on a U.S. exchange and has the following terms:

- Conversion occurs 20 trading days following the listing
- Conversion price is set at a 10% discount to the five-day VWAP immediately preceding the conversion date
- Settlement is in equity and may result in the issuance of a variable number of shares

Because the conversion feature requires settlement through the issuance of a variable number of shares upon a qualifying U.S. listing event, the debentures fail the fixed-for-fixed equity criterion under IAS 32. As a result, in accordance with IFRS 9, the debentures are bifurcated into:

Debt host liability

The debt host is accounted for at fair value in accordance with IFRS 9. On initial valuation, a market yield of 13.85%, consistent with a CCC-rated information technology issuer was applied in determining fair value. At initial recognition, the fair value of the debt host was determined as $6,724,681.

12. Convertible debt (continued)

Subsequent to initial recognition, interest expense recognized in profit or loss includes contractual interest accrued at the above stated interest rates together with non-cash accretion of the debt discount using an effective interest rate of 23.77%, reflecting the market yield for a comparable non-convertible instrument.

Derivative liability

The conversion feature embedded within the convertible debentures does not meet the criteria for equity classification under IFRS due to variable settlement provisions. Accordingly, it is accounted for as a derivative liability and measured at fair value through profit or loss.

The derivative liability was valued using an expected discounted payoff model. Significant valuation inputs include a probability of a qualifying U.S. listing event of 75%, expected equity volatility of 100%, risk-free interest rates derived from U.S. Treasury yields (approximately 3.5%–3.6%), an expected listing date of September 30, 2026, a contractual conversion discount of 10%, a make-whole return capped at 24%, and USD/CAD foreign exchange rates. Due to the use of significant unobservable inputs, the conversion derivative liability is classified as a Level 3 financial instrument within the fair value hierarchy.

At initial recognition, the fair value of the derivative liability was determined as $802,424. The conversion derivative liability is remeasured at fair value at each reporting date using a probability weighted expected value model. Changes in fair value are recorded in profit or loss.

Investor warrants

In connection with the debenture issuance, the Company issued 5,406,750 investor warrants. Each warrant entitles the holder to purchase one subordinate voting share of the Company at an exercise price of $2.00 per share following the completion of US listing event. The warrants have expiry period of eighteen (18) months from the date of issuance and have an acceleration trigger of a share price of $4.

The Investor Warrants are classified as equity instruments and were valued using the residual value method. The equity value of the Investor Warrants represents the residual amount remaining after deducting the fair value of the derivative liability and the debt host component from the total cash proceeds received.

At initial recognition, the fair value of the investor warrants was determined as $482,894. The investor warrants are not remeasured after initial recognition.

Agent warrants

The Company issued a total of 400,500 placement agent warrants entitling the holder to acquire up to 5% of the shares issued upon conversion of the debentures, with an exercise price equal to 125% of the implied conversion price and a five-year term from the date of issuance. The warrants become exercisable only upon the occurrence of a U.S. listing event and the completion of the debenture conversion.

(Expressed in United States dollars)

12. Convertible debt (continued)

The agent warrants were measured at fair value of $278,798 on the grant date using the Black-Scholes option pricing model which incorporated the assumptions below:

		December 31, 2025
Expected life (in years)		5
Grant date market price (in CAD)	$	0.55
Expected volatility		100%
Risk-free interest rate		3.56%
Dividend yield		0%

In accordance with IFRS, the fair value of the agent warrants is treated as a transaction expense and is not included in the allocation of proceeds from the convertible debenture issuance. The agent warrant does not form part of the calibration of the initial carrying amounts of the debt host, derivative liability, or warrant components of the convertible debenture.

The fair value of the agent warrants was allocated to debt host liability, derivative liability and investor warrants with corresponding credit to equity classified warrants.

At initial recognition, the proceeds of the convertible debenture were allocated between the debt host liability, the conversion derivative liability, based on their relative fair values with the investor warrants measured as the residual amount. As a result, the debt host liability was recognized at a discount to its principal amount.

The Company incurred total transaction costs of $1,104,393 in connection with the issuance of the convertible debenture. These costs were allocated to the debt host liability, derivative liability, and investor warrants based on their relative fair values. Of the total, $927,177 allocated to the debt host was capitalized and will be amortized over the three-year term of the debt; $66,580 allocated to the investor warrants was capitalized as warrant issuance costs; and $110,636 allocated to the derivative liability was expensed through profit and loss.

(Expressed in United States dollars)

13. Derivative liability

		December 31, 2025		December 31, 2024
Balance at the beginning of the period	$	**833,949**	$	282,904
Derivative liability relating to new convertible debt (Note 12)		**802,424**		-
Change in fair value of derivatives relating to convertible debt		**(334,583)**		93,645
Change in fair value of derivatives due to modification of convertible debt (Note 12)		**-**		76,193
Embedded derivative relating to modification of loan payable (Note 12, 22)		**-**		381,207
Balance at the end of the period	$	**1,301,790**	$	833,949

Current portion	$	**498,020**	$	833,949
Non-current potion		**803,770**		-
	$	**1,301,790**	$	833,949

As at December 31, 2025, the derivative liability relating to related parties was $498,020 (December 31, 2024 - $833,949) (Note 22).

On December 15, 2025, in connection with the 2025 issuance of convertible debenture (Note 12) the Company recorded a total amount of $802,424 derivative liability. The conversion derivative liability is measured at fair value at each reporting date using a probability-weighted expected value model. As at December 31, 2025, the fair value of the conversion derivative was $803,770.

14. Warrant liability

		December 31, 2025		December 31, 2024
Beginning balance	$	**242,645**	$	300,000
Change in fair value of warrants		**80,690**		(57,355)
Ending balance	$	**323,335**	$	242,645

In conjunction with the promissory note payable described in Note 11, a warrant was granted to the Lender.

The warrant requires the Company to issue the Lender shares equal to 7% of all issued and outstanding equity of the Company on a fully diluted basis. The warrant liability is payable upon the occurrence of a number of events including, notice by the Company, an event of default under the terms of the loan agreement, the maturity date of the loan agreement, an asset sale and a sale of 100% of the equity of the Company.

At each reporting period, the Company fair values the warrant liability based on the estimated fair value and the Company recognizes any change in fair value in profit or loss.

(Expressed in United States dollars)

14. Warrant liability (continued)

On December 31, 2024, following the amendments to the promissory note payable agreement, this liability was adjusted to its fair value of $242,645. The fair value was calculated using the Black-Scholes pricing model to determine the expected cashflows and discounted to its present value as of December 31, 2024, using assumptions of expected volatility of 111.08% and a discount rate of 9.25%. The warrant liability is measured at fair value at each reporting date. As at December 31, 2025, the fair value of the warrant liability relating to the promissory note was $323,335 and was determined using assumptions of expected volatility of 98.9% and a discount rate of 8.11%.

15. Share capital

(a) Authorized (continued)

The Company is authorized to issue an unlimited number of non-par value Class A Subordinate Voting Shares ("SVS") and an unlimited number of Multiple Voting Shares ("MVS").

The following are the Class A SVS transactions during the year ended December 31, 2025, and 2024.

	Number of SVS shares		Amount
Balance December 31, 2023	28,265,000	$	15,558,987
Private Placement	10,625,000		2,542,652
Shares relating to Block X acquisition	4,250,000		1,262,760
Shares issued as finder's fees relating to acquisition	197,674		63,138
Options exercised	200,000		92,628
Share issuance costs	-		(392,496)
Balance December 31, 2024	**43,537,674**	**$**	**19,127,669**
Private placement	11,103,393	$	4,218,395
Warrants exercised	561,750		299,364
Converson of MVS Shares	90,000		-
Share issuance costs	-		(133,447)
Balance December 31, 2025	**55,292,817**	**$**	**23,511,981**

i. On January 20, 2025, the Company closed a non-brokered private placement offering 9,433,000 units of the Company at a price per Unit of $0.37 (C$0.53) for aggregate gross proceeds of $3,488,644 (C$4,999,490).

   Each unit consisted of one SVS and one half of one SVS purchase warrant. Each whole SVS purchase warrant entitles the holder thereof to purchase one additional SVS at an exercise price of $0.47 (C$0.67) for a term of 24 months from the date of issuance. The warrants were valued at $387,494 (C$555,309) using the Black-Scholes Option Pricing model with the following weighted-average assumptions: expected life – 2 years, volatility 88.97%, risk free rate - 2.85%, dividend yield – 0%. The Company allocated $3,107,526 (C$4,453,320) and $381,117 (C$546,170) to share capital and warrants respectively.

   The Company incurred total share issuance transaction costs of $73,138 related to the private placement. Of this amount, $65,808 was allocated to share issuance costs and $7,328 was allocated to warrant issuance costs.

15. Share capital (continued)

(a) Authorized (continued)

ii. During the period ended March 31, 2025, the Company issued 150,000 shares on the exercise of 150,000 warrants for gross cash proceeds of $62,698 (C$90,000) and the associated fair value of $15,594 was transferred from warrants to share capital.

iii. On February 25, 2025, the Company issued 63,000 shares on conversion of 63 MVS shares.

iv. On September 29, 2025, the Company closed a non-brokered private placement offering 1,531,463 units of the Company at a price per Unit of $0.72 (C$1.00) for aggregate gross proceeds of $1,100,050 (C$1,531,463).

Each unit consisted of one SVS and one SVS purchase warrant. Each SVS purchase warrant entitles the holder thereof to purchase one additional SVS at an exercise price of $1.42 (C$2.00) for a term of 5 years from the date of issuance. The warrants were valued at $57,955 (C$80,683) using the Black-Scholes Option Pricing model with the following weighted-average assumptions: expected life – 5 years, volatility 85.53%, risk free rate -2.73%, dividend yield – 0%. The Company allocated $1,017,470 (C$1,416,497) and $82,580 (C$114,966) to share capital and warrants respectively.

The Company incurred total share issuance transaction costs of $48,419 related to the private placement. Of this amount, $45,613 was allocated to share issuance costs and $2,806 was allocated to warrant issuance costs

v. On October 2, 2025, The Company closed the second and final tranche of its non-brokered private placement and issued 138,930 units at a price per unit of $0.72 (C$1.00) for aggregate gross proceeds of $99,502 (C$ 138,930).

Each unit consisted of one SVS and one SVS purchase warrant. Each SVS purchase warrant entitles the holder thereof to purchase one additional SVS at an exercise price of $1.43 (C$2.00) for a term of 5 years from the date of issuance. The warrants were valued at $3,771 (C$5,265) using the Black-Scholes Option Pricing model with the following weighted-average assumptions: expected life – 5 years, volatility 85.64%, risk free rate -2.74%, dividend yield – 0%. The Company allocated $93,399 (C$130,409) and $6,103 (C$8,521) to share capital and warrants respectively.

vi. In October, 2025, a total of 411,750 warrants were exercised for gross cash proceeds of $176,063 (C$247,050). The fair value of $45,009 (C$60,551) was transferred from warrants to share capital.

vii. On October 10,2025, 27 MVS shares were converted at the option of the holder to 27,000 SVS shares per the terms of MVS conversion.

viii. On December 29, 2025, the Company incurred transaction costs of $22,026 relating to the issuance of shares for the Austal acquisition.

(Expressed in United States dollars)

15. Share capital (continued)

(a) Authorized (continued)

Multiple Voting Shares
On December 31, 2025, the Company had 26,480 (December 31, 2024 - 26,570) multiple voting shares (MVS). Each MVS share is entitled to one thousand votes for each share.

The following is the MVS transaction during the year ended December 31, 2025:

- On February 25, 2025, 63 MVS shares were converted at the option of the holder to 63,000 SVS shares per MVS conversion.
- On October 10, 2025, 27 MVS shares were converted at the option of the holder to 27,000 SVS shares per the terms of MVS conversion.

(b) Warrants

Information about outstanding warrants is summarized in the table below:

	Number of warrants		Weighted Average Exercise Price in CAD
Balance, December 31, 2023	**-**	**$**	**-**
Warrants issued	6,036,100		0.60
Balance, December 31, 2024	**6,036,100**	**$**	**0.60**
Issued	12,194,142		1.42
Exercised	(561,750)		0.60
Balance, December 31, 2025	**17,668,492**	**$**	**1.17**

On January 20, 2025, in connection with the non-brokered private placement offering, the Company issued 4,716,499 SVS purchase warrant. Each SVS purchase warrant is exercisable to acquire one additional SVS at an exercise price of $0.47 (C$0.67) for a term of 24 months from the date of issuance.

On September 29, 2025, in connection with the non-brokered private placement offering, the Company issued 1,531,463 SVS purchase warrants. Each SVS purchase warrant is exercisable to acquire one additional SVS at an exercise price of $1.42 (C$2.00) for a term of 5 years from the date of issuance.

On October 2, 2025, in connection with the non-brokered private placement offering, the Company issued 138,930 SVS purchase warrants. Each SVS purchase warrant is exercisable to acquire one additional SVS at an exercise price of $1.43 (C$2.00) for a term of 5 years from the date of issuance.

On December 15, 2025, in connection with the Convertible debenture, the Company issued 5,406,750 investor warrants and 400,500 agent warrants. Each warrant entitles the holder thereof to acquire one (1) SVS in the capital of the Company at any time following the completion of the Trigger Event until the eighteen-month anniversary of the date of issuance subject to the acceleration as described in the agreement. The investor warrants' exercise price is $2.00 per warrant share. The agent warrants' exercise price is defined as 125% of the implied conversion price.

(Expressed in United States dollars)

15. Share capital (continued)

(b) Warrants (continued)

The Investor Warrants are classified as equity instruments and were valued using the residual value method. The equity value of the Investor Warrants represents the residual amount remaining after deducting the fair value of the derivative liability and the debt host component from the total cash proceeds received.

The fair value allocated to the warrants issued in the year was $1,225,746. Included in this amount is $482,894 for investor warrants arising from the convertible debenture. The investor warrants were valued using the residual valuation method.

The balance of $742,852 fair value was determined using the Black-Scholes option pricing model at the time of issue using the following key assumptions:

	December 31, 2025
Expected life (in years)	2 - 5
Grant date market price (in CAD)	$0.47 - $0.65
Expected volatility	85.53% - 88.97%
Risk-free interest rate	2.73% - 2.86%
Dividend yield	0%

During the year ended December 31, 2025, 561,750 warrants were exercised at the exercise price of $0.43 (C$ 0.60). The fair value of $60,748 (C$85,501) was transferred from warrants to share capital.

The weighted-average remaining life of the warrants outstanding as at December 31, 2025, was 1.51 years.

(c) Stock-based compensation

The following are stock options transactions during the year ended December 31, 2025, and 2024.

	Number of options		**Weighted Average Exercise Price in CAD**
Balance, December 31, 2023	**3,713,833**	$	0.77
Granted	3,135,000	$	0.72
Excersied	(200,000)		0.62
Forfeited	(295,833)		0.84
Balance, December 31, 2024	**6,353,000**	$	0.76
Granted	1,700,000		0.52
Forfeited	(1,050,000)		1.03
Balance, December 31, 2025	**7,003,000**	**$**	**0.67**

(Expressed in United States dollars)

15. Share capital (continued)

(c) Stock-based compensation (continued)

Information about stock options outstanding and exercisable is summarized in the table below:

Expiry Date	Outstanding	Exercisable	Weighted Average Exercise Price in CAD	Weighted Average Life Remaining (in Years)
January 18, 2027	**400,000**	400,000	0.62	1.0
March 9, 2027	**1,168,000**	1,168,000	0.62	1.2
November 25, 2027	**225,000**	225,000	0.92	1.9
December 6, 2027	**860,000**	860,000	0.75	1.9
February 18, 2028	**400,000**	400,000	1.03	2.1
February 20, 2028	**75,000**	62,500	0.53	2.1
October 26, 2028	**200,000**	200,000	0.60	2.8
January 9, 2029	**75,000**	68,750	0.60	3.0
January 10, 2029	**1,675,000**	1,116,666	0.62	3.0
November 15, 2029	**300,000**	200,000	0.99	3.9
December 6, 2029	**75,000**	75,000	0.75	3.9
January 9, 2030	**100,000**	33,333	0.60	4.0
May 7, 2030	**250,000**	83,332	0.39	4.4
July 2, 2030	**500,000**	250,000	0.52	4.5
July 2, 2030	**250,000**	125,000	0.52	4.5
July 6, 2030	**250,000**	125,000	0.58	4.5
December 30, 2030	**200,000**	-	0.51	5.0
	7,003,000	**5,392,581**		**2.7**

During the year ended December 31, 2025, the Company granted a total of 1,700,000 stock options to employees, consultants and certain related parties at a weighted average price of CAD $0.52.

The weighted-average life remaining of the options outstanding as at December 31, 2025, was 2.75 years.

(Expressed in United States dollars)

15. Share capital (continued)

(c) Stock-based compensation (continued)

The fair value of the share-based compensation issued was $413,059 (CAD $577,140) and was determined using the Black Scholes option pricing model at the time of issuance using the following assumptions:

	December 31, 2025
Expected life (in years)	3 - 5
Grant date market price (in CAD)	$0.39 - $0.60
Expected volatility	80.30% - 89.77%
Risk-free interest rate	2.62% - 2.98%
Dividend yield	0%

On July 3, 2025, the Company cancelled an aggregate of 1,050,000 incentive stock options previously granted to certain employees, directors and officers. These cancelled options had an exercise price of C$1.03 per share and were set to expire on February 18, 2028. These options were voluntarily surrendered by the holders for no consideration. The director receiving the new grant above was not among those whose options were cancelled.

The share-based expenses incurred during the year ended December 31, 2025, in relation to the stock options granted amounted to $905,449 (December 31, 2024 - $756,882).

Deferred share units

In May 2025, the Company issued a total of 1,402,153 DSUs to the chief executive officer of the Company. The DSUs will be vested one year after the grant date. Subject to the terms of the Plan, the settlement of the DSUs will be in shares (or, at the election of the Company, in shares or a combination of cash and shares).

The total fair value of the DSUs on May 22, 2025, was $354,584 (C$483,743) and was determined using the share price on the grant date. The share price on the grant date was $ 0.248 (C$0.345).

On December 31, 2025, management concluded that the Deferred Share Units (“DSUs”) will be settled in shares of the Company. As a result, the DSUs were classified as equity-settled in accordance with IFRS 2. For the year ended December 31, 2025, the Company recognized $211,523 as share-based compensation expense related to the DSUs, representing the portion of the grant-date fair value that vested during the period.

The following Deferred share units were outstanding as at December 31, 2025

	Number of DSU
Balance, December 31, 2024	-
Granted	1,402,153
Balance, December 31, 2025	**1,402,153**

(Expressed in United States dollars)

15. Share capital (continued)

(c) Stock-based compensation (continued)

Restricted Share Units

On August 29, 2025, the Company entered into a consulting agreement with Lotus Domaine Fund III, LP for the provision of capital markets, private equity, fundraising, acquisition strategy, and related advisory services. The agreement is effective August 29, 2025, and terminates on December 31, 2027, unless earlier terminated for cause by either party in accordance with the agreement.

As consideration for the services, and subject to applicable stock exchange approval, the Company will grant a total of 2,739,726 restricted share units (“RSUs”) to the Consultant in accordance with the Company’s Omnibus Share Incentive Plan, as follows:

1,593,813 RSUs granted within 30 days of the effective date of the Agreement; and
1,145,913 RSUs granted within 30 days of the 13-month anniversary of the effective date.

The fair value of the 2,739,726 RSUs is $400,000 and was determined using the price at which comparable consulting services would be exchanged in an open unrestricted market between unrelated parties.

The RSUs vest one year after the grant date, subject to the terms and conditions of the Company’s equity incentive plan. Upon vesting, each RSU will be settled in one common share of the Company.

On September 1, 2025, the Company issued 1,593,913 RSUs. The fair value allocated to these RSUs was $232,697 (C$314,455). The remaining 1,145,913 RSUs with a fair value of $167,303 will be issued within 30 days of the 13-month anniversary of the effective date.

During the year ended December 31, 2025, the Company recognized $76,445 of stock-based compensation expense attributable to RSUs that vested during the year. This amount forms part of the total stock-based compensation expense reported on the income statement.

The following Restricted share units were outstanding as at December 31, 2025

	Number of RSU
Balance, December 31, 2024	-
Granted	1,593,813
Balance, December 31, 2025	**1,593,813**

(Expressed in United States dollars)

16. Revenue

The Company's disaggregated revenues for the years ended December 31, 2025, and 2024 are as follows:

		December 31, 2025		December 31, 2024
Subscription software licenses	**$**	**2,168,306**	$	3,016,739
Professional consulting services		**14,000**		-
	$	**2,182,306**	$	3,016,739

The Company's revenue by geographic segments for the years ended December 31, 2025, and 2024 are as follows:

		December 31, 2025		December 31, 2024
United States	**$**	**1,902,533**	$	2,747,309
International		**279,773**		269,430
	$	**2,182,306**	$	3,016,739

Remaining Performance Obligations

The Company's arrangements with its customers often have terms that span over multiple years. However, the Company allows many of its customers to terminate contracts for convenience prior to the end of the stated term with less than twelve months' notice. Revenue allocated to remaining performance obligations represents noncancelable contracted revenue that has not yet been recognized, which includes deferred revenue and, in certain instances, amounts that will be invoiced. The Company has elected the practical expedient allowing the Company to not disclose remaining performance obligations for contracts with original terms of twelve months or less. Cancelable contracted revenue, which includes customer deposits, is not considered a remaining performance obligation.

The Company's remaining performance obligations were $1,553,163 as of December 31, 2025, of which the Company expects to recognize approximately $653,454 as revenue over the next 12 months, and the remainder as revenue over the subsequent 13 to 36 months.

17. Expenses

The amortization of intangible assets (Note 7) for the years ended December 31, 2025, and 2024 is as follows:

		December 31, 2025		December 31, 2024
Amortization of software development costs in:				
Cost of sales	**$**	**581,879**	$	328,745
Other expense items (Note 7)		-		71,792
	$	**581,879**	$	400,537

(Expressed in United States dollars)

17. Expenses (continued)

Below is a breakdown of selling and marketing, administrative and research and development expenses.

		December 31, 2025		December 31, 2024
Selling and marketing expenses	$	**1,977,448**	$	1,356,065
Administrative expenses		**2,818,928**	$	1,615,770
Research and development expenses		**1,437,982**	$	1,684,860
	$	**6,234,358**	$	4,656,695

Included in administrative expenses for the year ended December 31, 2025 are employee wages and benefits of $414,819 (December 31, 2024 - $426,931), consulting fees of $846,504 (December 31, 2024 - $153,559), accounting and other professional fees of $591,683 (December 31, 2024 - $203,125), and digital marketing expenses of $Nil (December 31, 2024 - $30,450).

18. Other expenses

The following table provides a breakdown of the Company's other expenses for the years ended December 31, 2025, and 2024:

		December 31, 2025		December 31, 2024
Other expenses:				
Depreciation and amortization	$	**74,246**	$	83,092
Amortization of intangible assets (Note 7)		**-**		71,792
Transaction costs relating to derivative liability (Note 12)		**110,636**		-
Other miscellaneous expenses		**-**		18,642
	$	**184,882**	$	173,526

19. Finance costs

The breakdown of the Company's finance costs for the years ended December 31, 2025, and 2024 is as follows:

		December 31, 2025		December 31, 2024
Interest and accretion on lease liabilities (Note 10)	$	**8,408**	$	11,620
Interest and accretion on promissory note payable (Note 11)		**203,429**		195,727
Interest and accretion on loan payable		**-**		59,553
Interest and accretion on convertible debt (Note 12)		**505,236**		211,822
Interest - Miscellaneous		**11,085**		2,023
Finance costs	$	**728,158**	$	480,745

(Expressed in United States dollars)

20. Net loss per share

The basic and diluted weighted average number of shares have been calculated as follows:

		December 31, 2025		December 31, 2024
Net loss	$	**(6,777,910)**	$	(4,381,465)
Weighted average number of SVS common shares - basic and diluted		**53,196,517**		32,756,112
Loss per share - basic and diluted	$	**(0.13)**	$	(0.13)

At December 31, 2025, 26,480 MVS shares, 7,003,000 stock options, 1,593,813 DSUs, 1,402,153 RSUs and 17,668,492 warrants (December 31, 2024 - 26,570 MVS shares, 6,353,000 stock options, DSUs Nil, RSUs, Nil and 6,036,100 warrants) were excluded from the diluted weighted average number of shares calculation as their effect would have been antidilutive.

21. Change in non-cash working capital

The following are the changes in non-cash working capital for year ended December 31, 2025, and 2024:

		December 31, 2025		December 31, 2024
Accounts receivable	$	**(190,270)**	$	37,114
Prepaid expenses		**134,641**		(473,344)
Accounts payable and accrued liabilities		**(63,366)**		(41,129)
Deferred revenue		**(605,239)**		356,605
	$	**(724,234)**	$	(120,754)

22. Related-party transactions

At December 31, 2025, included in accounts payable and accrued liabilities (Note 8) is an amount of $242,914. (December 31, 2024 - $436,582) due to related parties.

Related party payables balances included under convertible debt (Note 12) and the derivative liability associated with the convertible debt (Note 13) consist of the following balances:

		December 31, 2025		December 31, 2024
Convertible debt (Note 12)	$	**1,015,200**	$	570,382
Derivative liability (Note 13)		**498,020**		833,949
	$	**1,513,220**	$	1,404,331

(Expressed in United States dollars)

22. Related-party transactions (continued)

The conversion options related to the related party payable (Note 12), following the amendment on December 31, 2024, were concluded to be an embedded derivative as it met the definition of a derivative liability since:

i) Its value changes based upon both the underlying share price of its parent company's common shares and changes in the USD/CAD exchange rate;
ii) It requires little or no net investment; and
iii) It is settled in the future.

Management elected to measure this embedded derivative ("ED") at FVTPL and did not elect to account for the entire hybrid instrument at FVTPL. Changes in fair value are recognized in profit or loss. For the year ended December 31, 2025, the change in fair value of the derivative liability related to related party was a gain of $335,928.

Related party transactions during the period
The Company has an existing lease arrangement for office space with a company controlled by an executive employee of the Company that was renewed on March 1, 2023, for a three-year term up to February 28, 2026 (Note 6). The Company is required to make monthly payments of $4,700 under the terms of the lease. During the years ended December 31, 2025, and 2024. The Company paid $56,400 under this agreement.

The Company defines key management personnel as being the Chief Executive Officer, Director, Chief Revenue Officer, and the Chief Financial Officer. No post-employment benefits or other long-term benefits were made during the years ended December 31, 2025, and 2024.

Short-term key management and director compensation consists of the following:

		December 31, 2025		December 31, 2024
Salaries, bonus, and short-term employment benefits	**$**	**1,267,174**	$	622,898
Administrative expenses - consulting, accounting and corporate administration fees		**249,133**		157,785
Share-based expenses		**514,080**		57,412
	$	**2,030,387**	$	838,095

The Company incurred $66,000 in consulting fees paid to directors, reported within consulting and corporate administration expenses. Also Included in share-based expenses is $337,357 related to director grants.

Additionally, during the year ended December 31, 2025, $7,236 (December 31, 2024 - $8,190) share issuance costs were paid to a related party.

(Expressed in United States dollars)

23. Income Tax Expense

The provision for income taxes for the years ended December 31, 2025 and 2024 consists of the following:

		December 31, 2025		December 31, 2024
Net (loss) income before income taxes	**$**	**(6,777,910)**	$	(4,381,465)
Statutory tax rate		**24.30%**		24.30%
Expected income tax (recovery)		**(1,647,032)**		(1,064,696)
Non-deductible items and other		**254,633**		(998,253)
Foreign tax rate differences		**(149,637)**		86,183
Change in deferred tax assets not recognized		**1,542,036**		1,976,766
Total income tax expense (recovery)	**$**	**-**	$	-
Current tax expense (recovery)		**-**		-
Deferred tax expense (recovery)		**-**		-
	$	**-**	$	-

Details of the Company’s deferred income tax assets (liabilities) are as follows:

		December 31, 2025		December 31, 2024
Lease obligations	**$**	**13,474**	$	-
Right-of-use assets		**(13,474)**		(13,506)
Non-capital loss carryforwards - US		**-**		13,506
	$	**-**	$	-

Details of the Company’s gross deductible timing differences are as follows:

		December 31, 2025		December 31, 2024
Non-capital loss carryforwards - US	**$**	**19,390,574**	$	13,231,830
Non-capital loss carryforwards - Canada		**4,043,806**		1,709,527
Non-capital loss carryforwards - Serbia		**-**		4,809
Lease obligation		**3,458**		61,117
Property, plant and equipment		**1,756,070**		3,376,214
Share Issuance Costs		**441,617**		127,390
Acrual to cash		**4,012**		1,116,799
Debt		**757,963**		8,895
Total unrecognized deductible temporary differences	**$**	**26,397,500**	$	19,636,581

The company evaluated the realizability of its income tax assets in prior years. As a result of the cumulative losses, the Company has established a valuation allowance against its deferred tax assets. The company's non-capital loss carryforwards in Canada and net operating loss carryforwards in the US are carried forward and can be used to reduce taxes payable in future years. If not utilized the losses will expire between 2033 and 2045 and in some cases they can be carried forward indefinitely. A change in estimated tax benefit of prior periods are recognized in the prior period.

24. Capital risk management

The Company manages its capital structure based on the funds available to the Company in order to support its organic growth and general operations. The Board of Directors does not establish a quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain the future development of the business. The Company defines capital to include share capital of $23,511,981 (December 31, 2024 - $19,127,669).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2025. The Company is not subject to externally imposed capital requirements except the debt covenants, which is discussed in Note 11.

25. Financial instruments and risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from the Company's operating activities from trade receivables and financing activities from cash.

The Company has estimated its forward-looking expected credit loss of $Nil at December 31, 2025, and December 31, 2024.

Credit risk from trade receivables is minimized by establishing credit policies such as determining and monitoring customer credit limits and requiring credit approvals. The Company does not hold any collateral as security but mitigates credit risk from trade receivables by transacting only with recognized and creditworthy counterparties.

During the year ended December 31, 2025, the Company determined there was no single customer that was likely unable to meet its payment obligations (December 31, 2024 - $Nil). The Company’s accounts receivable balance as at December 31, 2025, net of the provision is as follows:

	Under 30	30-60 days	Over 60 days	Total
Accounts receivable aging	$ 92,617	$ 132,165	$ -	$ 224,782

Included in accounts receivable balance is $79,714 and $40,899 receivable from CRA and the Australian subsidiary respectively. The Company was exposed to concentration of credit risk relating to one customer that represented significant percentage of trade accounts receivable as at December 31, 2025, and December 31, 2024. During the year ended December 31, 2025, one customer accounted for 87% (December 31, 2024 - 0%) of total trade receivables respectively.

During the year ended December 31, 2025, the Company wrote off $15,231 (December 31, 2024 - $6,494) as bad debts.

Currency risk

Currency risk is the risk that changes in foreign exchange rates will cause fluctuations in the fair values and cash flow of the Company’s financial instrument holdings. The Company has minimal exposure to currency risk as it does not hold significant assets in currency other than USD and its international sales are denominated in USD.

(Expressed in United States dollars)

25. Financial instruments and risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through its convertible debt agreement which bears interest at 8% but can increase to 13% if the Company defaults on its payment obligation on maturity. A change in interest rate by 5% would have resulted in an increase or decrease of approximately $ 64,215 in the net loss for the year.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company mitigates liquidity risk by adjusting its expenses in relation to its revenues, through working capital management, and loans and advances from its lenders.

The Company's exposure to liquidity is dependent on the Company's ability to generate sales, manage its expenditure based on sales, and continued support from its lenders.

At December 31, 2025, the Company has $9,900,649 (December 31, 2024 - $4,192,020) of liabilities net of deferred revenues and derivative liability with the following due dates and carrying values:

	Under 3 months	3 months - 1 year	1 - 2 years	3 - 5 years	Total
Accounts payable and accured liabilties	$ 623,362	$ -	$ -	$ -	$ 623,362
Convertible debt	1,015,200	-	-	5,857,922	6,873,122
Lease payments	14,100	16,725	28,082	-	58,907
Promissory note payable	-	2,021,923	-	-	2,021,923
Warrant liability	-	323,335	-	-	323,335
Total	**$ 1,652,662**	**$ 2,361,983**	**$ 28,082**	**$ 5,857,922**	**$ 9,900,649**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risks.

26. Subsequent events

On January 2, 2026, the Company granted a total of 266,000 Restricted Share Units (‘RSU) to a director and consultant. The RSUs are equity settled and will vest on January 2, 2027.

On January 6, 2026, the Company completed its acquisition of certain technology assets of Austal Limited (ASX: ASB), a global leader in shipbuilding and defense prime-contracting, (“Austal”) comprising a 100% interest in each of, a planning software product focused on aviation applications, a branched Lifecycle Upkeep Sustainment Intelligence (LUSI) solution, an enterprise asset management software suite with a focus on marine applications, and certain other branched minor software products focused on workflow and automation of Austal and intellectual property licenses to support and utilize such assets (together, the “Acquired Assets”), pursuant to a framework collaboration agreement entered into between the Company and Austal. The transaction meets the criteria of IFRS 3 Business Combinations and has been accounted for accordingly.

Pursuant to the Framework Collaboration Agreement (“FCA”) and in connection with the acquisition of Austal technology assets, among other things, the Company issued an aggregate of 6,075,459 subordinate voting shares in the capital of the Company (“SVS”, and the SVS shares issued to Austal pursuant to the acquisition of Austal Limited technology assets , the “Consideration Shares”), representing 9.72% of the issued and outstanding SVS on a non-diluted basis, at a deemed price per Consideration Share of $0.73 (C$1.00).

On January 6, 2026, and subsequent to the acquisition of Austal Australia’s Digital Advanced Technology assets, the Company incorporated a wholly owned Australian subsidiary, EDGETI AU PTY LTD, to provide a compliant and operationally efficient corporate structure for the transfer and ongoing management of the acquired assets.

On January 16, 2026, the Company secured a renewal of a three-year revenue contract in the value of $229,000 with a managed health care insurer for its real time digital operation system.

On January 21, 2026, the Company granted a total of 799,992 stock options to employees of its subsidiary EdgeTI AU Pty Ltd at an exercise price of $0.47 (C$0.65). The options will vest equally over a three-year period and will expire on January 20, 2030.

On January 28, 2026, the Company granted a total of 275,000 stock options to employees and 120,000 stock options to its consultants at an exercise price of$ 0.48 (C$0.65). The 275,000 options will vest equally over a three-year period and will expire on January 28, 2030. The 120,000 options will vest on April 14, 2026, and will expire on January 28, 2030.

On February 26, 2026, the Company granted a total of 100,000 stock options to an Advisor of the Company at an exercise price of $0.57 (C$0.78). The stock options will vest in four equal installments over a period of twelve months and will expire on February 26, 2031.

In February 2026, 892,855 and 200,000 warrants were exercised at $0.44 (C$0.60) and $0.49 (C$0.67) respectively and a total number of 43,625 with an exercise price of C$ 0.60 were cancelled.

On March 10, 2026, the Company renewed the lease agreement with a company controlled by an executive employee of the Company effective April 1, 2026, to March 31, 2029. Under this agreement, the Company will pay monthly rent of $7,700 in advance on the first day of each month.

26. Subsequent events (continued)

On March 16, 2026, 22,790 warrants were exercised at $0.44 (C$0.60).

On March 17, 2026, 149 MVS were converted to 149,000 SVS.

On March 26, 2026, 58,625 warrants were exercised at $0.43 C$0.60).

On April 1, 2026, the Company appointed Jason Nichols as the new CEO. The prior CEO and Chair, Mr. Jim Barret, resigned as CEO but continues as executive chair to drive governance, capital markets, strategic planning and thought leadership via the Company's new CEO Jason Nichols, the board and industry advisory council.

Mr. Jason Nichols will receive an annual base salary of $350,000 and is eligible to earn a performance-based cash incentive bonus under the Company's Executive Cash Incentive Plan with a target opportunity equal to 100% of base salary. Bonus payouts are contingent on the achievement of performance objectives established by the Board.

On April 10, 2026, the Company's Australian subsidiary secured a revenue its first revenue contract in the amount of $1.24M (AUD$1,750M) in the maritime sector. Contract reflects successful integration and commercialization following the January 5, 2026, closing of the Austal Limited transaction. The awarded scope is for various programs including software development, integration, and ongoing maintenance and support services surrounding maritime acquisition program management.

On April 17, 2026, the Company's Australian subsidiary secured a second contract $828,000 (AUD$ 1,150M) maritime naval contract. This contract reinforces the Company's strategic expansion into defense and industrial operations, where customer demand for overmatched Digital Fleet Lifecycle capabilities is a relentless signal. The awarded scope is for various Navy and Border Force programs including acquisition data management, ILS digital maintenance baseline solutions, and on-vessel production validation & testing.

On April 13, 2026, 5,000 warrants were exercised at $0.43 (C$0.60).

On April 21, 2026, 100,000 warrants were exercised at $0.49 (C$0.67).

On April 23, 2026, the Company's Australian subsidiary secured a third contract $748,755 (AUD$ 1,050M). An element of this latest award includes strategic domain expansion centered on the Aviation Life-cycle Fleet Intelligence (ALFI) platform a sophisticated digital fleet solution purpose-built for the Royal Australian Air Force (RAAF), originally developed through the advanced engineering pedigree of Austal Technology.

On April 28, 2026, 200,000 warrants were exercised at $0.49 (C$0.67).