



# ARway.ai

**ARway Corporation**

**Financial Statements**

**For the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024**

(Expressed in Canadian dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
ARway Corporation

### *Opinion*

We have audited the accompanying financial statements of ARway Corporation (the "Company"), which comprise the statements of financial position as at March 31, 2025 and August 31, 2024 and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the seven month period ended March 31, 2025 and the year ended August 31, 2024, and notes to the financial statements, including material accounting policy information.

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

### *Basis for Opinion*

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

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 of the financial statements, which indicates the Company had a loss for the period ended March 31, 2025 and incurred negative cash flows from operations. As stated in Note 1, these events and conditions 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 financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

### *Other Information*

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

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



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

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

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

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

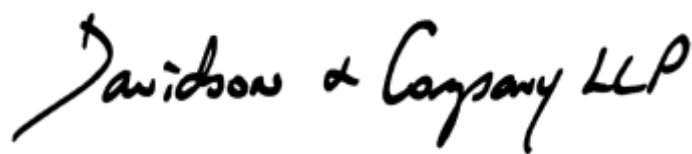
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Peter Maloff.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

July 28, 2025

**ARWAY CORPORATION**  
**Statements of Financial Position**  
(Expressed in Canadian dollars)

	Note	March 31, 2025	August 31, 2024
		\$	\$
<b>ASSETS</b>			
Current			
Cash	5	6,628	398
Receivables		96,674	125,414
Prepaid expenses	6	24,939	24,081
<b>Total current assets</b>		<b>128,241</b>	<b>149,893</b>
Long term receivables		456,627	85,295
<b>Total assets</b>		<b>584,868</b>	<b>235,188</b>
<b>LIABILITIES</b>			
Current			
Accounts payable and accrued liabilities	8, 10	816,212	666,637
Deferred revenue		454,696	242,947
<b>Total liabilities</b>		<b>1,270,908</b>	<b>909,584</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital	9	8,785,865	8,520,819
Reserves	9	1,379,155	1,328,555
Accumulated Deficit		(10,851,060)	(10,523,770)
<b>Total shareholders' (deficiency) equity</b>		<b>(686,040)</b>	<b>(674,396)</b>
<b>Total liabilities and shareholders' equity</b>		<b>584,868</b>	<b>235,188</b>

Nature of operations and going concern (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors:

<u>/s/ "Evan Gappelberg"</u>	<u>/s/ "Anthony Pizzonia"</u>
Director	Director

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

**ARWAY CORPORATION.****Statements of Loss and Comprehensive Loss**

(Expressed in Canadian dollars, except for number of shares)

	Note	7 month period ended March 31, 2025	12 month period ended August 31, 2024
		\$	\$
<b>Revenue</b>		<b>478,760</b>	126,856
Cost of sales		(34,353)	-
Gross profit		<b>444,407</b>	126,856
<b>Operating expenses</b>			
Depreciation		-	2,143
General and administrative	10, 11(a)	<b>259,311</b>	775,134
Impairment of intangible assets	7	-	670,050
Research and development	11(b)	<b>120,512</b>	391,912
Sales and marketing	11(c)	<b>269,971</b>	418,685
Share-based compensation	9(f), 10	<b>50,600</b>	294,426
Loss on settlement	9c	<b>56,795</b>	-
Bad debt expense		<b>14,508</b>	-
Total operating expenses		<b>771,697</b>	2,552,350
Loss from operations		<b>(327,290)</b>	(2,425,494)
Other income (expense)			
Interest income		-	1,539
Loss on sales of assets		-	(3,034)
Total other income (expense)		-	(1,495)
<b>Net loss and comprehensive loss for the year</b>		<b>(327,290)</b>	(2,426,989)
<b>Net loss per share</b>			
Basic and diluted		<b>(0.01)</b>	<b>(0.08)</b>
<b>Weighted average number of common shares</b>			
Basic and diluted		34,049,662	28,976,975

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

**ARWAY CORPORATION**  
**Statements of Cash Flows**  
(Expressed in Canadian dollars)

	7 month period ended March 31, 2025	12 month period ended August 31, 2024
	\$	\$
<b>Operating activities:</b>		
Net loss for the period	(327,290)	(2,426,989)
Items not affecting cash:		
Depreciation	-	2,143
Impairment of intangible assets	-	670,050
Loss on sales of assets	-	3,034
Accrual of management fees	-	162,000
Share-based compensation	50,600	294,428
Loss on settlement	56,795	-
Changes in non-cash working capital:		
Receivables	28,739	68,582
Due to/from related parties	(115,097)	294,860
Prepaid expenses and deposits	(858)	9,646
Accounts payable and accrued liabilities	101,592	13,097
Deferred revenue	211,749	233,182
<b>Cash used in operating activities</b>	<b>6,230</b>	<b>(675,967)</b>
<b>Financing activities:</b>		
Proceeds from employee pay program	-	345,193
Proceeds from exercise of options and warrants	-	50,000
<b>Cash provided by financing activities</b>	<b>-</b>	<b>395,193</b>
Change in cash and cash equivalents	6,230	(280,774)
Cash and cash equivalents, beginning of period	398	281,172
<b>Cash and cash equivalents, end of period</b>	<b>6,628</b>	<b>398</b>
<b>Non-cash investing and financing activities:</b>		
Loss from employee pay program	-	28,425
Proceeds from private placement received by related party	-	50,000
Shares issued to acquire intangible assets	-	840,000
<b>Supplemental cash flow information:</b>		
Interest received	-	1,539
Fair value of share issued to CEO in settlement of payable	265,046	

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

**ARWAY CORPORATION**  
**Statements of Changes in Shareholders' Equity (Deficiency)**  
(Expressed in Canadian dollars, except for number of shares)

	Common shares	Share capital	Reserves	Accumulated Deficit	Total shareholders' Equity (deficiency)
	#	\$	\$	\$	\$
Balance, August 31, 2023	27,177,870	7,021,081	1,257,463	(8,096,781)	181,763
Shares issued from exercise of warrants	100,000	50,000	-	-	50,000
Shares issued for employee pay program	1,499,385	373,618	(37,217)	-	336,401
Share-based compensation	506,000	186,119	108,309	-	294,428
Shares for cash	87,719	50,000	-	-	50,000
Acquisition of intangible asset	4,000,000	840,000	-	-	840,000
Net loss for the year	-	-	-	(2,426,989)	(2,426,989)
<b>Balance, August 31, 2024</b>	<b>33,370,974</b>	<b>8,520,819</b>	<b>1,328,555</b>	<b>(10,523,770)</b>	<b>(674,396)</b>
Share-based compensation	-	-	50,600	-	50,600
Share issued to CEO in settlement of payable	3,786,363	265,046	-	-	265,046
Net loss for the period	-	-	-	(327,290)	(327,290)
<b>Balance, March 31, 2024</b>	<b>37,157,337</b>	<b>8,785,865</b>	<b>1,379,155</b>	<b>(10,851,060)</b>	<b>(686,040)</b>

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



## **ARWAY CORPORATION**

### **Notes to the Financial Statements**

For the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024  
(Expressed in Canadian dollars, except where noted)

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

ARway Corporation (the "Company") develops and operates intellectual property which includes the ARway application. ARway is a mobile app, all-in one no code real-world Metaverse creation tool, with self-generating augmented reality ("AR") mapping solutions for consumers and brands alike. The Company was incorporated under the Business Corporations Act (Ontario) on July 15, 2022 and is a recent spin out of Nextech3D.ai Corp. ("Nextech"), a Metaverse company and leading provider of AR solutions. The Company's registered and head office is located at PO Box 64039 RPO Royal Bank Plaza, Toronto, Ontario, M5J 2T6.

The Company's shares trade in Canada on the Canadian Securities Exchange ("CSE") under the trading symbol "ARWY", on the OTC Pink Sheet Open Market under the trading symbol "ARWYF", and on the Frankfurt Stock Exchange under the trading symbol "FSE: E65".

##### **a) Going concern**

These financial statements for the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024 have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. During the 7 month period ended March 31, 2025, the Company has a net loss and incurred negative cash flow from operations. As at March 31, 2025, the Company has an accumulated deficit of \$10,851,060. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing through debt or equity. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

#### **2. BASIS OF PREPARATION**

##### **a) Statement of compliance**

These financial statements were approved by the Board of Directors and authorized for issue on July 28, 2025.

These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

##### **b) Change in financial year end**

During the reporting period, the Company changed its financial year-end from August 31 to March 31 in order to align its reporting period with that of its other group entities. This change is intended to facilitate consistency in financial reporting across the group and improve comparability of financial information. As a result of this change, the current financial statements cover a 7-month period from September 1, 2024, to March 31, 2025 whereas the comparative figures relate to the 12-month period ended August 31, 2024. Accordingly, the amounts presented in the financial statements are not entirely comparable.

##### **c) Basis of presentation**

These financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS for each type of asset, liability, income and expense as disclosed. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

##### **d) Functional and presentation currency**

These financial statements are presented in Canadian dollars which is the functional currency of the Company, except when otherwise indicated. The functional currency is the currency of the primary economic environment in which an entity operates.

**ARWAY CORPORATION****Notes to the Financial Statements**

For the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024  
(Expressed in Canadian dollars, except where noted)

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**3. MATERIAL ACCOUNTING POLICY INFORMATION****a) Cash and cash equivalents**

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

**b) Foreign currency translation**

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Foreign exchange gains and losses arising on translation are included in the statement of loss.

**c) Intangible assets**

Intangible assets are recognized and measured at cost. Intangible assets with finite useful lives are amortized using the straight-line method over the useful life of the asset. The Company conducts an annual assessment of the residual balances, useful lives, and amortization methods being used for intangible assets and any changes arising from the assessment are applied by the Company prospectively. The Company amortizes intangible assets over 3 years.

**d) Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indicators exist, then the asset's recoverable amount is estimated. The recoverable amounts of the following types of intangible assets are measured annually, whether or not there is any indication that it may be impaired:

- an intangible asset with an indefinite useful life;
- an intangible asset not yet available for use; and
- goodwill recognized in a business combination.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest identifiable 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.

If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

**e) Financial instruments**Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of its financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through

## ARWAY CORPORATION

### Notes to the Financial Statements

For the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024  
(Expressed in Canadian dollars, except where noted)

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the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled, or expired. In cases where the fair value option is

### **3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

chosen for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the statement of loss, unless this creates an accounting mismatch.

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A single expected credit loss model is used for calculating impairment for financial assets, which is based on changes in credit quality since initial recognition.

#### Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses.

The Company will recognize in the statement of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

For the Company's trade receivables, the simplified approach for determining expected credit losses is used under IFRS 9 *Financial Instruments*, which requires the Company to determine the lifetime expected losses for all its trade receivables. The lifetime expected credit loss provision for the Company's trade receivables is based on historical default rates and other relevant forward-looking information.

#### Derecognition

##### *Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

##### *Financial liabilities*

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of loss.

### **f) Share-based payments**

The Company grants stock options to purchase common shares of the Company as well as equity instruments representing common shares to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee, including directors of the Company. The fair value of the stock options granted is measured at grant date and each tranche is recognized on a graded basis over the vesting period. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense for unvested options is adjusted to reflect the number of the options that are expected to vest. If the options are forfeited subsequent to vesting or expire, the amount recorded to reserves is transferred to deficit.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any

## ARWAY CORPORATION

### Notes to the Financial Statements

For the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024  
(Expressed in Canadian dollars, except where noted)

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consideration paid.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### g) Income taxes

##### Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the statement of loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### h) Revenue recognition

The Company recognizes revenue in accordance with IFRS 15, *Revenue from Contracts with Customers*. Revenue represents the fair value on consideration received or receivable from customers for goods and services provided by the Company, net of discounts and sales taxes. The Company generates revenue from the sale of its software application and recognizes revenue on a systematic basis.

##### Renewable software licenses

The Company sells software licenses on a specified term basis, with customer held options for renewal where the proceeds are considered to relate to the right to use the asset over the license period therefore revenue is recognized over that period. If it is determined that the license is not distinct from other performance obligations, revenue is recognized over time as the customer simultaneously receives and consumes the benefit.

##### Technology services

For virtual events and technology services, the Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the service is distinct from some or all of the other services in the arrangement. A service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct services are combined with other services until they are distinct as a bundle and therefore form a single performance obligation. Recognition of revenue from contracts for virtual events and technology services is recognized over time based on the progress towards satisfying performance obligations.

#### i) Contract assets

Contract asset represents the revenue which has not been billed but are expected to be billed and collected from customers for provision of services to date and is valued at estimated net realizable value. Billings in excess of time value incurred on work in progress, for which future services will be provided, are recognized as contract liabilities.

## ARWAY CORPORATION

### Notes to the Financial Statements

For the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024  
(Expressed in Canadian dollars, except where noted)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### j) Deferred revenue

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in unbilled revenue within receivables. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Company does not adjust any of the transaction prices for the time value of money.

#### k) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

#### l) Research and development costs

Research costs are charged to operations as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Company intends to or has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use and borrowing costs on qualifying assets. Other development expenditure is recognized in the statement of loss as incurred.

#### m) Amendments to existing standards and new amendments not yet effective

*IFRS 18 Presentation and Disclosure in Financial Statements* – IFRS 18 will replace IAS 1, Presentation of Financial Statements which aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from 1 January 2027. Companies are permitted to apply IFRS 18 before that date.

The Company is not yet able to determine the impact to the financial statements from the adoption of this standard.

Certain other pronouncements were issued by the IASB but are not yet effective as at March 31, 2025. The Company intends to adopt these standards when they become effective but does not expect these amendments to have a material effect on the financial statements of the Company.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to exercise significant judgments in applying the Company's accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and 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. Actual future outcomes could differ from present estimates and assumptions, which may require material adjustments to the Company's financial statements. Revisions to accounting estimates are accounted for prospectively.

Significant estimates and judgments exercised by management in applying the Company's accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

**ARWAY CORPORATION****Notes to the Financial Statements**

For the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024  
(Expressed in Canadian dollars, except where noted)

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**Going concern presentation**

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of the assets and liabilities, the reported revenue and the expenses and the statement of financial position classifications used.

**Research and development costs**

Research costs are recognized as an expense when incurred but development costs may be capitalized as intangible assets if certain conditions are met as described in IAS 38 *Intangible Assets*. Management has determined that development costs do not meet the conditions for capitalization under IAS 38 and all research and development costs have been expensed.

**Share-based payments**

Management is required to make several estimates when determining the fair value of the payments resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

**Revenue recognition**

The Company derives its revenue from provision of technology services for virtual events which include the grant to use licenses, set up of the events and renewable software licenses which includes revenue from software licenses which is recognized over the term of the agreement. The assessment of whether such services are separately identifiable performance obligations and the allocation of the total price among the performance obligations requires judgement from management.

**5. CASH**

As at March 31, 2025, the Company held cash of \$6,628 (August 31, 2024 - \$398).

**6. PREPAID EXPENSES**

A summary of the Company's prepaid expenses is as follows:

	March 31, 2025	August 31, 2024
	\$	\$
Investor relations	24,939	24,081
	24,939	24,081

**ARWAY CORPORATION****Notes to the Financial Statements**

For the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024  
(Expressed in Canadian dollars, except where noted)

**7. INTANGIBLE ASSETS**

A summary of the Company's intangible assets is as follows:

	\$
<b>Cost</b>	
Balance, August 31, 2023	5,000,000
Acquisition	670,050
Balance, August 31, 2024	5,670,050
Acquisition	-
<b>Balance, March 31, 2025</b>	<b>5,670,050</b>
<b>Accumulated amortization and impairment</b>	
Balance, August 31, 2023	5,000,000
Amortization	-
Impairment	670,050
Balance, August 31, 2024	5,670,050
<b>Amortization</b>	<b>-</b>
<b>Impairment</b>	<b>-</b>
<b>Balance, March 31, 2025</b>	<b>5,670,050</b>
<b>Carrying amount</b>	
Balance, August 31, 2024	-
<b>Balance, March 31, 2025</b>	<b>-</b>

On October 27, 2022, Nextech completed the spin out of ARway Corp. whereby Nextech transferred intellectual property and technology assets related to the ARway platform to the Company in exchange for the issuance of 19,999,898 common shares with a fair value of \$5,000,000.

During fiscal 2023 the carrying amounts of the intangible intellectual property and technology assets have been reduced to their recoverable amounts through recognition of an impairment loss of \$3,611,111. This loss has been included in operating expenses in the statement of loss.

The assets acquired by the Company consisted of intangible assets of \$670,050, receivables amounting to \$169,950.

At the year end August 31, 2024 the Company assessed there were indicators of impairment and completed an impairment assessment. The key assumptions included the cashflows expected from the intangible asset which was minimal. As a result, the intangible assets were fully impaired.

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

A summary of the Company's accounts payable and accrued liabilities is as follows:

	March 31, 2025	August 31, 2024
	\$	\$
Accounts payable	798,241	627,887
Accrued liabilities	17,971	38,750
	<b>816,212</b>	<b>666,637</b>

## **ARWAY CORPORATION**

### **Notes to the Financial Statements**

For the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024  
(Expressed in Canadian dollars, except where noted)

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## **9. SHARE CAPITAL**

### **a) Authorized**

The authorized share capital of the Company is an unlimited number of common shares.

### **b) Issued share capital**

As at March 31, 2025, 37,157,337 common shares were issued and outstanding (August 31, 2024 – 33,370,974).

### **c) Share issuances**

#### During the 7 month period ended March 31, 2025:

During the 7 month period ended March 31, 2025, the Company issued 3,786,363 common shares with a fair value of \$265,046 to settle \$208,250 of salary of Chief Executive Officer. As a result to company recorded a loss on settlement of \$56,795.

#### During the 12 month period ended August 31, 2024:

- The Company issued 1,599,385 common shares upon the exercise of 1,599,385 warrants. Of the shares issued, 1,499,385 shares related to the employee pay program (Note 9d)
- The company issued 87,719 common shares that were sold for cash proceeds of \$50,000.
- The company issued 4,000,000 common shares to acquire Map D for \$840,000.
- The Company issued 506,000 common shares against stock-based compensation.

### **d) Employee pay program**

On July 26, 2023, the Company introduced a share-based employee pay program ("employee pay program") for the purpose of maintaining a sustainable cash position by allowing the Company to pay for services through the issuance and sale of the Company's shares. Through this program, the Company is allowed to issue warrants, with a specified exercise price, to its employees. The warrants convert to common shares pursuant to services being completed by employees. A third-party program administrator subsequently completes the sale of the common shares, and the proceeds are used to facilitate cash disbursements in connection with employee services rendered. The employees are guaranteed an amount equal to the maximum of (i) value of shares measured at exercise price (the "cost of shares") and (ii) the proceeds from the sale of shares.

The Company does not recognize the warrants issued to the employees. Recognition occurs only when the warrants are exercised, with the Company then recording an increase in share capital. When the shares are sold for less than the cost of shares, the Company will compensate the employees for the shortfall and recognize a loss on the sale of shares.

During the 7 month period ended March 31, 2025, as part of the employee pay program, the Company issued nil (August 31, 2024 - 1,270,074) warrants to its employees. Each warrant has an exercise price of \$nil (August 31, 2024 - \$0.53) per common share. During the 7 month period ended March 31, 2025, nil (August 31, 2024 - 1,499,385) warrants have been converted into common shares and the Company recognized a loss on sale of shares of \$nil (August 31, 2024 - \$28,425).



**ARWAY CORPORATION****Notes to the Financial Statements**

For the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024  
(Expressed in Canadian dollars, except where noted)

**9. SHARE CAPITAL (continued)****e) Warrants**

A summary of the Company's warrant activity for the 12 month period ended August 31, 2024 is as follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
		\$
Balance as of August 31, 2023	7,640,792	0.61
Issued	1,270,074	0.53
Exercised	(1,599,385)	0.71
Expired	(885,870)	1.13
Balance, August 31, 2024	6,425,611	0.50

A summary of the Company's outstanding warrants is as follows:

<b>Date of expiry</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining life</b>
		\$	Years
February 13, 2025	226,057	0.53	0.45
October 25, 2025	6,199,554	0.50	1.15
	6,425,611	0.50	1.13

A summary of the Company's warrant activity for the 7 month period ended March 31, 2025 is as follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
		\$
Balance, August 31, 2024	6,425,611	0.50
Expired	(226,057)	0.53
Balance, March 31, 2025	6,199,554	0.50

A summary of the Company's outstanding warrants is as follows:

<b>Date of expiry</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining life</b>
		\$	Years
October 25, 2025	6,199,554	0.50	0.57
	6,199,554	0.50	0.57

**ARWAY CORPORATION****Notes to the Financial Statements**

For the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024  
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**9. SHARE CAPITAL (continued)****f) Stock options**

A summary of the Company's stock option for the 12 month period ended August 31, 2024 is as follows :

	<b>Number of stock options</b>	<b>Weighted average exercise price</b>
		\$
Balance as of August 31, 2023	2,610,000	0.91
Granted	1,675,000	0.33
Forfeited	(1,524,000)	0.70
Expired	(321,000)	0.91
<b>Balance, August 31, 2024</b>	<b>2,440,000</b>	<b>0.65</b>

A summary of the Company's stock options outstanding as at August 31, 2024, is as follows:

<b>Date of expiry</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining life</b>
			\$	Years
November 3, 2025	1,455,000	1,145,000	0.91	1.18
October 17, 2026	100,000	100,000	0.60	2.13
December 14, 2026	885,000	185,000	0.22	2.29

A summary of the Company's stock option activity for the 7 month period ended March 31, 2025 is as follows:

	<b>Number of stock options</b>	<b>Weighted average exercise price</b>
		\$
Balance as of August 31, 2023	2,440,000	0.65
Granted	1,100,000	0.05
Forfeited	(230,000)	0.31
Cancelled	(1,170,000)	0.78
Expired	-	0.22
<b>Balance, March 31, 2025</b>	<b>2,140,000</b>	<b>0.31</b>

A summary of the Company's stock options outstanding as at March 31, 2025, is as follows:

<b>Date of expiry</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining life</b>
			\$	Years
November 3, 2025	540,000	440,000	0.91	0.59
December 14, 2026	500,000	200,000	0.22	1.71
November 26, 2027	500,000	500,000	0.05	2.66
January 10, 2028	600,000	-	0.06	2.78

During the 7 month period ended March 31, 2025, the Company granted 1,100,000 (12 month period ended August 31, 2024 - 1,675,000) stock options with a fair value of \$39,096 (12 month period ended August 31, 2024 - \$552,625), of which \$21,173

**ARWAY CORPORATION****Notes to the Financial Statements**

For the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024  
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(12 month period ended August 31, 2024 - \$108,308) was recognized as share-based compensation.

**f) Stock options (continued)**

Out of the total share-based compensation, \$46,646 (12 month period ended August 31, 2024 - \$140,107) was for the vested options granted to officers and directors of the Company.

A summary of the Company's assumptions used in the Black-Scholes option pricing model for stock options granted during the 7 month period ended March 31, 2025 is as follows:

	<b>March 31, 2025</b>	<b>August 31, 2024</b>
Risk-free rate	<b>3.11%</b>	3.63%
Expected life	<b>3 years</b>	3 years
Expected volatility	<b>100%</b>	100%
Dividend yield	<b>0%</b>	0%
Stock price	<b>0.06</b>	0.37
Exercise price	<b>0.05</b>	0.33

**10. RELATED PARTY TRANSACTIONS AND BALANCES**

The Company considers the executive officers and directors as the key management of the Company. During the 7 month period ended March 31, 2025, the Company incurred \$123,368 (12 month period ended August 31, 2024 - \$169,713) in remuneration to management personnel including those persons having the authority and responsibility for the planning, directing, and controlling of the activities of the Company.

Related party agreements

On October 25, 2022, the Company entered into a management agreement with Nextech. The contract stipulates that a management fee of up to \$100,000 per month will be paid to Nextech for consulting services, which consists of services performed by executive officers, technology consultants, and shared services such as, finance, human resources, and sales operations. The monthly amount represents the Company's portion of shared expenses with Nextech based on fair market rates. During the 7 month period ended March 31, 2025, the Company accrued \$123,368 (2023 - \$162,000) in fees as part of general and administrative.

A summary of the Company's related party transactions for the 7 month period ended March 31, 2025, and 12 month period ended August 31, 2024 is as follows:

	<b>7 month period ended March 31, 2025</b>	<b>12 month period ended August 31, 2024</b>
	<b>\$</b>	<b>\$</b>
Management fees and remuneration for services	<b>123,368</b>	169,713
Share based compensation	<b>48,787</b>	140,107
	<b>172,155</b>	309,820

As of March 31, 2025, accounts payable and accrued liabilities included \$nil(August 31, 2024 - \$162,282) in respect of the services rendered. These are non-interest bearing with standard payment terms.

A summary of the Company's related party balances consisting of accounts receivables/(accounts payable and accrued liabilities) as of March 31, 2025, and August 31, 2024 is as follows:

<b>Party Name</b>	<b>March 31, 2025</b>	<b>August 31, 2024</b>
	<b>\$</b>	<b>\$</b>
Belinda Tyldesley	-	(282)
Evan - CEO	<b>(51,928)</b>	(162,000)

**ARWAY CORPORATION****Notes to the Financial Statements**

For the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024  
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Jolokia	456,627	82,276
Toggle	(9,488)	1,915
Indian Entity	(2,451)	(2,451)
NTAR Canada	(583,242)	(336,496)
	<b>(191,022)</b>	<b>(417,038)</b>

**11. EXPENSES BY NATURE**

The Company presents operating expenses by function with the exception of amortization, depreciation, and impairment. The following presents operating expenses by nature:

**a) General and administrative**

A summary of the Company's general and administrative costs for the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024 is as follows:

	7 month period ended March 31, 2025	12 month period ended August 31, 2024
	\$	\$
Administrative fees	-	3,154
Compliance fees	54,362	76,925
Consulting fees	-	161,781
Management fees and remuneration for services (Note 10)	123,368	162,000
Office, general, and other	6,474	72,366
Computer, software, and maintenance	2,600	58,646
Professional fees	39,105	157,428
Rent	534	51,765
Salaries, wages, and commissions	32,868	31,069
	<b>259,311</b>	<b>775,134</b>

**b) Research and development**

A summary of the Company's research and development costs for the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024 is as follows:

	7 month period ended March 31, 2025	12 month period ended August 31, 2024
	\$	\$
Consulting fees	81,891	243,153
Development costs	-	23,896
Computer, software, and maintenance	38,621	20,499
Salaries, wages, and commissions	-	104,364
	<b>120,512</b>	<b>391,912</b>

**c) Sales and marketing**

A summary of the Company's sales and marketing costs for the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024 is as follows:

	7 month period ended March 31, 2025	12 month period ended August 31, 2024
	\$	\$

**ARWAY CORPORATION****Notes to the Financial Statements**

For the 7 month period ended March 31, 2025 and 12 month period ended August 31, 2024  
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Advertising	-	75,227
Investor relations	25,522	79,947
Consulting fees	10,344	40,434
Salaries, wages, and commissions	234,105	223,077
	<b>269,971</b>	<b>418,685</b>

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

As at March 31, 2025, the Company's financial assets and liabilities were classified as amortized cost.

The carrying values of cash, receivables (except GST receivable), and accounts payable and accrued liabilities approximate, their fair values because of their short-term nature.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

**a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under contract. Credit risk exposure arises with respect to the Company's cash and cash equivalents. The risk exposure is limited because the Company places its instruments in banks of high credit worthiness within Canada.

**b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's main source of cash resources is through equity financing. The Company's financial obligations are limited to its current liabilities which have contractual maturities of less than one year.

**c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has assessed that interest rate risk is low for the financial assets as most investments are made in highly liquid instruments.

**d) Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. Foreign currency risk exposure arises with respect to some of the Company's cash and cash equivalents, receivables, and accounts payable and accrued liabilities denominated in a foreign currency. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could affect the Company's results of operations, financial position, or cash flows. Assuming all other variables constant, an increase or a decrease of 10% of the U.S. dollar against the Canadian dollar would impact the Company by \$9,697 during the 7 month period ended March 31, 2025. The Company had no hedging agreements in place with respect to foreign exchange rates.

**13. CAPITAL MANAGEMENT**

The Company's definition of capital includes equity, comprising share capital, reserves and accumulated deficit. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. As at March 31, 2025, the Company had shareholders' deficiency of \$686,040 (August 31, 2024 –\$674,396).

The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business. The Company obtains funding

**ARWAY CORPORATION****Notes to the Financial Statements**

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primarily through equity issuance. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the 7 month period ended March 31, 2025.

As at March 31, 2025, the Company was not subject to any externally imposed capital requirements.

**14. INCOME TAXES**

Income tax expense differs from the amount that would result by applying the combined Canadian federal and provincial income tax rates to net loss before income taxes. The statutory rate in Canada was 26.5% for the 7 month period ended March 31, 2025 (August 31, 2024 – 26.5%).

A summary of the Company's reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	<b>7 month period ended March 31, 2025</b>	<b>12 month period ended August 31, 2024</b>
	<b>\$</b>	<b>\$</b>
Net loss for the year	<b>(327,290)</b>	<b>(2,426,989)</b>
Income tax recovery at statutory rates	<b>(86,700)</b>	<b>(643,200)</b>
Non-deductible and non-taxable revenues	<b>13,400</b>	<b>78,000</b>
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	<b>249,700</b>	<b>15,300</b>
Temporary differences originated in the year	<b>(176,600)</b>	<b>(72,100)</b>
Change in unrecognized deferred income tax assets	<b>200</b>	<b>622,000</b>
Income tax recovery	<b>-</b>	<b>-</b>

A summary of the Company's significant components of deferred income tax assets and liabilities are as follows:

	<b>March 31, 2025</b>	<b>August 31, 2024</b>
	<b>\$</b>	<b>\$</b>
Non-capital losses	<b>1,132,000</b>	<b>1,037,100</b>
Property and equipment	<b>-</b>	<b>100</b>
Intangible assets	<b>1,130,000</b>	<b>1,401,500</b>
	<b>2,262,000</b>	<b>2,438,700</b>
Unrecognized deferred income tax asset	<b>(2,262,000)</b>	<b>(2,438,700)</b>
Net deferred income tax asset	<b>-</b>	<b>-</b>

A summary of the Company's significant components of temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	<b>March 31, 2025</b>	<b>August 31, 2024</b>
	<b>\$</b>	<b>\$</b>
Temporary differences		
Non-capital loss <sup>(1)</sup>	<b>4,266,000</b>	<b>3,913,400</b>
Equipment <sup>(2)</sup>	<b>-</b>	<b>500</b>
Intangible assets <sup>(2)</sup>	<b>4,272,000</b>	<b>5,288,800</b>

(1) As at March 31, 2025, the temporary difference has an expiry date of 2043.

(2) The temporary difference has no expiry date.

Tax attributes are subject to review, and potential adjustment, by tax authorities.