Consolidated financial statements of

Martello Technologies Group Inc.

For the years ended March 31, 2025 and 2024

Martello Technologies Group Inc.

For the years ended March 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of

MARTELLO TECHNOLOGIES GROUP INC.

Opinion

We have audited the consolidated financial statements of Martello Technologies Group Inc. (the Company), which comprise the consolidated statements of financial position as at March 31, 2025 and March 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2025 and March 31, 2024 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

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 audit of the financial statements in Canada, and we have fulfilled our 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.

Key Audit Matter

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.

Welch LLP - Chartered Professional Accountants
350 Albert Street, Suite 700, Ottawa, Ontario K1R 1A4
T: 613-236-9191 F: 613-236-8258 W: welchllp.com
An Independent Member of BKR International

Key Audit Matter - Cont'd.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2025. 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. We have determined that the matters described below to be the key audit matters to be communicated in our auditor's report.

Impairment of intangible assets

Description of matter

The Company completed an impairment assessment of its intangible assets as it noted indicators of impairment including reported operating losses for the year ended March 31, 2025. An impairment assessment is completed annually or more frequently when indicators of impairment exist. An impairment loss is recognized when the carrying value of a cash generating unit (CGU) exceeds the CGU's recoverable amount. The most significant intangible assets pertain to the modern workplace optimization CGU. The Company calculated the recoverable amount of the modern workplace optimization CGU as at March 31, 2025. As disclosed in note 13 the Company determined that no impairment of the intangible assets was required.

Why the matter is a key audit matter

The determination of a CGU's recoverable amount requires significant judgement when determining the inputs into the calculation of the recoverable amount including estimating the expected future net cash flows and the discount rate. This estimation uncertainty required significant auditor judgement and specialized skills and knowledge to evaluate management's estimate.

How the matter was addressed in the audit

The primary procedures performed to address the key audit matter included the following:

We evaluated the appropriateness of the future net cash flows by reviewing key assumptions used including forecasted growth rates against historical results and industry data, planned changes to legacy customer revenue, planned changes in margin against historical trends and management plans relative to industry data.

We involved a valuation professional with specialized skills and knowledge, who assisted in:

- evaluating the appropriateness of the valuation methodology used by the Company to calculate the recoverable amount, and
- evaluating the Company's discount rate by comparing against discount rate ranges that were independently developed using available market and industry data.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, in the 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 audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 International Financial Reporting Standards, 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements - Cont'd.

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.

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

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

June 11, 2025.

Martello Technologies Group Inc.

Consolidated statements of loss and comprehensive loss
For the years ended March 31, 2025 and 2024
(In Canadian dollars)

	Notes	March 31, 2025	March 31, 2024
Income			
Sales	5,6	**$ 14,530,552**	$ 15,772,678
Cost of goods sold	6,7	**2,000,074**	1,942,953
Gross margin		**12,530,478**	13,829,725
Expenses			
Research and development	8	**5,431,683**	5,583,844
Sales and marketing	8	**5,510,338**	5,915,577
General and administrative	8	**3,814,501**	4,001,830
Depreciation	12,16	**207,837**	255,622
Amortization	13	**1,704,269**	1,668,263
		16,668,628	17,425,136
Loss from operations		**(4,138,150)**	(3,595,411)
Other income (expense)			
Interest income		**7,182**	15,488
Interest expense	15,16	**(1,630,622)**	(1,646,650)
Financing fees		**(3,160)**	(80,792)
Accretion of long-term debt	15	**(195,893)**	(152,604)
Gain on Fed Dev Loan	15	**103,573**	132,140
Revaluation of forward contract	20	**(48,278)**	(22,209)
Foreign exchange gain (loss)	22	**24,541**	(118,914)
Loss on investment	4	**-**	(303,750)
Other income		**56,812**	13,957
Loss before income tax		**(5,823,995)**	(5,758,745)
Income tax recovery	9	**127,732**	14,847
Net loss		**(5,696,263)**	(5,743,898)
Other comprehensive income (loss) that may be reclassified to net income (loss):			
Cumulative translation adjustment		**(269,316)**	(19,991)
Pension plan settlement	17	**88,594**	93,060
Pension plan asset fair value adjustment	17	**-**	(9,423)
Total comprehensive loss		**(5,876,985)**	(5,680,252)
Weighted average shares outstanding	18	**545,795,342**	470,186,882
Net loss per share, basic and diluted	10	**$ (0.01)**	$ (0.01)

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

Martello Technologies Group Inc.
Consolidated statements of financial position
As at March 31, 2025 and 2024
(In Canadian dollars)

	Note	**March 31, 2025**	March 31, 2024
Assets			
Current assets			
Cash		**$ 6,577,858**	$ 7,613,668
Short-term investment		**108,391**	104,980
Trade and other accounts receivable	11	**4,841,734**	3,405,791
Investment tax credits and grants receivable	8	**298,464**	271,419
Prepaid expenses		**542,247**	709,166
Inventories		**38,200**	39,297
Total current assets		**12,406,894**	12,144,321
Intangible assets	13	**6,517,402**	7,781,508
Equipment and leasehold improvements	12	**54,689**	78,640
Right-of-use assets	16	**250,335**	555,203
Total assets		**19,229,320**	20,559,672
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	14	**2,716,719**	2,989,473
Foreign exchange forward contract liability	20	**54,837**	6,560
Current portion of deferred revenue	5	**4,616,454**	4,916,303
Current portion of long-term debt	15	**180,000**	-
Current portion of lease obligation	16	**120,129**	197,923
Total current liabilities		**7,688,139**	8,110,259
Deferred revenue	5	**2,545,091**	1,434,957
Long-term debt	15	**11,915,674**	9,643,250
Lease obligation	16	**180,287**	422,043
Pension obligation	17	**-**	96,327
Deferred tax liability	9	**-**	114,153
Total liabilities		**22,329,191**	19,820,989
Shareholders' equity			
Share capital	18	**61,598,108**	59,616,608
Contributed surplus	18	**4,047,676**	3,990,745
Warrants	18	**2,319,977**	2,319,977
Accumulated other comprehensive income		**(667,357)**	(486,635)
Deficit		**(70,398,275)**	(64,702,012)
Total shareholders' equity (deficiency)		**(3,099,871)**	738,683
Total liabilities and equity		**19,229,320**	20,559,672

Approved by the Board on June 11, 2025 and signed on its behalf by:

Original signed "Colley Clarke" Director
Original signed "Don Smith" Director

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

Martello Technologies Group Inc.

Consolidated statements of changes in shareholders’ equity (deficiency) for the years ended March 31, 2025 and 2024

(In Canadian Dollars)

						Accumulated other comprehensive			
	Notes	Shares outstanding	Share capital	Warrants	Contributed surplus	Other	Cumulative translation adjustment	Deficit	Total shareholders' equity (deficiency)
		#	$	$	$	$	$	$	$
Balance at April 1, 2023		392,707,430	52,115,617	2,319,977	3,805,294	901,364	(1,451,645)	(58,958,114)	(1,267,507)
Net loss for the period		-	-	-	-	-	-	(5,743,898)	(5,743,898)
Pension plan settlement		-	-	-	-	93,060	-	-	93,060
Pension plan fair value adjustment		-	-	-	-	-	(9,423)	-	(9,423)
Other comprehensive income		-	-	-	-	-	(19,991)	-	(19,991)
Total comprehensive loss for the period		-	-	-	-	93,060	(29,414)	(5,743,898)	(5,680,252)
Issuance of common stock		151,000,000	7,550,000	-	-	-	-	-	7,550,000
Less: Transaction costs attributable to share issuance		-	(49,009)	-	-	-	-	-	(49,009)
Share-based compensation	18	-	-	-	185,451	-	-	-	185,451
Balance as at March 31, 2024		**543,707,430**	**59,616,608**	**2,319,977**	**3,990,745**	**994,424**	**(1,481,059)**	**(64,702,012)**	**738,683**
Balance at April 1, 2024		543,707,430	59,616,608	2,319,977	3,990,745	985,001	(1,471,636)	(64,702,012)	738,683
Net loss for the period		-	-	-	-	-	-	(5,696,263)	(5,696,263)
Pension plan settlement	17	-	-	-	-	88,594	-	-	88,594
Other comprehensive income		-	-	-	-	-	(269,316)	-	(269,316)
Total comprehensive loss		-	-	-	-	88,594	(269,316)	(5,696,263)	(5,876,985)
Issuance of common stock		40,000,000	2,000,000	-	-	-	-	-	2,000,000
Less: Transaction costs attributable to share issuance		-	(18,500)	-	-	-	-	-	(18,500)
Share-based compensation	18	-	-	-	56,931	-	-	-	56,931
Balance as at March 31, 2025		**583,707,430**	**61,598,108**	**2,319,977**	**4,047,676**	**1,073,595**	**(1,740,952)**	**(70,398,275)**	**(3,099,871)**

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

Martello Technologies Group Inc.

Consolidated statements of cash flows

For the years ended March 31, 2025 and 2024

(in Canadian Dollars)

	Note	**March 31, 2025**	March 31, 2024
Operating activities			
Net loss from continuing operations before income tax		**$ (5,823,995)**	$ (5,758,745)
Items not affecting cash:			
Depreciation	12	**207,837**	255,622
Amortization of intangible assets	13	**1,704,269**	1,668,263
Amortization of debt issuance cost		**27,083**	128,681
Decrease in fair value of hedge liability	4	**48,278**	22,209
Loss on investment	4	**-**	303,750
Accretion of long-term debt	15	**195,893**	152,604
Gain on issuance of FedDev Loan	15	**(103,573)**	(132,140)
Share-based compensation	8	**56,931**	185,451
Deferred share units compensation	18	**147,020**	(1,061)
Defined benefit plan expense	17	**10,405**	61,415
Lease interest expense	16	**65,485**	88,010
Gain on termination of lease	16	**(4,385)**	-
Accrued interest expense	15	**1,528,953**	1,091,273
Accrued interest on guaranteed investment contract		**(3,410)**	(3,550)
Unrealised foreign exchange loss		**110,351**	19,219
Net change in operating components of working capital	19	**(1,228,534)**	1,665,606
Total cash flows used in operating activities		**(3,061,392)**	(253,393)
Investing activities			
Additions to equipment and leasehold improvements	12	**(13,879)**	(20,378)
Total cash flows used in investing activities		**(13,879)**	(20,378)
Financing activities			
Proceeds from issuance of common stock	18	**2,000,000**	7,550,000
Common stock issuance costs	18	**(18,500)**	(49,009)
Proceeds from long-term debt	15	**250,000**	5,245,933
Debt issuance costs		**-**	(81,248)
Repayment of long-term debt	15	**-**	(6,601,710)
Repayment of lease obligations	16	**(232,431)**	(269,368)
Total cash flows provided by financing activities		**1,999,069**	5,794,598
Net change in cash		**(1,076,202)**	5,520,827
Cash, beginning of period		**7,613,668**	2,117,652
Effects of currency translation on cash		**40,392**	(24,811)
Cash, end of period		**6,577,858**	7,613,668

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

(in Canadian Dollars)

1. Corporate information

Martello Technologies Group Inc. (the “Corporation”, “Company”) was incorporated under the Company Act (British Columbia) in 1981. The Corporation’s registered office and principal place of business is 390 March Rd. #110, Ottawa, Ontario, Canada K2K 0G7. The Corporation’s common shares are traded on the TSX Venture Exchange (“TSXV”) under the trading symbol MTLO.

The Corporation has one wholly owned subsidiary, Martello Technologies Corporation (“Martello Corp”), which has four wholly owned operating subsidiaries: Martello Technologies US, Inc., Martello Technologies France, Savision B.V,. and GSX Participations SA.

The Company is the ultimate parent of the Group, which consists of the following subsidiaries as of March 31, 2025:

Subsidiary name	Country of Incorporation	Ownership Interest
Martello Technologies Corporation	Canada	100%
GSX Participations SA	Switzerland	100%
Martello Technologies US, Inc.	Unites States	100%
Martello Technologies France	France	100%
Savision BV	Netherlands	100%

The Corporation and its subsidiaries develop and sell software products and solutions that optimize the performance of real-time applications on cloud and enterprise networks, while giving IT teams and service providers control and visibility of their entire IT infrastructure from a single platform.

2. Basis of preparation and significant accounting policies

2.1 Statement of compliance

The consolidated financial statements have been prepared on a historical cost basis, except for foreign exchange forward contracts and investments, which are measured at fair market value.

The consolidated financial statements have been prepared in accordance with *International Financial Reporting Standards* (IFRS) in effect on closing date of March 31, 2025.

The consolidated financial statements were approved by the Board of Directors and authorized for issuance by the Board of Directors on June 11, 2025.

The consolidated financial statements include the financial position and results of operations of the companies described in Note 1.

2.2 Summary of significant accounting policies

The following accounting policies have been applied consistently to both periods presented.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries.

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor’s returns.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent corporation using consistent accounting policies. All intra-group balances, income and expenses, unrealized gains and losses, and dividends resulting from intra-group transactions, if any, are eliminated in full upon consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

(b) *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

(c) *Foreign currency translation*

The Corporation's consolidated financial statements are presented in Canadian dollars, which is also its functional currency. Each entity in the Corporation determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currencies of the subsidiaries are as follows:

Entity	Functional currency
Martello Technologies Corporation, Canada	Canadian Dollar
GSX Participations SA, Switzerland	Euro
Martello Technologies US Inc	United States Dollar
Martello Technologies France	Euro
Savision BV, Netherlands	Euro

Income and expenses of subsidiaries with a different functional currency than the Corporation's presentation currency is translated into the Corporation's functional currency at the average exchange rate for the reporting period and assets and liabilities are translated at the closing rate of the reporting period. Equity balances are translated at historical rate. Exchange differences arising from the translation are recognized in other comprehensive income (loss).

Transactions in foreign currencies are initially recorded by the Corporation's entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate at the reporting date. All differences are taken to the consolidated statements of net loss and comprehensive loss. Revenues and expenses are translated at average monthly rates in effect when they were earned or incurred.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the original transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(d) *Revenue recognition*

The Corporation and its subsidiaries develop and sell products and solutions that optimize the performance of real-time applications on cloud and enterprise networks, while giving IT teams and service providers control and visibility of their entire IT infrastructure from a single platform.

The Corporation's sales and performance obligations occur both over time and at a point in time.

Revenue for perpetual software licenses are recognized at a point in time, being when the buyer takes control of the asset or when the reseller or buyer has either: accepted the software and hardware in accordance with the sales contract; the acceptance provisions have lapsed; or the Corporation has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognized when the software or hardware are delivered as this is the point in time that payment of the consideration by the buyer becomes unconditional.

Revenues are recognized over a period of time for subscription licenses and maintenance services. The period for recognizing license and maintenance revenue commences when control of the software license has transferred or services have commenced, being when the software license is delivered to the buyer.

Consideration received in advance of satisfying performance obligations is recorded as deferred revenue.

The Corporation's product is sometimes sold with volume discounts based on aggregate sales over a period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal to revenues will not occur. A contract liability, if any, is recognized for expected volume discounts payable to resellers in relation to sales made until the end of the reporting period.

Certain resellers have some discretion over the channel and price to resell the products and take control of the goods and services before delivery to the end user and are therefore considered to be the principal. The Corporation records gross revenues as the principal and net revenues when it is not the principal in a transaction.

Where the Corporation acts as a reseller, the costs for the subscription product and other cost are recorded over time on a straight-line basis in cost of sales, over the same period during which the related revenue is recognized.

The Corporation determines the standalone selling price by considering its overall pricing objectives and market conditions. As the Corporation's go-to-market strategies evolve, the Corporation may modify its pricing practices in the future, which could result in changes in relative standalone selling prices.

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects these costs to be recoverable. Certain sales incentive programs have been determined to meet the criteria for capitalization. Capitalized contract acquisition costs are amortized in line with the pattern of transfer of the related goods and services to the customer. The Company utilizes the practical expedient under IFRS 15, opting not to capitalize incremental costs of obtaining contracts if these costs are incurred for revenue earned on service contracts or if the amortization period is one year or less.

(e) Taxes

Current income tax

Current income tax assets and liabilities 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, by the reporting date, in the countries where the Corporation operates and generates taxable income or operating losses.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of loss and comprehensive 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 in accordance with IFRIC 23 *Uncertainty over Income Tax Treatments.*

Deferred tax

Deferred tax is calculated using the liability 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 tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 at the reporting date.

(f) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Corporation becomes party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments classified as amortized cost or FVTOCI are included with the carrying amount of such instruments. Transaction costs that are directly attributable to the acquisition or issue of financial instruments classified as FVTPL are recognized immediately in profit or loss within the consolidated statements of loss and comprehensive loss.

(g) Classification and subsequent measurement

Financial assets

The Corporation classifies its financial assets in the following measurement categories:

i. Those to be measured subsequently at amortized cost.
ii. Those to be measured subsequently at fair value through other comprehensive income (FVTOCI).
iii. Those to be measured subsequently at fair value through profit or loss (FVTPL).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Corporation's financial assets comprise cash, short-term investments, trade and other accounts receivable and investments, each of which is presented at amortized cost.

i. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a financial asset that is subsequently measured at amortized cost and is not a part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

ii. Fair value through other comprehensive income (FVTOCI):

Assets that are held for collection of contractual cashflows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income (OCI). When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from accumulated other comprehensive income to profit or loss and recognized in other income (expense). Interest income from these financial assets is included in interest income using the effective interest rate method.

iii. Fair value through profit or loss (FVPTL):

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statement of loss and comprehensive loss within other income (expense) in the period in which it arises. Interest income from these financial assets is included in finance income.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes.

Impairment

The Corporation assesses, on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables, the Corporation applies the simplified approach and recognizes expected lifetime credit losses at each reporting date.

Financial liabilities

Subsequent measurement of financial liabilities depends on their classification, as described below:

i. *Amortized cost*

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, lease obligations, line of credit and long-term debt. The effective interest method is used to measure financial liabilities at amortized cost and are classified as liabilities on the consolidated statement of financial position.

ii. *Fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered by the Corporation that are not designated as hedging instruments.

Gains and losses on financial liabilities at FVTPL are recognized in the consolidated statement of loss and comprehensive loss.

(h) *Embedded derivatives*

Embedded derivative is separated from its host contract and accounted for as a derivative or the entire contract is to be measured at FVTPL. The Corporation did not hold any embedded derivatives during the periods presented.

(i) *Derivative financial instruments*

The Corporation enters foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the consolidated statement of loss and comprehensive loss.

(j) *Treasury shares*

The Corporation’s shares which are reacquired are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of loss and comprehensive loss on the purchase, sale, issue, or cancellation of the Corporation’s own equity instruments. Any difference between the carrying amount and the consideration is recognized within equity in contributed surplus.

(k) *Equipment & leasehold improvements*

Equipment and leasehold improvements are stated at cost, net of accumulated depreciation. Such cost includes the cost of replacing part of the equipment, leasehold improvements and furniture and fixtures. When significant parts of equipment, leasehold improvements and furniture and fixtures are required to be replaced in intervals, the Corporation recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Repair and maintenance costs are recognized in the consolidated statements of loss and comprehensive loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Computer equipment	5 to 7 years
Leasehold improvements	Lesser of the lease term or useful life of the asset
Furniture and fixtures	10 years

An item of equipment and leasehold improvements and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The assets' residual values, useful lives, and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(l) *Intangible assets*

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Finite-lived intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the following terms:

Customer relationship	7-10 years
Technology	5-10 years
Brand	indefinite
Non- compete	3 years

These assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of loss and comprehensive loss.

Indefinite-lived intangible assets are assessed for impairment at least annually, or more frequently if indicators arise.

(m) *Leases*

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at an amount equal to the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently measured at cost net of accumulated depreciation. Depreciation is calculated on a straight-line basis over the shorter of the lease term or useful economic life of the asset. The lease term includes periods covered by an option to extend if the Corporation is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the unpaid lease payments as at the commencement date, discounted using the Corporation's incremental borrowing rate unless the interest rate implicit in the lease is known. The Corporation's incremental borrowing rate for a lease is the rate that the Corporation would pay to borrow an amount necessary to obtain an asset of a similar value to the right-of-use asset on a collateralized basis over a similar term.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured if there is a change in future lease payments arising from a change in an index or rate; there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee; or the Corporation changes its assessment of whether it will exercise a purchase, extension, or termination option. On remeasurement, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or directly in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

(n) *Research and development*

Research and development costs are expensed as incurred, based on an assessment of the criteria of IAS 38 *Intangible Assets* not being achieved.

(o) *Impairment of non-financial assets*

Non-financial assets, including equipment and leasehold improvements and 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 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 cash-generating unit, or "CGU").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal, and its value in use. Impairment losses, if any, are recognized in the consolidated statements of loss and comprehensive loss in those expense categories consistent with the function and nature of the impaired asset.

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 CGU. In determining fair value less costs of disposal, an appropriate valuation model is used.

(p) *Inventories*

Inventories consist of devices and other parts held for sale and are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

(q) *Cash and cash equivalents*

Cash and cash equivalents comprise cash and short-term deposits with an original maturity of three months or less. The Corporation uses the indirect method of reporting cash flow from operating activities.

(r) *Provisions*

Provisions are recognized when the Corporation has a present obligation, legal or constructive, because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Corporation expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of loss and comprehensive loss net of any reimbursement as other income (expense). If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized in the consolidated statements of loss and comprehensive loss.

(s) *Government grants and assistance*

Government grants and assistance are recognized when there is reasonable assurance that the grant or assistance will be received, and all attached conditions will be complied with. When the grant or assistance relates to an expense item, it is recognized as income over the period necessary to match the grant or assistance on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it reduces the carrying amount of the asset. The grant is then recognized as income over the useful life of a depreciable asset by way of a reduced depreciation charge. When government assistance is received which relates to expenses of future periods, the amount is deferred and amortized to income as the related expenditures are incurred.

(t) *Revolving credit facility costs*

Origination costs related to undrawn revolving facilities are fully expensed as incurred.

(u) *Earnings per share*

Basic earnings per share is calculated by dividing the net income and comprehensive income or loss for the period by the weighted average number of common shares outstanding during the period. The Corporation uses the treasury stock method for calculating the dilutive effect of the outstanding stock options and other dilutive securities. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options are used to repurchase common shares at the average market price during the period.

(v) *Share-based payments*

The Corporation has a stock option plan as described in Note 18. The Corporation accounts for share-based payment options granted to directors, management, employees, and consultants using the fair value method. Under this method, compensation expense for share-based compensation granted is measured at the fair value at the grant date, using the Black-Scholes valuation model. In accordance with the fair value method, the Corporation recognizes estimated compensation expense related to share-based compensation over the vesting period of the options granted, with the related credit being charged to the contributed surplus account. Consideration paid by employees on the exercise of share-based compensation is recorded as share capital and the related share-based compensation is transferred from contributed surplus to share capital. At the end of each reporting period, the Corporation revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the contributed surplus.

For share-based compensation granted to non-employees, the expense is measured at the fair value of the services rendered, except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted.

On July 23, 2021, a Deferred Share Unit ("DSU") Plan was established for certain directors (each, a "Participant") in lieu of cash compensation. The DSUs are paid in cash not later than 90 days after the Participant ceases to be a director of the Corporation, based on the greater of (a) the five-day volume weighted average price of the Common Shares; and (b) the five-day average daily high and low board lot trading prices of the Common Shares (the "Market Price") on the date the Participant ceases to be a director. The cost of the DSUs is measured initially at fair value based on the closing price of the Corporation's common shares preceding the day the DSUs are granted. The cost of the DSUs is recognized as a liability in the consolidated statements of financial position and as a general and administrative expense in the consolidated statements of loss and comprehensive loss. The liability is remeasured to fair value based on the Market Price of the Corporation's common shares at each reporting date up to and including the settlement date, with changes in fair value recognized as an operating expense in the consolidated statements of loss and comprehensive loss.

(w) Employee benefits

Wages, salaries, and bonuses are recognized in the year in which the services are rendered by employees of the Corporation. Employee benefits also include defined benefit pension benefits for employees of GSX Participations SA. Assets and obligations and related costs of the defined benefit plan are accounted for using the following accounting policies:

i. Defined benefit obligations are determined from actuarial calculations using the projected unit credit method.

ii. For the purposes of calculating the estimated rate of return on plan assets, assets are measured at fair value.

iii. Actuarial gains or losses arise from the difference between the effective yield of plan assets for period and the expected yield on plan assets for the period, from changes in actuarial assumptions used to determine defined benefit obligations and from emerging experience that differs from the selected assumptions. Actuarial gains or losses are recognized under other comprehensive income (loss) in the period in which they occur.

iv. Net interest is recognized in consolidated statements of loss and comprehensive loss calculated using the discount rate by reference to market yields at the valuation date and when plan assets and obligations are measured.

v. Net defined benefit liability is determined based on the excess of plan obligations over plan assets.

(x) Equity instruments

The Corporation has adopted the residual value method with respect to the measurement of common shares and warrants issued as equity units. The amount assigned to the common share is the excess of the unit price over the value of the warrant determined by using an appropriate option pricing model.

Equity issuance costs directly attributable to the issue of common shares and warrants are shown as a deduction from the proceeds within the consolidated statement of changes in shareholders' equity (deficiency). For common shares and warrants issued as a unit, the equity issuance costs are allocated to the common shares and warrants based on the relative allocation of proceeds.

3. Significant judgments and estimates

The preparation of the Corporation’s consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, and the disclosure of contingent liabilities, at each reporting date. The outcome of these uncertainties about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The following are the critical judgments, other than those involving estimates, that management has made in applying the Corporation’s accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Functional currencies

Determining the functional currency for an entity requires the weighing of all facts and circumstances to make a judgment as to the primary economic environment in which the entity operates.

Judgments made in relation to deferred tax assets

The Corporation recognizes deferred tax assets only to the extent that it considers it probable that those assets will be recoverable. The Corporation makes assumptions about when deferred tax assets are probable to reverse, the extent to which it is probable that temporary differences will reverse and whether there will be sufficient taxable profits available to realize the tax assets when they do reverse.

In making these judgments, the Corporation continually evaluates the magnitude and duration of any past losses, current profitability and whether it is sustainable, and earnings forecasts.

Sources of estimation uncertainty, including assumptions made about the future, are described in the following sections:

Fair value of interest-free debt

The Corporation has secured interest-free debt. Initial recognition of such debt is at fair value which requires management to estimate a market interest rate for comparable long-term debt.

Revenue recognition

Application of the accounting principles related to the measurement and recognition of revenue requires the Corporation to make judgments and estimates. Revenue arrangements may be comprised of multiple performance obligations. Judgment is required in determining the performance obligations that exist in an arrangement and the nature of these deliverables. Revenue recognition requires the consideration of the contract to be allocated to the elements based on standalone selling price of each respective performance obligation. Judgment and estimates are required when determining the relative fair value of elements utilizing standalone prices for similar deliverables where they exist or internally generated estimates of standalone price.

Share-based compensation, equity, and warrants

Share-based compensation and warrants are recognized at fair value. Management has estimated fair values using the Black-Scholes option pricing model or the barrier options model, as appropriate, using various assumptions and inputs as described in Note 2. The fair value calculated is most sensitive to the estimated volatility and common share price.

Useful Life of long-lived assets

Determining the period over which the Corporation benefits from the use of its tangible and intangible assets requires estimation and use of a systematic methodology. Management reviews the estimated useful lives and the rates applied at the end of each reporting period.

(in Canadian Dollars)

Impairment of intangible assets

The recoverable amounts of the Corporation's CGUs are determined based on the greater of their fair value less costs of disposal and value in use. These calculations, which include a discounted cash flow model, require the use of estimates. Valuations are highly dependent on the inputs used, estimates and assumptions made by management including assumptions of a long-term nature regarding discount rates, projected revenues, royalty rates and margins derived from experience, actual operating results and budgets, and revenue multiples. These estimates and assumptions may change in the future due to uncertain competitive and economic market conditions or changes in business strategies.

4. Fair value measurement

The carrying amounts of the Corporation's cash, short-term investments, trade and other receivables, investment tax credits and grants receivable, foreign exchange forward contract, accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments. The line of credit is a demand instrument at a variable rate and therefore the carrying amount approximates fair value. The market interest rates that would apply to the Corporation's long-term debt is not significantly different from the effective interest rates used to amortize these debts. Therefore, the carrying amounts are comparable to fair values.

Long-term debt is measured using observable interest rates at initial recognition and is categorized within Level 2 of the fair value hierarchy. The fair value of foreign exchange forward contracts, which were entered into on December 30, 2024, represented a net liability of $54,837 as at March 31, 2025 (March 31, 2024 –$6,560). The fair value is estimated using a market approach with forward exchange rates observable at the end of the reporting period and contract forward rates as inputs and is categorized within Level 2 of the fair value hierarchy.

5. Revenue

The geographic location of revenues, based on the location of its customers, is as follows:

	March 31, 2025	March 31, 2024
	$	$
Canada	**5,638,519**	5,539,587
United States	**2,848,061**	3,704,195
Europe	**5,371,145**	5,579,493
Australia	**445,478**	322,979
Asia	**192,752**	60,118
Latin America	**34,597**	563,581
Other	**-**	2,725
Total revenue	**14,530,552**	15,772,678

The Corporation's revenue can be analyzed between the different revenues and basis of recognition, as follows:

	March 31, 2025	March 31, 2024
	$	$
Revenue at a point in time		
Hardware	**1,919**	39,723
Training and professional services	**167,370**	103,749
Revenue recognized over time		
Subscription licenses	**13,130,443**	14,037,771
Maintenance and support	**1,082,563**	1,464,590
Term licenses	**148,257**	126,845
Total revenue	**14,530,552**	15,772,678

(in Canadian Dollars)

At each reporting date, there are no unfulfilled performance obligations extending beyond a year for which the Corporation has not collected funds or deposits.

Deferred revenue is comprised of the following:

	March 31, 2025	March 31, 2024
	$	$
Current:		
Subscription licenses	**3,726,848**	3,937,037
Maintenance and support	**806,753**	853,124
Term licenses	**82,853**	126,142
Long-term:		
Subscription licenses	**2,243,176**	1,039,086
Maintenance and support	**256,941**	278,914
Term licenses	**44,974**	116,957
Total deferred revenue	**7,161,545**	6,351,260

The following table summarized the contract acquisition cost activity during the year:

	March 31, 2025	March 31, 2024
	$	$
Balance, beginning of year	**169,344**	364,813
Additions	**523,421**	203,824
Amortization	**(593,349)**	(399,292)
Balance, end of year	**99,416**	169,344

Amortization of contract acquisition costs is recorded in Sales and marketing expense.

6. Operating segment information

The Corporation has assessed that it operates in two segments, those being Modern Workplace Optimization and Mitel. These segments engage in business activities from which they earn revenues from subscription and perpetual software licenses, hardware, maintenance and support, and training and professional services.

	Modern Workplace Optimization	**Mitel**	**Total**
Year ended March 31, 2025	**$**	**$**	**$**
Revenue at a point in time			
Hardware	-	1,919	1,919
Training and professional services	167,370	-	167,370
Revenue recognized over time			
Subscription licenses	6,582,738	6,547,705	13,130,443
Maintenance and support	1,057,655	24,908	1,082,563
Term licenses	148,257	-	148,257
Total revenue	**7,956,020**	**6,574,532**	**14,530,552**

(in Canadian Dollars)

Year ended March 31, 2024	Modern Workplace Optimization $	Mitel $	Total $
Revenue at a point in time			
Hardware	-	39,723	39,723
Training and professional services	102,283	1,466	103,749
Revenue recognized over time			
Subscription licenses	7,110,375	6,927,396	14,037,771
Maintenance and support	1,435,247	29,343	1,464,590
Term licenses	126,845	-	126,845
Total revenue	**8,774,750**	**6,997,928**	**15,772,678**

Year ended March 31, 2025	Modern Workplace Optimization $	Mitel $	Total $
Sales	7,956,020	6,574,532	**14,530,552**
Cost of goods sold	1,809,877	190,198	**2,000,074**
Gross margin	6,146,143	6,384,334	**12,530,478**

Year ended March 31, 2024	Modern Workplace Optimization $	Mitel $	Total $
Sales	8,774,750	6,997,928	**15,772,678**
Cost of goods sold	1,710,059	232,894	**1,942,953**
Gross margin	7,064,691	6,765,034	**13,829,725**

Non-current assets by geographic area are as follows:

	March 31, 2025 $	March 31, 2024 $
Canada	**258,796**	345,560
Netherlands	**2,178,211**	2,367,853
Switzerland	**4,385,420**	5,701,938
Total non-current assets	**6,822,426**	8,415,351

(in Canadian Dollars)

7. Cost of goods sold

Cost of goods sold consisted of the following:

	March 31, 2025	March 31, 2024
	$	$
Installation, Delivery and Support Costs	835,794	691,929
Cloud storage services	707,876	678,267
Reseller/distribution costs	447,155	528,202
Hardware costs	1,098	32,744
Others	8,151	11,811
Total cost of goods sold	**2,000,074**	1,942,953

8. Additional disclosures related to the consolidated statement of loss and comprehensive loss

i. Research and development expense for the year ended March 31, 2025, is net of investment tax credits recognized of $183,051 (March 31, 2024 - $119,757).

The Corporation has investment tax credits receivable of $298,464 as of March 31, 2025 (March 31, 2024 – $271,419) which are earned as a result of qualifying Crédit d'Impôt Recherche expenditure in France and qualifying Scientific Research and Experimental Development expenditures in Canada. The investment tax credits are recognized when the expenditures are made, and their realization is reasonably assured.

On December 20, 2024, the Corporation entered into a contribution agreement with National Council Canada (“NRC”) to support the application of Generative AI to enhance uCaaS using Vantage DX. Under this agreement, NRC committed to contribute up to $70,000 towards costs incurred by the Corporation between December 2, 2024 and May 31, 2025. As of March 31, 2025, the Corporation received $55,000 under this agreement.

On December 5, 2024, the Corporation entered into a contribution agreement with National Council Canada (“NRC”) to support a strategic review of technology platform options and potential markets. Under this agreement, NRC committed to contribute up to $65,000 towards costs incurred by the Corporation between December 2, 2024, and May 31, 2025. As of March 31, 2025, the Corporation received $52,000 under this agreement.

ii. Employee compensation, benefits and share-based payments consist of the following amounts:

	March 31, 2025	March31, 2024
	$	$
Research and development		
Short-term employee benefits	**4,849,264**	4,704,619
Share-based payments	**(29,208)**	62,064
Sales and marketing		
Short-term employee benefits	**3,759,947**	4,335,385
Share-based payments	**755**	53,046
General and administrative		
Short-term employee benefits	**2,149,225**	2,314,268
Share-based payments	**85,399**	70,367
Total staff related expense	**10,815,383**	**11,539,749**

Research and development of employee costs above are presented prior to any government grants and investment tax credits.

(in Canadian Dollars)

9. Income taxes

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial tax rates to losses before income taxes, shown as follows:

	March 31, 2025	March 31, 2024
	$	$
Current income tax		
Current income tax expense (recovery)	**3,244**	17,805
Deferred income tax		
Deferred income tax recovery	**(130,976)**	(32,652)
Income tax recovery recognized in net loss	**(127,732)**	(14,847)

	March 31, 2025	March 31, 2024
Net accounting loss before income taxes	**(5,823,995)**	(5,758,745)
Expected Canadian statutory income tax rate (26.5%)	**26.5%**	26.5%
Expected income tax recovery	**(1,543,359)**	(1,526,067)
Permanent non-deductible amounts	**(147,591)**	415,551
Increase in unrecognized tax assets	**762,828**	928,052
Provision to return true-up (current and deferred)	**(11,981)**	(25,288)
Foreign tax rate differential	**418,603**	90,654
Change in substantively enacted tax rate on opening temp differences	**-**	4,208
Recovery of income tax provision offsetting OCI expense	**(15,174)**	(19,143)
Tax rate difference on current items	**401,128**	120,194
Other	**7,814**	(3,008)
Income tax recovery	**(127,732)**	(14,847)

Deferred tax liabilities

Deferred income taxes reflect the impact of loss carryforwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The effect of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax liability, which has been recognized during the years ended March 31, 2025 and 2024 are as follows:

	March 31, 2024	**Recognized in OCI (Pension FV)**	**Recognized in OCI (foreign currency translation)**	**Recognized in Profit and Loss**	**March 31, 2025**
	$	$	$	$	**$**
Non-capital loss carry-forwards	2,029,775	-	52,127	(134,764)	**1,947,138**
Gain on non-interest bearing debt	(576,821)	-	-	0	**(576,821)**
Pension OCI	(155,551)	(15,174)	-	(10,669)	**(181,394)**
Lease Liability	74,667	-	-	(7,722)	**66,944**
Right-to-use assets	(74,667)	-	-	18,387	**(56,280)**
Foreign Exchange gain or loss	(3,591)	-	-	3,591	**-**
Intangibles	(1,406,939)	-	(53,778)	261,128	**(1,199,589)**
Other	(1,026)	-	-	1,026	**-**
Deferred Tax Liability Recognized in Statement of Financial Position	(114,152)	(15,174)	(1,651)	130,977	**-**

(in Canadian Dollars)

	March 31, 2023	Recognized in OCI (Pension FV)	Recognized in OCI (foreign currency translation)	Recognized in Profit and Loss	March 31, 2024
	$	$	$	$	$
Non-capital loss carry-forwards	1,941,128	-	(9,108)	97,755	2,029,775
Gain on non-interest bearing debt	(270,902)	-	-	(305,919)	(576,821)
Pension OCI	(129,001)	(19,143)	-	(7,407)	(155,551)
Lease Liability	(22,447)	-	-	97,114	74,667
Right-to-use assets	22,447	-	-	(97,114)	(74,667)
Foreign Exchange gain or loss	-	-	-	(3,591)	(3,591)
Intangibles	(1,658,741)	-	10,408	241,393	(1,406,939)
Other	(11,448)	-	-	10,422	(1,026)
Deferred Tax Liability Recognized in Statement of Financial Position	(128,964)	(19,143)	1,301	32,653	(114,152)

The unrecognized temporary differences of the Corporation are comprised of:

	March 31, 2025	March 31, 2024
	$	$
Fixed Assets	**44,863**	37,452
Capitalized professional fees	**12,815**	13,482
Federal and Ontario ITCs Research and Development Tax Credit	**1,350,552**	1,378,470
SR&ED Expenditure Pool	**3,287,891**	3,634,514
Non-capital loss carry forward	**13,389,958**	12,874,360
Financing Costs	**2,323,941**	935,105
Other (includes reserves)	**1,041,401**	461,243
Total	**21,451,421**	19,334,626

As at March 31, 2025, the Corporation has approximately $3,288,000 (2024 - $3,635,000) of eligible research and development expenditures (net of current year federal investment tax credits) which may be used to reduce future years' Canadian taxable income. These expenditures carry forward with no expiry limitation. The Corporation has the following non-capital losses available to reduce future years' taxable income at March 31, 2025, which expire as follows:

Year	Non-capital losses
	$
2026	2,358,219
2027	760,760
2028	5,598,840
2029	-
2030	145,733
2031	-
2032	2,129,656
2033	-
2034	-
2035	-
2036	-
2037	-
2038	-
2039	263,499
2040	1,204,229
2041	305,713
2042	2,336,320
2043	2,580,257
2044	2,283,231
2045	172,974
Indefinite	5,906,431
Total non capital losses carry forward	**26,045,862**

(in Canadian Dollars)

To the extent that it is not probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilized, the deferred tax asset is not recognized.

10. Loss per share

Basic loss per share amounts are calculated by dividing net loss for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted loss per share amounts are calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period plus the weighted average number of common shares, if any, that would be issued on conversion of all the dilutive potential effects.

The following securities could potentially dilute basic net loss per share in the future but have not been included in diluted loss per share because their effect was anti-dilutive:

	Mar 31, 2025	Mar 31, 2024
	#	#
Share options	**30,060,667**	29,254,412
	30,060,667	29,254,412

11. Trade and other accounts receivable

The aging analysis of trade and other accounts receivable is as follows:

			Past due but not impaired			
	Total	**Neither past due nor impaired**	**< 30 days**	**30-60 days**	**60-90 days**	**over 90 days**
	$	$	$	$	$	$
March 31, 2025	**4,841,734**	3,893,691	777,411	170,558	-	74
March 31, 2024	3,405,791	3,241,731	164,060	-	-	-

No allowance for doubtful accounts was recorded, and no accounts receivable were written off during the years ended March 31, 2025 and 2024.

12. Equipment and leasehold improvements

	March 31, 2024	**Additions**	**Disposals/ Write off**	**Translation adjustments**	**March 31, 2025**
	$	**$**	**$**	**$**	**$**
Cost					
Computer equipment	310,807	13,879	232,089	6,364	98,961
Software	8,403	-	-	20	8,422
Leasehold improvements	11,285	-	4,610	735	7,410
Furniture and fixtures	127,433	-	40,885	3,071	89,619
Total	**457,928**	**13,879**	**277,584**	**10,190**	**204,412**

Accumulated amortization

	March 31, 2024	**Depreciation**	**Disposals/ Write off**	**Translation adjustments**	**March 31, 2025**
	$	**$**	**$**	**$**	**$**
Accumulated depreciation					
Computer equipment	264,275	23,170	232,089	7,265	62,621
Software	4,262	1,662	-	-	5,924
Leasehold improvements	8,199	1,665	4,610	(380)	4,874
Furniture and fixtures	102,552	12,008	40,885	2,629	76,304
Total	**379,288**	**38,505**	**277,584**	**9,514**	**149,723**
Net book value	**78,640**				**54,689**

(in Canadian Dollars)

	March 31, 2023	Additions	Disposals/ Write off	Translation adjustments	March 31, 2024
	$	$	$	$	$
Cost					
Computer equipment	309,030	20,378	12,438	(6,163)	310,807
Software	8,431	-	-	(29)	8,403
Leasehold improvements	11,412	-	-	(127)	11,285
Furniture and fixtures	137,752	-	9,788	(531)	127,433
Total	**466,625**	**20,378**	**22,226**	**(6,850)**	**457,928**

Accumulated amortization

	March 31, 2023	Depreciation	Disposals/ Write off	Translation adjustments	March 31, 2024
	$	$	$	$	$
Accumulated depreciation					
Computer equipment	249,127	35,651	16,173	(4,332)	264,275
Software	2,600	1,662	-	-	4,262
Leasehold improvements	7,010	1,271	-	(82)	8,199
Furniture and fixtures	96,406	12,583	6,053	(386)	102,552
Total	**355,143**	**51,167**	**22,226**	**(4,800)**	**379,288**
Net book value	**111,482**				**78,640**

13. Intangible assets

Intangible assets

A continuity of the intangible assets for the years ended March 31, 2025 and 2024, is as follows:

	March 31, 2024	Acquisition of subsidiary	Disposal/ Write off	Translation Adjustments	March 31, 2025
	$	$	$	$	$
Cost					
Customer relationships	7,081,020	-	-	458,744	**7,539,764**
Technology	6,824,430	-	-	442,120	**7,266,550**
Brand	1,106,546	-	-	71,688	**1,178,234**
Total	15,011,996	-	-	972,552	**15,984,548**

	March 31, 2024	Amortization	Disposal/ Write off	Translation Adjustments	March 31, 2025
	$	$	$	$	$
Accumulated amortization					
Customer relationships	4,053,949	998,727	-	301,078	**5,353,754**
Technology	3,151,240	705,542	-	231,311	**4,088,093**
Brand	25,299	-	-	-	**25,299**
Total	7,230,488	1,704,269	-	532,389	**9,467,146**
Net book value	7,781,508				**6,517,402**

(in Canadian Dollars)

	March 31, 2023	Acquisition of subsidiary	Disposal/ Write off	Translation Adjustments	March 31, 2024
	$	$	$	$	$
Cost					
Website	6,000	-	(6,000)	-	**-**
Customer relationships	7,160,310	-	-	(79,291)	**7,081,020**
Technology	6,900,847	-	-	(76,417)	**6,824,430**
Brand	1,118,937	-	-	(12,391)	**1,106,546**
Non-compete	934,659	-	(934,659)	-	**-**
Total	16,120,754	-	(940,659)	(168,099)	**15,011,996**

	March 31, 2023	Amortization	Disposal/ Write off	Translation Adjustments	March 31, 2024
	$	$	$	$	$
Accumulated amortization					
Website	6,000	-	(6,000)	-	**-**
Customer relationships	3,114,371	977,627	-	(38,049)	**4,053,949**
Technology	2,490,701	690,636	-	(30,097)	**3,151,240**
Brand	25,299	-	-	-	**25,299**
Non-compete	934,659	-	(934,659)	-	**-**
Total	6,571,030	1,668,263	(940,659)	(68,146)	**7,230,488**
Net book value	9,549,724				**7,781,508**

Intangible assets are evaluated for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. Impairment is determined by assessing if the carrying value of a CGU, including the allocated intangible assets, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to dispose and the value in use.

At March 31, 2025 management assessed the recoverable amount of intangible assets.

The Company has two CGU's: Modern Workplace Optimization and Mitel. The majority of the intangible asset’s carrying value are allocated to the Modern Workplace Optimization CGU. The identified CGUs are consistent with the operating segments detailed in Note 6 for the years ended March 31, 2025 and 2024.

Modern Workplace Optimization

Management reviewed the recoverable amount of intangible assets for the CGU. The recoverable amount was assessed by reference to the value in use (“VIU”) calculation. The recoverable value was assessed by reference to discounted cash flow projections reflecting management’s assessment of projected operating results for a five-year period, including projected revenue growth rates of -20.8% to 50.3% (2024 – growth rates of -1.2% to 41.1%) reflecting growth from Vantage DX, expansion of new channels and sunsetting of Legacy products. The applied discount rate (WACC) of 15.8% per annum (2024 – 16.5%) was influenced by interest rates, equity and size risk premium rates. Cash flows beyond that five-year period have been extrapolated using a steady 2.9% (2024 – 2.7%) terminal growth rate. Future estimated growth rates were validated by reviewing reasonableness of pricing, independent market and industry data, and sales achieved to date.

For the years ended March 31, 2025 and 2024, management determined that no impairment charge is required on the current intangible assets value.

(in Canadian Dollars)

14. Accounts payable and accrued liabilities

	March 31, 2025	March 31, 2024
	$	$
Trade payables	**227,962**	332,013
Accrued key management compensation	**885,933**	721,628
Accrued professional fees	**365,789**	414,785
Salaries, benefits, and vacation payable	**847,935**	1,126,536
Commissions payable	**30,682**	141,203
Taxes payable	**69,722**	70,411
Other payables	**288,696**	182,897
Total	**2,716,719**	2,989,473

15. Long-term debt

As at March 31, 2023	**9,855,769**
Funds received	5,245,933
Costs of borrowing	47,433
Gain on Issuance of FedDev Loan	(132,140)
Accretion of long-term debt -FedDev	152,604
Accretion of long-term debt - WCI	1,091,273
Foreign exchange revaluation	(15,911)
Principal repaid	(6,601,710)
As at March 31, 2024	**9,643,250**
Funds received	250,000
Costs of borrowing	27,083
Gain on Issuance of FedDev Loan	(103,573)
Accretion of long-term debt -FedDev	195,893
Accretion of long-term debt - WCI	1,528,953
Foreign exchange revaluation	554,068
As at March 31, 2025	**12,095,674**
Current portion of long term debt	180,000
Non-current portion of long-term debt	11,915,674
Balance, Mar 31, 2025	**12,095,674**

	March 31, 2025	March 31, 2024
	$	$
Current		
FedDev - Jobs & Growth	180,000	
	180,000	-
Long-term		
WCI	10,508,977	8,398,872
FedDev - Jobs & Growth	1,406,697	1,244,378
	11,915,674	9,643,250
Total debt	**12,095,674**	9,643,250

(in Canadian Dollars)

The schedule of undiscounted principal payments is as follows:

	$
2026	180,000
2027	7,895,546
2028	420,000
2029	533,328
2030	533,328
2031	533,344
Total	**10,095,546**

FedDev loan – Jobs and Growth Fund

On March 7, 2022, the Corporation entered into a FedDev contribution agreement for a non-interest-bearing loan totaling $2,500,000. The loan is repayable in monthly installments of $15,000 from April 2025 to March 2026. The repayment amount will increase to $25,000 from March 2026 to March 2027, then to $35,000 between March 2027 and March 2028, and to $44,444 thereafter until the loan maturity date on March 15, 2031.

The Corporation received three tranches of loan funding under a government program: $1,920,000 on May 16, 2022, $65,705 on November 22, 2022, and $127,608 on March 24, 2023. Upon initial recognition, portions of these amounts—$1,094,976, $35,460, and $66,110, respectively—were recorded as government grants and deducted from the loan values to reflect fair value. These amounts are being accreted into other income (expenses) over the loan terms using an estimated borrowing rate of 13.85%.

In addition the Corporation received additional tranches under the FedDev loan program: $106,386 on July 19, 2023; $30,301 on January 2, 2024; and $250,000 on August 30, 2024. Upon inception, adjustments of $52,708, $14,110, and $103,573, respectively, were recorded to recognize the government grant components within the loans at fair value. These amounts are being accreted into other income (expenses) over the remaining loan terms. In addition, as of March 31, 2024, a fair value adjustment of $70,301 was recorded due to an amendment to the loan repayment schedule.

Wesley Clover International (WCI) Loan

In August 2022, Martello and Terry Matthews, through Wesley Clover International ("WCI") advanced a subordinated term loan of US $1,500,000 to pay down the Vistara loan. Additional tranches of US $792,031 in May 2023 and US $3,000,000 in August 2023 were received for the same purpose. The loan accrues interest at US Prime plus 8.75%, payable upon maturity on August 28, 2026. As of March 31, 2025, the accrued interest is US $2,056,999. The total outstanding balance, net of origination costs of $38,367, is $10,547,343 (2024 - $8,398,872 net of origination cost of $65,449). The effective interest rate is 18.26%, and the loan is secured by a general security agreement.

FedDev loan – Investing Business Innovation

The Corporation previously had a non-interest bearing, unsecured loan from the Federal Economic Development Agency of Southern Ontario ("FedDev") to support commercialization activities. The loan was initially recognized at fair value, with a portion treated as a government grant under IAS 20. An amendment to the repayment terms was made effective April 1, 2020, and the loan was fully repaid in October 2023.

(in Canadian Dollars)

16. Right-of-use assets

Right-of-use asset:	$
Balance at March 31, 2024	555,203
Additions	42,565
Depreciation for the period	(169,331)
Termination of Lease	(184,850)
Foreign exchange translation	6,748
Balance at March 31, 2025	**250,335**

Lease obligation:	$
Balance at March 31, 2024	619,966
Additions	42,565
Interest expense	65,485
Payments	(232,431)
Termination of Lease	(216,688)
Foreign exchange translation	21,519
Balance at March 31, 2025	**300,416**

For the year-ended March 31, 2025, the Corporation recognized $169,331 (2024 - $204,455) as depreciation on right-of-use assets and $65,485 (2024 - $88,010) as interest expense on the lease liability.

For the year-ended March 31, 2025, the Corporation recognized variable non-lease payment of $98,762 (2024 - $106,567).

The Corporation had entered into a 5-year lease for office premises in Kanata, Ontario, Canada commencing March 1, 2017, extending through to February 28, 2022. The lease was subsequently renewed, and the new maturity date is February 28, 2028, with an incremental borrowing rate of 14.08%.

The Corporation has applied judgment in the process of applying IFRS 16 and determining the appropriate lease term on a lease-by-lease basis, which has a significant effect on the measurement of the lease liability and right-of-use assets recognized. Management considers many factors including any events that create an economic incentive to exercise a renewal option including expected future performance and past business practice. The Corporation has also exercised judgment in determining the incremental borrowing rate based on the term, security, the lessee entity's economic environment, credit rating, level of indebtedness and asset specific adjustments.

Upon acquisition of GSX, the Company recognized two leases for GSX Participations SA and its wholly owned subsidiary, Martello Technologies France. GSX Participations SA lease commenced January 2019 and expires in December 2025 with an incremental borrowing rate of 2.47%. This lease was terminated when GSX Participations SA moved to a smaller office. A new lease for the new office commenced on August 2022 and runs through to August 2027 with an incremental borrowing rate of 14.08%. On September 1, 2024, the Company assigned its lease agreement to a new lessee, who assumed all rights and obligations under a new lease directly with the lessor, resulting in the early termination of the original lease. Consequently, the Company recognized a gain of $31,838, which is included in other income in the financial statements for the period ended March 31, 2025. This reflects the difference between the carrying value of the right-of-use asset, amortized to $184,850, and the remaining lease liability of $216,688 at the time of termination.

To incentivize the new tenant, the Company also paid two months' rent, covering the months of September and October 2024, totaling $14,920 and a commission of 15% amounting to $12,535 to the vendor as tenant search fees. This expense is recognized in the statement of loss and comprehensive loss and offset against gain on early termination of lease.

Martello Technologies France lease commenced January 2019 and expired February 2025 with an incremental borrowing rate of 3.18%. The lease was further extended for a period of six months with the new expiration now being in September 2025.

17. Defined benefits retirement plan

On May 29, 2020 the Company acquired GSX and assumed its occupational defined benefits pension plan (the "GSX Plan"). Swiss law requires GSX to arrange for an affiliation contract with a pension fund provider to provide participants with at least occupational benefits.

GSX has an affiliation contract with AXA collective foundation, Fondation LPP Suisse romande (Professional Invest) ("Collective Foundation" or "AXA") which covers actuarial risks and the pooling of assets for all affiliated companies. The governing bodies of the Collective Foundation are responsible for risk management and the investment of Plan assets, although investment decisions can be mandated to another party.

Retirement benefits, which are based on participant salaries, are funded by the employer and employee as a fixed percentage of the insured salaries. The Collective Foundation is able to adapt the contributions and benefits at any time. If the contract with AXA is cancelled, GSX would be required to affiliate with another pension provider.

The risks of invalidity and death prior to retirement are covered by insurance. The Plan exposes the Company to the following actuarial risks:

Investment risk – a Plan deficit would be created if the return achieved on plan assets is below the discount rate used to present value of the defined benefit liability.

Foreign exchange risk – the defined benefit obligation and Plan assets are denominated in Swiss francs. The Company is exposed to changes in the value of the Swiss franc relative to the Canadian dollar to the extent of the Plan surplus or deficit.

Interest rate risk – the discount rate used to present value the defined benefit obligation is based on high quality corporate bond yields. A decrease in bond yields would increase the defined benefit obligation.

Longevity and salary risks – increases in life expectancy or the salaries of Plan participants in excess of those used in the actuarial assumptions would increase the defined benefit obligation.

As of March 31, 2025 the pension plan was terminated and hence no actuarial valuation of the Plan assets and defined benefit obligation was required to be completed for FY25.

The current service cost of $9,774 was recognized for the year ended March 31, 2025 (2024 – $57,896) along with net interest expense of $660 and return on plan assets of $Nil for the year ended March 31, 2025 (2024 - $3,519 of net interest expense and negative return on plan assets of $9,423 respectively). The current service cost is included in operating expenses on the consolidated statements of loss and comprehensive loss. The net interest income is included in interest income. The return on plan assets is included in other comprehensive income (loss).

At March 31, 2025, the Plan was terminated and had a $Nil balance (March 31, 2024 - $96,327).

(in Canadian Dollars)

The movements in the defined benefit obligation for the year ended March 31, 2025, are as follows:

Defined benefit obligation at April 1, 2024	472,498
Current service cost	9,744
Interest cost	3,424
Administration cost	103
Foreign exchange translation	32,673
Participant contributions	4,077
Benefits paid	(522,519)
Defined benefit obligation March 31, 2025	**-**

The movements in the defined benefit obligation for the year ended March 31, 2024, are as follows:

	$
Defined benefit obligation at April 1, 2023	759,880
Current service cost	57,896
Interest cost	14,027
Administration cost	388
Foreign exchange translation	21,991
Participant contributions	18,013
Benefits paid	(399,697)
Defined benefit obligation March 31, 2024	**472,498**

The movements in Plan assets for the year ended March 31, 2025, are:

Plan assets at April 1, 2024	376,171
Interest income	2,763
Participant contributions	4,077
Employer contributions	9,512
Foreign exchange translation	26,106
Benefits paid	(418,629)
Fair value of pension plan March 31, 2025	**-**

The movements in Plan assets for the year ended March 31, 2024, are:

	$
Plan assets at April 1, 2023	604,098
Interest income	10,507
Return on plan assets, excluding interest income	(9,423)
Participant contributions	18,013
Employer contributions	42,029
Foreign exchange translation	17,584
Benefits paid	(306,637)
Fair value of pension plan March 31, 2024	**376,171**

(in Canadian Dollars)

The Company's pension plan actual weighted average asset allocations by asset category were as follows:

	March 31, 2025	March 31, 2024
Debt securities	-	30.59%
Real estate assets	-	22.09%
Equity securities	-	35.53%
Alternative investments	-	10.35%
Cash and cash equivalents	-	1.44%
Total	-	**100.00%**

The fair values of the plan assets were determined based on the following methods:
- Equity securities – generally quoted market prices in active markets.
- Debt securities – generally quoted market prices in active markets.
- Real estate assets – valued based on appraisal performed by a qualified external real estate appraiser.
- Alternative investments - generally quoted market prices in active markets.
- Cash and cash equivalents – generally recorded at cost which approximates fair value.

Reasonably possible changes in the discount rate, salary increases, pension or life expectancy would result in a change in the DBO to the following amounts, calculated using the projected unit credit method, as at March 31, 2024.

18. Equity instruments

i. Common shares

The Corporation is authorized to issue an unlimited number of common shares with no par value.

The holders of the common shares are entitled to receive non-cumulative dividends, as may be determined by the Board of Directors.

	Number of shares #	Amount $
Common Shares		
Balance at March 31, 2024	543,707,430	59,616,608
Issuance of common stock	40,000,000	2,000,000
Less: Transaction costs attributable to share issuance	-	(18,500)
Balance at March 31, 2025	**583,707,430**	**61,598,108**

On March 7, 2025, the Corporation completed a private placement for shares with Terence H. Matthews through Wesley Clover International Corporation to issue 40,000,000 common shares at a price of $0.05 per common share, for the proceeds of $2,000,000.

Private placement was finalized on March 27, 2024, led to an increase in WCI's ownership percentage from 48.72% prior to the transaction to 51.55%. Consequently, this event established WCI as the majority shareholder.

On July 13, 2023, the Corporation entered into a private placement for shares with Terence H. Matthews through Wesley Clover International Corporation to issue 50,000,000 common shares for total proceeds of $2,500,000. Further, on December 14, 2023, and March 27, 2024, the Corporation completed other private placements with Terence H. Matthews through Wesley Clover International Corporation to issue 35,000,000 and 30,000,000 common shares for total proceeds of $1,750,000 and $1,500,000, respectively.

(in Canadian Dollars)

ii. *Warrants*

During the year ended March 31, 2025, and 2024, no warrants were issued and no warrants expired.

At March 31, 2025 and 2024 the Corporation had no outstanding warrants.

iii. *Broker compensation option units*

At March 31, 2025 and 2024 the Corporation had no outstanding broker compensation option units.

iv. *Share-based payments*

The Corporation has a stock option plan (the "Plan") open to certain members of management, employees, and consultants. Unless otherwise determined by the Board of Directors, options issued under the Plan vest over a three-year period and have expiry dates which are 5 years from issuance. The maximum number of common shares reserved for issuance of options that may be granted under the Plan is 10% of the total outstanding common shares of the Corporation, calculated on a fully diluted basis.

The following table summarizes the continuity of options issued under the Plan:

	Option exercise price $	Total #
Balance outstanding at March 31, 2023	0.05-0.38	22,089,555
Granted	0.05	20,715,000
Forfeited	0.05-0.38	(9,691,143)
Expired	0.13-0.38	(3,859,000)
Balance outstanding at March 31, 2024	0.05-0.33	29,254,412
Granted	0.05	8,735,000
Forfeited	0.05- 0.33	(7,188,269)
Expired	0.33	(740,476)
Balance outstanding at March 31, 2025	**0.05-0.21**	**30,060,667**
Options exercisable:		
At March 31, 2025	**0.05-0.21**	**11,281,927**
At March 31, 2024	0.05-0.33	6,366,685

(in Canadian Dollars)

Grant date	Option exercise price	Number exercisable	Remaining life
	$	#	Years
July 28, 2020	0.195	135,000	0.33
August 31, 2020	0.205	634,667	0.42
June 30, 2021	0.135	20,000	1.25
January 13, 2022	0.060	500,000	1.79
May 2, 2022	0.050	1,000,000	2.09
January 12, 2023	0.050	5,450,622	2.79
February 14, 2023	0.050	176,665	2.88
May 29, 2023	0.050	2,721,644	3.16
November 21, 2023	0.050	576,663	3.65
February 14, 2024	0.050	66,666	3.88
June 25, 2024	0.050	-	4.24
November 19, 2024	0.050	-	4.64
February 19, 2025	0.050	-	4.89
Weighted average	0.061		2.66
Total		11,281,927	

At March 31, 2025, the fair value of share-based compensation to be recognized as an expense in future periods totaled $114,373 (March 31, 2024– $185,978). Share-based compensation expense for the period is disclosed in Note 8.

In determining the amount of share-based compensation, the Corporation uses the Black-Scholes option pricing model to establish the fair value of options granted. 8,735,000 options were granted in the year ended March 31, 2025 (2024- 20,715,000). The fair value of options granted in the year ended March 31, 2025, was established by applying the following assumptions:

	March 31, 2025	March 31, 2024
Fair market value on grant date	$0.01-0.02	$0.02-0.03
Exercise price	$0.05	$0.05
Risk-free interest rate	2.79% - 3.68%	3.72-4.06%
Expected life in years	3.5	3.5
Expected dividend yield	0%	0%
Volatility	174.06% - 224.79%	122.83-156.07%
Fair value of options issued in the periods	$0.0089-0.0170	$0.014-0.021

Volatility was determined by using the historical volatility of the Corporation’s common shares over a 3.5-year period. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on zero-coupon Canada government bonds with a remaining term equal to the expected life of the options.

(in Canadian Dollars)

19. Supplementary cash flow information

The net change in the operating components of working capital is as follows:

	Note	**March 31, 2025**	March 31, 2024
		$	$
Net change in operating components of working capital:			
Trade and other accounts receivable	11	**(1,287,247)**	974,822
Investment tax credits and grants receivable	8	**(8,885)**	1,181,236
Prepaid expenses		**183,640**	594,833
Inventories		**1,098**	2,567
Accounts payable and accrued liabilities	14	**(499,219)**	198
Deferred revenue	5	**382,079**	(1,088,050)
Total		**(1,228,534)**	1,665,606

20. Fair values

Set below is a table by class of the Corporation's financial instruments that are carried in the consolidated financial statements:

	March 31, 2025	March 31, 2024
	$	$
Financial assets		
Cash	**6,577,858**	7,613,668
Short-term investments	**108,391**	104,980
Trade and other accounts receivable	**4,841,734**	3,405,791
Investment tax credits and grants receivable	**298,464**	271,419
Total financial assets	**11,826,447**	11,395,858

	March 31, 2025	March 31, 2024
	$	$
Financial liabilities		
Accounts payable and accrued liabilities	**2,716,719**	2,989,473
Foreign exchange forward contract liability	**54,837**	6,560
Lease obligation	**300,416**	619,966
Long-term debt (including current portion)	**12,095,674**	9,643,250
Total financial liabilities	**15,167,646**	13,259,249

The fair value of the financial assets and financial liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values:

a. Cash, short-term investments, trade and other accounts receivable, investment tax credits and grants receivable, lease receivable, accounts payable and accrued liabilities approximate fair value at their carrying amounts due to the short-term maturities of these instruments.

b. Long-term debt and lease obligations have a fair value which is based on the present value of future interest and principal payments, using the applicable discount rates.

The market interest rates that would apply to the Corporation's long-term debt is not significantly different from the effective interest rates used to amortize these debts. Therefore, the carrying amounts are comparable to fair values.

The Corporation's foreign exchange forward contracts are remeasured at fair value at each reporting period.

Fair value hierarchy

The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Long-term debt is valued under the Level 2 hierarchy.

The fair value of foreign exchange forward contracts represented a liability as at March 31, 2025, of $54,837 (March 31, 2024 - $6,560). This fair value is estimated using a market approach with forward exchange rates observable at the end of the reporting period and contract forward rates as inputs and is categorized within Level 3 of the fair value hierarchy.

21. Related party transactions and balances

During the period the Corporation entered the following transactions with related parties in the normal course of operations.

i. For the year-ended March 31, 2025, the Corporation paid rent to Wesley Clover International Corporation, which is reflected in the results as depreciation of right-of-use assets of $69,386 and $93,904 in rent expense (March 31, 2024 – $69,386 depreciation of right-of-use assets and $95,808 of rent expense).

ii. On August 22, 2022, the Corporation obtained a subordinate loan from Wesley Clover International for US $1,500,000 which was used to repay the Vistara loan. A second tranche of the WCI loan was received on May 25, 2023, for US $792,031 to repay the Vistara loan and the loan term was extended to May 28, 2024. Further on August 8, 2023, the third tranche of the WCI loan was received for US $3,000,000 to pay off the Vistara loan in full and it was agreed to extend the WCI loan maturity to August 28, 2026. Interest on the WCI loan accrue on the same terms as that of Vistara and will be paid at the maturity of the loan on August 28, 2026. For the year ended March 31, 2025, interest of $1,528,953 (March 31, 2024 – $ 1,091,273) were accrued and recorded on the consolidated statement of loss and comprehensive loss.

iii. The chairman of Wesley Clover International Corporation is a shareholder of the Corporation.

iv. Included in accounts payable and accrued liabilities are balances as at March 31, 2025 totaling $885,933 (March 31, 2024 - $721,628) due to key management personnel for compensation, earned vacation pay and DSU expenses.

(in Canadian Dollars)

v. The remuneration of directors and key management personnel during the year was as follows:

	March 31, 2025	March 31, 2024
	$	$
Salaries, wages and bonuses	**2,506,417**	1,993,716
Other employee benefits	**72,304**	51,019
Share-based compensation	**248,370**	132,299
Termination benefits	**-**	402,155
Total	**2,827,092**	2,579,188

22. Financial risk management objectives and policies

Transactions from operations that give rise to the recognition of financial instruments on the consolidated statement of financial position may result in an entity assuming or transferring financial risk to another party. The Corporation's primary risk management objective is to protect the Corporation's statement of financial position and cash flows, in order to increase the Corporation's enterprise value.

The Corporation is exposed to credit risk, liquidity risk and market risks (related to foreign exchange rates). There have been no changes to these risk exposures since the prior period, except as noted.

The Corporation's senior management and Board of Directors oversees the management of these risks. It is the Corporation's policy that no trading in instruments for speculative purposes shall be undertaken. The Board of Directors reviews and defines policies for managing each of these risks which are summarized below.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument asset or customer contract, leading to a financial loss to the Corporation. Trade receivables as at March 31, 2025 are presented net of an allowance for expected credit losses of $Nil (March 31, 2024 - $Nil). The Corporation's largest customer – Mitel, accounted for revenue of $6,344,947 or approximately 44% of total revenue, for the year ended March 31, 2025 (March 31, 2024 - $6,754,284 or 43%). At March 31, 2025 the account receivable from this customer totaled $1,851,686 (March 31, 2024 - $1,293,596). The Corporation maintains strict credit policies and limits in respect to counterparties.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk by reviewing its capital and operating requirements on an ongoing basis.

The following table summarizes the maturities of financial instruments as at March 31, 2025:

	2025	**2026**	**2027**	**2028**	**Thereafter**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Accounts payable and accrued liabilities	2,716,719	-	-	-	-	**2,716,719**
Lease obligation	-	151,464	103,350	104,738	-	**359,551**
Debt liabilties	-	180,000	10,808,977	420,000	1,600,000	**13,008,977**
Total	**2,716,719**	**331,464**	**10,912,327**	**524,738**	**1,600,000**	**16,085,247**

Market risk

Market risk is the risk that the fair value or future cash flows related to a financial instrument will fluctuate because of changes in market prices. Market price exposures include foreign currency exchange rates.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Corporation's exposure to the risk of changes in foreign exchange rates relates primarily to the Corporation's operating activities, when revenue and expense transactions are denominated in a currency other than the Canadian dollar, the Corporation's functional currency.

During the year ended March 31, 2025, 99% of revenue and 31% of expenses were in foreign currencies (March 31, 2024 - 99% of revenue and 34% of expenses). Transactions in foreign currencies also require the Corporation to hold significant working capital balances in foreign currencies. The effect of translating financial instrument receivables and payables each period gives rise to foreign exchange gains and losses that are recognized in net loss.

The Corporation's exposure to foreign currency exchange rates is primarily to the United States dollar (USD) and the Euro (EUR).

During the year ended March 31, 2025, the Corporation entered into derivative financial instruments (foreign exchange forward contracts) to manage foreign currency risk with the USD. As at March 31, 2025, the Corporation is committed under outstanding foreign exchange forward contracts to sell USD (representing commitments of USD $1,190,000). The maturity date of these commitments ranges from 15th April 2025 to 31st July 2025. The Corporation does not enter into any derivative instruments to reduce its exposure to the EUR.

The Corporation's net exposure to the USD and EUR is denominated in CAD and is summarized in the following table:

	March 31, 2025	March 31, 2024	**March 31, 2025**	March 31, 2024
	USD	USD	**EUR**	EUR
Cash and restricted cash	**2,839,985**	2,076,996	**381,530**	1,430,506
Trade and other accounts receivable	**2,760,195**	2,797,419	**296,201**	761,558
Accounts payable and accrued liabilities	**(209,471)**	(3,691,424)	**(1,102,060)**	(1,065,355)
Foreign exchange forward contract asset (liability)	**(54,837)**	(6,560)	**-**	-
Long-term debt	**(10,547,343)**	(8,654,459)	**-**	-
Net exposure	**(5,211,471)**	(7,478,029)	**(424,329)**	1,126,709

A 10% change of the USD and EUR against the CAD at March 31, 2025, would have increased or decreased net loss by $563,580 (March 31, 2024: $635,132).

23. Capital management

Management defines capital as total shareholders' equity. The Board of Directors has not established capital benchmarks or other targets. There have been no changes in the Corporation's approach to capital management during the year ended March 31, 2025. The Corporation will continually assess the adequacy of its capital structure and capacity and make adjustments within the context of the Corporation's strategy, economic conditions, and the risk characteristics of the business.

24. Commitments

On August 24, 2021, the Company signed a consumption commitment with Microsoft to use $4,000,000 of eligible services within 4 years from the agreement date. On maturity date, the Company is obligated to prepay the difference between the commitment amount and total invoiced amount and any future invoices will be applied towards the prepayment amount. At March 31, 2025, the Company has consumed $2,833,392 of eligible services since the contract date. The company projects to be within $771,108 of the $4,000,000 commitment by July 2025.

25. Events after the reporting period

Management has determined that there are no events requiring adjustment or disclosure in the financial statements which occurred subsequent to the balance sheet date and through the issuance date.