Consolidated financial statements of

Martello Technologies Group Inc.

For the years ended March 31, 2026 and 2025

Martello Technologies Group Inc.

For the years ended March 31, 2026 and 2025

Table of contents

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, 2026 and March 31, 2025, 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, 2026 and March 31, 2025 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, 2026. 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, 2026. 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, 2026. As disclosed in note 13, the Company determined that an impairment charge of $5,907,037 is required for intangible assets.

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 management expected attrition rates, planned changes to legacy customer revenue, planned changes in margin and other operating expenses against historical trends and management plans.

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, 2026.

Martello Technologies Group Inc.

Consolidated statements of loss and comprehensive loss For the years ended March 31, 2026 and 2025

(in Canadian dollars)

	Notes		March 31, 2026		March 31, 2025
Income					
Sales	5,6	$	**11,872,123**	$	14,530,552
Cost of goods sold	6,7		**1,675,324**		2,000,074
Gross margin			**10,196,799**		12,530,478
Expenses					
Research and development	8		**6,025,586**		5,431,683
Sales and marketing	8		**4,908,342**		5,510,338
General and administrative	8		**3,554,827**		3,814,501
Depreciation	12,16		**92,414**		207,837
Amortization	13		**890,872**		1,704,269
Impairment of intangible assets	13		**5,907,037**		-
Impairment of right of use assets	16		**184,546**		
			21,563,624		16,668,628
Loss from operations			**(11,366,825)**		(4,138,150)
Other income (expense)					
Interest income			**2,300**		7,182
Interest expense	15,16		**(1,630,331)**		(1,630,622)
Financing fees			**(2,160)**		(3,160)
Accretion of long-term debt	15		**(220,083)**		(195,893)
Gain on FedDev Loan			**-**		103,573
revaluation of forward contract	4		**54,837**		(48,278)
Foreign exchange gain	21		**67,653**		24,541
Other income	4		**74,387**		56,812
Loss before income tax			**(13,020,222)**		(5,823,995)
Income tax recovery (expense)	9		**(3,456)**		127,732
Net loss			**(13,023,678)**		(5,696,263)
Other comprehensive income (loss) that may be reclassified to net income (loss):					
Cumulative translation adjustment			**202,074**		(269,316)
Pension plan settlement			**-**		88,594
Total comprehensive loss			**(12,821,604)**		(5,876,985)
Weighted average shares outstanding	17		**583,707,430**		545,795,342
Net loss per share, basic and diluted	10	$	**(0.02)**		(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, 2026 and 2025

(in Canadian dollars)

	Notes		March 31, 2026		March 31, 2025
Assets					
Current assets					
Cash		$	**2,756,415**	$	6,577,858
Short-term investment			**110,396**		108,391
Trade and other accounts receivable	11		**2,549,871**		4,841,734
Investment tax credits and grants receivable	8		**269,479**		298,464
Prepaid expenses	5		**1,355,852**		542,247
Inventories			**37,943**		38,200
Total current assets			**7,079,956**		12,406,894
Intangible assets	13		**-**		6,517,402
Equipment and leasehold improvements	12		**28,820**		54,689
Right-of-use assets	16		**149,491**		250,335
Total assets			**7,258,267**		19,229,320
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	14		**2,169,598**		2,716,719
Foreign exchange forward contract liability	19		**-**		54,837
Current portion of deferred revenue	5		**3,533,765**		4,616,454
Current portion of long-term debt	15		**300,000**		180,000
Current portion of lease obligation	16		**87,384**		120,129
Total current liabilities			**6,090,747**		7,688,139
Deferred revenue	5		**1,694,667**		2,545,091
Long-term debt	15		**15,071,746**		11,915,674
Lease obligation	16		**279,895**		180,287
Total liabilities			**23,137,055**		22,329,191
Shareholders' deficiency					
Share capital	17		**61,597,108**		61,598,108
Contributed surplus	17		**4,091,410**		4,047,676
Warrants	17		**2,319,977**		2,319,977
Accumulated other comprehensive income			**(465,330)**		(667,357)
Deficit			**(83,421,953)**		(70,398,275)
Total shareholders' deficiency			**(15,878,788)**		(3,099,871)
Total liabilities and equity			**7,258,267**		19,229,320

Approved by the Board on June 11, 2026 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, 2026 and 2025

(In Canadian Dollars)

	Notes	Shares outstanding	Share capital	Warrants	Contributed surplus	Accumulated other comprehensive: Other	Accumulated other comprehensive: Cumulative translation adjustment	Deficit	Total shareholders' equity
		#	$			$	$	$	$
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		-	-	-	-	88,594	-	-	88,594
Other comprehensive income		-	-	-	-	-	(269,316)	-	(269,316)
Total comprehensive loss for the period		-	-	-	-	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 and warrant issuance		-	(18,500)	-	-	-	-	-	(18,500)
Share-based compensation	17	-	-	-	56,931	-	-	-	56,931
Balance 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)**
Balance at April 1, 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)
Net loss for the period		-	-	-	-	-	-	(13,023,678)	(13,023,678)
Other comprehensive income		-	-	-	-	-	202,074	-	202,074
Total comprehensive loss for the period		-	-	-	-	-	202,074	(13,023,678)	(12,821,604)
Less: Transaction costs attributable to share and warrant issuance		-	(1,000)	-	-	-	-	-	(1,000)
Share-based compensation	17	-	-	-	43,734	-	-	-	43,734
Balance at March 31, 2026		**583,707,430**	**61,597,108**	**2,319,977**	**4,091,410**	**1,073,595**	**(1,538,925)**	**(83,421,953)**	**(15,878,788)**

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, 2026 and 2025

(in Canadian dollars)

	Note	**March 31, 2026**	March 31, 2025
Operating activities			
Net loss before income tax		**$ (13,020,222)**	$ (5,823,995)
Items not affecting cash:			
Depreciation	13	**92,414**	207,837
Fixed asset write-off		**4,529**	-
Impairment of right-of-use asset	16	**184,545**	-
Recovery of previously impaired investment	4	**(100,000)**	-
Amortization of intangible assets	10	**890,872**	1,704,269
Amortization of debt issuance cost		**27,083**	27,083
Impairment of intangible assets	13	**5,907,037**	-
Increase (decrease) in fair value of hedge liability	4	**(54,837)**	48,278
Accretion of long-term debt	15	**220,083**	195,893
Gain on issuance of FedDev Loan		**-**	(103,573)
Share-based compensation	8	**43,733**	56,931
Deferred share units compensation	17	**46,358**	147,020
Defined benefit plan expense		**-**	10,405
Lease interest expense	16	**101,219**	65,485
Gain on termination of lease		**-**	(4,385)
Accrued interest expense	15	**1,495,904**	1,528,953
Accrued interest on guaranteed investment contract		**(2,005)**	(3,410)
Unrealized foreign exchange gain (loss)		**(293,645)**	110,351
Net change in operating components of working capital	18	**(1,122,139)**	(1,228,534)
Total cash flows used in operating activities		**(5,579,072)**	(3,061,392)
Investing activities			
Additions to equipment and leasehold improvements	12	**(6,830)**	(13,879)
Proceeds from sale of investment	4	**100,000**	-
Total cash flows used in investing activities		**93,170**	(13,879)
Financing activities			
Proceeds from issuance of common stock		**-**	2,000,000
Common stock issuance costs	17	**(1,000)**	(18,500)
Proceeds from long-term debt	15	**2,000,000**	250,000
Repayment of long-term debt	15	**(180,000)**	-
Repayment of lease obligations	16	**(167,297)**	(232,431)
Total cash flows provided by financing activities		**1,651,703**	1,999,069
Net change in cash		**(3,834,199)**	(1,076,202)
Cash, beginning of period		**6,577,858**	7,613,668
Effects of currency translation on cash		**12,756**	40,392
Cash, end of period		**2,756,415**	6,577,858

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 *Business Corporations Act* (British Columbia) in 1981. The Corporation’s registered office and principal place of business is 390 March Rd. #110, Ottawa, Ontario, Canada. The Corporation’s common shares are listed on the TSX Venture Exchange under the trading symbol “MTLO”.

The Company operates through its wholly owned subsidiary, Martello Technologies Corporation (“Martello Corp”), and its subsidiaries (collectively, the “Group”).

Over time, the Company has expanded its operations through acquisitions, including Savision B.V. in 2018 and GSX Participations SA in 2020. The Company has also undertaken a number of internal reorganizations to simplify its corporate structure, including the amalgamation and consolidation of certain Canadian, U.S., and French entities.

As at March 31, 2026, the principal subsidiaries of the Company are as follows:

Subsidiary name	Country of Incorporation	Ownership Interest
Martello Technologies Corporation	Canada	100%
GSX Participations SA	Switzerland	100%
Martello Technologies US, Inc.	United 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 visibility and control across their IT infrastructure.

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 the closing date of March 31, 2026.

The consolidated financial statements were approved by the Board of Directors and authorized for issuance by the Board of Directors on June 11, 2026.

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) <u>*Basis of consolidation*</u>

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 are 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, training and professional services is 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 because only the passage of time is required before the payment is due.

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 month 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 cash flows 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 generate 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 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) *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.

(u) *Share-based payments*

The Corporation has a stock option plan as described in Note 17. 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 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 measured 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.

(v) *Employee benefits*

Wages, salaries, and bonuses are recognized in the year in which the services are rendered by employees of the Corporation.

(w) *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.

Employee severance and termination benefits

During the year, the Corporation undertook workforce reduction activities associated with operational changes and end-of-sale initiatives for Vantage DX. The Corporation records provisions for employee severance and termination benefits when a present obligation exists and the amount can be reliably estimated.

The measurement of these liabilities requires management to make estimates regarding statutory and contractual obligations, expected settlement amounts, timing of payments, and other associated employee-related costs. Actual results may differ from these estimates and could result in material adjustments to the recorded liability in future periods.

Functional currencies

Determining the functional currency for an entity requires weighing 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.

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 cash, short-term investments, trade and other receivables, investment tax credits, foreign exchange forward contract, accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

The market interest rates applicable to the Corporation's long-term debt are not significantly different from the effective interest rates used to measure these liabilities. Accordingly, the carrying amounts approximate their fair values.

Long-term debt is initially measured using observable market interest rates and is classified within Level 2 of the fair value hierarchy.

The fair value of foreign exchange forward contracts is determined using a market approach based on observable forward exchange rates at the reporting date and the contractual forward rates. These instruments are classified within Level 2 of the fair value hierarchy. Foreign exchange forward contracts entered into on December 30, 2024 had fully expired as at March 31, 2026, resulting in a net liability of $Nil (March 31, 2025: $54,837).

In July 2020, the Company divested certain assets of its network performance management operating segment ("NPM segment") to Adaptiv Networks Inc. ("Adaptiv") for consideration of $424,702 in cash and common shares with an estimated fair value of $303,750. The shares were classified as a financial asset at fair value through profit or loss ("FVTPL"), with fair value determined using Level 3 inputs.

In October 2023, based on Adaptiv's audited financial statements, management revised the carrying amount of the investment to reflect its estimated fair value. Changes in fair value are recognized in other income and expense in the consolidated statement of profit and loss.

On February 18, 2026, the Company disposed of its entire investment in Adaptiv for proceeds of $100,000, with the resulting gain recognized in other income and expense.

(in Canadian Dollars)

5. Revenue

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

	March 31, 2026 $	March 31, 2025 $
Canada	**5,555,079**	5,638,519
Europe	**3,643,494**	5,371,145
United States	**2,075,575**	2,848,061
Australia	**389,842**	445,478
Asia	**182,704**	192,752
Latin America	**25,429**	34,597
Total revenue	**11,872,123**	14,530,552

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

	March 31, 2026 $	March 31, 2025 $
Revenue at a point in time		
Hardware	**-**	1,919
Training and professional services	**102,196**	167,370
Revenue recognized over time		
Subscription licenses	**10,835,649**	13,130,443
Maintenance and support	**850,063**	1,082,563
Term licenses	**84,216**	148,258
Total revenue	**11,872,123**	14,530,552

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, 2026 $	March 31, **2025** $
Current:		
Subscription licenses	**2,935,806**	3,726,848
Maintenance and support	**565,993**	806,753
Term licenses	**31,966**	82,853
Long-term:		
Subscription licenses	**1,323,653**	2,243,176
Maintenance and support	**357,665**	256,941
Term licenses	**13,349**	44,974
Total deferred revenue	**5,228,432**	7,161,545

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

	March 31, 2026 $	March 31, 2025 $
Balance, beginning of year	**264,065**	347,022
Additions	**1,618,715**	760,345
Amortization	**(816,801)**	(843,301)
Balance, end of year	**1,065,980**	624,066

Amortization of contract costs is recorded in sales, marketing expense and cost of sales, based on the nature of the underlying costs.

(in Canadian Dollars)

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.

Year ended March 31, 2026	Modern Workplace Optimization $	Mitel $	Total $
Revenue at a point in time			
Training and professional services	102,196	-	102,196
Revenue recognized over time			
Subscription licenses	4,771,257	6,064,391	10,835,649
Maintenance and support	843,445	6,618	850,063
Term licenses	84,216	-	84,216
Total revenue	**5,801,114**	**6,071,009**	**11,872,123**

Year ended March 31, 2025	Modern Workplace Optimization $	Mitel $	Total $
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	148,258	-	148,258
Total revenue	**7,956,020**	**6,574,532**	**14,530,552**

Year ended March 31, 2026	Modern Workplace Optimization $	Mitel $	Total $
Sales	5,801,114	6,071,009	**11,872,123**
Cost of goods sold	1,482,577	192,747	**1,675,324**
Gross margin	4,318,537	5,878,262	**10,196,799**

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**

Non-current assets by geographic area are as follows:

	March 31, 2026 $	March 31, 2025 $
Canada	**178,311**	258,796
Netherlands	**-**	2,178,211
Switzerland	**-**	4,385,420
Total non-current assets	**178,311**	6,822,426

(in Canadian Dollars)

7. Cost of goods sold

Cost of goods sold consisted of the following:

	March 31, 2026	March 31, 2025
	$	$
Cloud storage services	**651,110**	707,876
Installation, delivery and support	**559,940**	835,794
Reseller/distribution	**457,815**	447,155
Other	**6,201**	8,151
Hardware	**256**	1,098
Total cost of goods sold	**1,674,324**	2,000,074

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

i. Research and development expense for the year ended March 31, 2026, is net of investment tax adjustment recognized, of -$41,553 (March 31, 2025: $183,051).

The Corporation has investment tax credits receivable of $269,479 as of March 31, 2026 (March 31, 2025 – $298,464) which are earned as a result of qualifying Crédit d'Impôt Recherche expenditure in France. 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 the National Research Council of Canada ("NRC") to support the application of Generative AI to enhance unified communications as a service (uCaaS) using Vantage DX. Under the terms of the agreement, NRC committed to contribute up to $70,000 toward eligible costs incurred by the Corporation between December 2, 2024, and May 31, 2025. As of March 31, 2026, the Corporation received $70,000 under this agreement (March 31, 2025 - $55,000) under this agreement.

On December 20, 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, 2026, the Corporation received $65,000 under this agreement (March 31, 2025 - $52,000) under this agreement.

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

	March 31, 2026	March 31, 2025
	$	$
Research and development		
Short-term employee benefits	**5,307,564**	4,849,264
Share-based payments	**(2,946)**	(29,208)
Sales and marketing		
Short-term employee benefits	**3,848,830**	3,759,947
Share-based payments	**(6,644)**	755
General and administrative		
Short-term employee benefits	**1,840,498**	2,149,225
Share-based payments	**53,415**	85,399
Total staff related expense	**11,040,716**	10,815,383

Research and development 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, 2026	March 31, 2025
	$	$
Current income tax		
Current income tax expense (recovery)	**3,456**	3,244
Deferred income tax		
Deferred income tax expense (recovery)	**-**	(130,976)
Income tax expense (recovery) recognized in net income	**3,456**	(127,732)

	March 31, 2026	March 31, 2025
Net accounting income (loss) before income taxes	**(13,020,222)**	(5,823,995)
Expected Canadian statutory income tax rate (26.5%)	**26.5%**	26.5%
Expected income tax expense (recovery)	**(3,450,359)**	(1,543,359)
Permanent non-deductible (taxable) amounts	**382,929**	(147,591)
Increase/(Decrease) in unrecognized tax assets	**2,672,824**	762,828
Provision to return true-up (current and deferred)	**3,456**	(11,981)
Foreign tax rate differential	**402,736**	418,603
Recovery of income tax provision offsetting OCI expense	**-**	(15,174)
Foreign currency translation adjustments	**-**	401,128
Other	**(8,130)**	7,814
Income tax expense/(recovery)	**3,456**	(127,732)

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 carryforwards that give rise to significant portions of the deferred tax liability, which has been recognized during the years ended March 31, 2026, and 2025 are as follows:

	March 31, 2025	**Recognized in OCI (Pension FV)**	**Recognized in OCI (foreign currency translation)**	**Recognized in Profit and Loss**	**March 31, 2026**
	$	**$**	**$**	**$**	**$**
Non-capital loss carry-forwards	1,947,138	-	-	(1,329,128)	618,011
Gain on non-interest bearing debt	(576,821)	-	-	-	(576,821)
Pension OCI	(181,394)	-	-	181,394	-
Lease Liability	66,944	-	-	(106,559)	(39,615)
Right-to-use assets	(56,280)	-	-	56,280	-
Intangibles	(1,199,589)	-	-	1,199,589	-
Other	-	-	-	(1,575)	(1,575)
Deferred Tax Liability Recognized in Statement of Financial Position	**-**	**-**	**-**	**-**	**-**

	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)	-	-	-	(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)

The unrecognized temporary differences, credits and non-capital losses are comprised of:

	March 31, 2026	March 31, 2025
	$	$
Fixed assets	**54,754**	44,863
Capitalized professional fees	**12,174**	12,815
Federal and Ontario ITCs Research and Development Tax Credit	**1,350,552**	1,350,552
SR&ED Expenditure Pool	**3,287,891**	3,287,891
Non-capital loss carry forward	**19,442,347**	13,389,958
Financing costs (includes restricted interest expenses)	**4,008,884**	2,323,941
Other	**1,858,684**	1,041,401
Total	**30,015,287**	21,451,421

As at March 31, 2026, the Corporation has approximately $3,288,000 (2025 - $3,288,000) 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, 2026, which expire as follows:

	March 31, 2026	March 31, 2025
Tax year expiring	**$**	$
2026	**-**	2,358,219
2027	**783,578**	760,760
2028	**507,795**	5,598,840
2029	**-**	-
2030	**134,177**	145,733
2031	**-**	-
2032	**-**	2,129,656
2033	**-**	-
2034	**-**	-
2035	**-**	-
2036	**-**	-
2037	**-**	-
2038	**-**	-
2039	**180,472**	263,499
2040	**1,204,229**	1,204,229
2041	**305,713**	305,713
2042	**2,336,320**	2,336,320
2043	**2,580,257**	2,580,257
2044	**2,283,231**	2,283,231
2045	**173,300**	172,974
2046	**1,810,620**	-
Indefinite	**8,452,500**	5,906,431
Total	**20,752,192**	26,045,862

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.

(in Canadian Dollars)

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:

	March 31, 2026	March 31, 2025
	#	#
Share options	**19,249,000**	30,060,667
	19,249,000	30,060,667

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, 2026	**2,549,883**	1,761,617	490,855	201,867	59,947	35,597
March 31, 2025	4,841,734	3,893,691	777,411	170,558	-	74

No allowance for doubtful accounts was recorded, and no accounts receivable were written off during the years ended March 31, 2026 and 2025.

12. Equipment and leasehold improvements

	March 31, 2025	**Additions**	**Disposals**	**Translation adjustments**	**March 31, 2026**
	$		**$**	**$**	**$**
Cost					
Computer equipment	98,961	6,830	(1,818)	53	104,027
Software	8,422	-	(320)	8	8,111
Leasehold improvements	7,410	-	(7,701)	292	(0)
Furniture and fixtures	89,619	-	(51,988)	1,447	39,078
Total	**204,412**	**6,830**	**(61,827)**	**1,799**	**151,214**

Accumulated amortization

	March 31, 2025	**Depreciation**	**Disposals**	**Translation adjustments**	**March 31, 2026**
	$		**$**	**$**	**$**
Accumulated depreciation					
Computer equipment	62,621	19,350	(1,818)	(361)	79,793
Software	5,924	1,662	-	-	7,586
Leasehold improvements	4,874	101	(5,558)	583	(0)
Furniture and fixtures	76,304	7,352	(49,970)	1,330	35,016
Total	**149,723**	**28,465**	**(57,345)**	**1,552**	**122,395**
Net book value	**54,689**				**28,820**

(in Canadian Dollars)

	March 31, 2024	Additions	Disposals	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	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**

13. Intangible assets

Intangible assets

A continuity of the intangible assets for the years ended March 31, 2026 and 2025, is as follows:

	March 31, 2025	Acquisition of subsidiary	Impairment	Translation Adjustments	March 31, 2026
	$	$	$	$	$
Cost					
Customer relationships	7,539,764	-	-	400,217	**7,939,981**
Technology	7,266,550	-	-	374,307	**7,640,857**
Brand	1,178,234	-	-	62,542	**1,240,776**
Total	15,984,548	-	-	837,066	**16,821,614**

	March 31, 2025	Amortization	Impairment	Translation Adjustments	March 31, 2026
	$	$	$	$	$
Accumulated amortization					
Customer relationships	5,353,754	531,234	1,743,618	311,374	**7,939,980**
Technology	4,088,093	359,638	2,956,467	236,660	**7,640,858**
Brand	25,299	-	1,206,952	8,525	**1,240,776**
Total	9,467,146	890,872	5,907,037	556,559	**16,821,614**
Net book value	6,517,402				-

	March 31, 2024	Acquisition of subsidiary	Disposal	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**

(in Canadian Dollars)

	March 31, 2024	Amortization	Disposal	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**

Modern Workplace Optimization

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

At September 30, 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 disclosed in Note 6.

The CGU is classified within Level 3 of the fair value hierarchy, as the valuation includes significant unobservable inputs. Management reviewed the recoverable amount of the CGU based on a value in use (“VIU”) calculation. The VIU was determined using discounted cash flow projections reflecting management assessment of projected operating results over a five-year period. These projections included revenue growth rates ranging from -39.2% to 2% (2025 from -20.8% to 50.3%), reflecting declines in Vantage DX due to the end-of-sale decision and the continued sunsetting of legacy products. The discount rate (WACC) applied was 15.7% per annum (2025 – 15.8%), reflecting current market assessments of interest rates and applicable equity and size risk premiums. Management determined that the carrying value exceeded the recoverable amount and determined that an impairment charge of $5,907,037 was required for intangible assets.

14. Accounts payable and accrued liabilities

	March 31, 2026	March 31, 2025
	$	$
Salaries, benefits, and vacation payable	**1,194,284**	847,935
Accrued key management compensation	**404,266**	885,933
Accrued professional fees	**322,777**	365,789
Trade payables	**90,699**	227,962
Taxes payable	**75,540**	69,722
Other payables	**71,218**	288,696
Commissions payable	**10,815**	30,682
Total	**2,169,598**	2,716,719

(in Canadian Dollars)

15. Long-term debt

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
Principal repaid		-
As at March 31, 2025		**12,095,674**
Funds received		2,000,000
Costs of borrowing		27,083
Accretion of long-term debt -FedDev		220,083
Accretion of long-term debt - WCI		1,495,904
Foreign exchange revaluation		(286,997)
Principal repaid		(180,000)
As at March 31, 2026		**15,371,746**
Current portion of long term debt		300,000
Non-current portion of long-term debt		15,071,746
Balance, Mar 31, 2026		**15,371,746**

	March 31, 2026	March 31, 2025
	$	$
Current		
FedDev - Jobs & Growth	**300,000**	180,000
	300,000	180,000
Long-term		
WCI	**13,744,967**	10,508,977
FedDev - Jobs & Growth	**1,326,781**	1,406,697
	15,071,746	11,915,674
Total debt	**15,371,746**	12,095,674

The schedule of undiscounted principal payments is as follows:

	$
2027	300,000
2028	420,000
2029	9,911,689
2030	533,328
2031	533,344
Total	**11,698,361**

(in Canadian Dollars)

FedDev loan – Jobs and Growth Fund

On March 7, 2022, the Corporation entered into a contribution agreement with the Federal Economic Development Agency for Southern Ontario ("FedDev") for funding of up to $2,500,000 under the Jobs and Growth Fund. The funding is structured as a non-interest bearing loan repayable in escalating monthly installments commencing in April 2025, with final maturity on March 15, 2031.

The loan is initially recognized at fair value using a market rate of interest, with the difference between proceeds received and the fair value of the loan recognized as a government grant. The loan is subsequently measured at amortized cost using the effective interest method, with accretion recognized in other income (expense) over the term of the loan.

As at March 31, 2026 and 2025, the Corporation had received total proceeds of $2,500,000 under the agreement. The loan was discounted at an estimated borrowing rate of 13.85% at initial recognition, resulting in a government grant component recognized upon inception.

During the year ended March 31, 2025, the Corporation recorded an adjustment of $70,301 to the carrying amount of the loan as a result of an amendment to the repayment schedule.

Wesley Clover International Loans

In August 2022, Martello and Terry Matthews, through WCI advanced a subordinated term loan of US $1,500,000. 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 accrued interest at US Prime plus 8.75% until July 23, 2025, when the loan was amended to revise the interest to a 12% fixed rate and extend the loan maturity date from August 28, 2026 to August 28, 2028, with interest payable upon maturity. As of March 31, 2026, the accrued interest is US $3,097,743 (2025: US $2,056,999). The total outstanding balance, net of origination costs of $11,284, is $11,686,076 (2025 - $10,547,343 net of origination cost of $38,367). The effective interest rate is 15.58%, and the loan is secured by a general security agreement.

On November 20, 2025, the Company obtained financing pursuant to a loan agreement with Wesley Clover International Corporation in the principal amount of $2,000,000, bearing interest at a fixed rate of 8% compounding monthly and payable with interest on the maturity date of the loan on August 28, 2028.

16. Right-of-use assets

Right-of-use asset:	**$**
Balance at March 31, 2025	250,335
Additions	145,814
Depreciation for the period	(63,949)
Impairment	(184,546)
Foreign exchange translation	1,836
Balance at March 31, 2026	149,491

Lease obligation:	**$**
Balance at March 31, 2025	300,416
Additions	145,814
Interest expense	101,314
Payments	(181,687)
Foreign exchange translation	1,422
Balance at March 31, 2026	367,279

For the year-ended March 31, 2026, the Corporation recognized $63,949 (2025 - $169,331) as depreciation on right-of-use assets and $101,314 (2025 - $65,485) as interest expense on the lease liability.

(in Canadian Dollars)

For the year-ended March 31, 2026, the Corporation recognized variable non-lease payment of $108,298 (2025 - $98,762).

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 renewed, with a new maturity date is February 28, 2028, with an incremental borrowing rate of 14.08%. On July 14, 2025, the Corporation signed an agreement to move to a new office space with the same lessor at the existing rental rate. This new agreement extends the maturity date to July 31, 2030. This lease modification resulted in an addition of $90,790 in right-of-use asset and in lease obligation.

In applying IFRS 16, the Corporation exercised judgment in determining the appropriate lease term on a lease-by-lease basis, which had a significant impact on the measurement of the lease liabilities and right-of-use assets recognized. In assessing the lease term, management considered various factors, including events that create an economic incentive to exercise renewal options, such as expected future performance and historical business practices. The Corporation also exercised judgment in determining the incremental borrowing rate, considering the lease term, security, the lessee entity's economic environment, credit rating, level of indebtedness, and asset-specific adjustments.

Martello Technologies France lease commenced January 2019 and expired February 2025 with an incremental borrowing rate of 3.18%. The lease was subsequently extended for an additional six-month period, resulting in a revised expiration date of September 2025. On September 19, 2025, the Company entered into a new lease agreement commencing October 1, 2025, for a one-year term, with an incremental borrowing rate of 12.24%. This new lease resulted in an addition of $55,378 in right of use asset and in lease obligation.

During the year, the Company recognized an impairment expense of $184,546 related to right-of-use assets in Kanata and France, triggered by the Company restructuring that occurred on October 20, 2025.

17. 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, 2025	583,707,430	61,598,108
Less: Transaction costs attributable to share issuance	-	(1,000)
Balance at March 31, 2026	**583,707,430**	**61,597,108**

During fiscal 2024, the Corporation completed several private placements with Terence H. Matthews through Wesley Clover International Corporation ("WCI") at a price of $0.05 per common share.

During fiscal 2024, the Corporation completed further private placements with WCI consisting of:

- 50,000,000 common shares for proceeds of $2,500,000 on July 13, 2023;
- 35,000,000 common shares for proceeds of $1,750,000 on December 14, 2023; and
- 30,000,000 common shares for proceeds of $1,500,000 on March 27, 2024.

Following the March 27, 2024 private placement, WCI's ownership interest increased from 48.72% to 51.55%, resulting in WCI becoming the Corporation's majority shareholder.

On March 7, 2025, the Corporation completed an additional private placement with WCI for 40,000,000 common shares for proceeds of $2,000,000.

(in Canadian Dollars)

ii. Broker compensation option units

At March 31, 2026 and 2025 the Corporation had no outstanding broker compensation option units.

iii. 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, 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
Granted	0.05	490,000
Expired	0.05-0.33	(11,301,667)
Balance outstanding at March 31, 2026	**0.05-0.14**	**19,249,000**
Options exercisable:		
At March 31, 2026	**0.05-0.14**	**11,697,322**
At March 31, 2025	0.05-0.21	11,281,927

Grant date	**Option exercise price $**	**Number exercisable #**	**Remaining life Years**
Wednesday, June 30, 2021	0.135	20,000	0.25
Thursday, January 13, 2022	0.060	200,000	0.79
Monday, May 2, 2022	0.050	1,500,000	1.09
Thursday January 12, 2023	0.050	3,084,000	1.79
Tuesday, February 14, 2023	0.050	5,000	1.88
Monday, May 29, 2023	0.050	3,436,660	2.16
Tuesday, November 21, 2023	0.050	906,665	2.65
Tuesday, June 25, 2024	0.050	2,179,998	3.24
Tuesday, November 19, 2024	0.050	353,333	3.64
Wednesday, February 19, 2025	0.050	11,666	3.89
Monday, June 16, 2025	0.050	-	4.21
Tuesday, November 18, 2025	0.050	-	4.64
Wednesday, February 18, 2026	0.050	-	4.89
Weighted average	0.050		2.18
Total		11,697,322	

At March 31, 2026, the fair value of share-based compensation to be recognized as an expense in future periods totaled $26,354 (March 31, 2025– $114,373). 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. 490,000 options were granted in the year ended March 31, 2026 (2025- 8,735,000). The fair value of options granted in the year ended March 31, 2026, was established by applying the following assumptions:

(in Canadian Dollars)

	March 31, 2026	March 31, 2025
Fair Market Value on grant date	**0.005-0.01**	0.01-0.02
Exercise Price	**$0.05**	$0.05
Risk-free Interest Rate	**2.45%-2.79%**	2.79%-3.68%
Expected Life in Years	**3.5**	3.5
Expected Dividend Yield	**0%**	0%
Volatility	**98.43%-283.69%**	174.06%-224.79%
Fair Value of Options Issued in the Periods	**0.0012-0.0098**	0.0089-0.0170

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.

18. Supplementary cash flow information

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

	Note	**March 31, 2026** $	March 31, 2025 $
Net change in operating components of working capital:			
Trade and other accounts receivable	11	**2,325,982**	(1,287,247)
Investment tax credits and grants receivable	9	**36,832**	(8,885)
Prepaid expenses	5	**(783,494)**	183,640
Inventories		**257**	1,098
Accounts payable and accrued liabilities	14	**(618,937)**	(499,218)
Deferred revenue	5	**(2,082,779)**	382,079
Total		**(1,122,139)**	(1,228,534)

19. Fair values

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

	March 31,2026 $	March 31, 2025 $
Financial assets		
Cash	**2,756,415**	6,577,858
Short-term investments	**110,396**	108,391
Trade and other accounts receivable	**2,549,871**	4,841,734
Investment tax credits and grants receivable	**269,479**	298,464
Total financial assets	**5,686,161**	11,826,447

	March 31,2026 $	March 31, 2025 $
Financial liabilities		
Accounts payable and accrued liabilities	**2,169,598**	2,716,719
Foreign exchange forward contract liability	**-**	54,837
Lease obligation (including current portion)	**367,279**	300,416
Long-term debt (including current portion)	**15,371,746**	12,095,674
Total financial liabilities	**17,908,623**	15,167,646

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 was $Nil as at March 31, 2026 (March 31, 2025: $54,837 liability). This fair value is determined using a market approach, based on observable forward exchange rates at the reporting date and the contractual forward rates, and is classified as Level 3 of the fair value hierarchy.

20. 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, 2026, the Corporation paid rent to Wesley Clover International Corporation ("WCI"), recognized as depreciation of right-of-use assets of $20,390 and rent expense of $102,452 (March 31, 2025 – $69,386 and $93,904, respectively).

ii. The Corporation has a subordinated loan, originally entered into in August 2022 and subsequently amended. On July 23, 2025, the loan agreement was amended to extend the maturity date from August 28, 2026 to August 28, 2028 and revise the interest rate to a fixed rate of 12%. Interest is capitalized and payable at maturity.

As at March 31, 2026, the carrying amount of this loan, including capitalized interest, was US $8,389,774 – Principal balance $7,376,561and interest expense $1,437,014 (2025 – US $7,348,630 – Principal balance $7,607,823 and interest expense $1,528,953). Interest expense for the years ended March 31, 2026 and 2025 has been recognized in the consolidated statement of loss and comprehensive loss.

On November 20, 2025, an additional loan of CAD $2,000,000 was advanced for general corporate purposes, bearing interest at a fixed rate of 8%, capitalized and payable at maturity on August 28, 2028. As at March 31, 2026, the carrying amount of this loan, including capitalized interest, was CAD $2,058,890. Interest expense for the year ended March 31, 2026 has been recognized in the consolidated statement of loss and comprehensive loss.

(in Canadian Dollars)

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, 2026 totaling $404,266 (March 31, 2025 - $885,933) due to key management personnel for compensation, earned vacation pay and DSU expenses.

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

	March 31,2026	March 31, 2025
	$	$
Salaries, wages and bonuses	**2,336,836**	2,506,417
Other employee benefits	**90,224**	72,304
Share-based compensation	**99,663**	248,370
Termination benefits	**361,759**	-
Total	**2,888,482**	2,827,092

21. 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, 2026 and 2025 are presented net of an allowance for expected credit losses of $Nil. The Corporation's largest customer – Mitel UC, accounted for revenue of $6,071,009 or approximately 51% of total revenue, for the year ended March 31, 2026 (March 31, 2025 - $6,574,532 or 45%). At March 31, 2026 the account receivable from this customer totaled $749,469 (March 31, 2025 - $1,851,686). 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 cash position, forecasted cash flows, capital requirements, operating expenditures, and debt obligations on an ongoing basis.

On October 20, 2025, the Corporation announced an operational restructuring under which its Vantage DX product would transition to End of Sale status. The restructuring was expected to reduce the Corporation's global workforce by approximately 50% and rationalize vendor costs accordingly. Management, along with the Board considered the impact of these restructuring actions, together with the Corporation's current operating plans, expected customer collections, planned expenditures, and scheduled debt and lease obligations, in assessing the Corporation's liquidity position.

Based on this assessment, management believes the Corporation has adequate resources to meet its financial obligations as they fall due.

The following table summarizes the contractual maturities of the Corporation's financial liabilities as at March 31, 2026:

	2026	2027	2028	2029	Thereafter	Total
	$	$		$	$	$
Accounts payable and accrued liabilities	2,169,598	-	-	-	-	**2,169,598**
Lease obligation	-	132,130	103,350	103,350	147,800	**486,630**
Debt liabilties	-	300,000	420,000	14,278,294	1,066,672	**16,064,966**
Total	**2,169,598**	**432,130**	**523,350**	**14,381,644**	**1,214,472**	**18,721,194**

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, 2026, 87% of revenue and 25% of expenses were in foreign currencies (March 31, 2025 - 99% of revenue and 31% 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). The Corporation's exposure to the risk of changes in foreign exchange rates relates primarily to the Corporation's operating activities where revenue and/or expense transactions are denominated in a currency other than the Canadian dollar Martello's functional currency)

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

	March 31, 2026	March 31, 2025	**March 31, 2026**	March 31, 2025
	USD	USD	**EUR**	EUR
Cash and restricted cash	**2,424,596**	2,839,985	**60,018**	381,530
Trade and other accounts receivable	**2,049,968**	2,760,195	**301,052**	296,201
Accounts payable and accrued liabilities	**(111,104)**	(209,471)	**(767,359)**	(1,102,060)
Foreign exchange forward contract asset (lia	**-**	(54,837)	**-**	-
Long-term debt	**(11,697,360)**	(10,547,343)	**-**	-
Net exposure	**(7,333,900)**	(5,211,471)	**(406,289)**	(424,329)

A 10% change of the USD and EUR against the CAD at March 31, 2026 would have increased or decreased net loss by $774,019 (March 31, 2025 - $563,580)

22. 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, and the Corporation was not subject to any external restrictions during the year ended March 31, 2026. 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.

23. Commitments

On August 24, 2021, the Company entered into a consumption commitment agreement with Microsoft to utilize $4,000,000 of eligible Azure services over a four-year period. Under the terms of the agreement, if total usage is below the committed amount at maturity, the remaining balance may be prepaid and consumed within 12 months following the end of the term. As of July 31, 2025, the Company had utilized $3,253,511 of its $4,000,000 Microsoft Azure Consumption Commitment (MACC), leaving an unspent balance of $746,489. The MACC expired on July 31, 2025. During August 2025 to March 2026, the Company incurred additional Azure usage of $497,837, reducing the unspent balance to $248,653 as of March 31, 2026.

24. Events after the reporting period

Bankruptcy of Subsidiary in France

Subsequent to March 31, 2026, the Company's French subsidiary entered into bankruptcy proceedings following a cessation of payments as of March 31, 2026. The decision to initiate these proceedings had been approved by the Board of Directors prior to year-end, and the formal court process commencing subsequent to the reporting date. The bankruptcy filing followed the Company's previously announced end of sale decision on October 20, 2025, which significantly impacted the subsidiary's operations, as the entity functioned primarily as a non-revenue-generating R&D cost center focused on Vantage DX activities and intra-group service support.

The subsidiary operated as a non-revenue generating R&D cost entity focused on Vantage DX, with activities limited to providing intra-group services to other entities within the Company.

The Company has assessed the financial position of the subsidiary as at March 31, 2026 and has reflected any required adjustments in these consolidated financial statements.

As the subsidiary's activities and balances were intra-group in nature, intercompany balances and any related impacts are eliminated on consolidation. Accordingly, the bankruptcy proceedings are not expected to have a material impact on the Company's consolidated financial position or results of operations.

The Company does not expect any material obligations to third parties to arise in connection with these proceedings beyond amounts already recognized as at March 31, 2026.