

**Impact Development Group Inc.**  
**Condensed Interim Consolidated Financial Statements**  
**For the Three and Nine Months ended September 30, 2025 and 2024**  
(Unaudited)  
*(Expressed in US Dollars)*

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

**Impact Development Group Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**As at September 30, 2025**  
*(Expressed in US Dollars)*

<i>As at</i>	<b>Note</b>	<b>September 30, 2025</b>	<b>December 31, 2024</b>
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents	14	\$ 666,148	\$ 330,708
Other accounts receivable	12	169,260	488,904
Property and other inventories	10	6,200,450	5,921,319
Land held for development	8	3,497,938	3,497,938
Prepayments and other short-term assets	11	120,598	86,184
<b>Current assets</b>		<b>10,654,394</b>	<b>10,325,053</b>
<b>Non-current</b>			
Machinery and equipment	7	17,850	44,265
Intangibles	9	299,717	354,767
<b>Non-current assets</b>		<b>317,567</b>	<b>399,032</b>
<b>Total assets</b>		<b>\$ 10,971,961</b>	<b>\$ 10,724,085</b>
<b>Liabilities and shareholder's equity</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	13, 21	\$ 1,989,760	\$ 3,104,024
Borrowings - current	18	10,219,027	5,057,738
Advances received from customers		111,377	78,771
<b>Current liabilities</b>		<b>12,320,164</b>	<b>8,240,533</b>
<b>Non-current</b>			
Provisions for employee benefits		75,913	64,194
Borrowings - non-current	18	4,295,839	4,737,068
Deferred tax liabilities		23,470	23,470
<b>Non-current liabilities</b>		<b>4,395,222</b>	<b>4,824,732</b>
Share capital	15	53,525,110	53,525,110
Contributed surplus	15,16	2,191,876	2,034,250
Deficit		(61,319,623)	(57,779,387)
Accumulated other comprehensive income (loss)		(5,183)	14,452
Complementary tax		(135,605)	(135,605)
<b>Total shareholder's deficit</b>		<b>(5,743,425)</b>	<b>(2,341,180)</b>
<b>Total liabilities and shareholder's deficit</b>		<b>\$ 10,971,961</b>	<b>\$ 10,724,085</b>

Nature of operations and continuance of business (Note 1)

Going concern (Note 2)

Contingencies (Note 23)

Approved and authorized by the Board on November 24, 2025

<u>“Thomas Wenz”</u>	Director	<u>“Sophie Galper-Komet”</u>	Director
Thomas Wenz		Sophie Galper-Komet	

*See accompanying notes to the condensed interim consolidated financial statements.*

**Impact Development Group Inc.**  
**Condensed Interim Consolidated Statement of Earnings and Comprehensive Loss**  
**Three and nine months ended September 30, 2025 and 2024**  
*(Expressed in US Dollars)*

	Note	Three months ended September 30		Nine months ended September 30	
		2025	2024	2025	2024
<b>Sales</b>					
House sales	\$	417,418	\$ 987,450	\$ 1,395,778	\$ 3,498,908
Software license subscriptions		112,787	-	339,728	-
		<b>530,205</b>	<b>987,450</b>	<b>1,735,506</b>	<b>3,498,908</b>
<b>Cost of sales</b>					
House sales		(392,384)	(4,606,992)	(1,268,704)	(6,872,628)
Software license subscriptions		(104,291)	-	(286,085)	-
		<b>(496,675)</b>	<b>(4,606,992)</b>	<b>(1,554,789)</b>	<b>(6,872,628)</b>
<b>Gross Margin</b>		<b>33,530</b>	<b>(3,619,542)</b>	<b>180,717</b>	<b>(3,373,720)</b>
Sales expenses		(45,908)	(178,840)	(98,125)	(337,465)
Employee benefits expense		(38,150)	(40,747)	(115,776)	(126,430)
Depreciation and amortization	7,9	8,574	(9,563)	(78,656)	(45,504)
Software development costs		(650,800)	-	(650,800)	-
Overhead and administrative expenses		(364,415)	(492,574)	(1,132,666)	(1,299,808)
<b>Operating loss</b>		<b>(1,057,169)</b>	<b>(4,341,266)</b>	<b>(1,895,306)</b>	<b>(5,182,927)</b>
Other income		-	43,768	-	153,236
Interest expense	18	(354,490)	(197,584)	(900,488)	(495,062)
Accretion expense on debt	18	(178,812)	(109,670)	(517,697)	(222,651)
Write-down of receivables	21	132,126	214,416	(69,119)	(108,128)
Share-based compensation	16	(39,037)	(124,022)	(157,626)	(546,174)
Debt financing cost	18	-	(280,317)	-	(280,317)
<b>Loss before taxes</b>		<b>(1,497,382)</b>	<b>(4,794,675)</b>	<b>(3,540,236)</b>	<b>(6,682,023)</b>
Other comprehensive income/(loss)		27,222	(6,273)	(19,635)	(861)
<b>Net loss and comprehensive loss</b>		<b>(1,470,160)</b>	<b>\$ (4,800,948)</b>	<b>\$ (3,559,871)</b>	<b>\$ (6,682,884)</b>
<b>Weighted average number of shares outstanding</b>					
		<b>17,151,168</b>	<b>15,473,498</b>	<b>17,151,168</b>	<b>15,095,633</b>
<b>Loss per share, basic</b>	17	<b>\$ (0.09)</b>	<b>\$ (0.31)</b>	<b>\$ (0.21)</b>	<b>\$ (0.44)</b>
<b>Loss per share, diluted</b>		<b>\$ (0.09)</b>	<b>\$ (0.31)</b>	<b>\$ (0.21)</b>	<b>\$ (0.44)</b>

*See accompanying notes to the condensed interim consolidated financial statements.*

**Impact Development Group Inc.**  
**Condensed Interim Consolidated Statement of Changes in Shareholder's Equity (Deficit)**  
**Three and nine months ended September 30, 2025 and 2024**  
*(Expressed in US Dollars)*

	Note	Share capital		Contributed surplus	Accumulated deficit	Other comprehensive income/(loss)	Complementary tax	Total
		Shares #	Amount \$	\$	\$	\$	\$	\$
<b>Balance, January 1, 2024</b>		<b>14,141,928</b>	<b>50,269,701</b>	<b>1,440,926</b>	<b>(35,442,474)</b>	-	<b>(135,605)</b>	<b>16,132,548</b>
Warrants issued	16	-	-	1,040,081	-	-	-	1,040,081
Common shares issued on exercise of warrants	15	1,250,548	1,337,974	(1,337,974)	-	-	-	-
Common shares issued on debt financing	15	92,025	280,317	-	-	-	-	280,317
Share-based compensation	16	-	-	546,174	-	-	-	546,174
Net loss		-	-	-	(6,682,023)	-	-	(6,682,023)
Other comprehensive loss		-	-	-	-	(861)	-	(861)
<b>Balance, September 30, 2024</b>		<b>15,484,501</b>	<b>51,887,992</b>	<b>1,689,207</b>	<b>(42,124,497)</b>	<b>(861)</b>	<b>(135,605)</b>	<b>11,316,236</b>
<b>Balance, January 1, 2025</b>		<b>17,151,168</b>	<b>53,525,110</b>	<b>2,034,250</b>	<b>(57,779,387)</b>	<b>14,452</b>	<b>(135,605)</b>	<b>(2,341,180)</b>
Share-based compensation	16	-	-	157,626	-	-	-	157,626
Net loss		-	-	-	(3,540,236)	-	-	(3,540,236)
Other Comprehensive Loss		-	-	-	-	(19,635)	-	(19,635)
<b>Balance, September 30, 2025</b>		<b>17,151,168</b>	<b>53,525,110</b>	<b>2,191,876</b>	<b>(61,319,623)</b>	<b>(5,183)</b>	<b>(135,605)</b>	<b>(5,743,425)</b>

*See accompanying notes to the condensed interim consolidated financial statements.*

**Impact Development Group Inc.**  
**Condensed Interim Consolidated Statement of Cash Flows**  
**For the Nine months ended September 30**  
*(Expressed in US Dollars)*

	Note	2025	2024
<b>Net loss</b>	<b>\$</b>	<b>(3,540,236)</b>	<b>\$ (6,682,023)</b>
<i>Adjustments:</i>			
Depreciation and amortization	7,9	78,656	63,402
Interest expense	18	900,488	493,320
Share-based compensation	16	157,626	546,174
Provision for warranties	13	27,158	188,334
Write-down of receivables	21	69,119	108,128
Accretion expense	18	517,697	222,651
Debt financing cost	18	-	280,317
Write-down of property and other inventories	10	-	2,602,705
Changes in non-cash working capital			
Other accounts receivables		290,000	144,101
Property and other inventories		(279,132)	167,905
Land held for development		-	50,714
Prepayments and other short-terms assets		(33,945)	319,988
Other account payables		(1,149,109)	(281,120)
Advances received from customers		32,606	(39,101)
Provisions for employee benefits		11,719	12,861
Other		76,318	225,305
<b>Net Cash used in operating activities</b>		<b>(2,841,035)</b>	<b>(1,576,339)</b>
<b>Investing Activities</b>			
Proceeds from disposal of machinery and equipment		-	7,906
<b>Net Cash used in investing activities</b>		<b>-</b>	<b>7,906</b>
<b>Financing Activities</b>			
Proceeds from borrowings	18	4,567,000	3,620,000
Interests paid on borrowings	18	(139,004)	(245,557)
Repayments of borrowings	18	(1,240,223)	(1,808,563)
Interests paid on lease liabilities		(173)	(3,442)
Repayment of lease liabilities		(11,125)	(55,294)
<b>Net Cash from financing activities</b>		<b>3,176,475</b>	<b>1,507,144</b>
Net change in cash & cash equivalents		335,440	(61,289)
Cash and cash equivalents, January 1		330,708	71,523
<b>Cash and cash equivalents, September 30</b>		<b>666,148</b>	<b>10,234</b>
Income taxes paid		-	-

*See accompanying notes to the condensed interim consolidated financial statements.*

**Impact Development Group Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For The Three and nine months ended September 30, 2025 and 2024**  
*(Expressed in US Dollars)*

**1. Nature of operations**

Impact Development Group Inc. ("IDG" or the "Company") formerly Yubba Capital Corp. ("Yubba"), was incorporated under the Ontario Business Corporations Act on January 8, 2021 and was a Capital Pool Company ("CPC") as defined in the Policy 2.4 of the TSX Venture Exchange. Upon the closing of the Reverse Takeover (the "RTO Transaction"), Yubba changed its name to Impact Development Group Inc. The registered head office of the Company is located at 40 Temperance St Suite 2700, Toronto, Ontario M5H 0B4.

As described below, the Company completed the acquisition of Impact Housing Corporation ("IHC") through an acquisition agreement (the "RTO Transaction") whereby the Company acquired all of the issued and outstanding shares of IHC on November 30, 2023, with the former shareholders of IHC obtaining control over the Company. As a result of the completion of the RTO Transaction, the shareholders of IHC held 98.59% of the issued and outstanding common shares of the Company and the shareholders of Yubba held the remaining 1.41%.

IHC was incorporated under the laws of the Commonwealth of The Bahamas as a limited liability company on September 5th, 2017, under the International Business Companies Act 2000. IHC is a Panamanian real estate developer that provides affordable housing solutions to the middle class market in Panama. IHC acquires land and develops high-quality residential and commercial buildings. IHC also provides services including financing, architectural, engineering, off-site manufacturing, general contracting, property management, and administration.

On October 24, 2024, the Company acquired 100% of the issued and outstanding shares of Fusion Software LLC. ("Fusion"), a software company located in Ohio, the United States. Fusion are the creators of an innovative software platform designed to streamline the administration of Low-Income Housing Tax Credits for tax credit investors, tax credit syndicators and affordable housing developers.

On December 12, 2023, the common shares of the Company commenced trading on the TSX Venture Exchange under the trading symbol "IMPT".

The condensed interim consolidated financial statements were approved by the Company's Board of Directors on November 24, 2025.

**2. Going concern**

These condensed interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern. However, as of the date of these financial statements, the Company's ability to continue as a going concern is subject to significant uncertainty due to the following factors:

- Liquidity - The Company has experienced a significant decline in revenue in the current year, primarily due to unfavourable economic conditions in the Republic of Panama. During the three and nine months ended September 30, 2025, the Company generated a net loss of \$1,497,382 and \$3,540,236 respectively (2024 - \$4,794,675 and \$6,682,023). For the nine months ended September 30, 2025 and 2024, net cash flow used in operating activities of \$2,841,035 (2024 - \$1,576,339) respectively. As of September 30, 2025, the Company has an accumulated deficit of \$61,319,623 (December 31, 2024 - \$57,779,387) and working capital deficit of \$1,665,770 (December 31, 2024 - surplus of \$2,084,520). The Company's cash flow from operations is insufficient to cover its current obligations in the next twelve months from the date of these condensed interim consolidated financial statements.
- Dependence on external financing - The continuation of the Company is dependent on its ability to achieve positive cash flow from operations, to obtain the necessary equity or debt financing to expand construction and operations, including continued support from its lenders, but there is no guarantee that such financing will be secured on favorable terms or at all.
- Management's Plans - In response to these conditions, management is undertaking a series of strategic initiatives to improve liquidity and financial performance. These initiatives include cost-cutting measures, the sale of non-core assets, and efforts to restructure existing debt. Management believes these actions will improve the Company's financial position and enable it to continue operations for the foreseeable future.

**Impact Development Group Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For The Three and nine months ended September 30, 2025 and 2024**  
*(Expressed in US Dollars)*

**2. Going concern (continued)**

The condensed interim consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties. If the Company is unable to secure additional financing or achieve its planned strategic initiatives, it may be unable to continue as a going concern, and significant adjustments may be required to the carrying values of assets and liabilities.

Management monitors recent developments in relation to global tariffs and does not anticipate any material impacts on the financial position of the Company.

These conditions raise substantial doubt about the Company’s ability to continue as a going concern for the next twelve months from the date of these financial statements.

**3. Basis of preparation**

a. Statement of compliance

The condensed interim consolidated financial statements have been prepared by management in accordance with IFRS® Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

b. Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss (“FVTPL”). In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

c. Basis of consolidation

These condensed interim consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances and transactions are eliminated upon consolidation in preparing the financial statements. These condensed interim consolidated financial statements of the Company include the following wholly owned subsidiaries.

<b>Name of Subsidiary</b>	<b>Principal activity</b>	<b>Domicile</b>
Impact Housing Corporation	Administrative services	Republic of Panama
Promotora Santiago Development Corp.	Project Developer	Republic of Panama
Promotora Soná, S. A.	Project Developer	Republic of Panama
Promotora Capellania, S. A.	Project Developer	Republic of Panama
Impact Equipos, S. A.	Machinery and Equipment manager	Republic of Panama
Impact Santiago, S. A.	Payroll manager	Republic of Panama
Promotora Los Faros de Santiago, S.A.	Project Developer	Republic of Panama
Impact Construction, S.A.	Construction manager	Republic of Panama
Promotora Villas de Vizcaya, S.A.	Project Developer	Republic of Panama
Promotora Villas de Valencia, S.A.	Project Developer	Republic of Panama
Promotora Villas de Alicante, S.A.	Project Developer	Republic of Panama
Promotora Santiago Comercial, S.A.	Project Developer	Republic of Panama
Fusion Software LLC	Software licensing	United States

**Impact Development Group Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For The Three and nine months ended September 30, 2025 and 2024**  
*(Expressed in US Dollars)*

**3. Basis of preparation (continued)**

d. Functional and presentation currency

The condensed interim consolidated financial statements are presented in United States Dollar. The Canadian parent company has Canadian Dollar as its functional currency. The Company's subsidiaries in note 3 c), except Fusion Software LLC, operate in the Republic of Panama. The functional currency of these subsidiaries is the United States Dollar, which is the currency transacted in Republic of Panama. The functional currency of Fusion Software LLC operating in the United States is United States Dollar.

Transactions in currencies other than an entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing exchange rate at the reporting date. Non-monetary assets and liabilities, and revenue and expense items denominated in foreign currencies are translated using the exchange rates at the dates of the initial 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. Foreign exchange differences are recognized in profit or loss in the period in which they arise.

The assets and liabilities of parent company with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate on the consolidated statements of financial position date;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions) for the year or period presented;
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as a reserve for foreign currency translation.

**4. Summary of material accounting policies**

These condensed interim consolidated financial statements have been prepared in accordance with the IFRS Standards as issued by the International Accounting Standards Board applicable to the presentation of interim financial statements, including IAS 34 Interim Financial Reporting. These condensed interim consolidated financial statements should be read in conjunction with the annual audited financial statements for the year ended December 31, 2024, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the annual financial statements for the year ended December 31, 2024.

**5. Critical accounting judgments, assumptions and estimates**

There have been no changes to the critical accounting estimates and judgements. Refer to the Company's annual consolidated financial statements and notes for the year ended December 31, 2024.

**6. Acquisition**

On October 24, 2024, the Company acquired 100% of the issued and outstanding shares of Fusion Software LLC., a software company located in Ohio, USA. Fusion is the creator of an innovative software platform designed to streamline the administration of Low-Income Housing Tax Credits for tax credit investors, tax credit syndicators and affordable housing developers. The acquisition was completed to further the Company's commitment to affordable housing solutions.

**Impact Development Group Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**6. Acquisition (continued)**

The consideration paid consisted of:

- a) 1,666,667 common shares, each issued at a price of \$0.98 (the “Consideration shares”); and
- b) 1,166,668 common shares (the “Earn-Out shares”), conditional upon the satisfaction of revenue milestones on the first, second, and third year anniversaries of the closing of this transaction. These shares were fair valued using a Monte Carlo simulation and fair valued at \$nil on acquisition date.

Under the terms of the Securities Purchase Agreement, for 38 months after the closing date of the transaction (the “Closing Date”), the Company will contribute a total of USD\$3,000,000 to Fusion to help it meet the Revenue Milestones, as follows:

- USD\$1,000,000 14 months following the Closing Date;
- An additional USD\$1,000,000 in the first 26 months following the Closing Date; and
- An additional USD\$1,000,000 in the first 38 months following the Closing Date.

Acquisitions are accounted for using the acquisition method whereby the assets acquired and the liabilities assumed are recorded at their fair values with the surplus of the aggregate consideration relative to the fair value of the identifiable net assets recorded as goodwill. The results of operations are included in the Corporation’s consolidated financial statements from the respective date of acquisition.

The intangible assets recognized related to the proprietary technology and software platform developed specifically for the administration of Low-Income Housing Tax Credits and was fair valued at \$124,000 on acquisition date.

The receivables and payables acquired at acquisition date had fair values which approximated its carrying values and were settled within 90 days from acquisition date.

The following summarizes the assets acquired and liabilities assumed related to the acquisition:

**Consideration:**

Consideration shares	\$ 1,637,118
Earn-out shares	-
<b>Total consideration</b>	<b>1,637,118</b>
<b>Assets and liabilities acquired:</b>	
Intangible acquired	124,000
Accounts receivable	88,831
Accounts payable and accrued liabilities	(90,110)
Deferred tax liabilities on intangibles acquired	(26,040)
	<b>96,681</b>
Goodwill	1,540,437
<b>Total identifiable net assets</b>	<b>\$ 1,637,118</b>

Goodwill of \$1,540,437 recognized from the Fusion acquisition was allocated the US operating segment. The Company assessed the indicators of impairment at the end of December 31, 2024 and impaired the goodwill to \$nil.

The Company incurred certain legal and advisory fees of \$117,998 related to the acquisition which were included in overhead and administrative expenses in the consolidated statement of earnings and comprehensive income (loss) for the year ended December 31, 2024.

The pro forma revenues earned for the year ended December 31, 2024, as if the acquisition of Fusion had occurred on January 1, 2024, are \$489,040. For the period between acquisition date and December 31, 2024, the Company earned revenues of \$73,486 and incurred a net loss of \$6,422 from Fusion.

**Impact Development Group Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**7. Machinery and equipment**

Machinery and equipment consist of the following:

<b>Cost</b>	<b>Heavy equipment</b>	<b>Rolling equipment</b>	<b>Machinery</b>	<b>Molds</b>	<b>Total</b>
Balance at January 1, 2025	\$ 826,849	\$ 83,148	\$ 100,901	\$ 395,436	\$ 1,406,334
Transfer from ROU assets <sup>(1)</sup>	101,650	112,150	78,741	-	292,541
<b>Balance at September 30, 2025</b>	<b>\$ 928,499</b>	<b>\$ 195,298</b>	<b>\$ 179,642</b>	<b>\$ 395,436</b>	<b>\$ 1,698,874</b>

**Depreciation and impairment**

Balance at January 1, 2025	\$ 810,958	\$ 83,148	\$ 94,659	\$ 373,304	\$ 1,362,069
Transfer from ROU assets <sup>(1)</sup>	101,650	112,150	78,741	-	292,541
Depreciation <sup>(3)</sup>	11,918	-	4,012	10,484	26,415
		\$			
<b>Balance at September 30, 2025</b>	<b>\$ 924,526</b>	<b>195,298</b>	<b>\$ 177,413</b>	<b>\$ 383,786</b>	<b>\$ 1,681,024</b>
<b>Net book value at September 30, 2025</b>	<b>\$ 3,973</b>	<b>\$ -</b>	<b>\$ 2,229</b>	<b>\$ 11,649</b>	<b>\$ 17,850</b>

<b>Cost</b>	<b>Heavy equipment</b>	<b>Rolling equipment</b>	<b>Machinery</b>	<b>Molds</b>	<b>Total</b>
Balance at January 1, 2024	\$ 1,074,911	\$ 257,098	\$ 100,901	\$ 395,436	\$ 1,828,346
Transfer from ROU assets <sup>(1)</sup>	187,250	-	-	-	187,250
Disposals <sup>(2)</sup>	(435,312)	(173,950)	-	-	(609,262)
<b>Balance at December 31, 2024</b>	<b>\$ 826,849</b>	<b>\$ 83,148</b>	<b>\$ 100,901</b>	<b>\$ 395,436</b>	<b>\$ 1,406,334</b>

**Depreciation and impairment**

Balance at January 1, 2024	\$ 1,016,950	256,484	89,309	359,323	1,722,066
Transfer from ROU assets <sup>(1)</sup>	187,250	-	-	-	187,250
Disposals <sup>(2)</sup>	(427,406)	(173,950)	-	-	(601,356)
Depreciation <sup>(3)</sup>	34,164	614	5,350	13,981	54,109
<b>Balance at December 31, 2024</b>	<b>810,958</b>	<b>83,148</b>	<b>94,659</b>	<b>373,304</b>	<b>1,362,069</b>
<b>Net book value at December 31, 2024</b>	<b>\$ 15,891</b>	<b>\$ -</b>	<b>\$ 6,242</b>	<b>\$ 22,132</b>	<b>\$ 44,265</b>

- (1) The assets were purchased by the Company from the lessor of the leased assets at the end of the lease period resulting in reclassification of assets from Right of Use assets to Machinery and Equipment.
- (2) During the year ended December 31, 2024, the Company disposed of heavy and rolling equipment that resulted in a gain on disposal of \$93,294 which was recorded as other income in the consolidated statements of earnings and comprehensive income (loss).
- (3) For the nine months ended September 30, 2025, depreciation includes \$6,705 (December 31, 2024 - \$14,377) capitalized to property and other inventories for houses under construction in progress and \$16,901 (December 31, 2024 - \$39,731) recorded directly as expense in the condensed interim consolidated statements of earnings and comprehensive income (loss).

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**8. Land held for development**

Land held for development, held at the Sona, Santiago and Capellania project sites, consists of the following:

	Note	September 30, 2025	December 31, 2024
Opening balance - January 1		\$ 3,497,938	\$ 13,541,131
Transfer to Property and other inventories	10	-	(50,714)
Impairment <sup>(1)</sup>		-	(10,348,525)
<b>Closing balance</b>		<b>\$ 3,497,938</b>	<b>\$ 3,497,938</b>

(1) As at December 31, 2024, the impairment was calculated as the lower of cost and net realizable value of the land held for development. The net realizable value was measured based on the appraised valuation of \$9,933,198 from a third party accredited real estate valuator in the Republic of Panama and the associated costs to sell of \$415,327. The impairment was triggered by unfavourable economic activity and forecast by construction of social interest subsidized housing following the suspension of the MIVOT Solidarity Housing Fund program effective July 1, 2024.

**9. Intangible asset**

The Company's intangible asset consists of the proprietary technology and software platform developed specifically for the administration of Low-Income Housing Tax Credits acquired from Fusion on October 24, 2024 (refer to Note 6 for details). Subsequent to the acquisition date, the Company capitalized the development work related to the enhancement of the software platform. The asset was amortized over an economic life of five years.

<b>Fair value of technology acquired</b>	<b>\$ 124,000</b>
Additions	243,000
Amortization	(12,233)
<b>Balance at December 31, 2024</b>	<b>\$ 354,767</b>
Amortization	(55,050)
<b>Balance at September 30, 2025</b>	<b>\$ 299,717</b>

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**10. Property and other inventories**

Property and other inventories consist of the following:

<b>Under construction or development</b>	<b>September 30, 2025</b>		<b>December 31, 2024</b>	
Los Sueños de Santiago - Phase 4	\$	3,983,210	\$	4,041,616
Los Sueños de Santiago - Phase 5		796,073		549,332
Los Sueños de Santiago - Phase 8		694,035		635,062
La Reserva Social		450,560		372,990
		<b>5,923,878</b>		<b>5,599,000</b>
<b>Materials</b>		276,572		322,319
<b>Total property and other inventories</b>	<b>\$</b>	<b>6,200,450</b>	<b>\$</b>	<b>5,921,319</b>

Changes in the carrying value of property and other inventories as at September 30, 2025 and December 31, 2024 were as follows:

	<b>September 30, 2025</b>		<b>December 31, 2024</b>	
<b>Opening balance</b>	<b>\$</b>	<b>5,921,319</b>	<b>\$</b>	<b>11,181,591</b>
Costs incurred in development		1,312,459		3,466,766
Capitalized interest		116,673		279,787
Write-down of cost to net realizable value		-		(4,654,820)
Cost of goods sold		(1,150,000)		(4,352,005)
<b>Closing balance</b>	<b>\$</b>	<b>6,200,450</b>	<b>\$</b>	<b>5,921,319</b>

**11. Prepayments and other short- term assets**

Prepayment and other short-term assets were comprised as follows:

	<b>September 30, 2025</b>		<b>December 31, 2024</b>	
Advances on expenses	\$	32,638	\$	33,721
Taxes		65,056		41,297
Others		22,904		11,166
<b>Total</b>	<b>\$</b>	<b>120,598</b>	<b>\$</b>	<b>86,184</b>

**12. Other accounts receivables**

Other accounts receivable were comprised as follows:

	<b>September 30, 2025</b>		<b>December 31, 2024</b>	
Solidarity bonus subsidy	\$	930,000	\$	1,220,000
Electrical system reimbursement		159,786		159,786
Customer and employee		112,960		73,485
Expected credit losses (Note 21)		(1,033,486)		(964,367)
<b>Total</b>	<b>\$</b>	<b>169,260</b>	<b>\$</b>	<b>488,904</b>

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**13. Warranty provision**

Warranty provision, estimated for general warranties provided by the Company on the houses sold for a period of five years after the possession date, is included in accounts payable and accrued liabilities in the consolidated statements of financial position and cost of sales in the consolidated statements of earnings and comprehensive loss. The provision for the nine months ended September 30, 2025 and the year ended December 31, 2024 is as follows:

<b>Balance - January 1, 2024</b>	<b>\$</b>	<b>174,540</b>
Additions		189,616
Reversal		(251,185)
<b>Balance - December 31, 2024</b>		<b>112,971</b>
Additions		27,158
Reversal		(77,579)
<b>Balance - September 30, 2025</b>	<b>\$</b>	<b>62,550</b>

**Provision for future development costs**

Provision for future development costs, presented as accounts payable and accrued liabilities in the consolidated statements of financial position and cost of sales in the consolidated statements of earnings and comprehensive loss, as at September 30, 2025 and as at December 31, 2024 is as follows:

<b>Balance - January 1, 2024</b>	<b>\$</b>	<b>1,630,597</b>
Additions		224,381
Cost spent in the year		(763,011)
<b>Balance - December 31, 2024</b>		<b>1,091,967</b>
Costs spent in the period		(328,446)
<b>Balance - September 30, 2025</b>	<b>\$</b>	<b>763,521</b>

**14. Cash and cash equivalents**

	<b>September 30, 2025</b>	<b>December 31, 2024</b>
Cash on hand	\$ 3	\$ 3
Deposits in bank	666,145	330,705
<b>Total</b>	<b>\$ 666,148</b>	<b>\$ 330,708</b>

As at September 30, 2025, and December 31, 2024, the Company had no restrictions on its cash placed in deposits in bank.

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**15. Share Capital**

The Company has authorized an unlimited number of common shares, and 12,074,982 shares are held in escrow as at September 30, 2025 (December 31, 2024 - 12,104,027). Outstanding common shares as at September 30, 2025 and December 31, 2024, are as follows:

	<b>Common shares in Escrow</b>		
	<b>Common shares</b>	<b>#</b>	<b>Amount</b>
<b>Balance, December 31, 2023</b>	<b>3,259,703</b>	<b>10,882,225</b>	<b>\$ 50,269,701</b>
Shares issued on exercise of warrants <sup>(1)</sup>	-	1,250,548	1,337,974
Shares issued on debt financing <sup>(2)</sup>	92,025	-	280,317
Shares issued on acquisition <sup>(3)</sup>	1,666,667	-	1,637,118
Escrow shares release on December 8, 2024	28,746	(28,746)	-
<b>Balance, December 31, 2024</b>	<b>5,047,141</b>	<b>12,104,027</b>	<b>\$ 53,525,110</b>
Escrow shares release on June 9, 2025	29,045	(29,045)	-
<b>Balance, September 30, 2025</b>	<b>5,076,186</b>	<b>12,074,982</b>	<b>\$ 53,525,110</b>

- (1) The 1,250,548 warrants issued to management pursuant to the RTO Transaction on November 30, 2023 were exercised on March 12, 2024.
- (2) On July 11, 2024, the Company issued 92,025 shares to DC Investment Fund pursuant to the terms of a private loan; refer to note 18 for details.
- (3) On October 24, 2024, the Company issued 1,666,667 Consideration shares at fair value of \$0.98 per share to Fusion; refer to note 6 for details. The fair value per share of \$0.98 is based on the trading share price on acquisition date of \$1.12 with a discount of 12.3%.

**16. Share-based Compensation**

**Warrants**

Outstanding warrants as at September 30, 2025 and December 31, 2024 are as follows:

	<b>Warrants</b>	<b>Warrants in escrow #</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining contractual life (years)</b>
<b>Balance, December 31, 2023</b>	<b>6,807</b>	<b>2,914,462</b>	<b>\$ 2.07</b>	<b>2.92</b>
Warrants exercised - March 12, 2024 <sup>(1)</sup>	-	(1,250,548)	-	-
Warrants issued on debt financing <sup>(2)</sup>	1,394,014	-	\$ 3.63	3.00
Bonus warrants issued on debt financing <sup>(3)</sup>	788,851	-	\$ 1.25	3.00
<b>Balance, December 31, 2024</b>	<b>2,189,672</b>	<b>1,663,914</b>	<b>\$ 3.14</b>	<b>2.22</b>
<b>Balance, September 30, 2025</b>	<b>2,189,672</b>	<b>1,663,914</b>	<b>\$ 3.14</b>	<b>1.47</b>
<b>Number of warrants exercisable</b>	<b>2,189,672</b>			

- (1) The Company issued 1,250,548 warrants to the Chief Executive Officer with an expiry date of November 30, 2026, and vested immediately on issuance. These were exercised on March 12, 2024.

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**16. Share-based Compensation**

- (2) Pursuant to the senior secured debenture agreement entered into on January 25, 2024, the Company issued 1,394,014 warrants on various dates during the nine months ended September 30, 2024. The warrants were fair valued at \$1,343,117 using Black-Scholes pricing model and the following assumptions:

Risk free interest rate	3.79% - 4.23%
Expected life (years)	3
Expected dividend yield	0%
Expected volatility	41.92%
Share price	\$ 2.76 - \$ 3.69
Exercise price	\$ 3.04 - \$ 4.06
<b>Fair value</b>	<b>\$ 0.80 - \$ 1.07</b>

- (3) Pursuant to the operating loan agreement entered into on October 24, 2024, the Company issued 788,581 bonus warrants during the fourth quarter of 2024. The warrants were fair valued at \$316,659 using Black-Scholes pricing model and the following assumptions:

Risk free interest rate	2.90% - 3.13%
Expected life (years)	3
Expected dividend yield	0%
Expected volatility	41.92%
Share price	\$1.22 - \$ 1.30
Exercise price	\$1.22 - \$ 1.30
<b>Fair value</b>	<b>\$ 0.38 - \$ 0.41</b>

**Stock options**

Outstanding stock options as at September 30, 2025 and December 31, 2024, are as follows:

	Options	Weighted average exercise price	Weighted average remaining contractual life (years)
<b>Balance, December 31, 2024</b>	<b>11,498</b>	<b>\$2.61</b>	<b>1.74</b>
<b>Balance, September 30, 2025</b>	<b>11,498</b>	<b>\$2.61</b>	<b>0.99</b>
<b>Number of options exercisable</b>	<b>11,498</b>		

**Restricted share units**

Pursuant to the RTO Transaction, certain directors, management and employee personnel were granted 427,414 restricted share units (“RSUs”) on November 30, 2023 and 116,568 RSUs on February 7, 2024. None of these RSUs are held in escrow as at September 30, 2025. The RSUs will vest 25% every six months over two years, with the first portion vesting after the first six months from grant date of November 30, 2023, and subsequent portions vesting every six months after that. The fair value of the RSUs at grant date was \$855,442.

On June 30, 2025, the Company issued 246,511 RSUs which will vest in one year from the grant date. The fair value of the RSUs at grant date was \$45,172.

During the three and nine months ended September 30, 2025, a share-based compensation expense of \$39,037 and \$157,626 was recorded respectively (2024 - \$124,022 and \$546,174).

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**17. Loss per share**

Basic loss per share is calculated by dividing the net comprehensive loss by the weighted-average number of common shares outstanding during the period.

	For the three months ended		For the nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Net loss	\$ (1,497,382)	\$ (4,794,675)	\$ (3,540,236)	\$ (6,682,023)
Weighted average number of common shares outstanding	17,151,168	15,473,498	17,151,168	15,095,633
Loss per share, basic (\$)	(0.09)	(0.31)	(0.21)	(0.44)
Loss per share, diluted (\$)	(0.09)	(0.31)	(0.21)	(0.44)

The effect of dilution from stock options, warrants and RSUs was excluded from the calculation of weighted-average number of shares outstanding for diluted loss per share for the three and nine months ended September 30, 2025 and September 30, 2024, as they are anti-dilutive.

**18. Borrowings**

Borrowings as at September 30, 2025 and December 31, 2024 are comprised as follows:

	Current		Non-current	
	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024
Banks' borrowings	\$ -	\$ -	\$ 1,186,693	\$ 2,373,419
Private Loans	-	-	1,741,737	1,590,649
Shareholder loans	9,943,027	4,736,738	1,367,410	773,000
Other loans	276,000	321,000	-	-
<b>Total</b>	<b>\$ 10,219,027</b>	<b>\$ 5,057,738</b>	<b>\$ 4,295,839</b>	<b>\$ 4,737,068</b>

Changes in the borrowings were as follows:

	September 30, 2025	December 31, 2024
Balance at January 1	\$ 9,794,806	\$ 6,968,684
Cash inflows from issuances	4,567,000	4,893,000
Cash outflows from repayments	(1,240,223)	(1,950,934)
Cash outflows from interest payments	(139,004)	(266,240)
Interest accrued	1,014,590	977,307
Debt financing costs <sup>(1)</sup>	-	(1,280,582)
Accretion expense on debt <sup>(1)</sup>	517,697	453,571
<b>Closing balance</b>	<b>\$ 14,514,867</b>	<b>\$ 9,794,806</b>

- (1) See Note 16 for the fair value of warrants issued pursuant to the secured debenture agreement and operating loan agreement which is offset against the debt fair value. The allocated debt value is accreted to the gross cash proceeds over the maturity term of the agreement.

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**18. Borrowings (continued)**

**Bank borrowings**

Bank borrowing comprises of a credit loan facility with Multibank Inc. to finance the Project Sueños de Santiago - Phase 4, which is secured by a mortgage on the land earmarked as Phase 4. The interest is paid monthly and the principal is repaid as the sale of houses build under Phase 4 project is completed with the maturity date of December 31, 2026. The credit facility was renewed on March 12, 2025 with an update to the expiry date from October 19, 2024 to December 31, 2026 with no other significant changes to the terms and conditions and resulted in no gain or loss on modification of the credit facility.

<b>Description</b>	<b>Starting date</b>	<b>Expiry date</b>	<b>Amount</b>	<b>Interest rate</b>	<b>September 30, 2025</b>	<b>December 31, 2024</b>
Houses Credit Line	Aug 24, 2019	Dec 31, 2026	\$ 4,141,787	9.25%	\$ 458,128	\$ 1,290,469
Infrastructure Credit Line	Aug 24, 2019	Dec 31, 2026	\$ 2,459,291	9.25%	728,566	689,700
Interest Capitalization	Apr 9, 2021	Dec 31, 2026	\$ 446,741	9.25%	-	393,249
<b>Total</b>					<b>\$ 1,186,693</b>	<b>\$ 2,373,418</b>

**Private Loans**

On July 11, 2024, the Company signed a loan agreement with DC Investment Fund (DCIF) which replaced the previous promissory note with DCIF executed on September 6, 2017, which had a maturity of 80 months and an interest rate of 15% per annum. The new loan has an interest rate of 12% per annum, payable every quarter, with the maturity date of March 31, 2026. As per terms of the new loan agreement, on July 11, 2024, the Company made a cash payment of \$181,230 and issued 92,025 common shares of the Company. The Company derecognized the outstanding principal on previous promissory note and recognized the liability of the new loan at amortized cost of \$1,480,265. The 92,025 common shares issued were recognized at fair value \$3.08 per share as debt financing costs of \$280,317 in the consolidated statement of earnings and comprehensive income (loss) for the year ended December 31, 2024.

**Shareholder loan**

On December 31, 2023, the Company signed an unsecured, non-interest bearing on demand promissory note with a shareholder for \$990,000. On January 25, 2024, the promissory note was cancelled, and the Company replaced the promissory note with a senior secured debenture loan for proceeds of up to \$4,500,000. Pursuant to the terms of the financing, the debenture bears an interest at rate of 12% per annum, payable quarterly, with a scheduled maturity date of November 30, 2025. Interest payments are deferred and accrued with the first interest payment occurring on January 31, 2025. Funds were be advanced to the Company each month with the final Tranche advanced on or before July 31, 2024. In connection with the financing, the Company issued warrants exercisable for the purchase of common shares of the Company (refer to note 16 for details and fair valuation of the warrants). As at December 31, 2024, the Company received \$4,610,000 (December 31, 2023 - \$990,000) and issued 1,394,014 warrants. The gross proceeds were allocated between the shareholder loan and warrants using a relative fair value approach of \$3,569,919 and \$1,040,081 respectively. The allocated debt value of \$3,569,919 is accreted to its gross proceeds over the maturity term of the agreement. The accretion expense for the three and nine months ended September 30, 2025, was \$164,876 and \$476,606 respectively (2024 - \$ nil and \$112,981).

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**18. Borrowings (continued)**

On October 24, 2024, the Company entered into an unsecured draw down loan agreement, for a principal amount up to a maximum of \$1,000,000, advanced in four tranches as follows:

- The initial advance of \$250,000 paid on the effective date of the loan agreement;
- The second advance of \$333,333.33 payable on the date that is on or prior to 1 month following the effective date of the loan agreement,
- The third advance of \$333,333.34 payable on the date that is on or prior to 2 months following the effective date of the loan agreement; and
- One or more final advance of \$133,333.33 payable on the date that is on or prior to 3 months following the effective date of the loan agreement.

Interest is accrued at a rate of 12% per annum and the loan has a maturity date of October 31, 2028. In connection with the financing, the Company issued bonus warrants exercisable for the purchase of common shares of the Company (refer to note 16 for details and fair valuation of the warrants). As at December 31, 2024, the Company received advances totalling to \$1,000,000 and issued 788,581 bonus warrants. The gross proceeds were allocated between the shareholder loan and bonus warrants using a relative fair value approach of \$759,498 and \$240,502 respectively. The allocated debt value of \$759,498 is accreted to its gross proceeds over the maturity of the agreement. The accretion expense for the three and nine months ended September 30, 2025 is \$13,936 and \$41,091 respectively (2024 - \$nil and \$nil).

On December 31, 2024, the Company signed an unsecured, on demand promissory note at interest rate of 12% per annum with a shareholder for \$273,000.

On March 31, 2025, the Company signed an unsecured, on demand promissory note at interest rate of 12% per annum with a shareholder for \$1,259,000.

**Other loans**

On July 20, 2022, the Company amended its loan agreement with Panama Equities, Inc. originally entered on July 27, 2020 to extend the maturity term to February 20, 2023 with an interest rate of 14% per annum. Post the maturity date of February 20, 2023, the loan became payable on demand.

**Interest expense**

Interest expense for the three and nine months ended September 30, 2025 of \$354,490 and \$900,488 respectively (September 30, 2024 - \$197,584 and \$495,062) comprised of interest on borrowings of \$353,764 and \$897,918 respectively (September 30, 2024 - \$195,706 and \$489,267) and accretion of lease liabilities of \$ nil (September 30, 2024 - \$742 and \$3,631 respectively) and other fees and charges of \$726 and \$2,570 respectively (September 30, 2024 - \$583 and \$1,610).

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**19. Related party disclosures**

The Company entered several transactions with key management personnel and entities wholly owned by those personnel. The Company considers the executive officers and directors as the key management of the Company. The remuneration of key management personnel includes those persons having the authority and responsibility for the planning, directing, and controlling of the activities of the Company are as follows:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30, 2025</b>	<b>September 30, 2024</b>	<b>September 30, 2025</b>	<b>September 30, 2024</b>
Remuneration for services				
Salaries and Wages	\$ 141,051	\$ 111,669	\$ 430,883	\$ 330,839
RSUs (Note 16)	39,037	124,022	157,626	546,174
	<b>\$ 180,088</b>	<b>\$ 235,691</b>	<b>\$ 588,509</b>	<b>\$ 877,013</b>

Amounts due to and from related parties as at September 30, 2025 and December 31, 2024 are as follows:

<b>Related party assets (liabilities)</b>	<b>September 30, 2025</b>	<b>December 31, 2024</b>
Key management personnel	\$ (67,668)	\$ (13,034)
Shareholder loan (note 18)	\$ (11,619,750)	\$ (6,336,750)

The amount due to key management personnel, included in other accounts payable, relates to unpaid remuneration and reimbursement of business-related travel expense.

**20. Segment reporting**

Operating segments are defined as components of an enterprise for which separate financial information is available that is regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. For the purpose of segment reporting, the Company's Chief Executive Officer (CEO) is the Chief Operating Decision Maker (CODM).

As at September 30, 2024, the Company had one operating and reporting segment. After the acquisition of Fusion on October 24, 2024, the Company had two operating and reporting segments. Although the Company prepares financial results at each subsidiary level, the overall financial and operational performance of the Company is analyzed, and forecasts are prepared for the two segments based on the two product lines - the construction and sale of houses in the Republic of Panama and the Fusion software in the United States. There is no customer that amounts to 10 percent or more of the total revenues earned in the nine months ended September 30, 2025, and 2024.

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**20. Segment reporting (continued)**

The segmented information for the three and nine months ended September 30, 2025 is as follows:

	<b>Panama</b>	<b>US</b>	<b>Consolidated</b>	<b>Panama</b>	<b>US</b>	<b>Consolidated</b>
	<b>Three months ended September 30, 2025</b>			<b>Nine months ended September 30, 2025</b>		
			\$			
Sales	\$ 417,418	112,787	\$ 530,205	\$ 1,395,778	\$ 339,728	\$ 1,735,506
Cost of sales	(392,384)	(104,291)	(496,675)	(1,268,704)	(286,085)	(1,554,789)
Sales expenses	(45,908)	-	(45,908)	(98,125)	-	(98,125)
Employee benefits expense	(40,747)	-	(38,150)	(115,776)	-	(115,776)
Depreciation	(7,869)	16,443	8,574	(23,606)	(55,050)	(78,656)
Software development costs	-	(650,800)	(650,800)	-	(650,800)	(650,800)
Administrative expenses	(279,112)	(11,034)	(290,146)	(808,518)	(56,487)	(865,005)
Corporate overhead	-	-	(74,269)	-	-	(267,661)
<b>Operating loss</b>	<b>(348,602)</b>	<b>(636,895)</b>	<b>(1,057,169)</b>	<b>(918,951)</b>	<b>(708,694)</b>	<b>(1,895,306)</b>
Interest expense	(61,664)	-	(354,490)	(181,918)	-	(900,488)
Accretion expense on debt	-	-	(178,812)	-	-	(517,697)
Write-down of receivables	132,126	-	132,126	(69,119)	-	(69,119)
Share-based compensation	-	-	(39,037)	-	-	(157,626)
<b>Loss before taxes</b>	<b>(278,140)</b>	<b>(636,895)</b>	<b>(1,497,382)</b>	<b>(1,169,988)</b>	<b>(708,694)</b>	<b>(3,540,236)</b>
<b>As at September 30, 2025</b>		<b>Panama</b>	<b>US</b>	<b>Consolidated</b>		
Segmented assets	\$	9,797,886	\$ 958,457	\$ 10,971,961		
Segmented liabilities		13,409,514	1,669,780	16,715,386		

Consolidated includes costs not allocated to Panama and US such as corporate overhead, interest and accretion expense and debt financing costs related to borrowings, share-based compensation and intercompany eliminations.

**21. Capital and risk management**

The objectives of capital management are to ensure the Company's ability to continue as a going concern and provide an adequate return to shareholders, as well as to maintain an optimal capital structure that reduces the costs of raising capital. The Company's capital as at September 30, 2025 comprises of shareholder's deficit of \$5,743,540 (December 31, 2024 - \$2,341,180) and total debt of \$14,514,866 (December 31, 2024 - \$9,794,806). The Company manages its capital structure and makes changes based on economic conditions, risks that impact the consolidated operations and future significant capital investment opportunities. To maintain or adjust its capital structure, the Company may issue new equity instruments or consider other financing opportunities.

The Company is exposed to the symptoms and effects of global economic conditions and other factors that could adversely affect its business, financial condition, and operating results. Many of the risk factors are beyond the Company's direct control. The Company's management and Board of Directors plan an active role in monitoring the Company's key risks and in determining the policies that are best suited to manage these risks.

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**21. Capital and risk management**

The Company does not actively participate in the business of financial assets for speculative purposes.

The Company's strategy with respect to capital risk management has not changed since the year ended December 31, 2024.

*Liquidity risk*

Liquidity risk refers to the possibility that the Company will not meet its contractual obligations, mainly in respect of its accounts payable and repayment of principal and interest on borrowings.

The Company manages its liquidity needs by monitoring scheduled payments defined in the terms and conditions of each financing contract, as well as forecasts of cash inflows and outflows on a day-to-day basis. Long-term liquidity needs for a 180-day and 360-day monitoring period are identified monthly. The Company's objective is to maintain cash to meet its liquidity requirements for periods of at least 30 days.

In the event of requiring additional contribution to its real estate development projects, the Company may choose to seek access to bank financing or equity funding. Additionally, it may be able to sell long-term non-financial assets.

Contractual obligations as at September 30, 2025 and December 31, 2024 are as follows:

<b>September 30, 2025</b>	<b>In 6 months</b>	<b>7 to 12 months</b>	<b>More than 1 year up to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Accounts payable	\$ 681,274	\$ 1,308,486	\$ -	\$ -	\$ 1,989,760
Advances received from customers	111,377	-	-	-	111,377
Bank loans	-	-	1,186,693	-	1,186,693
Private loans	-	-	1,741,737	-	1,741,737
Shareholder loan	5,054,850	5,467,400	1,097,500	-	11,619,750
Other loans	276,000	-	-	-	276,000
<b>TOTAL</b>	<b>\$ 6,123,501</b>	<b>\$ 6,775,886</b>	<b>\$ 4,025,930</b>	<b>\$ -</b>	<b>\$ 16,925,317</b>

<b>December 31, 2024</b>	<b>In 6 months</b>	<b>7 to 12 months</b>	<b>More than 1 year up to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 1,154,914	\$ 1,949,212	\$ -	\$ -	\$ 3,104,126
Advances received from customers	78,771	-	-	-	78,771
Bank loans	-	-	2,373,418	-	2,373,418
Private loans	-	-	1,590,649	-	1,590,649
Shareholder loans	276,750	5,052,500	1,007,500	-	6,336,750
Other loans	321,000	-	-	-	321,000
<b>TOTAL</b>	<b>\$ 1,831,435</b>	<b>\$ 7,001,712</b>	<b>\$ 4,971,567</b>	<b>\$ -</b>	<b>\$ 13,804,714</b>

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**21. Capital and risk management (continued)**

*Foreign Currency risk*

The Company's functional and reporting currency is the United States dollar but it is exposed to foreign currency risk with respect to the expenditures incurred by its Canadian parent entity which are denominated in Canadian dollar. As of September 30, 2025, the Company has not entered into any hedging agreements to mitigate foreign currency as the foreign currency risk was deemed to be low. A change in 10% in USD/CAD exchange rate as of September 30, 2025 would not have a material impact.

*Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. As at September 30, 2025, the Company is not exposed to interest rate cash flow risk as none of the agreements have a floating interest rate, which will fluctuate with interest rates change. Fixed-interest instruments are subject to fair value risk but not interest rate cash flow risk. For each 0.25% change in the interest rate, the Company's net loss for the three and nine months ended September 30, 2025, would be impacted by \$nil (three and nine months ended September 30, 2024 - \$ nil.)

*Credit Risk*

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risks relate to its accounts receivable resulting from sale of finished properties in the normal course of its operations and cash deposited in the banks.

The credit risk of accounts receivable arising from the sale of property inventory is managed by mandating advance payments from customers or account credits prior to the transfer of the property, thus substantially eliminating the Company's credit risk in this regard. The Company has the backing of the bank letters of promise to pay the differential not covered directly by the customers. A provision for expected credit loss is established based upon historic trends and forward-looking information and revised when there are changes in circumstances that would create doubt over the receipt of funds. Such reviews are conducted on a continued basis through the monitoring of outstanding balances as well as the frequency of payments received. Accounts receivables are completely written off once management determines the probability of collection to be remote. Such reviews are conducted on a forward-looking basis and reviewed when changes in client or economic circumstances exist that would create doubt over the receipt of funds within the next twelve months. For the nine months ended September 30, 2025, \$69,119 of receivables were written off (2024 - \$108,128).

The aging for other accounts receivable as at September 30, 2025 are:

	<b>Current</b>	<b>60-180 days</b>	<b>Over 180 days</b>	<b>Total</b>
Solidarity bonus receivable	\$ 10,000	\$ 10,000	\$ 910,000	\$ 930,000
Electrical systems reimbursement	-	20,374	139,412	159,786
Customers	112,960			112,960
<b>Total</b>	<b>\$ 122,960</b>	<b>\$ 30,374</b>	<b>\$ 1,049,412</b>	<b>\$ 1,202,746</b>

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**21. Capital and risk management (continued)**

Changes in the provision for expected credit losses at September 30, 2025 result from the following:

<b>Balance - December 31, 2023</b>	<b>\$ 807,612</b>
Allowance made during the year	846,755
Provision reversed	(690,000)
<b>Balance - December 31, 2024</b>	<b>\$ 964,367</b>
Allowance made during the year	379,119
Provision reversed	(310,000)
<b>Balance, September 30, 2025</b>	<b>\$ 1,033,486</b>

The Company maintains current bank accounts of less than one year, with local banks with a minimum credit rating of "A" and therefore, the risk of loss on cash and cash equivalents is immaterial.

**22. Fair value measurement of financial instruments**

The Company's financial instruments consist of cash, account payables and accrued liabilities, and borrowings.

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are characterized into three levels of a fair value hierarchy depending on the degree to which the inputs are observable. During the nine months ended September 30, 2025, no transfers between fair value hierarchy occurred. The fair value hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: items other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable items for assets or liabilities.

A financial instrument is classified to the lowest level hierarchy for which a significant input has been used in measuring fair value.

The carrying amounts for cash, and accounts payable and accrued liabilities approximate their respective fair values based on level 1 due to the short-term maturities of those instruments.

The estimated fair value of current and long-term borrowings and loans, categorized as Level 2, has been estimated using discounted cash flow techniques, applying interest rates in effect for debts with similar remaining maturities and credit risk. As at September 30, 2025 the fair value of borrowings is 15,611,030 (December 31, 2024 - \$9,794,806).

**23. Contingencies**

In the year ended December 31, 2022, the Company filed a lawsuit against a contractor for damages for non-compliance of contractual commitments and quality standards. The court ruled in favor of the Company for damages of \$474,458 and lawyer fees. However, the Company has so far not been successful in collecting the damages from the contractor. The Company has not recorded a contingency gain for this amount.