
HYDAWAY DIGITAL CORP.
(FORMERLY HYDAWAY VENTURES CORP.)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024
(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Hydaway Digital Corp. (formerly Hydaway Ventures Corp.).

Opinion

We have audited the consolidated financial statements of Hydaway Digital Corp. (formerly Hydaway Ventures Corp.) and its subsidiaries (together, the "Company") which comprise:

- the consolidated statements of financial position as at February 28, 2025 and February 29, 2024;
- the consolidated statements of comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at February 28, 2025 and February 29, 2024, and its consolidated financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended February 28, 2025. These matters were addressed in the context of our audit of consolidated the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Other Information

Management is responsible for the other information. The other information comprises the Company's Management Discussion and Analysis to be filed with the relevant Canadian securities commissions.

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.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Michael Ryan Ayre.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
June 26, 2025

HYDAWAY DIGITAL CORP.
(FORMERLY HYDAWAY VENTURES CORP.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT FEBRUARY 28, 2025 AND FEBRUARY 29, 2024
(Expressed in Canadian dollars)

	February 28, 2025	February 29, 2024
ASSETS		
CURRENT		
Cash	\$ 63,616	\$ 145,966
Amounts receivable	5,366	7,369
Prepaid expenses	5,557	5,550
TOTAL ASSETS	\$ 74,539	\$ 158,885
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 35,951	\$ 25,827
EQUITY		
Share Capital (Note 4)	305,970	267,525
Reserves (Note 4)	20,849	34,294
Deficit	(288,231)	(168,761)
TOTAL EQUITY	38,588	133,058
TOTAL LIABILITIES AND EQUITY	\$ 74,539	\$ 158,885

NATURE OF BUSINESS AND GOING CONCERN (*Note 1*)

Approved on behalf of the Board:

"Michael Leo"

Director

"Karl Kottmeier"

Director

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

HYDAWAY DIGITAL CORP.
(FORMERLY HYDAWAY VENTURES CORP.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024
(Expressed in Canadian dollars)

	2025	2024
EXPENSES		
Filing fees	\$ 19,552	\$ 6,375
Office expenses	14,486	8,269
Professional fees	82,998	51,630
Transfer agent	2,434	1,461
NET LOSS FOR THE YEAR	\$ (119,470)	\$ (67,735)
LOSS PER SHARE – BASIC AND DILUTED	\$ (0.05)	\$ (0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES		
OUTSTANDING – BASIC AND DILUTED	2,634,563	2,500,000

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

HYDAWAY DIGITAL CORP.
(FORMERLY HYDAWAY VENTURES CORP.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024
(Expressed in Canadian dollars)

	2025	2024
OPERATING ACTIVITIES		
Net loss for the year	\$ (119,470)	\$ (67,735)
Changes in operating assets and liabilities:		
Amounts receivable	2,003	(2,645)
Prepaid expenses	(7)	1,589
Accounts payable and accrued liabilities	10,124	16,026
Cash used in operating activities	(107,350)	(52,765)
FINANCING ACTIVITY		
Issuance of common shares	25,000	-
Cash provided by financing activity	25,000	-
CHANGE IN CASH	(82,350)	(52,765)
CASH, BEGINNING OF YEAR	145,966	198,731
CASH, END OF YEAR	\$ 63,616	\$ 145,966

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

HYDAWAY DIGITAL CORP.
(FORMERLY HYDAWAY VENTURES CORP.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024
(Expressed in Canadian dollars)

	Share capital		Reserves	Deficit	Total equity
	Number of shares	Amount			
Balance at February 28, 2023	4,500,001	\$ 267,525	\$ 34,294	\$ (101,026)	\$ 200,793
Net loss for the year	-	-	-	(67,735)	(67,735)
Balance at February 29, 2024	4,500,001	267,525	34,294	(168,761)	133,058
Shares issued for exercise of warrants	250,000	38,445	(13,445)	-	25,000
Net loss for the year	-	-	-	(119,470)	(119,470)
Balance at February 28, 2025	4,750,001	\$ 305,970	\$ 20,849	\$ (288,231)	\$ 38,588

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

**HYDAWAY DIGITAL CORP.
(FORMERLY HYDAWAY VENTURES CORP.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024
(Expressed in Canadian dollars)**

1. NATURE OF BUSINESS AND GOING CONCERN

Hydaway Digital Corp. (formerly Hydaway Ventures Corp.) (“the Company”) was incorporated on January 29, 2021 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is 208A - 980 West 1st Street, North Vancouver, British Columbia, Canada. The Company’s common shares are listed on the TSX Venture Exchange (“TSX.V”) under the trading symbol “HIDE”.

On May 20, 2025, the Company completed its acquisition of DMT Digital Corp. (“DMT”), a company incorporated in British Columbia, which transaction constituted the Company’s “qualifying transaction” (the “Qualifying Transaction”) pursuant to Policy 2.4 – Capital Pool Companies of the TSX.V. Refer to Note 9.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at February 28, 2025, the Company has not generated any revenues or cash flows from operations and has a working capital of \$38,588, which is insufficient to fund the Company’s business activities for the twelve months from the date of the statement of financial position. The Company’s ability to continue as a going concern is dependent upon successful results from its operating activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect adjustments that may be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements are prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Approval of the Financial Statements

The consolidated financial statements of the Company were authorized for issuance by the Board of Directors on June 26, 2025.

Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned and controlled subsidiary, 1491386 B.C. Ltd., incorporated in British Columbia on July 9, 2024.

Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained, and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions and unrealized intercompany gains and losses are eliminated upon consolidation.

Foreign currencies

The presentation currency of the Company is the Canadian dollar. The functional currency of the Company and 1491386 B.C. Ltd. is the Canadian dollar.

HYDAWAY DIGITAL CORP.
(FORMERLY HYDAWAY VENTURES CORP.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION

a) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. The Company's common shares are classified as equity instruments.

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations.

Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering proceeds between common shares and share purchase warrants using the residual value method, wherein the fair value of the common shares is based on the quoted market price and the balance, if any, is allocated to the attached warrants.

b) Share-Based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Share-based payments expense relating to restricted stock units is accrued over the vesting period of the units based on the quoted market price.

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

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

c) Income Taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the financial statements date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

c) Income Taxes (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

d) Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. Basic and diluted loss per share excludes all of the Company's common shares from the weighted average shares calculation that are contingently returnable.

e) Financial Instruments

On initial recognition financial assets are classified as measured at:

- i. Amortized cost;
- ii. Fair value through other comprehensive income ("FVOCI"); and
- iii. Fair value through profit and loss ("FVTPL").

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Subsequent measurement of financial assets depends on their classification:

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 debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at amortized cost.

ii. FVOCI

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 FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

e) Financial Instruments (continued)

When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at FVOCI.

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of operations and comprehensive loss in the period in which it arises.

The Company's cash is classified at FVTPL.

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not classify any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company classifies its accounts payable and accrued liabilities at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

f) Significant Accounting Estimates and Judgements

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

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(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

f) Significant Accounting Estimates and Judgements (continued)

Significant accounting estimates

- i. the measurement of deferred income tax assets and liabilities
- ii. the determination of fair value for share-based payments related to incentive stock options and compensation warrants granted, modified or settled

Significant accounting judgments

- i. the evaluation of the Company's ability to continue as a going concern

g) New Accounting Standards

Certain new standards, interpretations, and amendments to existing standards have been issued by the IASB or IFRC that are mandatory for accounting years beginning after January 1, 2024, or later years. New accounting pronouncements that are not applicable or are not consequential to the Company have been excluded in the preparation of these consolidated financial statements.

A number of new standards, and amendments to standards and interpretations, are not effective for the year ended February 28, 2025, and have not been early adopted in preparing these consolidated financial statements. The Company is currently evaluating the potential impact of these new and amended standards on its consolidated financial statements. The following accounting standards and amendments are effective for future periods unless otherwise stated:

- i. Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments to IAS 12 clarify how companies account for deferred taxes on transactions such as leases and decommission obligations, with a focus on reducing diversity in practice. The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of a lease and a decommission provision.

- ii. Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty.”

The definition of a change in accounting estimates was deleted; however, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not a correction of an error; and
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

- iii. IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.

- Three defined categories for income and expenses (operating, investing and financing) to improve the structure of the income statement, and require all companies to provide new defined subtotals, including operating profit.

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(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

g) New Accounting Standards (continued)

- Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement.
- Enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027.

4. SHARE CAPITAL

a) Authorized: Unlimited number of common shares without par value.

b) Escrow Shares

As at February 28, 2025, 2,000,001 common shares were held in escrow (February 29, 2024 – 2,000,001) to be released pro-rata to the shareholders as to 25% on the closing date of the Qualifying Transaction with the remaining escrow shares being released in three equal tranches of 25% every six months for a period of 18 months. These escrow shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

c) Outstanding as at February 28, 2025 – 4,750,001 common shares (February 29, 2024 – 4,500,001).

During the year ended February 28, 2025, the Company issued 250,000 common shares pursuant to the exercise of Agent's warrants for total gross proceeds of \$25,000. \$13,445 was transferred from reserves to share capital as a result.

d) Stock Options

On May 3, 2022, the Company adopted a stock option plan (the "Stock Option Plan"), which was amended and restated on August 13, 2024 and provides that, subject to the requirements of the TSX.V, the aggregate number of securities reserved for issuance will be 10% of the number of the Company's common shares issued and outstanding at the time such options are granted. Options may be granted under the Stock Option Plan to the directors, officers, employees, management or consultants of the Company and its affiliates, if any, as the Board of Directors may from time to time designate. The Stock Option Plan provides that the number of common shares that may be reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued common shares, if the individual is a director, officer, employee or consultant, or 2% of the issued common shares, if the individual is engaged in providing investor relations services, on a yearly basis. All options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year from the date of death or disability.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024
(Expressed in Canadian dollars)**

4. SHARE CAPITAL (continued)

d) Stock Options (continued)

The changes in the stock options for the years ended February 28, 2025 and February 29, 2024 are as follows:

	Number of options	Weighted average exercise price (per share)
Outstanding and exercisable, February 28, 2023, February 29, 2024 and February 28, 2025	275,000	\$0.10

The balance of options outstanding as at February 28, 2025 and February 29, 2024 was as follows:

Expiry date	Exercise price	Remaining life (years)	Options Outstanding	Unvested	Vested
August 23, 2027	\$0.10	2.48	275,000	-	275,000

e) Agent's Warrants

The changes in the Agent's warrants for the years ended February 28, 2025 and February 29, 2024 are as follows:

	Number of Agent's warrants	Weighted average exercise price (per share)
Balance, February 28, 2023 and February 29, 2024	250,000	\$0.10
Exercised	(250,000)	\$0.10
Balance, February 28, 2025	-	-

There were no Agent's warrants outstanding as at February 28, 2025.

5. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). During the year ended February 28, 2025, the Company incurred \$nil in key management compensation (February 29, 2024 - \$nil).

6. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company's capital structure consists of all components of equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue common shares or debt instruments, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

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6. MANAGEMENT OF CAPITAL (continued)

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes in the Company's approach to capital management during the year.

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

IFRS 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The fair value of accounts payable and accrued liabilities approximates its carrying value due to the short term to maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at February 28, 2025 were as follows:

	Carrying amount	Fair value measurement using		
		Level 1	Level 2	Level 3
Cash	\$ 63,616	\$ 63,616	\$ -	\$ -

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at February 29, 2024 were as follows:

	Carrying amount	Fair value measurement using		
		Level 1	Level 2	Level 3
Cash	\$ 145,966	\$ 145,966	\$ -	\$ -

Financial Risk Management Objectives and Policies

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency Risk

The Company's assets, liabilities and expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal. The Company does not have any significant foreign currency denominated monetary assets or liabilities.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk, the Company places these instruments with a high-quality financial institution. As at February 28, 2025, the Company's maximum exposure to credit risk is \$63,616.

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7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Interest Rate Risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

Liquidity Risk

In the management of liquidity risk, the Company intends to maintain an adequate amount of working capital to continue its operation and achieve its business objectives. Management closely monitors the Company's liquidity position and intends to complete future equity financings. As at February 28, 2025, the Company has contractual obligations of \$35,951 due within the next twelve months.

8. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2025	2024
	\$	\$
Loss before income taxes	(119,470)	(67,735)
Combined statutory tax rate	27%	27%
Expected income tax recovery at combined statutory rate	(32,257)	(18,288)
Non-deductible expenses and other items	1,787	1,786
Change in unrecognized deferred tax assets	30,470	16,502
Income tax expense	-	-

Significant components of the Company's deferred income tax assets (liabilities) not recognized are shown below:

	2025	2024
	\$	\$
Non-capital losses carried forward	81,599	45,604
Share issuance costs	7,455	11,183
Deferred income tax assets not recognized	(89,054)	(56,787)
Net deferred income tax assets	-	-

As at February 28, 2025, the Company had approximately \$302,218 in non-capital loss carry forwards available to reduce taxable income for future years, which expire between 2041 and 2045.

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9. QUALIFYING TRANSACTION

On May 20, 2025, the Company completed its acquisition of DMT, which transaction constituted the Company's Qualifying Transaction pursuant to Policy 2.4 – Capital Pool Companies of the TSX.V. Pursuant to the amalgamation agreement dated August 30, 2024, as amended on October 16, 2024, December 13, 2024 and March 19, 2025 (the "Amalgamation Agreement") among the Company, 1491386 B.C. Ltd. ("Hydaway Sub"), and DMT, the Company acquired all of the issued and outstanding common shares of DMT (the "DMT Shares") by means of a "three-cornered amalgamation" (the "Acquisition") whereby Hydaway Sub and DMT amalgamated and continued as DMT Digital Corp. ("Amalco"), a wholly-owned subsidiary of the Company.

The Company changed its name to "Hydaway Digital Corp." Trading in the common shares of the Company (the "Common Shares") on the TSX.V under the Company's new name and new trading symbol "HIDE" began at the opening of markets on May 23, 2025.

Pursuant to the Amalgamation Agreement, each shareholder of DMT (each, a "DMT Shareholder" and collectively, the "DMT Shareholders") received one Common Share for every one DMT Share held, and the DMT Shareholders received an aggregate of 15,250,000 Common Shares. The Common Shares issued to each DMT Shareholder were subject to voluntary restrictions on resale, of which 20% of the Common Shares will be released on the date that is one month following the closing of the Acquisition (the "Closing") and an additional 20% of the Common Shares will be released every month thereafter, unless such DMT Shareholder held less than 5,000 Common Shares immediately following the Closing.

In consideration of DMT, the holders of the common share purchase warrants (the "DMT Warrants") of DMT (the "DMT Warranholders") received Common Share purchase warrants of the Company ("Warrants") exercisable to acquire such number of Common Shares as is equal to the number of DMT Shares issuable under each such DMT Warrant previously held by such DMT Warranholder at an exercise price per Common Share equal to the exercise price of such DMT Warrant per DMT Share until the expiry time of such DMT Warrant, and the DMT Warranholders received an aggregate of 9,750,000 Warrants, with each Warrant exercisable at a price of \$0.40 per Common Share until June 20, 2025.

2,000,001 Common Shares and 275,000 of the Company's stock options are held in escrow under a CPC Escrow Agreement and released as to 25% on the issuance of the Final Exchange Bulletin ("Initial CPC Escrow Release") and an additional 25% each on the dates 6 months, 12 months and 18 months following the Initial CPC Escrow Release. An aggregate of 1,973,500 Common Shares and 1,750,000 Warrants are subject to the escrow requirements under a Value Security Escrow Agreement and are released as to 10% on the issuance of the Final Exchange Bulletin (the "Initial Value Escrow Release") and an additional 15% each on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Value Escrow Release.

The Company completed a concurrent private placement (the "Concurrent Private Placement") of 5,130,000 Common Shares at a price of \$0.10 per Common Share for aggregate gross proceeds of \$513,000. In connection with the Concurrent Private Placement, the Company paid an aggregate of \$5,520 in finders fees.