

NamSys Inc.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED JULY 31, 2025

The following is a discussion and analysis of the results of operations and financial condition of NamSys Inc. (“NamSys” or “the Company”) for the nine months ended July 31, 2025 and 2024 along with certain factors that may affect the Company’s prospective financial condition and results of operations.

Forward-Looking Statements

This MD&A contains forward-looking information. All statements, other than statements of historic fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of revenue, cash flow, costs, economic return) constitute forward-looking information. This forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

Overview

The Company is at the forefront of transforming the cash processing and transportation industry through its innovative cloud-based solutions and subscription pricing model. The mission of the Company revolves around enhancing efficiency, security, and accuracy in cash handling operations for retailers, cash-in-transit providers and financial institutions. By leveraging the power of cloud technology, the Company provides scalable and cost-effective turnkey access to cutting-edge cash management systems.

Subscription-based pricing structure ensures that clients receive continuous value and support, allowing them to optimize their operations without significant upfront investments. A commitment to real-time data, insights, and analytics empowers stakeholders to make informed decisions, streamline processes, and reduce operational costs. By embracing the cloud and subscription-based services, the Company is driving the evolution of the cash ecosystem towards a more efficient and sustainable future.

The Company’s products are labelled as “Cirreon” and “Currency Controller”, and are well recognized in the industry.

Quarterly Financial Data

The table below presents selected financial data of the Company for each of the eight fiscal quarters ended July 31, 2025:

	Fiscal quarter end							
	Jul. 31 2025	Apr. 30 2025	Jan. 31 2025	Oct. 31 2024	Jul. 31 2024	Apr. 30 2024	Jan. 31 2024	Oct. 31 2023
	(in thousands of dollars)							
Revenue	1,917	2,010	1,942	1,854	1,741	1,661	1,584	1,556
Gross profit	1,221	1,325	1,263	1,158	1,109	1,047	956	901
Operating income	744	744	822	805	678	703	595	596
Income after tax	610	557	702	559	581	524	426	463
Income per share:								
Basic	0.023	0.021	0.026	0.021	0.022	0.019	0.016	0.017
Diluted	0.022	0.020	0.026	0.020	0.021	0.019	0.015	0.017

Results of Operations

Three months ended July 31, 2025 compared to Three months ended July 31, 2024

Revenue

	2025	2024	Change	Change %
	\$	\$	\$	
Software subscriptions, hosted services, maintenance and product support	1,906,254	1,719,512	186,742	10.9%
Professional services	10,308	21,520	(11,212)	-52.1%
	1,916,562	1,741,032	175,530	10.1%

Revenue in the three months ended July 31, 2025, increased in comparison to the same period in the prior year. The Company's total sales for the three months ended July 31, 2025, were \$1,916,562 as compared to \$1,741,032 for the corresponding period in 2024, an increase of \$175,530 or 10.1%. The Company continues to see growth in its "software-as-a-service" offerings and benefits from this model as the services are paid monthly.

The Company generates software revenue from Cirreon and Currency Controller software subscriptions and hosted services, upgrading legacy license holder's systems, training, consulting and from recurring revenues for maintenance and product support of legacy systems. The majority of the Company's legacy licensed systems customers renew their product support agreements annually, in order to stay current with new features and developments. A small number of Cirreon license agreements have been granted to distributors where the product has been customized to meet the needs of the distributor's clients. Such licenses are for definitive periods and are for defined usage with normal "SaaS" monthly fees.

Recurring revenue, including maintenance, product support, software subscriptions and hosted services (SaaS) revenue for the three months ended July 31, 2025, represented \$1,906,254 of the total revenue compared to \$1,719,512 for the corresponding three months the previous year, an increase of \$186,742 or 10.9%. Recurring revenue represented 99.5% of total sales revenue in the three months ended July 31, 2025, as compared to 98.8% in the same three months of fiscal 2024.

Cost of Goods Sold and Gross Profit

Three months ended July 31, 2025 compared to Three months ended July 31, 2024

Historically, the sales mix between software license fees and subscriptions, hosted products and other services impact the Company's Gross Profit in any given reporting period. Gross Profit can also be affected by changes in the exchange rate between Canadian and U.S. dollars, given that U.S. dollar sales represent 95% or more of total sales.

Cost of goods sold for the three months ended July 31, 2025, was \$695,871 compared to \$632,434 in the corresponding period in 2024. The overall Gross Profit achieved in the third quarter of 2025 was \$1,220,691 or 63.69%, compared to Gross Profit for the corresponding period in 2024 of \$1,108,598 or 63.67%, an increase in Gross Margin percentage of 0.02 percentage points.

Selling Expenses

Three months ended July 31, 2025 compared to Three months ended July 31, 2024

Selling expenses are comprised of direct selling and marketing expenses and the salaries of employees whose principal function is sales and marketing. Selling expenses for the three months ended July 31, 2025, totaled \$197,490, an increase of \$89,794 or 83.4% from \$107,696 in the corresponding period of 2024. Selling expenses increased with the addition of a new business development position covering the European market and expanded travel costs (\$82,878). Various other selling expenses increased by an aggregate of \$6,916 in the quarter, such that the total increase in selling expenses is \$89,794. Selling expense was 10.3% of revenue in the third quarter of 2025 as compared to 6.2% in the 2024 same quarter, recognizing that revenues in the 2025 period were up \$175,530 or 10.1% from the 2024 comparative period.

General and Administration Expenses

Three months ended July 31, 2025 compared to Three months ended July 31, 2024

General and administration ("G&A") expense consists primarily of salaries, benefits and overhead expenses, corporate maintenance charges, occupancy, professional fees and travel.

G&A expense totaled \$278,774 in the three months ended July 31, 2025, as compared to \$297,464 in the 2024 comparative period, a decrease of \$18,690 or 6.3%. Various G&A expenses decreased in aggregate by \$18,690 in the quarter.

Depreciation of property and equipment for the three months ended July 31, 2025, of \$1,829 increased by \$126 or 7.4% from \$1,703 in the same period of 2024. The level of amortization is a result of the Company incurring only minor expenditures for property and equipment over the last several years.

With the increase in sales, as noted above, and the decrease in G&A expenses, the G&A expense ratio as compared to revenue was 14.5% in the third quarter of 2025 as compared to 17.1% in the 2024 third quarter.

Financing and Other Costs and Income

Other than trade and other payables, the Company has no debt outstanding and incurred no interest expense in respect of outstanding debt in the current or comparative periods.

Interest income

At July 31, 2025, the Company held a \$900,000 cashable guaranteed investment certificate which matures on October 29, 2025, and bears interest at a variable rate which is currently 2.45% per annum, a \$4,300,000 cashable guaranteed investment certificate which matures on March 6, 2026, and bears interest at a variable rate which is currently 2.7% per annum, a \$200,000 cashable guaranteed investment certificate which matures on March 25, 2026, and bears interest at a variable rate which is currently 2.25%, and a \$3,000,000 cashable guaranteed investment certificate which matures on April 30, 2026, and bears interest at a variable rate which is currently 2.7% per annum. In respect of short term investments, for the

quarter ended July 31, 2025, \$74,582 interest income was recognized (\$71,833 for the quarter ended July 31, 2024).

Gain (loss) on foreign exchange

The Company recognized a gain on foreign exchange of \$8,822 in the third quarter of 2025, whereas a gain of \$16,280 was experienced in the comparative quarter of 2024. This results in a decrease in income of \$7,458 in the 2025 third quarter as compared to the 2024 same period. The gain on foreign exchange recognized in the quarter ended July 31, 2025, is a result of both the large number of clients that are domiciled in the USA and other countries, which are invoiced for services in US dollars, along with the fluctuation in the Canadian dollar vis-à-vis the US dollar occurring during the quarter. The Company invoices its foreign customers in US dollars and recognizes a foreign exchange gain (loss) when the Canadian dollar amount of the receivable at period end, or the amount received in the period, is greater (less) than at the time of invoicing.

Provision for Income Taxes

The basic rate of 26.50% was applied to the pre-tax income in the 2025 third quarter of \$833,939 (2024 – basic rate of 26.50% and pre-tax income of \$800,849), resulting in a current income tax expense of \$223,898 (2024 – expense of \$218,868). Deferred income tax expense was \$nil in the third quarter of 2025 (2024 – expense of \$500).

As a result of recognizing a current income tax expense of \$260,405 in the first quarter of 2025, \$205,337 in the second quarter and \$223,898 in the third quarter, remitting income tax of \$361,176, \$131,000 and \$262,000 in the first, second and third quarters, and recording tax receivables of \$nil, \$32,342 and \$19,937 due to income tax withholdings made by one of the Company's foreign customers in the first, second and third quarters, at July 31, 2025, the Company had income taxes receivable of \$13,510 (October 31, 2024 – payable of \$103,305)

As a result of recognizing a deferred income tax recovery of \$600 in the first quarter of 2025, \$300 in the second quarter and \$nil in the third quarter, at July 31, 2025, the Company had deferred income tax assets totaling \$10,000 (October 31, 2024 – \$9,100). This asset primarily relates to deferred tax assets from deferral of capital cost allowance.

Share-based compensation

Share-based compensation for the three months ended July 31, 2025 of \$10,005 (2024 – \$25,006) has been expensed to the statement of comprehensive income with a corresponding amount being recorded in the equity settled share-based payments reserve in shareholders' equity. The total expense of \$10,005 for the three months ended July 31, 2025 (2024 – \$25,006) was charged as follows: \$5,142 to cost of sales (2024 – \$12,851); \$1,766 to selling expenses (2024 – \$4,413); and \$3,097 to general and administration expenses (2024 – \$7,742).

Comprehensive Income and Income Per Share

As a result of the factors discussed above, the comprehensive income after tax for the three months ended July 31, 2025 was \$610,041 as compared to a comprehensive income of \$581,481 in the three months ended July 31, 2024.

Three months ended July 31,

	2025	2024
	\$	\$
Comprehensive income	610,041	581,481
Income per share:		
Basic	0.02	0.02
Diluted	0.02	0.02

For the three months ended July 31, 2025, the weighted average number of shares outstanding used to calculate basic income per share was 26,882,602 (2024 – 26,966,744) and diluted income per share was 27,647,285 (2024 – 27,407,047).

Nine months ended July 31, 2025 compared to Nine months ended July 31, 2024

Revenue

	2025	2024	Change	Change %
	\$	\$	\$	
Software subscriptions, hosted services, maintenance and product support	5,836,179	4,939,393	896,786	18.2%
Professional services	32,245	46,530	(14,285)	-30.7%
	5,868,424	4,985,923	882,501	17.7%

Revenue in the nine months ended July 31, 2025, increased in comparison to the same period in the prior year. The Company's total sales for the nine months ended July 31, 2025, were \$5,868,424 as compared to \$4,985,923 for the corresponding period in 2024, an increase of \$882,501 or 17.7%. The Company continues to see growth in its "software-as-a-service" offerings and benefits from this model as the services are paid monthly.

The Company generates software revenue from Cirreon and Currency Controller software subscriptions and hosted services, upgrading legacy license holder's systems, training, consulting and from recurring revenues for maintenance and product support of legacy systems. The majority of the Company's legacy licensed systems customers renew their product support agreements annually, in order to stay current with new features and developments. A small

number of Cirreon license agreements have been granted to distributors where the product has been customized to meet the needs of the distributor's clients. Such licenses are for definitive periods and are for defined usage with normal "SaaS" monthly fees.

Recurring revenue, including maintenance, product support, software subscriptions and hosted services (SaaS) revenue for the nine months ended July 31, 2025, represented \$5,836,179 of the total revenue compared to \$4,939,393 for the corresponding nine months the previous year, an increase of \$896,786 or 18.2%. Recurring revenue represented 99.5% of total sales revenue in the nine months ended July 31, 2025, as compared to 99.1% in the same nine months of fiscal 2024.

Cost of Goods Sold and Gross Profit

Nine months ended July 31, 2025 compared to Nine months ended July 31, 2024

Historically, the sales mix between software license fees and subscriptions, hosted products and other services impact the Company's Gross Profit in any given reporting period. Gross Profit can also be affected by changes in the exchange rate between Canadian and U.S. dollars, given that U.S. dollar sales represent 95% or more of total sales.

Cost of goods sold for the nine months ended July 31, 2025, was \$2,060,429 compared to \$1,874,774 in the corresponding period in 2024. The overall Gross Profit achieved in the first three-quarters of 2025 was \$3,807,995 or 64.9%, compared to Gross Profit for the corresponding period in 2024 of \$3,111,149 or 62.4%, an increase in Gross Margin percentage of 2.4 percentage points. The increase in Gross Margin is due to the level of staffing resources remaining relatively flat year-over-year.

Selling Expenses

Nine months ended July 31, 2025 compared to Nine months ended July 31, 2024

Selling expenses are comprised of direct selling and marketing expenses and the salaries of employees whose principal function is sales and marketing. Selling expenses for the nine months ended July 31, 2025, totaled \$533,000, an increase of \$245,615 or 85.5% from \$287,385 in the corresponding period of 2024. Selling expenses increased with the addition of a new business development position covering the European market and expanded travel as well as trade show attendance costs (\$224,051). Various other selling expenses increased by an aggregate of \$21,564 in the three-quarter-year period, such that the total increase in selling expenses is \$245,615. Selling expense was 9.1% of revenue in the first three-quarters of 2025 as compared to 5.8% in the 2024 same three-quarter-year period, recognizing that revenues in the 2025 period were up \$882,501 or 17.7% from the 2024 comparative period.

General and Administration Expenses

Nine months ended July 31, 2025 compared to Nine months ended July 31, 2024

General and administration ("G&A") expense consists primarily of salaries, benefits and overhead expenses, corporate maintenance charges, occupancy, professional fees and travel.

G&A expense totaled \$853,028 in the nine months ended July 31, 2025, as compared to \$929,339 in the 2024 comparative period, a decrease of \$76,311 or 8.2%. This decrease is

mostly due to a one-time-only management fee of \$50,000 paid in the third quarter of 2024 to a company that was partially owned by the then Chairman of NamSys. Various other G&A expenses decreased in aggregate by \$26,311 in the period, such that the total decrease in G&A expenses is \$76,311.

Depreciation of property and equipment for the nine months ended July 31, 2025, of \$5,278 increased by \$310 or 6.2% from \$4,968 in the same period of 2024. The level of amortization is a result of the Company incurring only minor expenditures for property and equipment over the last several years.

With the increase in sales, as noted above, and the decrease in G&A expenses, the G&A expense ratio as compared to revenue was 14.5% in the first three-quarters of 2025 as compared to 18.6% in the 2024 first three-quarters.

Bad debt expense

In the second quarter of 2025, the Company determined that a trade receivable from one customer was not collectible and wrote off the balance, recognizing a bad debt expense of \$50,746 on the statement of income.

Financing and Other Costs and Income

Other than trade and other payables, the Company has no debt outstanding and incurred no interest expense in respect of outstanding debt in the current or comparative periods.

Interest income

At July 31, 2025, the Company held a \$900,000 cashable guaranteed investment certificate which matures on October 29, 2025, and bears interest at a variable rate which is currently 2.45% per annum, a \$4,300,000 cashable guaranteed investment certificate which matures on March 6, 2026, and bears interest at a variable rate which is currently 2.7% per annum, a \$200,000 cashable guaranteed investment certificate which matures on March 25, 2026, and bears interest at a variable rate which is currently 2.25%, and a \$3,000,000 cashable guaranteed investment certificate which matures on April 30, 2026, and bears interest at a variable rate which is currently 2.7% per annum. In respect of short term investments, for the nine months ended July 31, 2025, \$189,641 interest income was recognized (\$206,897 for the nine months ended July 31, 2024).

Gain (loss) on foreign exchange

The Company recognized a loss on foreign exchange of \$25,858 in the first three-quarters of 2025, whereas a gain of \$4,743 was experienced in the comparative three-quarter-year period of 2024. This results in a decrease in income of \$30,601 in the 2025 first three-quarters as compared to the 2024 same period. The loss on foreign exchange recognized in the nine months ended July 31, 2025, is a result of both the large number of clients that are domiciled in the USA and other countries, which are invoiced for services in US dollars, along with the fluctuation in the Canadian dollar vis-à-vis the US dollar occurring during the three-quarter-year period. The Company invoices its foreign customers in US dollars and recognizes a foreign exchange gain (loss) when the Canadian dollar amount of the receivable at period end, or the amount received in the period, is greater (less) than at the time of invoicing.

Provision for Income Taxes

The basic rate of 26.50% was applied to the pre-tax income in the 2025 first three-quarters of \$2,558,127 (2024 – basic rate of 26.50% and pre-tax income of \$2,115,363), resulting in a current income tax expense of \$689,640 (2024 – expense of \$572,870). Deferred income tax recovery was \$900 in the first three-quarters of 2025 (2024 – expense of \$11,500).

As a result of recognizing a current income tax expense of \$689,640 in the first three-quarters of 2025, remitting income tax of \$754,176 and recording a tax receivable of \$52,279 due to income tax withholdings made by one of the Company's foreign customers, at July 31, 2025, the Company had income taxes receivable of \$13,510 (October 31, 2024 – payable of \$103,305).

As a result of recognizing a deferred income tax recovery of \$900 in the first three-quarters of 2025, at July 31, 2025, the Company had deferred income tax assets totaling \$10,000 (October 31, 2024 – \$9,100). This asset primarily relates to deferred tax assets from deferral of capital cost allowance.

Share-based compensation

Share-based compensation for the nine months ended July 31, 2025 of \$37,025 (2024 – \$89,168) has been expensed to the statement of comprehensive income with a corresponding amount being recorded in the equity settled share-based payments reserve in shareholders' equity. The total expense of \$37,025 for the nine months ended July 31, 2025 (2024 – \$89,168) was charged as follows: \$19,029 to cost of sales (2024 – \$45,826); \$6,534 to selling expenses (2024 – \$15,736); and \$11,462 to general and administration expenses (2024 – \$27,606).

Related Party Transactions

The following summarizes the Company's related party transactions:

- a) Included in general and administration expenses in the nine months ended July 31, 2025, are rent and administration expenses of \$nil (2024 – \$34,200) for the (Head) office rental and corporate secretarial functions of the Company. These expenses, along with management fees of \$nil (2024 – \$95,000), were paid in lieu of salary to a company that was partially owned by the individual who was Chairman of the Company ("Chairman") until his retirement on October 31, 2024. In addition, selling expenses include consulting expenses for sales and marketing in the amount of \$33,750 incurred in the nine months ended July 31, 2025 (2024 – \$33,750) from a company that is controlled by the Founder of the Company.
- b) Amounts due to related parties in trade and other payables at July 31, 2025, are amounts due to directors of \$119,768 (October 31, 2024 – \$193,844); and an amount due to a company that was partially owned by the individual who was Chairman until his retirement on October 31, 2024 of \$7,200 (October 31, 2024 – \$7,200). The related party amounts included in trade and other payables are unsecured, non-interest bearing and due on demand.

Comprehensive Income and Income Per Share

As a result of the factors discussed above, the comprehensive income after tax for the nine months ended July 31, 2025 was \$1,869,387 as compared to a comprehensive income of \$1,530,993 in the nine months ended July 31, 2024.

Nine months ended July 31,

	2025	2024
	\$	\$
Comprehensive income	1,869,387	1,530,993
Income per share:		
Basic	0.07	0.06
Diluted	0.07	0.06

For the nine months ended July 31, 2025, the weighted average number of shares outstanding used to calculate basic income per share was 26,870,091 (2024 – 27,075,787) and diluted income per share was 27,577,279 (2024 – 27,536,161).

Liquidity and Capital Resources

General

During the most recent five year period ended July 31, 2025, the Company funded all capital expenditures, operations and debt reduction from cash flow.

Cash Flow from Operations

The Company had working capital of \$10,448,098 at July 31, 2025, compared to working capital of \$8,491,315 at October 31, 2024. Excluded from the July 31, 2025, working capital calculations are: prepaid expenses of \$230,149 (October 31, 2024 – \$171,893); and deferred revenue of \$514,133 (October 31, 2024 – \$440,985).

For the nine months ended July 31, 2025, the Company had positive cash flow from operations of \$1,535,592 as compared to positive cash flow from operations of \$1,927,905 in the nine months ended July 31, 2024.

BALANCE SHEET

Short Term Investments

At July 31, 2025, the Company held a \$900,000 cashable guaranteed investment certificate which matures on October 29, 2025, and bears interest at a variable rate which is currently 2.45% per annum, a \$4,300,000 cashable guaranteed investment certificate which matures on March 6, 2026, and bears interest at a variable rate which is currently 2.7% per annum, a \$200,000 cashable guaranteed investment certificate which matures on March 25, 2026, and bears interest at a variable rate which is currently 2.25%, and a \$3,000,000 cashable guaranteed investment certificate which matures on April 30, 2026, and bears interest at a variable rate which is currently 2.7% per annum.

Total interest earned for the nine months ended July 31, 2025 in respect of short term investments amounted to \$189,641 (2024 – \$206,897).

Capital Expenditures

The Company's primary capital expenditure activities in the past involved the acquisition of deferred development of technology, property and equipment purchases, and capital investments into intellectual property. During the first three-quarters of 2025, capital expenditures were \$6,088 as compared to \$4,723 in the first three-quarters of 2024.

Summary of Significant Accounting Policy Choices or Changes under IFRS

The Company's significant accounting policies have been disclosed in Note 2 of the financial statements.

Foreign currency translation

The Company uses the Canadian dollar as the Company's presentation currency. IFRS requires the assessment of functional currency for the parent and each subsidiary. The functional currency for the Company was determined to be Canadian Dollars.

Property and equipment

The Company uses an historic cost model in reporting its property and equipment.

Management has concluded that there was no impairment in the current and comparative period.

Income taxes

Income tax expense is recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity. Income taxes are calculated using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and for tax losses and other deductions carried forward.

Deferred income tax assets and liabilities are calculated using substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. An asset is recognized on the balance sheet when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The effect on deferred tax assets and liabilities of changes in tax rates are recognized in net income in the period in which the change is substantively enacted.

Change in accounting policies

During the nine months ended July 31, 2025, the Company adopted a number of amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's financial statements.

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024.

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted.

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standards replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

Additional Information

Additional information relating to the Company including the interim and annual financial statements are available on SEDAR at www.sedar.com.

Special Dividend

On May 21, 2024, the Company announced a special dividend of \$0.05 per common share of the Company paid on June 11, 2024, to holders of record of common shares on May 29, 2024. The aggregate dividend paid was \$1,350,477 on 27,009,532 common shares. The Company does not plan to make regular dividend distributions in the future, and no ongoing dividend strategy is currently in place.

Outstanding Securities Data

On August 29, 2023, the Company announced that the TSX Venture Exchange (TSXV) had accepted its intention to make a normal course issuer bid (NCIB) to purchase up to 1,364,316 common shares representing 5% of the Company's then current issued and outstanding common shares through the facilities of the TSXV during the period commencing August 30, 2023 and ending on August 30, 2024. On March 26, 2025, the Company announced that the TSXV had accepted its intention to make a NCIB to purchase up to 1,343,186 common shares representing 5% of the Company's then current issued and outstanding common shares through the facilities of the TSXV during the period commencing March 27, 2025 and ending on March 26, 2026. During the year ended October 31, 2023, the Company paid \$103,423 for the repurchase and cancellation of 67,000 common shares, including the initial cost for approval and setup of the repurchase arrangement. During the year ended October 31, 2024, the Company paid \$339,924 for the repurchase and cancellation of 355,600 common shares. No shares were repurchased during the nine months ended July 31, 2025.

Summary of securities issued and outstanding as at July 31, 2025

<u>Class</u>	<u>Authorized</u>	<u>Issued and Outstanding</u>
Common	Unlimited	26,933,898

On December 15, 2022, the Company approved the granting of 1,211,250 options under the Company's stock option plan. Options granted carry a five year term, an exercise price of \$0.58 and vest evenly over three years on the anniversary date of the grant. As a result of the special dividend paid June 11, 2024, the exercise price of the stock options is reduced by the equivalent amount of \$0.05.

During the nine months ended July 31, 2025, a total of 70,166 stock options with an exercise price of \$0.53 were exercised for aggregate gross proceeds of \$37,189.

Options outstanding as of July 31, 2025, are as follows:

<u>Options</u>	<u>Exercise price</u>	<u>Expiry date</u>
1,141,084	\$0.53	December 15, 2027

Options vested as of July 31, 2025, are as follows:

<u>Options</u>	<u>Exercise price</u>	<u>Expiry date</u>
737,334	\$0.53	December 15, 2027

Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal control over financial reporting for the issuer. They are assisted in this responsibility by the Management team. The Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures and the design of internal

controls at July 31, 2025, have concluded that the Company's disclosure controls and procedures are adequate and effective to ensure that material information relating to the Company would have been known to them. Through the evaluation of the design of its internal controls the Company has identified an internal control weakness in the financial reporting process, specifically a lack of segregation of duties in the accounting process. This situation is common to many small companies. In order to mitigate the impact of this weakness and to ensure quality financial reporting, there are supervisory controls exercised by management and audit committee oversight, and interim and annual financial statements are reviewed by the Company's board. While the deficiency in segregation of duties could lead to a material misstatement in the financial statements, management believes that its supervisory and review controls are sufficient to prevent a material misstatement from occurring.

Critical Accounting Estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, revenue and expenses and the accompanying notes. Actual results could differ from these estimates under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. The areas that management makes critical estimates, assumptions and judgments are useful lives and impairment of property and equipment, probable future taxable income, recoverability of deferred income tax assets, and functional currency of the Company. Actual results could differ from those estimates.

Investor Relations

Personnel employed directly by the Company handle all investor relations. The duties include news releases, investor communications and general day to day operations of this department.

Legal Proceedings

There are no outstanding legal proceedings.

Environmental Issues

Given the nature of the Company's business, there are no material environmental issues.

Risk Factors

Dependence on Management

The Company's success is dependent on its founders, directors and management team. The loss of the services of key personnel could make it more difficult to successfully operate the Company's business and pursue its business goals.

Ability to Attract and Retain Personnel

Significant competition exists for skilled personnel and as a result of that competition we are seeing wage and labor cost escalation in various areas and levels within our workforce. Our

success is highly dependent on our ability to identify, hire, train, motivate, promote, and retain individuals. In responding to inflationary wage pressure to retain or attract individuals, we could see increases in our operating costs that outpace our ability to grow revenues. If we fail to cross train employees, particularly those with specialized knowledge it could impair our ability to provide consistent and uninterrupted service to our customers. If we are not able to attract, retain or establish an effective succession planning program for individuals it could have a material adverse effect on our business, results of operations, financial condition and the price of our common shares.

Fluctuations in Monetary Exchange

Historically, the largest percentage of our revenues have been denominated in U.S. dollars. However, the majority of our expenses, including employee wages, have been denominated in Canadian dollars. Therefore, changes in the value of the U.S. dollar as compared to the Canadian dollar may materially affect our operating results. We generally have not implemented hedging programs to mitigate our exposure to currency fluctuations affecting international accounts receivable, cash balances and payables. We also have not hedged our exposure to currency fluctuations affecting future international revenues and expenses and other commitments. Accordingly, currency exchange rate fluctuations have caused, and may continue to cause, variability in our foreign currency denominated revenue streams, receivables, expenses and liabilities.

Market Condition Risks

The Company's products are sold to large participants in the currency management marketplace including banks, currency providers, retail service providers and in turn their retail clients. While these participants are interested in improving their efficiency in managing and handling currency, economic uncertainty could cause them to restrict capital budgets required to bring this efficiency to their operations. Further, the merger and acquisition activity in the financial services sector at the present time creates both an opportunity and risk for suppliers to the industry. When two banks merge, the continuing entity usually selects one technology provider for a given function. Our experience in the past would suggest that the provider with the largest installed base in the combined entity will replace the provider with the smaller installed base, predicated upon a smaller cost of conversion rather than ultimate efficiency of one service versus another. The good news, however, is that currency management and handling systems are absolutely required by the surviving entity.

While retailers may not be prepared to make capital acquisitions of sophisticated cash and coin handling systems, the major currency providers and carriers have for the last few years been transitioning their business to the provision of a complete turnkey service as opposed to merely transporting currency to and from retail establishments. Our "SaaS" Cirreon technology for this market is leading edge and has been adopted by the largest of these currency transport and providers.

Financing Risk

Notwithstanding Management's strong belief that the trends in the marketplace with respect to the Company's products are positive and improving, there can be no assurance that third party funding will be available in the future on terms acceptable to the Company.

Competition Risk

The Company's business is in a competitive market and it competes with companies that have greater resources, experience and market stature. However, our products are considered by the marketplace to be "state-of-the-art" and the stature of our distributor marketing partners mitigate the competitive risk.

Product Performance and Availability Risk

Product or network failures and cyber-security breaches can have a significant, negative impact on the business including, but not limited to, reducing sales, increasing costs and impairing our reputation.

The Company's products are tested extensively and must meet certain quality assurance tests prior to delivery to customers.

We rely on information technology networks and systems to process, transmit and store electronic information. Any disruption to our services and products, our own information systems or communications networks or those of third-party providers on which we rely as part of our own product offerings could result in the inability of our customers to receive our products for an indeterminate period of time. Our ability to deliver our products and services depends on the development and maintenance of internet infrastructure by third parties. This includes maintenance of reliable networks with the necessary security, speed, data capacity and bandwidth. While our services are designed to operate without interruption, we have experienced, and may in the future experience, interruptions and delays in services and availability from time to time. In the event of a catastrophic event with respect to one or more of our systems, we may experience an extended period of system unavailability, which could negatively impact our relationship with customers.

In addition, any disruption to the availability of customer information, or any compromise to the integrity or confidentiality of customer information in our systems or networks, or the systems or networks of third parties on which we rely, could result in our customers being unable to effectively use our products or services or being forced to take mitigating actions to protect their information.

Any actual or perceived threat of disruption to our services or any compromise of customer information could impair our reputation and cause us to lose customers or revenue, or face litigation, necessitate customer service or repair work that would involve substantial costs and distract management from operating our business. Despite the implementation of advanced threat protection, information and network security measures and disaster recovery plans, our systems and those of third parties on which we rely may be vulnerable. If we are unable (or are perceived as being unable) to prevent, or promptly identify and remedy, such outages and breaches, our operations may be disrupted, our business reputation could be adversely affected, and there could be a negative impact on our financial condition and results of operations.

Market for Securities

The common shares of the Company are listed and posted for trading on the TSX Venture Exchange under the trading symbol "CTZ".

Toronto, Ontario
September 25, 2025