



TITAN LOGIX CORP.

FISCAL 2025 FINANCIAL REPORT

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended August 31, 2025



KINGSTON
ROSS
PASNAK LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Suite 1500, 9888 Jasper Avenue NW
Edmonton, Alberta T5J 5C6
T. 780.424.3000 | F. 780.429.4817 | W. krpgroup.com

November 26, 2025
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Titan Logix Corp.

Opinion

We have audited the consolidated financial statements of Titan Logix Corp. and its subsidiaries (the Company), which comprise the consolidated statements of financial position as at August 31, 2025 and 2024, and the consolidated statements of earnings and comprehensive earnings, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

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

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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, which includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

(continues)

Independent Auditor's Report to the Shareholders of Titan Logix Corp. *(continued)*

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(continues)

Independent Auditor's Report to the Shareholders of Titan Logix Corp. *(continued)*

- 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Kingston Ross Pasnak LLP
Kingston Ross Pasnak LLP
Chartered Professional Accountants

(In 000's of CAD \$, excluding per share amounts, except where otherwise noted)

	August 31, 2025	August 31, 2024
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents <i>(note 4)</i>	6,661	3,292
Short term investments <i>(note 4)</i>	5,000	7,781
Accounts receivable <i>(note 5)</i>	961	1,345
Inventories <i>(note 6)</i>	2,351	1,726
Prepaid expenses	59	200
Marketable securities <i>(note 7)</i>	389	715
Total current assets	15,421	15,059
Non-current assets		
Limited recourse capital notes <i>(note 8)</i>	-	1,860
Property, plant and equipment <i>(note 9)</i>	130	151
Right-of-use assets <i>(note 10)</i>	543	687
Intangible assets <i>(note 11)</i>	989	541
Deferred tax assets <i>(note 14)</i>	809	724
Total assets	17,893	19,022
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities <i>(note 12)</i>	883	735
Income tax payable	-	51
Current portion of lease obligations <i>(note 13)</i>	143	133
Total current liabilities	1,026	920
Non-current liabilities		
Lease obligations <i>(note 13)</i>	457	600
Total liabilities	1,483	1,520
Shareholders' equity		
Share capital <i>(note 15)</i>	5,546	5,730
Contributed surplus	1,083	990
Retained earnings	9,782	10,782
Total shareholders' equity	16,410	17,502
Total liabilities and shareholders' equity	17,893	19,022

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

On behalf of the Board

"Helen Cornett"
Director

"Grant Reeves"
Director



Consolidated Statements of Earnings and Comprehensive Earnings (loss)

(In 000's of CAD \$, excluding per share amounts, except where otherwise noted)

For the years ended August 31,	2025	2024
	\$	\$
Revenue <i>(note 25)</i>	6,754	6,857
Cost of sales	(3,650)	(3,394)
Gross profit	3,104	3,463
Expenses		
Selling, general and administrative expenses	(2,253)	(2,282)
Engineering, product research and development expenses	(1,494)	(1,314)
Depreciation and amortization expenses <i>(note 16)</i>	(309)	(293)
Total expenses	(4,056)	(3,889)
Operating loss before other items	(952)	(425)
Other items		
Other non-operating items <i>(note 17)</i>	(24)	(323)
Finance income, net <i>(note 18)</i>	455	661
Total other items	431	337
Loss before income taxes	(521)	(88)
Income tax recovery <i>(note 14)</i>	85	634
Earnings and comprehensive earnings (loss)	(436)	546
Earnings (loss) per share, basic and diluted <i>(note 19)</i>	(0.02)	0.02

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

Consolidated Statements of Changes in Shareholders' Equity

(In 000's of CAD \$, excluding per share amounts, except where otherwise noted)

	Common Shares #	Share Capital \$	Contributed Surplus \$	Retained Earnings \$	Total Shareholders' Equity \$
Balance at August 31, 2023	28,536,132	5,730	912	10,236	16,878
Share-based compensation	-	-	78	-	78
Earnings and comprehensive earnings	-	-	-	546	546
Balance at August 31, 2024	28,536,132	5,730	990	10,782	17,502
Share-based compensation	-	-	103	-	103
Exercise of stock options (note 15)	18,241	11	(11)	-	-
Repurchase of common shares (note 15)	(970,000)	(195)	-	(564)	(759)
Earnings and comprehensive earnings (loss)	-	-	-	(436)	(436)
Balance at August 31, 2025	27,584,373	5,546	1,083	9,782	16,410

(In 000's of CAD \$, excluding per share amounts, except where otherwise noted)

For the years ended August 31,	2025	2024
	\$	\$
Cash provided by (used in)		
Operating activities		
Earnings and comprehensive earnings (loss)	(436)	546
Non-cash items included in net earnings		
Impairment of inventory <i>(note 6)</i>	6	25
Depreciation of property, plant and equipment <i>(note 9)</i>	39	43
Depreciation of right-of-use assets <i>(note 10)</i>	144	141
Amortization of intangible assets <i>(note 11)</i>	208	196
Unrealized loss on marketable securities <i>(note 7)</i>	52	449
Unrealized gain on limited recourse capital notes <i>(note 8)</i>	-	(126)
Realized gain on sale of financial instruments	(41)	-
Share-based compensation <i>(note 15)</i>	103	78
Loss on disposal of property, plant and equipment <i>(note 9)</i>	13	1
Deferred tax recovery <i>(note 14)</i>	(85)	(724)
Finance income <i>(note 18)</i>	(503)	(716)
Changes in non-cash working capital <i>(note 20)</i>	(11)	(633)
Net cash used in operating activities	(511)	(720)
Investing activities		
Proceeds (purchases) of short term investment <i>(note 4)</i>	2,781	(5,960)
Proceeds on sale of marketable securities <i>(note 7)</i>	283	-
Proceeds on sale of limited recourse capital notes <i>(note 8)</i>	1,892	-
Finance income received <i>(note 18)</i>	503	716
Purchase of property, plant and equipment <i>(note 9)</i>	(31)	(27)
Investment in intangible assets <i>(note 11)</i>	(656)	(384)
Net cash provided by (used in) investing activities	4,772	(5,655)
Financing activities		
Repurchase of common shares <i>(note 15)</i>	(759)	-
Payment of principal portion of lease obligations <i>(note 13)</i>	(133)	(103)
Net cash used in financing activities	(892)	(103)
Net increase (decrease) in cash and cash equivalents	3,369	(6,479)
Cash and cash equivalents, beginning of year	3,292	9,771
Cash and cash equivalents, end of year	6,661	3,292

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

1. NATURE OF OPERATIONS

Titan Logix Corp. (the "Company") is a public company incorporated and domiciled in Canada and its common shares trade on the TSX Venture Exchange under the symbol TLA. The head office for the Company is located in Edmonton, Alberta, Canada. The address of the Company's registered office is #2600 10180 101 Street, Edmonton, AB T5J 3Y2.

For over 25 years, Titan Logix Corp. has designed and manufactured mobile liquid measurement solutions to help businesses reduce risk and maximize efficiencies in bulk liquids transportation. Titan's TD Series of tank level monitors are a market leader in mobile fluid measurement, and are known for their high level of accuracy, rugged design, and solid-state reliability. Our solutions are designed for hazardous and non-hazardous applications, and we serve customers in a wide range of applications including petroleum, environmental solutions, chemical, and agriculture.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements for the year ended August 31, 2025, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements of the Company for the year ended August 31, 2025, were authorized for issue in accordance with a resolution of the directors on November 26, 2025.

Principles of consolidation

These consolidated financial statements include the financial statements of Titan Logix Corp. and its wholly owned subsidiary, Titan Logix USA Corp. The financial statements for the subsidiary are prepared for the same reporting period as the parent company using consistent accounting policies. All intercompany transactions and balances have been eliminated in the preparation of these consolidated financial statements.

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars which is the functional currency of Titan Logix Corp. and its subsidiary.

Significant accounting estimates and judgments

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets, liabilities, revenue and expenses. These estimates and judgments are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The estimation of anticipated future events involves uncertainty and, consequently, the estimates used in preparation of the consolidated financial statements may change as future events unfold, more experience is acquired or the Company's operating environment changes. Actual results may differ from these estimates under different assumptions or conditions. Estimates and judgments are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and applied prospectively.

Judgments

The following are the critical judgments that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these consolidated financial statements.

a) *Internally generated research and development costs*

Significant judgment is required in distinguishing research from the development phase. Development costs are recognized as an asset when all the criteria for capitalization are met, whereas research costs are expensed as incurred. Management monitors progress of internal research and development projects by using a project management system.

The Company's management monitors at each reporting period or when relevant facts and circumstances develop whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical challenge after the time of recognition.

b) *Determination of cash generating units*

Management uses judgment in determining the cash-generating units (CGU). The Company tests certain intangible assets when there are indicators of impairment. To assess impairment of intangible assets, assets are grouped at the lowest level of separately identified independent cash inflows which make up the CGU.

c) Impairment of intangible assets

The Company assesses impairment at each reporting period by evaluating the circumstances specific to the organization that may lead to impairment of assets. Judgments are required to assess when impairment indicators, or reversal indicators, exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of future cash flows, future costs, discount rates and other relevant assumptions.

d) Deferred income taxes

Judgments are made by management to determine the likelihood of whether deferred tax assets at the end of the reporting period will be realized from future taxable earnings. Assessing the recoverability of deferred tax assets requires the Company to make significant judgments and estimates related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in the statement of earnings in the period in which the change occurs.

The Company follows the liability method for calculating deferred taxes. Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty.

Estimates

The following are the key estimates and their assumptions concerning the sources of estimation uncertainty during the reporting periods, that have a significant risk of causing adjustments to the carrying amounts of the assets and liabilities.

a) Valuation and impairment of intangible assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. An impairment loss is recognized when the amount of an assets or CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less cost of disposal and the value in use. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. Actual results may vary from these estimates and may cause adjustments to the Company's assets in following years.

b) Useful lives of property, plant and equipment and intangible assets

The amounts recorded for depreciation of property and equipment and amortization of intangible assets are based on estimates of the useful lives of the assets and residual values. The Company depreciates property, plant and equipment and amortizes intangible assets over the estimated useful lives of the assets. In determining the estimated useful life of these assets, significant judgment is required. Judgment is required to determine whether events or circumstances warrant a revision to the remaining periods of depreciation and amortization. The Company considers expectations of the in-service period of these assets in determining these estimates. The Company assesses the estimated useful life of these assets on an annual basis to ensure they match the anticipated life of an asset from a revenue producing perspective. If the Company determines that the useful life of an asset is different from the original assessment, changes to depreciation and amortization will be applied prospectively. The estimates of cash flows used to assess the potential impairment of these assets are also subject to measurement uncertainty. A significant change in these estimates and judgments could result in a material change to depreciation and amortization expense or impairment charges.

c) Valuation of inventory

Raw materials and finished goods inventories are measured at the lower of cost or net realizable value. Net realizable value approximates the estimated selling price less all estimated costs of completion and necessary costs to complete the sale. Finished goods costs include the Company's allocation of overhead. This allocation is based on estimated annual production levels determined through management's judgement of the normal capacity of the production facilities.

Allowances are made against obsolete or damaged inventories and charged to cost of sales. The reversal of any write-down of inventory arising from an increase in net realizable value would be recognized as a reduction in cost of sales in the period in which the reversal occurred. The valuation of inventory is based on management's best estimate including historical experience relating to the ultimate selling prices less costs to sell the inventory.

d) Valuation of accounts receivables

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts. Management monitors receivables for indications of impairment on an ongoing basis. The Company recognizes a loss allowance for expected credit losses using the simplified approach which permits the use of the lifetime expected loss provision for all trade receivables.

e) Valuation of investment in marketable securities

Marketable securities are held for investment and liquidity purposes. The Company recognized its investment in marketable securities at fair value through profit or loss to reflect its business model for managing these instruments. Marketable securities are valued using quoted market prices, thus minimal estimation is required. Purchases and sales of marketable securities are recorded on the trade date, and the transaction costs are expensed as incurred. Realized and unrealized gains and losses on these securities are included in other items in the Statement of Earnings and Comprehensive Earnings.

f) Valuation of investment in limited recourse capital notes

Limited recourse capital notes (LRCNs) are held for investment and liquidity purposes. The Company recognized its LRCNs at fair value through profit or loss to reflect its business model for managing these instruments. LRCNs are valued with reference to quoted market bids provided by a third-party independent dealer in the secondary market, as the LRCNs are not listed on any securities exchange. It has been determined that broker pricing is appropriate for these investments as there is sufficient trading volume to demonstrate that the fair values quotes are appropriate. Purchases and sales of LRCNs are recorded on the trade date and the transaction costs are expensed as incurred. Realized gains and losses on these investments are included in other items in the Statement of Earnings and Comprehensive Earnings.

g) Share-based compensation

The Company measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires the determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The Company uses a Black-Scholes Option Pricing Model. This fair value estimate also requires determining the most appropriate inputs to the valuation model including the estimated expected life of the stock option, volatility, and dividend yield. The expected volatility is based on the historical volatility of the Company's shares over a period commensurate with the expected term of the share option. The risk-free interest rate for the expected life of the option is based on the yield available on government bonds, with an approximate equivalent remaining term at the end of the grant. Historical data is used to estimate the expected life of the option. As well, the Company estimates its forfeiture rate for equity settled transactions based on historical experience in order to determine the compensation expense arising from the share-based awards. The cost of equity-settled transactions is recognized in the consolidated statement of earnings over the period in which the service condition is fulfilled with the corresponding adjustment added to the contributed surplus account. No expense is recognized for awards that do not vest.

h) Warranties

The Company estimates a provision for warranty costs as the actual future claims to fulfill warranty expenses are unknown. Management bases its estimate on historical costs associated with warranty costs as well as the number of expected warranty claims outstanding. At August 31, 2025, and August 31, 2024 no material warranty claims were expected and therefore no provision was recorded.

Comparative information and reclassification

Certain comparative amounts in the consolidated statement of earnings and comprehensive earnings (loss) have been reclassified to conform with the current year's presentation. Specifically:

- The Company previously listed each element of depreciation and amortization expense recorded in total expenses individually on its consolidated statement of earnings and comprehensive earnings (loss), which is now presented on one line on the statement, with the itemized make-up disclosed in note 16.
- The Company previously listed gains and losses on foreign exchange separately on its consolidated statement of earnings and comprehensive earnings (loss), which is now included in selling, general and administrative expenses line on the statement, with the amount and impact of foreign exchange gains for both the current and prior period disclosed in "Currency Risk" section of note 24 – Financial Risk Management.

- The Company previously reported finance income and interest on leases a separate line items on the consolidated statement of earnings and comprehensive earnings (loss) but have now been included together in a line item listed as Finance income (net) with the information disclosed in note 16 expanded to include the interest expense on leases as part of the detailed breakdown.
- The Company previously reported fair value gains and losses on marketable securities and limited recourse capital notes (LRCNs) and losses on disposal of items or property, plant, and equipment were disclosed individually on the consolidated statement of earnings and comprehensive earnings (loss) and are now disclosed in aggregate on the statement in a line called "Other non-operating items". A detailed breakdown of the items and amounts that make up the balance of "Other non-operating items" is disclosed in note 17 – Other Non-Operating Items.
- The Company previously reported income tax (expense) separately on the consolidated statement of earnings and comprehensive earnings (loss) as split between current and deferred (expense)/recovery and are now disclosed in aggregate on the statement on a line called "Income tax recovery". A detailed breakdown of the items and amounts that make up the balance of "Income tax recovery" is disclosed in note 14 – Income tax recovery (expense).

These reclassifications have been completed to provide more relevant information to the users by aggregating less material but similar amounts together, to simplify the presentation. These reclassifications had no impact on reported consolidate earnings (loss), or total equity for the comparative period.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of measurement

These consolidated financial statements have been prepared mainly under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Other measurement bases used are described in the applicable accounting policies below.

a) Foreign currency

Transactions in currencies other than Canadian dollars, the Company's functional and presentation currency, are translated at exchange rates prevailing at the time the transactions occurred. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction. Titan Logix USA Corp. is a foreign subsidiary which has the Canadian dollar as its functional currency. All assets and liabilities of the foreign operations are translated to the functional currency at the exchange rate at the reporting date. Revenues and expenses are translated at the rate at the date of the transaction. Exchange gains and losses on foreign currency differences are recognized in earnings in the period incurred.

b) Cash and cash equivalents

Cash and cash equivalents include cash deposits in financial institutions and guaranteed investment certificates (GICs) and other deposits that are cashable within three-months from their original acquisition date. At August 31, 2025, GICs and other deposits included in cash and equivalents had underlying interest rates from 2.3% to 3.75% (2024 – 5.7% to 5.8%).

c) Short-term investments

Short-term investments consist of guaranteed investment certificates and other deposits not cashable within three months of their acquisition. At August 31, 2025, not cashable within three months of their original acquisition date with interest rates from 3.2% to 5.7% (2024 – 5.65% to 6.0%).

d) Accounts receivable

Trade and other receivables, due to their short-term nature, are carried at the original transaction amount. Allowance for doubtful accounts is based on a review of all outstanding amounts, where significant doubt about collectability exists, including an analysis of historical bad debts, customer creditworthiness, and any changes in customers' ability to pay. Bad debts identified as uncollectible are included within selling, general and administration expense.

e) Inventories

Inventory of raw materials, work-in-progress and finished goods are stated at the lower of cost, determined on a weighted average basis, or net realizable value. Net realizable value is the amount that would be realized from the sale of the inventory in the ordinary course of business. The cost of work-in-progress inventory and finished goods inventory includes the cost of raw material, labor and applicable production overhead costs based on the normal capacity of the production facilities. Obsolete and excess inventory is recorded at the lower of cost or net realizable value. When the applicable cost of the inventories exceeds the net realizable value, inventory is written down to the net realizable value and is subsequently written back up to the original cost if the net realizable value exceeds the book value. All write-downs and reversals are charged to cost of sales.

f) Marketable securities

Marketable securities consist of shares of publicly traded companies and are reported at their fair market value using quoted market prices with realized and unrealized gains and losses on these securities included in other items in the Statement of Earnings and Comprehensive Earnings.

g) Limited recourse capital notes

Limited recourse capital notes represent an investment of cash that is not required for current operations and are reported at their fair market value with reference to quoted market bids provided by a third-party independent dealer in the secondary market, as the LRCNs are not listed on any securities exchange. Realized and unrealized gains and losses on these securities are included in other items in the Statement of Earnings and Comprehensive Earnings. This investment has been classified as a long-term investment due to its long-term maturity.

h) Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset. When significant parts of property, plant and equipment have different useful lives, they are accounted for as individual components of an asset and depreciated according to their specific useful lives.

Property, plant and equipment is depreciated over the estimated useful life of the asset using the following annual rates and methods:

Production and computer equipment	20% declining balance
Research and development equipment	20% declining balance
Office furniture and equipment	Straight-line over 5 years
Automotive equipment	20% declining balance
Leasehold improvements	Straight-line over the term of the lease
Land	Not depreciated

Gains and losses on disposals of property, plant and equipment are determined by comparing the disposal proceeds with the carrying amount of the assets and are recognized as other gains or losses in earnings.

i) Intangible assets

Product development costs:

Intangible assets include costs incurred primarily for the development and production of new or substantially improved assets. These costs are capitalized as intangible assets provided; they meet all of the following recognition requirements:

- Completion of the intangible asset is technically feasible so that it can be made available for sale;
- The Company has the intent and ability to complete the intangible asset and use or sell it;
- The intangible asset will generate probable future economic benefits which requires that there be a market for the sale of the right to use the intangible asset;
- There are adequate technical, financial and other resources to complete the development of the intangible asset; and
- The expenditure attributable to the development of the intangible asset can be measured reliably.

Capitalized costs include the cost of materials consumed in development activities and payroll and employee benefit expenses associated with product development. Capitalized costs also include third-party development costs.

Upon product commercialization, capitalized product development costs are amortized over their estimated useful life of four to seven years. Amortization expense is recorded as part of amortization in the statement of earnings. However, if at any time a product is deemed no longer commercially viable, the balance of the related deferred cost is expensed in the statement of earnings. Useful lives and amortization methods are reviewed at each financial year-end and adjusted if appropriate.

Development costs not meeting the criteria for capitalization and expenditures during the research phase of an internal project are expensed in the period in which they are incurred. Costs associated with maintaining intangible assets such as minor updates and repairs are expensed as incurred.

Other intangible assets:

Acquired intangible assets including licenses and computer software are measured on initial recognition at cost and are carried at cost less accumulated amortization and any accumulated impairment losses. All other intangible assets are considered to have finite useful lives. Other intangible assets are amortized on a straight-line basis over the period of their estimated useful lives as follows:

Technology licenses	Term of the license agreement (10 to 20 years)
Software licenses	Term of the license agreement (1 to 3 years)
Software	Expected life of the software system (3 to 5 years)

j) Impairment of non-financial assets

Property, plant and equipment and finite life intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If indicators of impairment exist, the recoverable amount of the asset is estimated. For the purposes of assessing impairment, property, plant and equipment and intangible assets are grouped into cash generating units (CGUs). CGUs are the smallest identifiable group of assets that generate cash flows that are independent of the cash flows of other groups of assets. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use of each CGU is determined using estimated discounted cash flows, which include estimates of future cash flows and a determination of the discount rate. The fair value less costs of disposal is based on available data from sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

For the purpose of measuring recoverable amounts where the recoverable amount of an asset cannot be determined, the assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs).

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

k) Leases

For any new contracts the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When applying this definition, the Company assesses whether a contract meets the following:

- The contract involves an identified asset that is explicitly or implicitly identified in the contract and is physically distinct;
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset, having the right to direct how and for what purpose the asset is used throughout the period of use.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Right-of-use assets are measured at cost, which is equal to the amount of the initial measurement of the lease liability, less any incentives received, plus any lease payments made at, or before the commencement date and initial direct costs and asset restoration costs, if any. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments which may include; fixed lease payments and payments to exercise an extension or termination option if the Company is reasonably certain to exercise either of these options. The present value of the liability is discounted using the interest rate implicit in the lease or, if that rate is not readily determined, the Company's incremental borrowing rate. Lease liabilities are subsequently measured at amortized cost using the effective interest method. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to earnings or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease liability is reduced as payments are made against the principal portion of the lease.

Short-term leases that have a lease term of 12 months or less and leases of low-value assets are not recognized as right-of-use assets and lease liabilities. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

l) Warranty provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions for warranty costs are recognized at the time the necessity of such provision is evident and measured at management's best estimate of the expenditure required to settle the obligation. All provisions are reviewed at the end of the reporting period and are discounted to present value where the time value of money is material.

m) Revenue recognition

The Company generates revenues from product sales. Revenue for the sale of product is recognized at the point in time when control or ownership of the product is transferred to the customer, generally when the products are shipped, and when collectability is probable. The Company's standard warranty period is not considered to be a distinct performance obligation. Warranties are accounted for as warranty obligations and the estimated cost of satisfying them is recognized at the time the necessity of such provision is evident. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities. The Company does not have any revenue contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As such, the Company does not adjust any of the transaction prices for the time value of money.

n) Cost of sales

Cost of sales includes the cost of components, direct and indirect labor, a proportionate share of overhead cost, the costs associated with delivery, warranty costs, inventory valuation adjustments, depreciation and engineering costs related to product support and enhancements.

o) Financial instruments

On initial recognition financial assets and financial liabilities are measured at their fair value plus transaction costs. Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception (except for transaction costs related to financial instruments recorded as fair value through profit or loss ("FVTPL") financial assets which are expensed as incurred).

The classification and methods of measurement subsequent to initial recognition of the financial assets and financial liabilities are: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Company's financial assets which consist of cash and cash equivalents and accounts receivable are classified at amortized cost and are measured at amortized cost using the effective interest method, less any impairment. Marketable securities, short term investments and limited recourse capital notes are classified at fair value through profit or loss.

A financial asset is derecognized when the Company no longer has the rights to the contractual cash flows due to expiration of that right or the transfer of the risks and rewards of ownership to another party.

The Company's financial liabilities consist of accounts payable and accrued liabilities which have been classified as financial liabilities at amortized cost and are measured at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation is discharged, cancelled, or expired.

The Company recognizes a loss allowance for expected credit losses on its financial assets. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience, informed credit assessments, and forward-looking information. In applying this forward-looking information in the expected loss impairment model, a three-stage approach is applied to measure the allowance for credit losses.

- Stage 1: Represents financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk.
- Stage 2: Represents financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low.
- Stage 3: Represents financial assets that have objective evidence of impairment at the reporting date.

Twelve-month expected credit losses are recognized for the first category while lifetime expected credit losses are recognized for the second category. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

p) Share-based compensation

The Company grants stock options to directors, employees or other people who provide management services to the Company. The stock options are equity settled. The cost of the stock options granted are measured at their fair value at the date on which they were granted. The fair value is estimated using the Black-Scholes Option Pricing Model, taking into account market conditions relating to the Company's shares. Compensation expense is recognized over the vesting period in the statement of earnings with a corresponding increase in contributed surplus. No expense is recognized for awards that do not vest. Any consideration received upon exercise of stock options is recorded as an increase in share capital together with a transfer of the amount recorded in contributed surplus to share capital.

q) Government assistance

The Company has access to government programs that provide funding for a portion of salaries paid out to employees. Government grants are recognized when there is a reasonable assurance that the grant will be received, and the Company will comply with all conditions related to the grant. A grant without

specified future performance conditions is recognized in earnings when the grant proceeds are receivable. Government grants in the form of forgivable loans are treated as a government grant when there is reasonable assurance that the Company will meet the terms for forgiveness of a loan.

r) Investment tax credits

The Company is eligible for certain investment tax credits relating to qualifying scientific research and experimental development (SRED) expenditures. Based on the technical merit of its claim and management's assessment of the certainty of realization, tax benefits associated with investment tax credits are recorded as a reduction in research and development expenses or as a reduction in product development costs capitalized depending on the nature of the expenditure.

s) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of earnings except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted, or substantively enacted, at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax is computed on the basis of tax profit which differs from net profit.

Deferred tax

The Company follows the liability method for calculating deferred taxes. Under this method, deferred taxes are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 reporting date. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and where, at the time of the transaction, neither accounting profit nor taxable profit was affected. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

t) Earnings per share

Basic earnings per share is calculated by dividing net earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the potential dilution that would occur if stock options were exercised. Diluted earnings per share is calculated by dividing net earnings available to common shareholders by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding arising from the exercise of potentially dilutive stock options outstanding during the period.

The Company uses the treasury method for outstanding options which assumes that the proceeds that could be obtained upon exercise of options are used to purchase the Company's common shares at the average market price during the period. Anti-dilutive amounts are not considered in computing diluted earnings per share.

u) New standards and interpretations not yet adopted

The following new accounting pronouncements have been issued but are not effective and may have an impact on the Company's consolidated financial statements in the future:

Amendments to IFRS 9 and IFRS 7 - In May 2024, the IASB issued 'Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)'. The amendments clarify the date of recognition and derecognition of some financial assets and financial liabilities, with a new exception that permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date. It also clarifies guidance on assessing whether a financial asset meets the sole payments of principal and interest criterion, it adds new disclosures for certain instruments with contractual terms that can change cash flows and updates the disclosures for equity instruments designated at fair value through other comprehensive income. The amendments apply for annual reporting periods beginning on or after January 1, 2026, and are applied retrospectively. The Company is currently assessing the potential impact of the new standard on its consolidated financial statements.

IFRS 18 – Presentation and Disclosure of Financial Statements – This standard will provide more guidance on the presentation and disclosure of information in general purpose financial statements and clarify guidance on how to present and disclose information that faithfully represents an entity's assets, liabilities, equity, revenue and expenses. The new standard will be applied retrospectively for annual periods beginning on or after January 1, 2027, with early adoption permitted. The Company is currently assessing the potential impact of this standard.

IAS 21 – Amendments to IAS 21 – Lack of Exchangeability, provides additional guidance on when a currency is exchangeable and on how to determine the exchange rate when it is not. The amendments also require the disclosure of additional information when a currency is not considered exchangeable.

The amendments are applied prospectively for annual periods beginning on or after January 1, 2025, with early adoption permitted. The Company does not expect a material impact on its financial statements.

IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information & IFRS S2 – Climate-related Disclosures – The adoption of IFRS S1 and S2 will introduce new requirements surrounding sustainability and climate-related disclosures for annual reporting purposes. The Canadian Sustainability Standards Board proposed Canadian-specific modifications to the standards issued by the International Sustainability Standards Board in June 2023. The Canadian specific versions of IFRS S1 and S2 are expected to be available for voluntary adoption starting January 1, 2025. The Canadian Securities Administrators have not yet confirmed whether the new standards will be mandatory for Canadian reporting issuers. The Company is currently assessing the potential impact of adopting these standards.

4. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

As at	August 31, 2025 \$	August 31, 2024 \$
Cash on hand and balances with banks	2,161	294
Guaranteed investment certificates (GICs) and other high interest deposits	9,500	10,779
Total cash and equivalents and short term investments	11,661	11,073
Cash and equivalents	6,661	3,292
Short-term investments	5,000	7,781

5. ACCOUNTS RECEIVABLE

As at	August 31, 2025 \$	August 31, 2024 \$
Trade receivables	729	899
Allowance for doubtful accounts	-	-
Net trade receivables	729	899
Other receivables	232	446
	961	1,345

During the year ended August 31, 2025, the allowance for doubtful accounts reduced by \$nil (2024 - \$nil) as no receivables were written off in the current year. Other receivables include accrued interest on GICs, \$194 (2024 - \$446) and income tax receivable, \$38 (2024 - \$nil).

6. INVENTORIES

As at	August 31, 2025 \$	August 31, 2024 \$
Raw materials	640	479
Finished goods	1,711	1,246
	2,351	1,726

During the year ended August 31, 2025, inventory write-downs of \$6 (2024 - \$25) were included in cost of sales. There were no reversals of write-downs recorded in prior periods (2024 - \$nil). During the 2025 fiscal year, the carrying amount of inventory charged to costs of sales was \$2,977 (2024 - \$2,947).

7. MARKETABLE SECURITIES

The Company's investment in marketable securities are reported at their fair market value and are as follows:

	Number of Shares	August 31, 2025 Fair Value \$	Number of Shares	August 31, 2024 Fair Value \$
Bri-Chem Corp.	1,496,000	389	2,425,000	715
	1,496,000	389	2,425,000	715

During fiscal year ended August 31, 2025, the Company sold 929,000 of the shares it owns in Bri-Chem for \$0.305 per share for proceeds of \$283, realizing a gain of \$9 from a market price of \$0.295 per share at August 31, 2024. At August 31, 2025, the Company recorded an unrealized loss of \$52 (2024 - \$449) attributable to changes in the fair value of the shares of Bri-Chem Corp. to \$0.26 at year end.

8. LIMITED RECOURSE CAPITAL NOTES

The Company's investment in limited recourse capital notes (LRCNs) are reported at their fair market value and are as follows:

	Number of units	August 31, 2025 Fair Value \$	Number of units	August 31, 2024 Fair Value \$
Limited recourse capital notes	-	-	1,900,000	1,860
	-	-	1,900,000	1,860

On January 24, 2025, the Company sold its entire LRCN position for proceeds of \$1,892, realizing a total gain of \$111 since its initial acquisition in 2023. For fiscal 2025, the Company realized a gain of \$32 (2024 – an unrealized gain of \$126) representing the increase in fair value of the LRCNs from August 31, 2024 and generated finance income of \$32 (2024 - \$82) for the prorated period of ownership.

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Production and computer equipment	Research and development equipment	Office furniture and equipment	Automotive equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
As at August 31, 2023	30	364	131	10	20	107	663
Additions	-	24	-	-	-	4	27
Disposals	-	(3)	-	-	-	-	(3)
As at August 31, 2024	30	385	131	10	20	111	687
Additions	-	23	-	6	-	2	31
Disposals	-	(75)	(20)	-	-	-	(95)
As at August 31, 2025	30	333	111	16	20	113	623
Accumulated depreciation							
As at August 31, 2023	-	292	116	6	20	61	495
Depreciation	-	17	3	2	-	21	43
Disposals	-	(2)	-	-	-	-	(2)
As at August 31, 2024	-	308	119	8	20	82	536
Depreciation	-	17	2	2	-	18	39
Disposals	-	(64)	(18)	-	-	-	(82)
As at August 31, 2025	-	261	103	10	20	100	493
Net book value							
As at August 31, 2024	30	77	12	2	-	29	151
As at August 31, 2025	30	72	8	6	-	13	130

The Company reviews the categories of property, plant and equipment annually or when specific factors relating to impairment or obsolescence are present. Impairment charges recognized for the year end August 31, 2025 were \$nil (2024 - \$nil).

10. RIGHT-OF-USE ASSETS

	Building	Automobiles	Total
	\$	\$	\$
Cost			
As at August 31, 2023	1,278	59	1,337
As at August 31, 2024	1,278	59	1,337
As at August 31, 2025	1,278	59	1,337
Accumulated depreciation			
As at August 31, 2023	510	-	510
Depreciation	132	9	141
As at August 31, 2024	642	9	651
Depreciation	132	12	144
As at August 31, 2025	773	21	794
Net book value			
As at August 31, 2024	636	50	687
As at August 31, 2025	505	38	543

11. INTANGIBLE ASSETS

	Technology licenses \$	Product development costs \$	Total \$
Cost			
As at August 31, 2023	77	1,605	1,681
Additions	-	384	384
As at August 31, 2024	77	1,988	2,065
Additions	-	656	656
De-recognition	(77)	-	(77)
As at August 31, 2025	-	2,644	2,644
Accumulated depreciation			
As at August 31, 2023	62	1,265	1,328
Depreciation	5	191	196
As at August 31, 2024	67	1,457	1,524
Depreciation	9	199	208
De-recognition	(77)	-	(77)
As at August 31, 2025	-	1,655	1,655
Net book value			
As at August 31, 2024	9	532	541
As at August 31, 2025	-	989	989

Once an intangible asset is fully amortized, the gross amount and related accumulated amortization are de-recognized from the account. The Company currently does not have any intangible assets with indefinite useful lives.

Impairment

Product development costs

At August 31, 2025, and 2024, all product development costs were being amortized as the developed products had been commercialized. The Company determined that no indicators of impairment or impairment reversals existed in both periods fiscal years presented and, therefore no asset impairment test was required.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	August 31, 2025 \$	August 31, 2024 \$
Trade payables	568	431
Other payables and accrued liabilities	315	305
	883	735

The Company maintains a general security agreement with its chartered bank with respect to corporate credit cards. At August 31, 2025, total credit available was \$119 (2024 - \$117) and the balance drawn at August 31, 2025 was \$14 (2024 - \$23). Other payables and accrued liabilities are primarily comprised of accrued professional and regulatory fees and employee and payroll liabilities.

13. LEASE OBLIGATIONS

As at	August 31, 2025 \$	August 31, 2024 \$
Beginning of the year	733	778
Finance costs	48	55
Lease additions	-	59
Lease payments	(181)	(159)
End of the year	600	733
Lease liabilities due within one year	143	133
Lease liabilities due beyond one year	457	600
	600	733

The Company has lease liabilities for land, building and automobiles. The leases have been discounted using the incremental borrowing rate of 7% (2024 – 7%). Future minimum lease payments at August 31, 2025 are as follows:

	Within one year \$	One to five years \$	Total \$
Lease payments	181	505	686
Finance charges	(38)	(48)	(86)
	143	457	600

14. INCOME TAXES

a) Income tax recovery

For the years ended August 31,	2025 \$	2024 \$
Current tax expense		
Current period	6	(45)
Adjustment for prior periods	(6)	(45)
Total current income tax expense	-	(90)
Deferred tax expense		
Recognition of temporary differences	-	810
Change in recognized deductible temporary differences	85	(86)
Total deferred income tax recovery	85	724
Total income tax recovery	85	634

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rates of 23% to income before tax. These differences result from the following items:

For the years ended August 31,	2025	2024
	\$	\$
Loss before income taxes	(521)	(88)
Statutory income tax rate	23.00%	23.00%
Expected income taxes	(120)	20
Increase (decrease) resulting from:		
Non-deductible expenses	89	(152)
Change in recognized deductible temporary differences	30	86
Changes in estimates related to previous years	(6)	(45)
Other	6	1
Total current income tax expense	-	(90)

b) Deferred tax assets and (liabilities)

The components of the Company's deferred tax assets and (liabilities) are as follows:

As at	August 31, 2025	August 31, 2024
	\$	\$
Deferred tax assets:		
Non-capital losses	140	110
Marketable securities	10	9
Investment tax credits - SR&ED	619	619
Intangible assets, net of investment tax credits	21	-
Lease obligations	138	169
	928	906
Deferred tax (liabilities):		
Intangible assets, net of investment tax credits	-	(27)
Property, plant and equipment and right-of-use assets	(119)	(155)
	(119)	(182)
Net deferred tax assets:	809	724

For the year ended August 31, 2025, the Company has \$866 (2024 - \$734) of Canadian non-capital loss carryforwards which expire beginning in 2037 (2024 – expiring starting in 2037) and translate to a deferred tax asset value of \$140 (2024 - \$110). At August 31, 2025, the Company also has investment tax credits of \$619 (2024 - \$619) from non-refundable scientific research and experimental development investment tax credits which begin to expire in 2035.

At August 31, 2025, the Company concluded that it was probable that it would realize its previously unrecorded net deferred tax assets and have recorded them as of that date.

15. SHARE CAPITAL

a) Authorized

The Company has authorized an unlimited number of common shares without par value.

b) Issued

The continuity of the Company's issued common shares is as follows:

		August 31, 2025		August 31, 2024
	#	\$	#	\$
Issued, beginning and end of year	27,584,373	5,545,612	28,536,132	5,730,279

c) Normal Course Issuer Bid ("NCIB")

On April 14, 2025, the Company announced the commencement of a Normal Course Issuer Bid ("NCIB"). The NCIB, approved by the TSX Venture Exchange, allows the Company to repurchase up to 1,759,649 common shares representing approximately 10% of the public float of its issued and outstanding common shares over a 12-month period, ending on April 16, 2026.

During the fiscal year ended August 31, 2025, the Company repurchased and cancelled 970,000 common shares under its NCIB program, at an average price of \$0.76 per share plus transaction costs, for a total cost of \$759. The carrying amount of the shares repurchased was \$195 based on the average amount of \$0.2 per share. The excess of the purchase price over the share capital of the shares repurchased, totalling \$564, was charged to Retained Earnings.

d) Share-based compensation

The Company has a stock option plan for directors, officers, employees and consultants and permits the issue of options to purchase common shares of the Company. Subject to approval by the Board of Directors and the TSX Venture Exchange, a maximum of 3,000,000 (2024 – 3,000,000) common shares are reserved for issue under this plan. The number of options and exercise price is set by the Board of Directors of the Company at the time of issue, provided that the exercise price shall not be less than the market price of the common shares on the stock exchange on which such shares are traded. The options issued vest in accordance with vesting schedules determined at the time of grant and may be exercised for a period not longer than five years from the time of issue.

On February 6, 2025, 250,000 stock options were granted at an exercise price of \$0.65, expiring on February 6, 2030, vesting immediately. The fair value of each stock option grant was estimated on the grant date using the Black-Scholes pricing model with following weighted average assumptions; an expected life of 5 years, share volatility of 50.1% and a risk-free interest rate of 2.59%. The weighted average grant date value of \$0.30 per common share was estimated on February 6, 2025, using the Black-Scholes Option Pricing Model.

On November 21, 2023, 200,000 stock options were granted at an exercise price of \$0.50, expiring on November 21, 2028, vesting over a one-to-four-year period. The terms of the stock option grant include vesting terms. These include annual defined performance metrics, certain share price targets and subject to Board discretion and approval. The fair value of the stock option grant was estimated on the grant date using the Black-Scholes pricing model with the following weighted average assumptions; an expected life of 5 years, share volatility of 46.7% and a risk-free interest rate of 3.83%. The weighted average grant date value of \$0.22 per common share was estimated on November 21, 2023, using the Black-Scholes Option Pricing Model.

In 2025, no options were forfeited (2024 – 150,000 with weighted exercise price of \$0.57). At August 31, 2025, the Company has 1,550,000 (2024 – 1,350,000) options outstanding, which expire on dates between January 2027 and February 2030 (2024 – between January 2025 and November 2028). Stock based compensation of \$103 was recorded during the 2025 fiscal year related to the vesting conditions of outstanding options (2024- \$78).

The continuity of the Company's outstanding and exercisable options is as follows:

	August 31, 2025		August 31, 2024	
	Number of options outstanding #	Weighted average exercise price \$	Number of options outstanding #	Weighted average exercise price \$
Outstanding, beginning of the year	1,350,000	0.50	1,300,000	0.51
Granted	250,000	0.65	200,000	0.50
Forfeited	-	-	(150,000)	0.57
Exercised	(50,000)	0.49	-	-
Outstanding, end of year	1,550,000	0.52	1,350,000	0.50
Exercisable, end of year	716,667	0.55	200,000	0.48

The following table summarizes information about stock options outstanding and exercisable as at August 31, 2025:

Exercise price	Options outstanding	Average remaining life (in years)	Options vested	Options not vested
\$0.47	150,000	1.40	150,000	-
\$0.50	600,000	2.00	200,000	400,000
\$0.51	350,000	2.23	116,667	233,333
\$0.50	200,000	3.23	-	200,000
\$0.65	250,000	4.44	250,000	-
Total, end of year	1,550,000		716,667	833,333

The following table summarizes information about stock options outstanding and exercisable as at August 31, 2024:

Exercise price	Options outstanding	Average remaining life (in years)	Options vested	Options not vested
\$0.49	50,000	0.41	50,000	-
\$0.47	150,000	2.40	150,000	-
\$0.50	600,000	3.31	-	600,000
\$0.51	350,000	3.23	-	350,000
\$0.50	200,000	4.23	-	200,000
Total, end of year	1,350,000		200,000	1,150,000

16. NATURE OF EXPENSES

The Company presents certain expenses in the Consolidated Statements of Earnings and Comprehensive Earnings by function. The following table presents these expenses by nature:

For the years ended August 31,	2025	2024
	\$	\$
Employee salaries and benefits		
Included in cost of sales	742	509
Included in total expenses	2,357	2,287
Total employee salaries and benefits	3,099	2,796

Depreciation and amortization

Amortization of right-of-use assets included in cost sales	75	7
Depreciation of property, plant and equipment included in cost of sales	6	80
Subtotal depreciation and amortization expenses included in cost of sales	81	87
Amortization of intangible assets included in total expenses	208	196
Amortization of right-of-use assets included in total expenses	68	60
Depreciation of property, plant and equipment included in total expenses	32	36
Subtotal depreciation and amortization expenses included total expenses	309	293
Total depreciation and amortization expenses	390	380

17. OTHER NON-OPERATING ITEMS

For the years ended August 31,	2025	2024
	\$	\$
Unrealized loss on marketable securities (note 7)	(52)	(449)
Unrealized gain on limited recourse capital notes (note 8)	-	126
Realized gain on sale of financial instruments	41	-
Loss on disposal of property, plant and equipment (note 9)	(13)	(1)
Total other non-operating items	(24)	(323)

18. FINANCE INCOME (NET)

For the years ended August 31,	2025	2024
	\$	\$
Interest from investments in GICs and other high interest deposits	421	611
Interest from investments in LRCNs	32	82
Other interest income	50	23
Subtotal, finance income:	503	716
Less: Interest expense on lease liabilities	(48)	(55)
Total finance income (net)	455	661

19. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

For the years ended August 31,	2025	2024
	\$	\$
Net earnings (loss)	(436)	546
Weighted average number of shares outstanding - basic	28,388,229	28,536,132
Effect of dilutive securities		
Stock options converted to common shares	-	48,024
Weighted average number of shares outstanding - diluted	28,388,229	28,584,156
Basic earnings (loss) per share	(0.02)	0.02
Effect of dilutive securities	-	0.00
Diluted earnings (loss) per share	(0.02)	0.02

The average market value of the Company's shares for the purposes of any dilutive calculations are based on quoted market prices for the period during which the options were outstanding. For the years ended August 31, 2025, and 2024, all outstanding options were "in-the-money" meaning that the exercise price was less than the average market price during the year, however, due to the net loss for the year ended August 31, 2025, all options outstanding are considered anti-dilutive.

20. CHANGES IN NON-CASH WORKING CAPITAL

For the years ended August 31,	2025	2024
	\$	\$
Accounts receivable	384	(409)
Inventories	(631)	(319)
Prepaid expenses	140	2
Income tax recoverable (payable)	(51)	45
Accounts payable and accrued liabilities	148	49
	(11)	(633)

21. RELATED PARTY TRANSACTIONS

The Company did not have any transactions with related parties in either the 2025 or 2024 fiscal years. The Company's key management personnel include its directors and executive officers. Compensation to key management personnel of the Company the years ended August 31st were as follows:

For the years ended August 31,	2025	2024
	\$	\$
Salaries and short-term employee benefits	771	744
Share-based compensation	103	78
	874	823

During the years ended August 31, 2025, and 2024, there were no long-term employee benefits or post-employment benefits recognized. Short-term employee benefits consist of salaries, consulting fees, bonuses, director fees, and all other short-term benefits. At August 31, 2025, \$51 of salaries and short-term employee benefits were included in accounts payable and accrued liabilities (2024 - \$58).

22. CAPITAL MANAGEMENT

The Company manages its capital to safeguard the Company's ability to continue as a going concern, to provide an adequate return to shareholders, and to preserve the financial flexibility in order to fund growth and expansionary opportunities that may arise. The Company's capital management practices are focused on preserving a solid capital base and a strong statement of financial position. The Company's capital consists of its shareholders' equity which is comprised of issued shares, contributed surplus and retained earnings. The Company is not subject to any externally imposed capital requirements. The Company manages and maintains its capital structure based on current economic conditions. In order to maintain or adjust its capital structure, the Company may attempt to raise additional funds by issuing additional equity securities or assuming additional indebtedness. There were no changes to management's capital management objectives, practices, or policies in the year.

As at	August 31, 2025 \$	August 31, 2024 \$
Share capital	5,546	5,730
Contributed Surplus	1,083	990
Retained earnings	9,781	10,782
	16,410	17,502

23. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

The Company's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable, marketable securities, limited recourse capital notes, accounts payable and accrued liabilities and lease liabilities. The carrying amounts of the current financial assets and current financial liabilities recognized in the Company's consolidated financial statements at the end of the reporting period approximate their fair value due to their short period to maturity. Using the effective interest rate method, the fair value of the lease liability approximates its carrying value as the effective interest rates approximates the market interest rates. The fair value of the LRCNs is determined with reference to quoted market bids provided by a third-party independent dealer in the secondary market, as the LRCNs are not listed on any securities exchange. It has been determined that broker pricing is appropriate for these investments as there is sufficient trading volume to demonstrate that the fair values quotes are appropriate.

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the observable inputs used to value the instrument:

- Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment considering factors specific to an asset or liability and may affect placement within the fair value hierarchy. The following tables present information on the Company's financial assets and liabilities and discloses the fair value hierarchy of the valuation techniques used to determine this fair value for all periods presented.

As at August 31, 2025

	Fair Value	Classification	Level
Cash and cash equivalents	6,661	Amortized cost	N/A
Short term investments	5,000	FVTPL	2
Accounts receivable	961	Amortized cost	N/A
Marketable securities	389	FVTPL	1
Accounts payable and accrued liabilities	883	Amortized cost	N/A
Lease liabilities	600	Amortized cost	N/A

As at August 31, 2024

	Fair Value	Classification	Level
Cash and cash equivalents	3,292	Amortized cost	N/A
Short term investments	7,781	FVTPL	2
Accounts receivable	1,345	Amortized cost	N/A
Marketable securities	715	FVTPL	1
Limited recourse capital notes	1,860	FVTPL	2
Accounts payable and accrued liabilities	735	Amortized cost	N/A
Lease liabilities	733	Amortized cost	N/A

24. FINANCIAL RISK MANAGEMENT

The Company is exposed to several risks as a result of holding financial instruments. These risks include credit risk, liquidity risk, interest rate, currency and equity price risk. The nature of the financial risks and the Company's strategy for managing these risks has not changed significantly from the prior period. The Company does not use financial derivatives. Estimates of sensitivities and risk exposure measures are included for certain risks, such as the sensitivity due to specific changes in interest rate levels projected and market prices as at the valuation date. Actual results can differ from these estimates.

a) Credit risk

Credit risk arises from the possibility that the entities to which the Company provides services may experience financial difficulty and be unable to fulfill their obligations. Financial instruments that potentially subject the Company to credit risk include cash and cash equivalents and accounts receivable. The Company's cash on deposit and short-term investments are held with reputable financial institutions, from which management believes the risk of loss is low. The Company's maximum exposure to credit risk is as indicated by the carrying amount of its cash, cash equivalents, and accounts receivable. The Company has a credit policy and regularly monitors its credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss. The Company carries out credit evaluations of its customers who receive credit and carries adequate provisions for possible losses arising from credit risk associated with financial assets.

The Company's maximum exposure to credit risk for accounts receivable is the carrying value of its accounts receivable balance at August 31, 2025, of \$961 (2024 - \$1,345). The Company's allowance for doubtful accounts at August 31, 2025, amounted to \$nil (2024 - \$nil). At August 31, 2025, the percentages of past due trade accounts receivable were as follows: 2% past due 61 to 90 days (2024 - 1%) and 12% past due greater than 90 days (2024 - 9%) prior to including the allowance for doubtful accounts. The highest amounts of trade receivables outstanding were from two customers and amounted to 19% (11% and 8% respectively) of the Company's accounts receivables at August 31, 2025 (2024 - two customers amounted to 21%, being 12% and 9% respectively). It is management's view that trade accounts receivable balances, net of the allowance for doubtful accounts, have a low risk of not being collected.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due or to fund the programs and commitments that the Company has planned. The Company manages liquidity risk through management of its capital structure in conjunction with cash flow forecasting including anticipated investing and financing activities. The Company believes that internally generated cash flows and current cash balances will be sufficient to cover its normal operating and capital expenditures for the current fiscal year. The Company's contractual obligations related to financial liabilities are its accounts payable and accrued liabilities balance at August 31, 2025, of \$883 and lease obligations of \$600 (2024 - accounts payable and accrued liabilities of \$735 and lease obligations of \$733).

c) Interest rate risk

Interest rate risk is the risk that changes in interest rates will cause fluctuations in the fair values or future cash flows of a financial instrument. The Company's exposure to changes to interest rates relates primarily to investments in cash and cash equivalents, short-term investments and LRCNs. While the Company is exposed to global interest rate fluctuations, it is most affected by fluctuation in Canadian interest rates. At August 31, 2025, based on management's sensitivity analysis, a one-half percent change in market interest rates would have had an impact of approximately \$51 (August 31, 2024 - \$59) on the Company's net earnings.

The Company manages interest rate risk by maximizing the interest earned in excess funds while maintaining the liquidity necessary to maintain day-to-day operating cash flow requirements. The Company typically invests in highly liquid investment grade fixed income securities, with the primary objective of minimizing the potential risk of principal loss.

d) Currency risk

Foreign currency risk arises from fluctuations in the value of foreign currencies and the degree of volatility of these currencies relative to the Canadian dollar. The Company is subject to foreign currency risk in that it has both current assets and liabilities denominated in foreign currencies. It is management's opinion that a change in foreign currency exchange rates could affect the Company's results of operations and cash flows but would not materially impair or enhance its ability to pay its foreign exchange obligations. The Company does not use hedging tools to reduce its exposure to foreign currency risk.

Included in Selling, general and administrative expenses are gains on translation of foreign currency monetary assets and liabilities and gains on foreign currency transactions of \$6 for the year ended August 31, 2025 (2024 - \$37).

At August 31, 2025, the Company held net financial assets of US\$404 (2024 - US\$369) that were exposed to foreign exchange risk. Based on the Company's foreign currency exposures, with other variables unchanged, a five percent appreciation/ depreciation in the Canadian dollar would have impacted net earnings by approximately \$28 (2024 - \$25).

e) Equity price risk

The Company is exposed to equity price risk as the result of changes in market conditions and fluctuations in market prices that may affect the market value of its marketable securities held for investment purposes. These investments are classified and accounted for as fair value through profit and loss and carried at fair value. The Company is required to measure the fair value of its investment at the end of each reporting period. This process could result in significant write-downs of the Company's portfolio investment over one or more reporting periods, particularly during periods of overall market instability.

At August 31, 2025, the fair value of \$389 representing the Company's equity investment in Bri-Chem Corp is subject to equity price risk (2024 - \$715). This investment is listed on the TSX and based on management's market price sensitivity analysis, a five percent improvement/decline in the listed price of Bri-Chem Corp. at the reporting date would have resulted in an approximate \$19 unrealized gain/loss recorded to net earnings (2024 - \$36).

The fair value of the LRCNs was determined with reference to quoted market bids provided by third-party independent brokers in secondary markets, as the LRCNs were not listed on any securities exchange and did not have an established trading market. Based on quoted market prices at August 31, 2024, the fair value of the LRCNs was determined to be \$1,860. The Company sold its entire LRCN position in the current fiscal year.

The Board of Directors is responsible for the management and oversight of its investments. As part of its risk management strategy, extensive corporate governance policies and practices have been applied. The primary investment objective is to optimize the return on surplus cash while preserving the Company's capital and supporting the Company's liquidity requirements.

25. SEGMENT REPORTING

The Company operates substantially all its activities in one reportable segment, technology fluid management solutions, which include the developing, manufacturing and marketing of innovative fluid measurement and management solutions. Operating segments are defined as components of the Company for which separate financial information is available that is evaluated regularly by the chief operating decision makers in allocating resources and assessing performance. The chief operating decision maker of the Company is the Chief Executive Officer.

The Company sells into two primary geographic regions: Canada and the United States. The table below breaks down the Company's sales between each geographic region for the years ended August 31st:

Revenues	2025	2024
	\$	\$
Canada	2,535	2,268
United States and other	4,218	4,589
	6,754	6,857

For the year ended August 31, 2025, revenues from 2 customers comprised 15% of total revenue (8% and 7% respectively) and for the year ended August 31, 2024, revenues from 2 customers comprised 27% of total revenues (17% and 10% respectively).

At August 31, 2025, and 2024, all non-current assets were held in Canada.