

Consolidated Financial Statements of

**KDA GROUP INC.**

For the years ended July 31, 2025, and 2024

# **KDA GROUP INC.**

## Consolidated Financial Statements

### **Consolidated Financial Statements**

Consolidated Statements of Financial Position .....	1
Consolidated Statements of Profit (Loss) and Comprehensive Profit (Loss) .....	2
Consolidated Statements of Changes in Equity (Deficit) .....	3
Consolidated Statements of Cash Flows .....	4
Notes to the Consolidated Financial Statements .....	5-43

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
**KDA GROUP INC.**

### *Opinion*

We have audited the consolidated financial statements of KDA Group Inc. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2025 and July 31, 2024 and the consolidated statements of profit (loss) and comprehensive profit (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including 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 July 31, 2025 and July 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

### *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 the 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.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss from continuing operations, before income tax of \$8,920,111 and negative cash flows from operations of \$3,364,263 during the year ended July 31, 2025. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

## *Assessment of Impairment Indicators and Impairment Test of Intangible Assets*

### *Description of the matter*

We draw attention to Note 3, 4 and 9 of the consolidated financial statements. The intangible assets balance, as of July 31, 2025, is \$9,405,132 (\$11,070,019 in 2024) out of which \$9,196,631 (\$10,788,032 in 2024) relates to the technology assets comprising of acquired rights and further capitalized development costs. These assets are accounted for as definite-lived intangible assets and amortized over their estimated useful lives or impaired when indicators of impairment are identified.

The Company assesses at the end of each reporting period whether there is any indication that an intangible asset may be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of an individual asset, the entity determines the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

### *Why the matter is a key audit matter*

We consider this a key audit matter due to the significant judgement made by management in estimating the recoverable amount of the CGU holding the technology assets and the high level of uncertainty of management's forecasted future cash flows. Consequently, a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to management's estimates is necessary. This resulted in an increased extent of audit effort, including the involvement of internal valuation experts.

### *How the matter was addressed in the audit*

The primary procedures we performed to address this key audit matter included the following:

- We reviewed management's identification of level of assessment for impairment (individual asset vs CGU level).
- We reviewed and evaluated management's analysis and assessment of internal and external indicators of impairment.
- We evaluated the Company's progress towards its planned commercial activities by inspecting its business plan and cash flow projections, as well as signed service agreements with potential clients.
- We compared the market capitalization to the carrying value for any general indicators of impairment.
- We assessed the competencies, capabilities, and objectivity of management's expert.
- With the assistance of our valuation experts and more experienced audit team members, we evaluated the methodology and key assumptions used in and the mathematical accuracy of management's expert's valuation model, including growth rates, discount rates, and cash flow projections. We also developed a range of independent estimates and compared those to the discount rate selected by management.
- We performed sensitivity analyses to assess the financial impact of changes in key assumptions.
- We evaluated the adequacy and completeness of the consolidated financial statements' disclosures regarding the impairment test.

### *Other Information*

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements 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 misstatements, 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 misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieve fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated 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.

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

*Forvis Mazars LLP*<sup>1</sup>

Montréal, November 28, 2025

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<sup>1</sup> FCPA auditor, public accountancy permit No. A117854

# KDA GROUP INC.

Consolidated Statements of Financial Position  
As at July 31, 2025 and 2024

	2025	2024
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	133,795	1,647,058
Receivables (note 6)	1,419,488	323,452
Prepaid expenses	56,194	79,705
	<b>1,609,477</b>	<b>2,050,215</b>
<b>Non-current assets</b>		
Property and equipment (note 7)	10,088	14,068
Intangible assets (note 8)	9,405,132	11,070,019
Goodwill (note 9)	151,085	151,085
Right-of-use of assets (note 10)	75,469	109,011
	<b>9,641,774</b>	<b>11,344,183</b>
<b>TOTAL ASSETS</b>	<b>11,251,251</b>	<b>13,394,398</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables (note 11)	1,092,756	652,204
Due to third-party (note 12)	128,453	128,453
Short-term debt (note 13)	350,000	-
Current maturity of long-term debt (note 14)	300,000	-
Current maturity of lease liabilities (note 15)	39,930	38,562
	<b>1,911,139</b>	<b>819,219</b>
<b>Non-current liabilities</b>		
Long-term debt (note 14)	-	684,748
Lease liabilities (note 15)	51,909	91,839
Deferred tax liabilities (note 19)	75,525	75,525
	<b>127,434</b>	<b>852,112</b>
<b>TOTAL LIABILITIES</b>	<b>2,038,573</b>	<b>1,671,331</b>
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>		
Share capital (note 16)	36,085,845	32,682,092
Contributed surplus (note 16)	6,575,880	3,456,533
Deficit attributable to shareholders	(31,793,104)	(23,642,696)
Equity attributable to non-controlling interests	(1,655,943)	(772,862)
<b>TOTAL EQUITY</b>	<b>9,212,678</b>	<b>11,723,067</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>11,251,251</b>	<b>13,394,398</b>

Approved on behalf of the Board:

*(Signed)*  
\_\_\_\_\_  
Michael W. Kinley, Director

*(Signed)*  
\_\_\_\_\_  
Marc Lemieux, CEO

Accompanying notes form an integral part of these Consolidated financial statements

# KDA GROUP INC.

Consolidated Statements of Profit (Loss) and Comprehensive Profit (Loss)  
For the years ended July 31, 2025, and 2024

	2025 \$	2024 \$
<b>Continuing operations</b>		
Revenues (note 22)	165,403	147,417
Direct Costs (note 8)	<b>(2,933,726)</b>	(1,434,247)
<b>Gross margin</b>	<b>(2,768,323)</b>	(1,286,830)
Selling and administrative expenses (note 17)	6,046,238	3,225,881
Amortization (note 7, 8, 10)	130,183	299,584
Impairment loss	-	1,476,362
<b>Operating loss</b>	<b>(8,944,744)</b>	(6,288,657)
<b>Net finance expenses (income)</b>		
Financial costs	56,832	94,668
Accreted interests (note 18)	37,165	73,078
Other income	<b>(118,630)</b>	(40,941)
Loss on lease termination (notes 10, 15, 16)	-	1,188,715
<b>Loss before income tax and discontinued operations</b>	<b>(8,920,111)</b>	(7,604,177)
Income tax expense (income)	11,975	(169,301)
Deferred tax expense	-	19,275
<b>Loss from continuing operations</b>	<b>(8,932,086)</b>	(7,454,151)
<b>Discontinued operations</b>		
Loss from discontinued operations, net of tax (note 5)	-	(226,865)
<b>Net loss and comprehensive loss</b>	<b>(8,932,086)</b>	(7,681,016)
Loss and comprehensive loss attributable to:		
Shareholders of KDA Group Inc.	<b>(8,049,005)</b>	(6,908,125)
Non-controlling interests	<b>(883,081)</b>	(772,891)
	<b>(8,932,086)</b>	(7,681,016)
<b>Loss per share to equity holders of KDA Group Inc. from continuing operations</b>	<b>(0.047)</b>	(0.044)
<b>Loss per share to equity holders of KDA Group Inc. from discontinued operations (note 5)</b>	-	(0.001)
<b>Basic and diluted (note 20)</b>	<b>(0.047)</b>	(0.045)

Accompanying notes form an integral part of these Consolidated financial statements

# KDA GROUP INC.

Consolidated Statements of Changes in Equity (Deficit)  
For the years ended July 31, 2025, and 2024

	Number of shares #	Class "A" Common shares \$	Contributed surplus \$	<u>Total Equity (Deficit) attributable to shareholders</u>		Total \$	Non controlling Interests \$	Total equity (deficit) \$
				Premium on convertible shares and debentures conversion value \$	Deficit \$			
Balance on July 31, 2024	175,499,280	32,682,092	3,456,533	(2,172,813)	(21,469,883)	(23,642,696)	(772,862)	11,723,067
Issuance of shares	8,800,000	2,200,000	-	-	-	-	-	2,200,000
Warrants exercised	4,700,000	705,000	-	-	-	-	-	705,000
Convertible debenture	4,500,000	498,753	-	(101,403)	-	(101,403)	-	397,350
Stock-based compensation	-	-	3,119,347	-	-	-	-	3,119,347
Net loss	-	-	-	-	(8,049,005)	(8,049,005)	(883,081)	(8,932,086)
<b>Balance at July 31, 2025</b>	<b>193,499,280</b>	<b>36,085,845</b>	<b>6,575,880</b>	<b>(2,274,216)</b>	<b>(29,518,888)</b>	<b>(31,793,104)</b>	<b>(1,655,943)</b>	<b>9,212,678</b>
Balance on July 31, 2023	159,965,947	30,262,759	3,078,866	(2,274,216)	(14,561,758)	(16,835,974)	29	16,505,680
Issuance of shares	11,250,000	1,125,000	-	-	-	-	-	1,125,000
Options exercised	283,333	58,333	-	-	-	-	-	58,333
Conversion options	-	-	-	101,403	-	101,403	-	101,403
Lease liabilities settlement (note 10, 15, 16)	4,000,000	1,236,000	-	-	-	-	-	1,236,000
Stock-based compensation	-	-	377,667	-	-	-	-	377,667
Net loss	-	-	-	-	(6,908,125)	(6,908,125)	(772,891)	(7,681,016)
<b>Balance at July 31, 2024</b>	<b>175,499,280</b>	<b>32,682,092</b>	<b>3,456,533</b>	<b>(2,172,813)</b>	<b>(21,469,883)</b>	<b>(23,642,696)</b>	<b>(772,862)</b>	<b>11,723,067</b>

Accompanying notes form an integral part of these Consolidated financial statements.

**KDA GROUP INC.**Consolidated Statements of Cash Flows  
For the years ended July 31, 2025 and 2024

	2025	2024
	\$	\$
<b>Cash flows from operating activities:</b>		
Net loss and comprehensive loss	(8,932,086)	(7,681,016)
Net result from discontinued operations	-	(226,865)
<b>Net result from continuing operations</b>	<b>(8,932,086)</b>	<b>(7,454,151)</b>
Deferred income tax expenses	-	(157,115)
Accreted interests	37,165	73,078
Share-based compensation	3,119,347	377,667
Amortization, depreciation and impairment (notes 7, 8, 10)	3,063,909	3,210,193
Loss on terminations and disposals of assets	-	1,188,715
<b>Net result from discontinued operations</b>	<b>-</b>	<b>(226,865)</b>
Deferred income tax expenses	-	281,474
Loss on sale of discontinued operations	-	325,000
	<b>(2,711,665)</b>	<b>(2,382,004)</b>
Changes in non-cash elements of working capital (note 24)	347,402	493,398
	<b>(2,364,263)</b>	<b>(1,888,606)</b>
<b>Cash flows from investing activities:</b>		
<b>Continuing operations</b>		
Additions to property and equipment (note 7)	(2,200)	(14,922)
Additions to intangibles assets (note 8)	(1,359,300)	(2,085,628)
Proceeds from preferred shares	-	875,000
	<b>(1,361,500)</b>	<b>(1,225,550)</b>
<b>Cash flows from financing activities:</b>		
<b>Continuing operations</b>		
Issuance of share capital	1,200,000	1,125,000
Increase of short-term debt (note 14)	500,000	-
Repayment of short-term debt (note 14)	(150,000)	-
Repayment of long-term debt (note 14)	-	(837,117)
Repayment of lease liabilities (note 15)	(42,500)	(217,500)
Exercise of warrants and stock options (note 16)	705,000	58,333
	<b>2,212,500</b>	<b>128,716</b>
Net decrease in cash and cash equivalents	(1,513,263)	(2,985,440)
Cash and cash equivalent, beginning of the year	1,647,058	4,632,498
<b>Cash and cash equivalent, end of the year</b>	<b>133,795</b>	<b>1,647,058</b>
<b>Supplemental information</b>		
Interest paid	72,625	81,250
Income tax paid	-	7,088

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

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## 1. REPORTING ENTITY AND GOING CONCERN

KDA Group Inc. (“KDA” or the “Corporation”) is incorporated under the Business Corporations Act (Québec). The Corporation is a publicly traded company listed on the TSX Venture Exchange (“TSXV”) under the symbol “KDA”. The Corporation’s head office is 300-1351 Notre-Dame East, Thetford Mines, Québec, G6G 0G5.

The consolidated financial statements of the Corporation for the years ended July 31, 2025, and 2024, include the Corporation and its subsidiaries. The Corporation provides technological and operational efficiency solutions for both the general and specialized health sectors.

These consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they become due.

The Corporation activities are mainly focused on the development and commercialisation of its technological products for the growing market of connected healthcare. The Corporation reached the commercial phase of its technology platform, however, it has not yet generated revenues from its planned commercial operations and has an accumulated deficit of \$29,518,888 as at July 31, 2025 (\$21,469,883 as at July 31, 2024). For the year ended July 31, 2025, the Corporation reported a net loss from continuing operations, before income tax of \$8,920,111 (\$7,604,177 in 2024). The Corporation’s financial indicators have deteriorated significantly over the three years period ended July 31, 2025.

As at July 31, 2025 the Corporation has a negative working capital of \$301,662 (positive of \$1,230,996 as at July 31, 2024). During the year ended July 31, 2025, the Corporation issued 8,800,000 units, which comprise 8,800,000 common shares and 8,800,000 warrants, for a total cash consideration of \$2,200,000 (note 16). The Corporation anticipates receiving additional tax credits and is engaged in discussions with various potential investors regarding future financing arrangements..

Until the Corporation is able to generate positive cash flows from its operations, it will continue to explore alternatives to generate additional financing, which may include raising additional equity and/or debt or entering into strategic partnerships or other agreements; however, there is no assurance that these initiatives will be successful.

The Corporation’s ability to continue as a going concern is dependent on its ability to generate revenue and positive cash flows from operating activities and obtain additional financing to fund the cost of operations. These matters create a material uncertainty which may cast significant doubt on the Corporation’s ability to continue as a going concern and therefore realize its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and financial position classifications that would be necessary if the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

## 2. BASIS OF PREPARATION

### a) Statement of compliance:

These consolidated financial statements of the Corporation have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by International Accounting Standard Board (“IASB”). These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 28, 2025.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2025 and 2024

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## 2. BASIS OF PREPARATION (CONT.)

### b) Basis of measurement:

These consolidated financial statements have been prepared on the historical cost basis.

The consolidated financial statements have been prepared on a going concern basis, meaning the Corporation would be able to realize its assets and discharge its liabilities in the normal course of action (note 1).

### c) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

### d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting of the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the management team, which makes strategic decisions.

### e) Consolidation

#### *Subsidiaries*

Subsidiaries are all entities over which the Corporation has control. The Corporation controls an entity when the Corporation is exposed to, or has rights to, variable returns from its involvement in the entity and could affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Corporation. They are deconsolidated from the date that control ceases. Inter-company transactions, balances and unrealized gains on transactions between the Corporation's subsidiaries are eliminated. Unrealized gains or losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Corporation's accounting policies.

#### *Disposal of subsidiaries*

When the Corporation ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income ("OCI") in respect of that entity are accounted for as if the Corporation had directly disposed of the related assets and liabilities. This may mean that amounts previously recognized in OCI are reclassified to profit and loss.

#### *Non-controlling interests*

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity, their share of net income and OCI is recognized directly in equity even if the results of the non-controlling interests have a deficit balance.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### *Significant subsidiaries – ownership*

Corporation	Nature of Services	July 31, 2025	July 31, 2024
Groupe Technologique KDA inc.	Pharmaceutical Technology	80%	80%
Covapharm inc.	Pharmaceutical Technology	N/A*	80%

\* Covapharm inc. merged with Groupe Technologique KDA inc. on July 22, 2025.

### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand and short-term investments, if any, with maturities upon acquisition of generally three months or less or that are redeemable at any time at full value and for which the risk of a change in value is not significant.

### **Property and equipment**

Property and equipment are accounted for at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in net income or loss.

Depreciation is based on the cost of an asset less its residual value and is recognized in income or loss over the estimated useful life of each component of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Corporation will obtain ownership by the end of the lease term.

PROPERTY AND EQUIPMENT ARE AMORTIZED ON A STRAIGHT-LINE BASIS OVER THE FOLLOWING ESTIMATED USEFUL LIVES:

Categories	Useful Lives
Furniture and fixtures	5 years
Computer equipment	3 years
Leasehold improvements	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

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## 3.SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### Intangible assets

#### i) Finite lives intangible assets

Finite lives intangible assets consist of customer relationships, software, web sites and non-compete agreements. Intangible assets that are acquired by the Corporation and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

INTANGIBLE ASSETS WITH FINITE LIVES ARE AMORTIZED ON A STRAIGHT-LINE BASIS OVER THE FOLLOWING ESTIMATED USEFUL LIVES:

Categories	Useful Lives
Software	5 years
Web sites	3 years
Development costs	3 years
Technology assets	10 years

#### ii) Intangible assets generated internally by incurring research and development expenditures

Expenditures related to research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the entity can demonstrate all of the following:

- a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) its intention to complete the intangible asset and use or sell it;
- c) its ability to use or sell the intangible asset;
- d) how the intangible asset will generate probable future economic benefits. Among other things, the Corporation can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are capitalized as soon as the above criteria are met. Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred. After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization when they will be in a commercial production phase and any accumulated impairment losses.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

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## 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### iii) Acquired intangible assets

Technology assets is comprised of acquired assets and capitalized development costs. Technology assets are accounted for as indefinite lived intangible assets until the project is completed or abandoned, at which point they are amortized or impaired, respectively. Development costs incurred subsequent to a project completion are accounted for in accordance with the Corporation's development costs capitalization policy. The Corporation assesses at each reporting date whether there is an indication that the asset may be impaired. Irrespective of whether there is any indication of impairment, the technology assets are tested for impairment annually by comparing their carrying amount with its recoverable amount, prior to a project completion and the beginning of the amortization period. The asset's recoverable amount is the greater of its fair value less costs to sell and its value in use. If the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount immediately. Impairment losses are recognized in the consolidated statement of loss. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years.

Useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate. The carrying amounts are reviewed at each reporting date to determine whether there is an indication of impairment.

### Borrowing costs

Borrowing costs that are attributable to the acquisition, development or production of a qualifying asset are capitalized to the cost of that asset until it is substantially completed, and it can be used as planned; these costs are subsequently amortized over the expected useful life of the asset. All other borrowing costs are expensed as incurred.

### Leases

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 Corporation. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the lease term on a straight-line basis.

#### *Right-of-use assets*

The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives; and
- any initial direct costs incurred by the Corporation.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

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## 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### *Lease liability*

The lease liability is initially measured at the present value of the lease payments that are to be paid as per the lease terms. These include:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the Corporation under residual value guarantees;
- the exercise price of a purchase option if the Corporation is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments are discounted using the Corporation's incremental borrowing rate unless the implicit rate in the lease contract is readily determinable in which case the latter is used.

### *Exemptions*

The Corporation elected to apply exemptions for leases for which the underlying asset is of low value or for which the lease term does not exceed 12 months. Payments associated with such leases; if any, are recognized on a straight-line basis as an expense in profit or loss.

### **Impairment**

#### *Property and equipment, intangible assets, Goodwill and right-of-use of assets*

On each reporting date, the Corporation reviews the carrying amounts of property, equipment, intangible assets, Goodwill and right-of-use of assets for indications that these assets have lost value. If there is such an indication, the recoverable amount of the asset is estimated in order to determine the amount of any impairment loss.

Intangible assets with an indefinite useful life are tested for impairment annually or more frequently whenever events or circumstances indicate that it may have lost value.

If the recoverable amount of the individual asset cannot be estimated, the Corporation estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. A CGU represents the smallest identifiable group of assets that generates cash inflows largely independent from other assets or group of assets for which a reasonable and consistent basis of allocation can be identified.

Recoverable amount is the higher of fair value less disposal costs and value in use. To measure value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset expected to generate the estimated future cash flows.

If the estimated recoverable amount of an asset or of a CGU is less than its carrying amount, the carrying amount of the asset or of the CGU is reduced to its recoverable amount and an impairment loss is recognized in profit or loss.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

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## 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

When an impairment loss subsequently reverses, the carrying amount of the asset or of the CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or the CGU in prior years. Reversals of impairment losses are then recognized in profit or loss.

### FINANCIAL INSTRUMENTS

#### Financial assets

Financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value. Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'at amortized cost' and 'at fair value through other comprehensive income' ("FVOCI"). The classification is determined at the time of initial recognition, on the basis of the Corporation's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are reclassified subsequently to their initial recognition when, and only when, the Corporation changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated at FVTPL:

- It is held within a business model whose objectives is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling it in the near term; if on initial recognition it is part of a portfolio of identified financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. Financial assets at FVOCI are stated at fair value, with any gains or losses arising on re-measurement recognized through other comprehensive income.

Trade receivables without a significant financing component are initially measured at the transaction price. Trade receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

THE CORPORATION HAS CLASSIFIED ALL OF ITS FINANCIAL ASSETS AS FOLLOWS:

Financial Asset	Classification	Subsequent measurement
Cash and cash equivalents	Held to collect	Amortized cost
Accounts receivable (excl. sales tax and tax credits receivable)	Held to collect	Amortized cost

#### Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, because of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

The gross carrying amount of a financial asset is impaired when the Corporation has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Corporation makes an assessment with respect to the timing and amount of provisioning based on whether there is a reasonable expectation of recovery. The Corporation expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Corporation's procedures for recovery of amounts due. In accordance with IFRS 9, a write-off of a financial asset constitutes a derecognition event.

#### Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

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## 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### Financial liabilities and equity instruments issued by the Corporation

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

Financial liabilities are classified at FVTPL when the financial liability is either held for trading or it is designated at FVTPL.

A financial liability is classified as held for trading if it has been acquired principally for the purpose of repurchasing it in the near term; or if on initial recognition it is part of a portfolio of identified financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or if it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; if the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or if it forms part of a contract containing one or more embedded derivatives.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the consolidated statement of loss and comprehensive loss.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

### Compound financial instruments

Compound financial instruments have both a liability and an equity component from the issuer's perspective. As per IAS 32, the component is accounted for and presented separately according to its substance based on the definitions of liability and equity. The split is made at issuance and not revised for subsequent changes in market interest rates, share prices, or other event that changes the likelihood that the conversion option will be exercised.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

When the initial carrying amount of a compound financial instrument is required to be allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost. The equity component of a compound financial instrument is not remeasured.

Interest, dividends, gains, and losses relating to an instrument classified as a liability should be reported in profit or loss. This means that dividend payments on preferred shares classified as liabilities are treated as expenses. Distributions (such as dividends) to holders of a financial instrument classified as equity should be charged directly against equity, not against earnings.

Transaction costs of an equity transaction are deducted from equity. Transaction costs related to an issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

THE CORPORATION HAS CLASSIFIED ALL OF ITS FINANCIAL LIABILITIES AS FOLLOWS:

Financial liability	Classification	Subsequent measurement
Trade and other payables (excluding sales tax payable)	Other financial liability	Amortized cost
Due to third-party	Other financial liability	Amortized cost
Short-term and long-term debt	Other financial liability	Amortized cost
Lease liabilities	Other financial liability	Amortized cost

#### Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or expired. On conversion of a convertible financial liability, the Corporation derecognises the liability component carrying amount as at the date of the conversion and recognises it as equity. The initially recognized equity component of the convertible financial liability remains as equity (although it may be transferred from one line item within equity to another). There is no gain or loss that is recognised upon conversion.

#### Deferred financing costs

Financing costs related to debt are deferred and amortized over the term of the corresponding loans using the effective interest rate method. When one of these loans is repaid, the corresponding financing costs are charged to net results.

#### Revenue recognition

The Corporation's revenue is derived mainly from service providing contracts and sales of books. Revenue is recognized when it is realized or realizable and earned, that is, when performance obligations have been fulfilled in accordance with the contractual terms for service providing contracts and when the control of the goods is transferred to the customer for sales of books.

# **KDA GROUP INC.**

Notes to the Consolidated Financial Statements

For the years ended July 31, 2025 and 2024

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## **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)**

Revenue recognition occurs when the following criteria are met: there is persuasive evidence of the existence of a contract or agreement with the customer; the performance obligations are identified; the transaction price to the performance obligations can be reliably measured; and the performance obligations are satisfied.

Revenue is presented net of discounts, rebates, and other incentives granted to customers, which are recorded at the time of billing or based on the estimated amounts to be granted. The Corporation enters into various types of contracts and recognizes revenue when it has fulfilled its performance obligations in accordance with applicable standards. Revenue recognition is consistent with the reportable operating segments disclosed in Note 22.

### **Deferred revenue**

Deferred revenue consists of payments received by the Corporation in consideration for professional services to be delivered over a certain period at contracted prices. As services are provided, the Corporation will record a portion of the deferred revenue as revenues, based on a proportionate share of services provided compared with the total estimated contractual commitment.

### **Restricted common shares**

The Corporation agreed to issue shares to executives of the Corporation. The vesting condition is based on required service period. The stock-based compensation is based on the estimated fair value at grant date and the awards expected to vest over the vesting period. A corresponding compensation expense is recorded in equity. When a service condition is not respected, the previous stock-based compensation recognized in the consolidated statement of income and comprehensive income is reversed in the year that the non-respect of the service condition occurs.

### **Share-based payment transactions**

The grant date fair value of equity share-based payment awards granted to employees or consultants is recognized as an administrative expense, with a corresponding increase in contributed surplus, over the period that the employees or the consultants unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service condition at the vesting date.

Share-based payment arrangements in which the Corporation receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Corporation. The Corporation measures the goods or services received, and the direct corresponding increase in equity at the fair value of the goods or services received, except when that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted.

### **Finance costs**

Finance costs comprise interest expense on bank indebtedness and long-term debt, unwinding of the discount on provisions, accretion of interest, amortization of financing costs and any debt revaluation.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2025 and 2024

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### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

Fair value gains or losses on derivative financial instruments, on derivative component of the preferred shares and on contingent considerations, and foreign currency gains and losses are also reported as either finance income or cost.

#### **Income taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

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 at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax 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 for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **Discontinued operations**

A discontinued operation is a component of the Corporation that has either been disposed of or that is classified as held for sale, and (a) represents a separate major line of business or geographical area of operations; (b) is part of a single plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Assets, liabilities, comprehensive loss, and cash flows relating to a discontinued operation of the Corporation are segregated and reported separately from the continuing operations of the Corporation. The comparative statements of income (loss) and comprehensive income (loss) and cash flows are re-presented as if the operation had been discontinued from the start of the comparative year.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

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## 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### Non-controlling interests

The Corporation treats transactions with non-controlling interests as equity transactions changes in the Corporation's ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions.

### Earnings per share

The Corporation presents basic and diluted earnings per share ("EPS") data for its Class "A" common shares. Basic EPS is calculated by dividing the income or loss attributable to common shareholders of the Corporation by the weighted average number of Class "A" common shares outstanding during the year, adjusted for own shares held, if any.

Diluted EPS is determined by adjusting the income or loss attributable to common shareholders and the weighted average number of Class "A" common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential Class "A" common shares, which comprise convertible debentures in shares, warrants and stock options.

### Employee benefits

#### *Short-term employee benefits*

Short-term employee benefits include wages, salaries, compensated absences, and bonuses. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided or capitalized if the service rendered is in connection with the creation of a tangible or intangible asset. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Corporation has a present legal or constructive obligation to pay this amount because of past service provided by the employee, and the obligation can be estimated reliably.

### Standards issued but not yet effective

On July 31, 2025, new standards, amendments to standards and interpretations have been issued but are not yet effective. Accordingly, they have not been applied in preparing these consolidated financial statements. The Corporation is currently assessing the impact that these standards will have on the consolidated financial statements. No new or revised standards have been early adopted by the Corporation during the year ended July 31, 2025.

Management anticipates that all the pronouncements will be adopted in the Corporation's accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Corporation's consolidated financial statements and are not listed.

#### *i) Lack of Exchangeability — Amendments to IAS 21*

The IASB issued Lack of Exchangeability to require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments are effective for reporting periods beginning on or after 1 January 2025. The Corporation is not expecting to have any significant

# KDA GROUP INC.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2025 and 2024

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## 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

impacts on its consolidated financial statements and the notes to the consolidated financial statements considering that all its operations are in CAD and USD that are very liquid currencies globally with no lack of exchangeability risk present.

### *ii) Amendments to IFRS 9 and IFRS 7 – Financial Instruments*

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 financial instruments. The amendments are effective for reporting periods beginning on or after 1 January 2026. The amendments are applied retrospectively, and an early adoption is permitted. The Corporation is assessing the potential impact of the amendments; however, it does not expect them to have a material impact on the Corporation's consolidated financial statements.

### *iii) Amendments to IFRS 10 - Consolidated Financial Statements re: Determination of a 'de facto agent'*

The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs. The amendment is effective for reporting periods beginning on or after 1 January 2026. The Corporation is assessing the potential impact of the amendment; however, it does not expect it to have a material impact on the Corporation's consolidated financial statements.

### *iv) New standard IFRS 18 – Presentation and Disclosure in Financial Statements*

IFRS 18 replaces IAS 1, which sets out presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes.

Further, operating expenses are presented directly on the face of the income statement – classified either by nature (e.g. employee compensation), by function (e.g. cost of sales) or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature.

IFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures (MPMs)\* and eliminates classification options for interest and dividends in the statement of cash flows. The new standard applies to annual reporting periods beginning on or after January 1, 2027. Earlier adoption is permitted. The Corporation is assessing the potential impact of this standard; however, it does not expect the adoption to have a material impact on the Corporation's consolidated financial statements.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2025 and 2024

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## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the accompanying consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about contingent assets and liabilities, and the reported amounts of revenues and expenses. These estimates and assumptions are based on management's best estimates and judgments.

Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate actual results could differ from these estimates. Changes in those estimates and assumptions resulting from changes in the economic environment will be reflected in the consolidated financial statements of future periods.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements impact the following areas:

### *Impairment of non-financial assets*

Goodwill and intangible assets with definite useful life and for which amortization has not yet begun are reviewed annually for impairment and other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Judgment is required in establishing whether there are indicators of impairment related to such non-financial assets. If needed, the recoverable amount of the asset or CGU is determined using the greater of fair value less costs to sell or value-in-use. Value-in-use calculations require assumptions for discount rates and estimations of the timing for events or circumstances that will affect future cash flows. Fair value less costs to sell requires management to make estimates of fair value using market conditions for similar assets as well as estimations for costs to sell.

The most sensitive assumptions used in the impairment testing model include discount rates, growth rates and estimated future cash inflows. Management believes such assumptions to be reasonable. These assumptions involve a high degree of judgment and uncertainty and reflect management's best estimates based on available information at the assessment date. Failure to meet certain of those assumptions could have an impact on the estimated recoverable value of the Corporation's CGU.

The Corporation's assets are aggregated into CGUs for the purpose of calculating impairment. CGUs identification is based on management's judgments and assessment of the CGU's ability to generate independent cash flows from other assets or groups of assets.

Judgments are also required when reviewing events or changes in circumstances that might indicate a potential indicator of impairment and that the carrying amount of an intangible asset which is amortized might not be recoverable anymore and therefore impairment testing is required. Refer to notes 8 and 9.

### *Impairment of financial assets*

The measurement of financial assets carried at amortized cost includes management's estimates regarding the expected credit losses that are expected to be realized on these financial assets. Refer to note 21.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

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## 4. CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENTS (CONT.)

### *Fair value*

All financial instruments are required to be recognized at fair value on initial recognition. Subsequent measurement is at amortized cost or fair value depending on the classifications of the financial instruments. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction, between knowledgeable, willing parties who are under no compulsion to act. This is a point-in-time measurement that may be changed in subsequent reporting periods due to market conditions or other factors.

Fair value of a financial instrument is determined by reference to quoted prices in the most advantageous active market to which the Corporation has immediate access. In the absence of an active market, fair value is determined based on internal or external valuation models, including discounted cash flow models. Fair value determined using these valuation models requires the use of assumptions concerning the amount and timing of estimated future cash flows, as well as several other variables. In determining these assumptions, external readily observable market inputs are considered as applicable. When such data is unavailable, the Corporation uses the best possible estimate. Since they are based on estimates, these fair values may not be realized in an actual sale or immediate settlement of the instruments.

The calculation of the fair value of stock options and warrants granted require management to make estimates and assumptions about the fair value of the underlying common shares of the Corporation, expected volatility, expected life and expected forfeiture rates, which could affect the Corporation's results if the current estimates change.

When the Corporation revises its estimates and timing of payments for financial liabilities held at amortized cost, it will adjust the gross carrying amount of the amortized cost of a financial liability to reflect actual and revised estimated cash flows. The Corporation recalculates the gross carrying amount of the amortized cost of the financial liability as the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate. The adjustment is recognized in profit or loss.

### *Intangible assets*

Management's judgment is applied, and estimates are used, in determining whether costs qualify for recognition as internally developed intangible assets. To be able to recognize an intangible asset, management must demonstrate the item meets the definition of an intangible asset in IAS 38. Management exercises significant judgment in determining whether an item meets the identifiability criteria in the definition of an intangible asset which, in part, requires that the item is capable of being separated or divided from the Corporation and sold, transferred or licensed either individually or together with a related contract or asset, whether or not the Corporation intends to do so. Judgment is required to distinguish those expenditures that develop the business as a whole, which cannot be capitalized as intangible assets and are expensed in the years incurred.

Also, to recognize an intangible asset, management, in its judgment, must demonstrate that it is probable that expected future economic benefits will flow into the Corporation and that the cost of the asset can be measured reliably. Estimates are used to determine the probability of expected future economic benefits that will flow to the Corporation. Future economic benefits include net cash flows from potential future commercial agreements and products deployment, which are dependent upon the ability of the Corporation to commercialize its products which will increase user engagement with its products, and may also include anticipated cost savings, depending upon the nature of the development project.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2025 and 2024

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## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT.)

The Corporation capitalized internal product development costs during the fiscal year ended July 31, 2025 and 2024 for all new development projects and projects that, in management's judgment, represent substantial improvements to existing products. In assessing whether costs can be capitalized for improvements, management exercises significant judgment when considering the extent of the improvement and whether it is substantial, whether it is sufficiently separable and whether expected future economic benefits are derived from the improvement itself. Factors considered in assessing the extent of the improvement include, but are not limited to, the degree of change in functionality and the impact of the project on the ability of the Corporation to attract users to its products and increase user engagement with its products. Costs which do not meet these criteria, such as enhancements and routine maintenance, are expensed when incurred.

### *Income taxes*

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of KDA and its subsidiaries' ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Refer to note 19.

### *Provisions*

Provisions recognized in the consolidated financial statements involve judgments on the occurrence of future events, which could result in a material outlay for the Corporation. In determining whether an outlay will be material, the Corporation considers the expected future cash flows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported. Refer to note 25.

### *Going concern*

The assessment of the Corporation's ability to generate revenue and positive cash flow from operating activities and to raise sufficient funds to pursue its continuity and business growth strategy involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that management believed to be reasonable under the circumstances.

### *Share-based compensation*

The Corporation uses the fair value method of accounting for its long-term incentive plans, which includes the Incentive Stock Option Plan and Restricted Common Shares ("RCS"). The fair value method of accounting is also used for the measurement of the Corporation's long-term debts and issued warrants. Estimates and assumptions are used in the appropriate valuation models to determine fair value. For these financial instruments fair valuation, the Corporation uses the Black-Scholes option pricing model which requires that management to determine the expected life of the option and to apply assumptions for the anticipated volatility of the share price over the life of the option, the risk-free interest rate for the life of the option and forfeiture rate. Refer to note 16.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 5. DISCONTINUED OPERATIONS

During the year ended July 31, 2023, the Corporation entered into agreements for the sale of pharmacy services segment and of its pharmaceutical solutions segment (the "Disposal Group"). The signing of these agreements implies the obligation to present and provide information that allows for the assessment of the financial effects of the discontinued activities.

During the year ended July 31, 2024, certain adjustments were made to the sale transactions of the subsidiaries and were presented as discontinued operations at the time of their realization as detailed below.

Statements of loss and comprehensive loss for Disposal Group:

	July 31, 2025	July 31, 2024
	\$	\$
Other Revenues	-	379,609
Loss on sale of discontinued operation	-	(325,000)
<b>Income before income tax expense</b>	-	<b>54,609</b>
Income tax recovery	-	(65,861)
Deferred tax expense	-	347,335
<b>Loss from discontinued operations, net of tax</b>	-	<b>(226,865)</b>

## 6. RECEIVABLES

	July 31, 2025	July 31, 2024
	\$	\$
Account receivables	<b>28,898</b>	10,011
Balance receivable on the financing closed on May 29, 2025	<b>1,000,000</b>	-
Sales taxes	<b>19,111</b>	-
Tax credits R&D	<b>371,479</b>	200,826
Balance receivable from subsidiary sale	-	112,615
<b>Total</b>	<b>1,419,488</b>	323,452

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 7. PROPERTY AND EQUIPMENT

	Leasehold improvements	Computer equipment	Furniture and fixtures	Total
	\$	\$	\$	\$

### Cost

Balance as at July 31, 2024	525	22,875	4,160	27,560
Additions	-	2,200	-	2,200
<b>Balance as at July 31, 2025</b>	<b>525</b>	<b>25,075</b>	<b>4,160</b>	<b>29,760</b>

### Depreciation

Balance as at July 31, 2024	525	11,250	1,717	13,492
Depreciation for the year	-	5,852	328	6,180
<b>Balance as at July 31, 2025</b>	<b>525</b>	<b>17,102</b>	<b>2,045</b>	<b>19,672</b>
<b>Net carrying value as at July 31, 2025</b>	<b>-</b>	<b>7,973</b>	<b>2,115</b>	<b>10,088</b>

	Leasehold improvements	Computer equipment	Furniture and fixtures	Total
	\$	\$	\$	\$

### Cost

Balance as at July 31, 2023	525	7,953	4,160	12,638
Additions	-	14,922	-	14,922
<b>Balance as at July 31, 2024</b>	<b>525</b>	<b>22,875</b>	<b>4,160</b>	<b>27,560</b>

### Depreciation

Balance as at July 31, 2023	204	6,049	633	6,886
Depreciation for the year	321	5,201	1,084	6,606
<b>Balance as at July 31, 2024</b>	<b>525</b>	<b>11,250</b>	<b>1,717</b>	<b>13,492</b>
<b>Net carrying value as at July 31, 2024</b>	<b>-</b>	<b>11,625</b>	<b>2,443</b>	<b>14,068</b>

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 8. INTANGIBLE ASSETS

	Software	Web sites	Technology assets		Total
			Acquired rights (1) (2) (3)	Development costs (1) (3) (4)	
	\$	\$	\$	\$	\$

### Cost

Balance as at July 31, 2024	310,000	78,291	4,775,000	7,448,414	12,611,705
Additions		16,975	-	1,679,642	1,696,617
Tax credit R&D	-	-	-	(337,317)	(337,317)
<b>Balance as at July 31, 2025</b>	<b>310,000</b>	<b>95,266</b>	<b>4,775,000</b>	<b>8,790,739</b>	<b>13,971,005</b>

### Amortization

Balance as at July 31, 2024	75,151	31,153	476,135	959,247	1,541,686
Amortization for the year	62,000	28,461	477,500	2,456,226	3,024,187
<b>Balance as at July 31, 2025</b>	<b>137,151</b>	<b>59,614</b>	<b>953,635</b>	<b>3,415,473</b>	<b>4,565,873</b>
<b>Net carrying value as at July 31, 2025</b>	<b>172,849</b>	<b>35,652</b>	<b>3,821,365</b>	<b>5,375,266</b>	<b>9,405,132</b>

	Software	Web sites	Technology assets		Total
			Acquired rights (1) (2) (3)	Development costs (1) (3) (4)	
	\$	\$	\$	\$	\$

### Cost

Balance as at July 31, 2023	285,000	78,291	4,750,000	6,889,148	12,002,439
Additions	25,000	-	25,000	2,502,441	2,552,441
Impairment	-	-	-	(1,476,362)	(1,476,362)
Tax credit R&D	-	-	-	(466,813)	(466,813)
<b>Balance as at July 31, 2024</b>	<b>310,000</b>	<b>78,291</b>	<b>4,775,000</b>	<b>7,448,414</b>	<b>12,611,705</b>

### Amortization

Balance as at July 31, 2023	-	5,056	-	-	5,056
Amortization for the year	75,151	26,097	476,135	959,247	1,536,630
<b>Balance as at July 31, 2024</b>	<b>75,151</b>	<b>31,153</b>	<b>476,135</b>	<b>959,247</b>	<b>1,541,686</b>
<b>Net carrying value as at July 31, 2024</b>	<b>234,849</b>	<b>47,138</b>	<b>4,298,865</b>	<b>6,489,167</b>	<b>11,070,019</b>

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

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## 8. INTANGIBLE ASSETS (CONT.)

- (1) The development costs include four distinct platforms, each at different stages of completion. The electronic prescription platform for Canada and the United States, totaling \$1,367,268, began its deployment during the fiscal year ended July 31, 2024, and has been amortized since August 2023. The related platform initially acquired ownership rights of \$4,775,000 were also amortized since deployment. The cannabinoid prescription platform, which had completed its development, has been fully impaired during the year ended July 31, 2024. Management estimated that increased competition and market saturation had significantly reduced profitability, making the continuation of this project unjustified. The pharmaceutical platform's functionality Adherize began its deployment in May 2024, and Medherize functionality in November 2024 and have been amortized since then. Tax credits recognized net of the intangible assets' costs are related to research and development expenditures incurred for the Corporation's innovation activities related to the development of the online pharmaceutical platform. During the year ended July 31, 2025, the Corporation collected tax credits totaling \$166,664, which relate to the tax credits of \$200,826 recognized during the year ended July 31, 2024.
- (2) On March 9, 2021, the Corporation entered into a Technology Purchase Agreement with ZoomMed Medical Inc. pursuant to which the Corporation acquired the ownership rights in the ZRx Prescriber to develop, commercialize and exploit the ZRx Prescriber in the United States, Europe and the United Kingdom in consideration for 20,000,000 Class A shares. The consideration was measured at \$4,000,000 in reference to the shares issued of the Corporation as at May 11, 2021. On July 28, 2023, the Corporation acquired the ownership rights in the ZRx Prescriber from ZoomMed Medical to develop, commercialize and exploit the ZRx Prescriber in the rest of the world (excluding Canada) in exchange for 10,000,000 Class A shares. The consideration was measured at \$750,000 in reference to the shares issued of the Corporation as at May 11, 2021. Refer to note 16 – share capital and other components of equity.
- (3) During the year ended July 31, 2025, the Corporation identified potential impairment indicators related to the Technology CGU. There was no impairment indicators identified during the year ended July 31, 2024.
- (4) The total cumulative amortization of development costs as at July 31, 2025, amounted to \$3,415,473 (\$959,247 as at July 31, 2024) of which \$911,513 (\$455,746 as at July 31, 2024) was related to the electronic prescription platform for Canada and the United States and \$2,503,960 (\$503,491 as at July 31, 2024) for both Adherize and Medherize functionalities, which became ready for commercialization for external use during the fiscal year ended July 31, 2024.

Management identified two CGUs of Group KDA, "Groupe Technologique" and "Covapharm", which generate cash inflows that are largely independent from one another. During the year ended July 31, 2025, management identified a potential impairment indicator of the CGU "Groupe Technologique". Consequently, an impairment test was performed as at year end July 31, 2025 to determine the recoverable amount of the CGU by estimating its value-in-use. The calculation of the value-in-use was based on management forecasted adjusted EBITDA figures for the coming five years, a Weighted Average Cost of Capital ("WACC") discount rate of 35% and an EBITDA multiple of 2.86 on the terminal value. The value-in-use estimated by management exceeded the CGU carrying amount, consequently, no impairment was booked during the year ended July 31, 2025.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 9. GOODWILL

Covapharm Inc.	\$
Balance as at July 31, 2025	151,085
Balance as at July 31, 2024	151,085

Goodwill is subject to an annual impairment test at the same reporting date every year, or earlier if any significant impairment indicators were identified by management. The above Goodwill is the result of the acquisition of Covapharm Inc. during the year ended July 31, 2023 and its purchase price allocation finalization during the year ended July 31, 2024.

## 10. RIGHT OF USE OF ASSETS

	July 31, 2025	July 31, 2024
<b>Rental lease</b>	<b>\$</b>	<b>\$</b>
<b>Gross book value</b>		
Balance, at beginning of the year	335,418	2,220,049
Terminations	-	(1,884,631)
<b>Balance, at end of the year</b>	<b>335,418</b>	<b>335,418</b>
<b>Depreciation</b>		
Balance, at beginning of the year	226,407	731,331
Depreciation for the year	33,542	190,595
Terminations	-	(695,519)
<b>Balance, at end of the year</b>	<b>259,949</b>	<b>226,407</b>
<b>Net book value, at end of the year</b>	<b>75,469</b>	<b>109,011</b>

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 11. TRADE AND OTHER PAYABLES

	At July 31, 2025	At July 31, 2024
	\$	\$
Trade payables and accrued liabilities	770,233	441,595
Salaries and vacation payable	247,523	107,000
Advance from shareholder	75,000	-
Sales tax payable	-	103,609
<b>Total</b>	<b>1,092,756</b>	<b>652,204</b>

## 12. DUE TO THIRD-PARTY

On June 30, 2021, Strides Pharma Canada Inc, (« Strides ») exercised its call option to buy the remaining 20% ownership of Pharmapar Inc. for \$1. The Corporation incurred a loss on sale of investment of \$999,999. This loss was recorded in the consolidated statement of other comprehensive loss. Following the sale of the investment, the Corporation reclassified all previous loss recorded in the consolidated statement of other comprehensive loss resulting in a reclassification to profit and loss of \$999,999. The amount payable under the share sale agreement of the initial 80% ownership signed on February 15, 2019, is \$493,903. The amount bears an annual interest of 5% and the balance as at July 31, 2025, and July 31, 2024, is \$128,453.

## 13. SHORT-TERM DEBT

On March 4, 2025, the Corporation obtained financing in the amount of \$500,000, secured by its research and development tax credits for the fiscal years ended July 31, 2023 and 2024. The loan is repayable within five (5) days following the receipt of the related tax credits and bears interest at a rate of 1% per month.

	July 31, 2025
	\$
Balance as at July 31, 2024	-
Additions	500,000
Payment during the exercise	(150,000)
<b>Balance as at July 31, 2025</b>	<b>350,000</b>

The remaining balance of \$300,000, classified as short-term debt on the statement of financial position, is related to a long-term debt for which the maturity is within the twelve months period after year end July 31, 2025 (note 14).

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 14. LONG-TERM DEBT

	At July 31, 2025	At July 31, 2024
	\$	\$
Convertible debentures <sup>(1)</sup> <sup>(2)</sup> , bearing interest at 11%, unsecured maturing on September 25, 2025	-	384,748
Loan bearing interest <sup>(1)</sup> <sup>(2)</sup> , bearing interest at 11% fully repayable on September 21, 2025	300,000	300,000
<b>Total</b>	<b>300,000</b>	684,748
<b>Current maturity of long-term debt (note 13)</b>	<b>300,000</b>	-
<b>Total long-term debt portion</b>	<b>-</b>	684,748

- (1) During the year ended July 31, 2024, the Corporation did a refinancing of its outstanding debt as at July 31, 2023 for \$750,000 through the issuance of convertible debenture and a term loan with a face value of \$450,000 and \$300,000, respectively. The debenture is convertible into 4,500,000 Class A shares of the Corporation at anytime by the holder at a conversion price equal to \$0.10 per share. The conversion option has been initially recognized as an equity component and valued at \$101,403 upon issuance, using the residual value approach.
- (2) On November 27, 2024, the holder of the convertible debenture exercised its right to convert the entire principal amount of \$450,000 to Class A shares of KDA, representing a total of 4,500,000 Class A shares of KDA. The term loan of \$300,000, maturing originally on September 21, 2025, was renewed and the Corporation is still negotiating with the lender the new terms and conditions.

### *Principal payments*

	At July 31, 2025	At July 31, 2024
	\$	\$
Less than 1 year	300,000	-
Between 1 and 5 years	-	750,000
<b>Total</b>	<b>300,000</b>	750,000

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 15. LEASE LIABILITIES

	At July 31, 2025	At July 31, 2024
<b>Rental lease</b>	<b>\$</b>	<b>\$</b>
<b>Gross book value</b>		
Balance, at beginning of the year	130,401	1,555,002
Payments	(42,500)	(217,500)
Accreted interests (note 18)	3,938	29,297
Terminations	-	(1,236,398)
<b>Balance, at end of the year</b>	<b>91,839</b>	<b>130,401</b>

### Undiscounted future rent payments as at July 31, 2025

Short-term portion	<b>42,500</b>
Long-term portion	<b>53,125</b>

Maturities of the lease liabilities as at year end are the following:

	July 31, 2025	At July 31, 2024
	<b>\$</b>	<b>\$</b>
Less than 1 year	39,930	38,562
Between 1 and 5 years	51,909	91,839
<b>Total</b>	<b>91,839</b>	<b>130,401</b>

## 16. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY

### Share capital

The Corporation's share capital consists only of 193,499,280 fully paid Class "A" common shares, voting and participating as at July 31, 2025 (175,499,280 as at July 31, 2024). The Corporation has authorized an unlimited number of Class "A" common shares without par value.

The common shares entitle the holders thereof to one vote per share. The holders of the common shares are entitled to receive dividends as declared from time to time. Subject to the rights, privileges, restrictions, and conditions attached to any other class of shares of the Corporation, the holders of the common shares are entitled to receive the remaining property of the Corporation upon its dissolution, liquidation or winding-up.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements

For the years ended July 31, 2025 and 2024

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## 16. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (CONT.)

On May 29, 2025, the Corporation completed a private placement with accredited investors totaling 8,800,000 units at a price of \$0.25 per unit for a total amount of \$2,200,000 of gross proceeds. Each Unit consists of one Class A common share of KDA and one common share purchase warrant. Each Warrant entitles the holder to purchase one additional common share of the Corporation at an exercise price of \$0.35 per common share for a period of 24 months ending May 29, 2027. All securities issued pursuant to the Private Placement are subject to a mandatory four-month and one-day hold period expiring on September 30, 2025 in accordance with applicable securities regulations. No finder's fee or commission are payable in connection with the Private Placement. Management measured the financial instrument's fair value and consequently, allocated the total proceeds to the common shares, based on their traded value as at the date of the issuance, resulting in a NIL residual value to be allocated to the warrants issued. None of the warrants expired as at July 31, 2025.

On December 18, 2024, 500,000 warrants were exercised for 1 common share each at an exercise price of \$0.15 per common share for a total cash consideration of \$75,000.

On December 16, 2024, 2,000,000 warrants were exercised for 1 common share each at an exercise price of \$0.15 per common share for a total cash consideration of \$300,000.

On December 9, 2024, 1,000,000 warrants were exercised for 1 common share each at an exercise price of \$0.15 per common share for a total cash consideration of \$150,000.

On November 27, 2024, the holder of the convertible debenture (note 14) exercised their right to convert the entire principal amount of \$450,000 at a conversion price of \$0.10 per Class A common share of KDA, representing a total of 4,500,000 Class A common shares.

On November 6, 2024, 1,000,000 warrants were exercised for 1 common share each at an exercise price of \$0.15 per common share for a total cash consideration of \$150,000.

On October 11, 2024, 200,000 warrants were exercised for 1 common share each at an exercise price of \$0.15 per common share for a total cash consideration of \$30,000.

On June 7, 2024, 100,000 common shares of KDA were issued following the exercise of 100,000 options granted to a consultant at \$0.25.

On March 14, 2024, 83,333 common shares of KDA were issued following the exercise of 83,333 options granted to a consultant at a price of \$0.10.

On February 27, 2024, 100,000 common shares of KDA were issued following the exercise of 100,000 options granted to a consultant at \$0.25.

On February 22, 2024, KDA entered into an agreement to settle a debt with a creditor totaling \$1,236,000 in exchange for the issuance of 4,000,000 common shares of KDA at a price of \$0.309 per common share.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

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## 16. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (CONT.)

On December 8, 2023, KDA completed a private placement with accredited investors totaling 11,250,000 units at a price of \$0.10 per Unit for total gross proceeds of \$1,125,000. Each Unit consists of one common share of KDA and one common share purchase warrant. Each Warrant entitles the holder to purchase one additional common share of the Corporation at an exercise price of \$0.15 per common share for a period of 24 months ending December 8, 2025. All securities issued pursuant to the Private Placement are subject to a mandatory four-month and one-day hold period expiring on April 9, 2024, in accordance with applicable securities regulations. No finder's fee or commission are payable in connection with the Private Placement. Management measured the financial instrument's fair value and consequently, allocated the total proceeds to the common shares, based on their traded value as at the date of the issuance, resulting in a NIL residual value to be allocated to the warrants issued. None of the warrants expired as at July 31, 2024.

### Contributed surplus

The contributed surplus account is used to record amounts arising from the issuance of share-based payment awards in accordance with IFRS 2.

### Stock option plan

The Corporation offers a stock option plan for the benefit of its directors, employees, consultants, and persons conducting investor relations activities (the "Plan"). The total number of shares which may be issued under the Plan may not exceed 35,079,856 options. The exercise price payable for each option is determined by the Board at the date of grant and may not be less than the market price of the common share at the closing price of the TSX-V the day preceding the grant date for a minimum amount of \$0.10 per option.

On November 19, 2024, 900,000 options were granted. The options vest over 12 months' period (25% at the grant date and 75% on the first anniversary of the grant date) and expire after 5 years from their issuance. The fair value was estimated using the Black & Scholes pricing model based on the following weighted average assumptions:

Risk free interest rate	3.07%
Expected volatility	111%
Dividend yield	NIL
Expected life	5 years
Grant date fair value	\$0.16

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 16. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (CONT.)

On August 1, 2024, 14,600,000 options were granted. The options vest over 12 months' period (25% at the grant date and 75% on the first anniversary of the grant date) and expire after 5 years from their issuance. The fair value was estimated using the Black & Scholes pricing model based on the following weighted average assumptions:

Risk free interest rate	2.96%
Expected volatility	111%
Dividend yield	NIL
Expected life	5 years
Grant date fair value	\$0.20

On September 22, 2023, 6,050,000 options were granted. The options vest over a 2 years' period starting from the issuance date and expire after 5 years from their issuance. The fair value was estimated using the Black & Scholes pricing model based on the following weighted average assumptions:

Risk free interest rate	4.30%
Expected volatility	114%
Dividend yield	NIL
Expected life	5 years
Grant date fair value	\$0.07

THE TABLE BELOW SUMMARIZES THE CHANGES IN THE OUTSTANDING STOCK OPTIONS:

	July 31, 2025		July 31, 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, at beginning of the year	14,866,667	0.14	12,525,000	0.19
Issuance	15,500,000	0.30	6,050,000	0.10
Expired	-	-	(3,425,000)	0.24
Exercised	-	-	(283,333)	0.21
<b>Balance, at end of the year</b>	<b>30,366,667</b>	<b>0.22</b>	<b>14,866,667</b>	<b>0.14</b>

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 17. SELLING AND ADMINISTRATIVE EXPENSES

	July 31, 2025	July 30, 2024
	\$	\$
Salaries and fringe benefits	758,173	477,976
Consulting fees	1,513,566	1,356,606
Professional fees	250,692	308,132
Travel, meals and entertainment	82,376	79,402
Supplies and office expenses	206,612	325,260
Telecommunications	15,299	15,922
Regulatory and filing fees	63,195	68,336
Rental fees	28,021	31,798
Other	8,846	4,780
<b>Sub-total</b>	<b>2,926,780</b>	2,668,212
Share-based compensation	3,119,347	377,667
Write-down of advances receivables	111	180,002
<b>Total</b>	<b>6,043,238</b>	3,225,881

## 18. ACCRETED INTERESTS

	July 31, 2025	July 31, 2024
	\$	\$
Lease liabilities (note 15)	3,938	29,297
Convertible debentures (note 14)	33,227	36,151
Balance of purchase price of Covapharm Inc. (note 9)	-	7,630
<b>Total</b>	<b>37,165</b>	73,078

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 19. CURRENT AND DEFERRED INCOME TAXES

The income tax expense reported differs from the amount computed by applying Canadian Federal and Provincial income tax rate to income before taxes of 26.50% (2024 – 26.50%). The reason for the difference and the related tax effects are as follows:

	At July 31, 2025 \$	At July 31, 2024 \$
Net Loss before income taxes	(8,920,111)	(7,549,568)
Statutory income tax rate	26.50%	26.50%
Expected income tax recovery	(2,363,829)	(2,000,635)
<b>Adjustments:</b>		
Loss on disposal of investments	-	2,702
Non-deductible expenses	829,391	126,895
Change in valuation allowance	1,666,165	1,782,779
Others	(119,752)	219,707
Income tax expense	11,975	131,448

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 19. CURRENT AND DEFERRED INCOME TAXES (CONT.)

THE TAX EFFECTS OF TEMPORARY DIFFERENCES AND NET OPERATING (INCOME) LOSSES THAT GIVE RISE TO DEFERRED INCOME TAX ASSETS AND LIABILITIES ARE AS FOLLOWS:

	At July 31, 2025	At July 31, 2024
	\$	\$
<b>Deferred tax assets:</b>		
Net operating losses carried forward	2,554,767	1,148,011
Capital losses carried forward	710,277	725,199
Deductible R&D expenses	666,199	-
Financial expenses	9,799	5,139
Tax basis of capital assets exceeding carrying value	17,903	4,131
Tax basis of intangible assets exceeding carrying value	278,102	688,401
<i>Valuation allowance</i>	<i>(4,237,047)</i>	<i>(2,570,881)</i>
	-	-
<b>Deferred tax liabilities</b>		
Tax basis of capital assets in excess of carrying value	75,525	75,525
	75,525	75,525

## 20. LOSS PER SHARE

The calculation of basic net loss per share for continuing operations was based on the net loss attributable to Class A common shares of \$8,932,086 for the year ended July 31, 2025 (\$7,454,151 for the year ended July 31, 2024) and a weighted average number of Class A common shares of 182,630,789 (169,099,872 as at July 31, 2024).

The effect of potential issuances of shares under stock options, warrants and preferred shares would be non-dilutive for the years ended July 31, 2025 and 2024.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 21. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT

### Classification of financial instruments

The carrying amounts of the Corporation's financial assets and liabilities by categories are as follows:

#### FINANCIAL ASSETS AND LIABILITIES RECOGNIZED AT AMORTIZED COST

	At July 31, 2025	At July 31, 2024
	\$	\$
Cash and cash equivalents	133,795	1,647,058
Receivables	1,419,488	323,452
Trade and other payables	1,092,756	652,204
Due to third-party	128,453	128,453
Short-term debt	650,000	-
Long-term debt	-	684,748
Lease liabilities	91,839	130,401

### Fair value

Fair value is the estimated amount that parties dealing at arm's length would accept to exchange in settlement of a financial instrument based on the current market for instruments with the same risk, principal, and maturity date. These fair value estimates are affected by assumptions made about the amount and timing of estimated future cash flows, discount rates and terms of the contract. As a result, the fair values are not necessarily the net amounts that would be realized if such financial instruments were settled.

The Corporation has determined that the carrying amount of its short-term financial assets and liabilities, including, receivables, cash and cash equivalent and trade and other payables, approximates their fair value because of the relatively short periods to maturity of these instruments. The Corporation has determined that the fair value of the convertible debenture is different from their carrying amount, since upon initial recognition, although the convertible debentures are bearing interests at a contractual rate of 11%, the fair value of the host debt component was determined to be lower by reference to the applicable market rate at issuance. As such, the effective interest rate used in the calculation of the subsequent amortized cost of the convertible debenture is higher. The Corporation has determined that the fair value of the convertible debenture's debt component approximates \$348,597 and the fair value of the equity component approximates \$101,403 at initial recognition.

Management believes that no significant change occurred in the risk of these instruments.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

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## 21. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT (CONT.)

### Fair value hierarchy

Fair value estimates are made as at a specific point in time, using available information about the financial instrument. These estimates are subjective in nature and may not be determined with precision. A three-tier fair value hierarchy prioritizes the inputs used in measuring fair value. These tiers include:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

As at July 31, 2025, and July 31, 2024, all financial instruments of the Corporation, excluding the embedded derivative, were considered Level 2 financial instruments.

The Corporation's policy is to recognize transfers between the different hierarchy levels as at the date of the event or change in circumstances that caused the transfer.

### Risks

In the normal course of its operations and through its financial assets and liabilities, the Corporation is exposed to the following risks:

- credit risk
- liquidity risk
- market risk

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, and processes for managing risk, and the Corporation's capital management. Further quantitative disclosures are included throughout these consolidated financial statements.

### Risk management framework

The Corporation's management identifies and analyzes the risks faced by the Corporation, sets appropriate risk limits and controls, and monitors risks and adherence to limits. Risk management is reviewed regularly to reflect changes in market conditions and the Corporation's activities.

The Board of Directors has overall responsibility of the Corporation's risk management framework. The Board of Directors monitors the Corporation's risks through its audit committee. The audit committee reports regularly to the Board of Directors on its activities. The Corporation's audit committee oversees how management monitors and manages the Corporation's risks.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 21. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT (CONT.)

### (a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligation and arises principally from the Corporation's trade receivables. The Corporation grants credit to its customers in the ordinary course of business.

Management believes that the credit risk of receivables is limited as at July 31, 2025 and 2024 due to the following reasons:

- No single customer accounts for more than 10% of the Corporation's revenues; and
- Accounts receivable over 60 days are considered reliable and recoverable. These receivables are composed from financing receivables collected subsequently (note 26) and R&D tax credits receivables (note 6).

### Impairment losses

THE AGING OF RECEIVABLES AT THE REPORTING DATE WAS:

	At July, 2025		At July 31, 2024	
			\$	
	Total	Impairment	Total	Impairment
Not past due	28,898	-	10,011	-
Past due 1 - 30 days	-	-	-	-
Past due 31 - 60 days	-	-	-	-
Past due more than 60 days	131,461	131,461	131,461	131,461
<b>Total</b>	<b>160,359</b>	<b>131,461</b>	<b>141,472</b>	<b>131,461</b>

THE AGING OF OTHER RECEIVABLES AT THE REPORTING DATE WAS:

	At July 31, 2025		At July 31, 2024	
	\$		\$	
		Impairment		Impairment
Not past due	19,111	-	-	-
Past due 1 - 30 days	-	-	-	-
Past due 31 - 60 days	-	-	-	-
Past due more than 60 days	1,371,479	-	313,441	-
<b>Total</b>	<b>1,390,590</b>	<b>-</b>	<b>313,441</b>	<b>-</b>

The Corporation's cash balances are maintained at major Canadian banks, which management believes to be creditworthy.

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 21. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT (CONT.)

### (b) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

Cash inflows and cash outflows requirements from the Corporation and its subsidiaries are monitored closely and separately to ensure the Corporation optimizes its cash return on investment. Typically, the Corporation ensures that it has sufficient cash to meet expected operational expenses. The Corporation monitors its short and medium-term liquidity needs on an ongoing basis using forecasting tools.

THE FOLLOWING ARE THE CONTRACTUAL MATURITIES OF THE FINANCIAL LIABILITIES:

	Less than 1 year	Between 1 and 5 years
	\$	\$
Trade and other payables	1,092,756	-
Due to third-party	128,453	-
Short-term debt	650,000	-
Lease liabilities	39,930	51,909
<b>Total</b>	<b>1,911,139</b>	<b>51,909</b>

### (c) Market risk

#### Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows of a financial instrument held by the Corporation will fluctuate, because of changes in interest rates. The Corporation's financial liabilities other than current liabilities, is comprised of medium to long-term variable rate debt.

THE CORPORATION'S EXPOSURE TO INTEREST RATE RISK IS SUMMARIZED AS FOLLOWS:

Cash and cash equivalents	Fixed interest rates
Receivables	Non-interest bearing
Trade and other payables	Non-interest bearing
Short-term and long-term debt	Fixed and variable interest rates

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 21. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS MANAGEMENT (CONT.)

A variation of 1% of the variable interest rates would not result in a significant impact on the Corporation's net loss for the years ended July 31, 2025 and 2024.

### (d) Capital management

For the purposes of capital management, capital consists of share capital and retained earnings of the Corporation. The Corporation's objectives when managing capital are:

- To ensure proper capital investment to provide stability and competitiveness to its operations;
- To ensure sufficient liquidity to pursue its growth strategy and undertake selective acquisitions;
- To maintain an appropriate debt level so that there are no financial constraints on the use of capital;
- To maintain investors, creditors, and market confidence.

In managing capital structure, the Corporation manages its capital through regular reports to the board of directors, as well as management review of monthly or quarterly financial information. The Corporation seeks to maintain a balance between the highest returns that might be possible with higher levels of borrowing and the advantages and security by a sound capital position. There were no changes in the Corporation's approach to capital management during the year.

## 22. SEGMENTED INFORMATION

In line with the Corporation's strategic plan, the Corporation provides information on the two reporting segments: Pharmaceutical Technology and Corporate.

Information pertaining to each segment for the year ended July 31:

<i>Thousands of dollars</i>	Pharmaceutical Technology		Corporate and others		Total	
	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>	<b>96</b>	37	<b>69</b>	110	<b>165</b>	147
<b>Net loss</b>	<b>(3,436)</b>	(3,885)	<b>(5,496)</b>	(3,569)	<b>(8,932)</b>	(7,454)
<b><i>Assets' acquisitions</i></b>						
Property and equipment	<b>2</b>	14	-	1	<b>2</b>	15
Intangibles	<b>1,359</b>	1,988	-	-	<b>1,359</b>	1,988

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

## 23. RELATED PARTY TRANSACTIONS

### Transactions with key management personnel

The Corporation's related parties include companies under common control as well as key management personnel. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. The transactions are measured at the value of the consideration given or received, which has been established and agreed by the parties. Outstanding balances are usually settled in cash.

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Corporation as a whole. The Corporation has determined that key management personnel consist of the Corporation's Board of Directors and corporate officers.

THE KEY MANAGEMENT AND DIRECTORS RECEIVED THE FOLLOWING REMUNERATIONS:

	July 31, 2025	July 31, 2024
	\$	\$
Professional fees	550,008	550,008
Share-based compensation	1,300,000	121,322

(1) An amount of \$25,584 (\$76,752 in 2024) was capitalized in the development costs (note 9).

## 24. CHANGES IN NON-CASH WORKING CAPITAL AND NON-CASH TRANSACTIONS

	At July 31, 2025	At July 31, 2024
	\$	\$
Receivables	(96,036)	1,654,241
Prepaid expenses	23,511	(35,174)
Trade and other payables	440,552	(1,125,669)
Convertible debenture	(417,975)	-
Share capital recognized on debenture conversion	498,753	-
Premium on debenture conversion value	(101,403)	-
<b>Total</b>	<b>347,402</b>	<b>493,398</b>

# KDA GROUP INC.

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

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## 24. CHANGES IN NON-CASH WORKING CAPITAL AND NON-CASH TRANSACTIONS (CONT.)

During the year ended July 31, 2025, the holder of the convertible debenture exercised its right to convert it into Class "A" common shares (note 14). During the year ended July 31, 2024, the Corporation has settled an outstanding lease liability in exchange for the issuance of 4,000,000 Class "A" common shares (note 16). In addition, a non-cash transaction of \$1,000,000 relates to proceeds for share issuance included in receivables as at July 31, 2025.

## 25. CONTINGENCIES

On June 29, 2016, in the purchase agreement of Pharmapar inc. ("PPR"), the Corporation agreed and committed to indemnify the seller for tax litigation up to \$350,000. PPR has been audited by the provincial tax authorities and adjustments are being discussed with the seller of PPR. Also, a claim totaling \$382,879 regarding a service agreement has been issued to PPR by the seller. The outcome of any further action on these matters is currently indeterminable. No adjustments have been reflected in the consolidated financial statements.

On September 10, 2021, the Corporation received a letter of formal notice claiming contractual indemnity from a former officer. As at July 31, 2024, the formal notice is totalling \$760,000. Management is in discussion to settle this matter, but it believes the maximum liability would amount to approximately \$350,000, which was recorded in the year ended July 31, 2022, and is still outstanding as at July 31, 2025.

On September 21, 2022, the Corporation received an Originating application claiming contractual indemnity from a former officer, totalling \$723,191, and a request for the issuance of 1,000,000 Class A shares. On October 24, 2022, the Corporation sent an Originating application to the former officer requesting an amount of approximately \$474,200.

No additional adjustments have been reflected in the consolidated financial statements regarding these contingencies considering the uncertainties of the outcome.

## 26. SUBSEQUENT EVENTS

On August 1, 2025, 500,000 warrants were exercised for 1 common share each at an exercise price of \$0.15 per common share for a total cash consideration of \$75,000.

On August 5, 2025, 250,000 warrants were exercised for 1 common share each at an exercise price of \$0.15 per common share for a total cash consideration of \$37,500.

On August 27, 2025, 200,000 warrants were exercised for 1 common share each at an exercise price of \$0.15 per common share for a total cash consideration of \$30,000.

On September 15, 2025, the Corporation received the remaining proceeds of \$1,000,000 (note 6) of the private placement executed on May 29, 2025 (note 16).

On October 23, 2025, 250,000 warrants were exercised for 1 common share each at an exercise price of \$0.15 per common share for a total cash consideration of \$37,500.

On November 6, 2025, 500,000 warrants were exercised for 1 common share each at an exercise price of \$0.15 per common share for a total cash consideration of \$75,000.

# **KDA GROUP INC.**

Notes to the Consolidated Financial Statements  
For the years ended July 31, 2025 and 2024

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## **26. SUBSEQUENT EVENTS (CONT.)**

On November 12, 2025, 1,000,000 warrants were exercised for 1 common share each at an exercise price of \$0.15 per common share for a total cash consideration of \$150,000.

On November 17, 2025, the Corporation announced the opening of its U.S. subsidiary to support the planned 2026 commercial launch of Medherize, its oncology-focused therapeutic monitoring platform.

On November 25, 2025, the Corporation entered into a share transfer agreement with ERXpert inc. to acquire 20% of the outstanding shares of its subsidiary, Groupe Technologique KDA inc., in exchange for issuing 35,000,000 common shares. The transaction remains subject to TSX approval and was still pending approval as of July 31, 2025.