



**CYBEATS TECHNOLOGIES CORP.
ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025, AND 2024
(Expressed in Canadian Dollars)**

Dated April 30, 2026

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Independent Auditor's Report

To the Shareholders of **Cybeats Technologies Corp.**

Opinion

We have audited the consolidated financial statements of **Cybeats Technologies Corp.** and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024 and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity, and consolidated statements of 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 Group as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated financial 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 audits 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 Group in accordance with the ethical requirements that are relevant to our audits 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 Group has a working capital deficiency of **\$1,849,962** (2024 - \$4,443,958). As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group'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 audits of the consolidated financial statements of the Group for the years ended December 31, 2025 and December 31, 2024. These matters were addressed in the context of our audits 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 of our report, we have determined the matter below to be a key audit matter to be described in our report.

Prior Period Adjustments

Description of the matter.

We draw attention to Note 15 of the consolidated financial statements. Errors were detected with respect to the accuracy of certain prior year figures previously reported by management.

Independent Auditor's Report

To the Shareholders of Cybeats Technologies Corp. (Continued)

Key Audit Matters (Continued)

Prior Period Adjustments (Continued)

Why the matter is a key audit matter

We identified the accuracy of prior year figures to be a key audit matter given the pervasiveness of the impact on these errors on the balances for the years ended December 31, 2025 and December 31, 2024.

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 corrections of the various errors identified related to the prior year figures, agreeing back to supporting documentation and assessing the accuracy of the corrected amounts. We reviewed the impact of these corrections on the prior year figures for the year ended December 31, 2024 and the opening balances for the year ended December 31, 2025, and the related disclosures provided in Note 15.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for other information. Other information comprises the information included in Management's Discussion and Analysis for the years ended December 31, 2025 and December 31, 2024 to be filed with the relevant Canadian Securities Commissions. Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 audits or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' 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 Accounting Standards as issued by the IASB and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report

To the Shareholders of Cybeats Technologies Corp. (Continued)

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 a part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as a 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude of 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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

Independent Auditor's Report

To the Shareholders of Cybeats Technologies Corp. (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wayne O'Connell.

Jones & O'Connell LLP

Jones & O'Connell LLP
Chartered Professional Accountants
Licensed Public Accountants
St. Catharines, Ontario
April 29, 2026



CYBEATS TECHNOLOGIES CORP.
CONSOLIDATED ANNUAL STATEMENTS OF FINANCIAL POSITION
(Audited - Expressed in Canadian dollars)

As at	December 31, 2025	December 31, 2024
		<i>note 16</i>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,751,202	\$ 35,099
Accounts receivable	795,523	1,465,377
Prepaid expenses	91,682	384,985
HST receivable	12,222	45,983
	3,650,628	1,931,443
Non-current Assets		
Property, plant and equipment (note 5)	9,712	10,440
Total Assets	\$ 3,660,340	\$ 1,941,883
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 1,551,832	\$ 3,003,604
Due to related party (note 11)	1,224,432	491,918
Short term debt (note 12)	-	557,835
Current portion of convertible debenture (note 10)	517,181	226,402
Current portion of deferred revenue (note 7)	2,207,144	2,095,642
	5,500,590	6,375,401
Long-Term Liabilities		
Convertible debenture (note 10)	-	1,836,474
Deferred revenue (note 7)	328,215	389,311
	328,215	2,225,785
Total Liabilities	5,828,805	8,601,186
Shareholders' equity (deficiency)		
Share capital (note 9 (a))	30,815,337	24,143,241
Warrant reserve (note 9 (c))	2,147,454	6,518,108
Equity component of convertible debenture (note 10)	22,322	71,306
Share based payment reserve (note 9 (b))	4,584,410	6,129,916
Contributed surplus	7,956,879	1,028,269
Deficit	(47,694,865)	(44,550,143)
Total Shareholders' Equity (Deficiency)	(2,168,465)	(6,659,303)
Total Liabilities and Shareholders' Equity	\$ 3,660,340	\$ 1,941,883

Note 1 - Nature of Operations and Going Concern

Note 15 - Subsequent Events

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"Justin Leger"

Chief Executive Officer

"Michael Minder"

Director

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



CYBEATS TECHNOLOGIES CORP.
CONSOLIDATED ANNUAL STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025, AND 2024

(Audited - Expressed in Canadian dollars)

	Twelve months ended	
	December 31, 2025	December 31, 2024
		<i>note 16</i>
Revenue		
Product Sales	\$ 2,851,487	\$ 1,936,990
Other revenue	43,098	5,954
Total Revenues	2,894,585	1,942,944
Expenses		
Advertising and promotion	223,279	542,047
Computer and software	424,597	336,204
Depreciation	4,607	86,869
Filing Fees	57,586	82,328
Insurance	48,457	32,463
Interest and accretion (note 10, 11)	382,433	640,521
Meals and entertainment	14,436	13,766
Office and general	9,061	8,207
Product development	1,076,319	1,033,905
Professional fees	117,776	252,540
Repairs and maintenance	-	513
Salary and wages (note 11)	3,771,368	5,879,726
Share based compensation (note 9, 11)	-	2,085,633
Shareholder communications and marketing	110,359	1,070,813
Travel expense	68,519	90,550
Total Expenses	6,308,796	12,156,085
Net Income (Loss) before Other (Income) Expense	\$ (3,414,211)	\$ (10,213,142)
Other (Income) Expense		
Gain on debt settlement	(365,746)	(161,627)
Foreign currency loss (gain)	23,354	3,515
Unrealized (gain) loss on foreign exchange	72,903	(11,372)
Net Income (Loss) and Comprehensive Income (Loss) for the Period	\$ (3,144,723)	\$ (10,043,658)
Income (loss) per share		
Basic and diluted	\$ (0.02)	\$ (0.09)
Weighted average number of common shares outstanding, basic and diluted	157,278,366	114,933,572

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



CYBEATS TECHNOLOGIES CORP.
CONSOLIDATED ANNUAL STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025, AND 2024

(Audited - Expressed in Canadian dollars)

	Capital Stock		Warrant Reserve	Share-Based Payment reserve	Contributed surplus	Equity component of Convertible Debentures	Deficit	Total Equity
Balance January 1, 2024	101,345,539	21,944,838	4,594,490	4,916,199	148,069	-	(34,506,483)	(2,902,887)
Units issued for cash, net of issuance costs	26,889,617	2,198,403	1,812,982	-	-	-	-	4,011,385
Equity component of convertible debentures (note 10)	-	-	-	-	-	71,306	-	71,306
Warrants issued from debenture issuance	-	-	118,919	-	-	-	-	118,919
Share-based compensation (note 9 (b))	-	-	-	2,085,633	-	-	-	2,085,633
Expired warrants and options	-	-	(8,284)	(871,917)	880,200	-	-	-
Total comprehensive loss (note 16)	-	-	-	-	-	-	(10,043,658)	(10,043,658)
Balance - December 31, 2024 (note 16)	128,235,156	24,143,241	6,518,108	6,129,916	1,028,269	71,306	(44,550,143)	(6,659,303)
Balance - January 1, 2025 (note 16)	128,235,156	24,143,241	6,518,108	6,129,916	1,028,269	71,306	(44,550,143)	(6,659,303)
Units issued for cash, net of issuance costs (note 9 (a))	46,547,875	3,576,436	1,036,643	-	-	-	-	4,613,079
Shares issued on partial conversion of convertible debenture (note 9 (a), 10)	16,893,166	1,798,603	-	-	-	(48,984)	-	1,749,618
Shares issued on the exercise of options (note 9 (a), (b))	200,000	56,194	-	(24,194)	-	-	-	32,000
Shares issued on settlement of debt (note 9 (a))	13,004,548	1,240,864	-	-	-	-	-	1,240,864
Expired warrants and options (note 9 (b), (c))	-	-	(5,407,297)	(1,521,312)	6,928,610	-	-	-
Total comprehensive loss	-	-	-	-	-	-	(3,144,723)	(3,144,723)
Balance - December 31, 2025	204,880,745	30,815,337	2,147,454	4,584,410	7,956,879	22,322	(47,694,865)	(2,168,465)

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



CYBEATS TECHNOLOGIES CORP.
CONSOLIDATED ANNUAL STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025, AND 2024
(Audited - Expressed in Canadian dollars)

	December 31, 2025	December 31, 2024
		<i>note 16</i>
Cash flows from (used in) operating activities		
Net loss and comprehensive loss for the period	\$ (3,144,723)	\$ (10,043,658)
Items not affecting cash from operations:		
Depreciation	4,607	86,869
Share based compensation	-	2,085,633
Accretion of convertible debenture	124,650	120,960
Gain on debt settlement	(365,746)	161,627
Gain on sale of property, plant and equipment	-	4,552
Accrued interest on short-term debt	56,281	-
Accrued interest on convertible debenture	124,273	226,402
Changes in non-cash working capital items:		
Decrease (Increase) in accounts receivable	669,854	(1,260,872)
Decrease (Increase) in prepaid expenses	293,303	826,342
Decrease in HST receivable	33,761	119,031
(Decrease) Increase in accounts payable & accrued liabilities	(824,007)	980,883
Increase (decrease) in deferred revenue	50,406	2,068,928
Net cash used in operating activities	(2,977,340)	(4,623,303)
Cash flows from (used in) investing activities		
Sale (Purchase) of property, plant and equipment	(3,879)	(6,613)
(Increase) decrease in due from related parties	-	151,289
Net cash from (used in) investing activities	(3,879)	144,676
Cash flows from (used in) financing activities		
Interest paid for convertible debenture	(45,000)	-
Convertible debenture and warrants issuance	-	1,905,740
(Repayments to) related party	(619,665)	(537,981)
Advances from related party	1,716,909	-
Short term debt	-	(810,373)
Proceeds from option exercise	32,000	-
Net payment on leases	-	(90,745)
Proceeds from private placement, net of issue costs	4,613,079	4,011,384
Net cash from financing activities	5,697,323	4,478,026
Increase (decrease) in cash for the year	2,716,103	(601)
Cash - beginning of period	35,099	35,700
Cash - end of period	\$ 2,751,202	\$ 35,099

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



CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025, AND 2024
(Audited - Expressed in Canadian dollars)

1. Nature of Operations and Going Concern

Cybeats Technologies Corp. (“Cybeats” or “the Company”), formerly Pima Zinc Corp. was incorporated under the laws of the State of Idaho in 1916. After several decades of dormancy, the Company reorganized in 1997 as an exploration stage company focused on evaluating, acquiring and exploring mineral prospects with potential for economic deposits. In 2011, the Company was re-domiciled to the Cayman Islands. The Company filed a continuation application to continue out of the Cayman Islands under the provisions of the of the Companies Law (2020 Revision) and into the Province of British Columbia under the provisions of the Business Corporations Act (British Columbia) (the “Continuance”). The Continuance became effective on June 25, 2021. Pima Corp. changed its name to Cybeats Technologies Corp. on November 9, 2022. On November 28, 2023, the Company registered Cybeats Technologies, Inc., a branch of its entity, in the State of Delaware to support its operational expansion and regulatory alignment within the United States. The principal business address of the Company is 65 International Blvd, Suite 103, Etobicoke, Ontario M9W 6L9.

On November 11, 2022, Cybeats completed the acquisition of Cybeats Technologies Inc., which was incorporated in Ontario on September 20, 2016, as 2537478 Ontario Ltd., through the amalgamation of Cybeats Technologies Inc., and 2635212 Ontario Inc. Cybeats Technologies Inc. was identified as the acquirer for accounting purposes. As such, the Company is considered to be a continuation of the business and operations of Cybeats Technologies Inc.

Cybeats mission is to offer software product developers unparalleled cybersecurity from design phase throughout the commercial life cycle following a secure-by-design approach for software.

The Company’s ability to continue as a going concern is dependent upon the need to both manage expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows and has working capital deficit of \$1,849,962 as at December 31, 2025 (December 31, 2024 working capital deficit - \$4,443,958). The Company will continue to search for new or alternate sources of financing in order to continue development of its products. These material uncertainties cast significant doubt on the Company’s ability to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds when required in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.



CYBEATS TECHNOLOGIES CORP.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (Audited)

2. Basis of Presentation

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The consolidated annual financial statements of the Company for the year ended December 31, 2025 were approved and authorized for issue by the Board of Directors on April 29, 2026.

Basis of Measurement

These financial statements have been prepared on the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and financial instruments recognized at fair value through profit and loss.

Functional and Presentation Currency

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

3. Material Accounting Policy Information

The following accounting policies have been applied consistently to all periods presented in these financial statements:

a) Impairment

At each financial position reporting date, the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired at a cash generating unit level. If any such indication exists, the recoverable amount of the cash generating unit is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived. If the recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) 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 cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

b) Research and development costs

Costs associated with the development of the Company's products are capitalized where the following criteria are met:

- the technical feasibility of completing the intangible asset so it will be available for use or sale;
- its intention to complete and its ability to use or sell the assets;
- how the asset will generate future economic benefits;



CYBEATS TECHNOLOGIES CORP.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (Audited)

- the availability of resources to complete the asset; and
- the ability to measure reliably of the expenditure during development.

The Company did not incur other research and development costs in the period.

c) Foreign currency translation

The Company's functional and presentation currency is the Canadian dollar. Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate, and non-monetary assets and liabilities at the historical rates. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss.

d) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Below is a summary showing the classification and measurement basis of financial instruments;

Asset or Liability	Category	Measurement
Cash and Cash equivalents	FVTPL	Fair Value
Accounts Receivable	FVTPL	Fair Value
Accounts Payable and accrued liabilities	Other liabilities	Amortized Cost
Due to related party	Other liabilities	Amortized Cost
Short-term debt	Other liabilities	Amortized Cost
Convertible debenture	Other liabilities	Amortized Cost

Financial Assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

- i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost of FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash and cash equivalents are classified as financial assets measured at FVTPL.



CYBEATS TECHNOLOGIES CORP.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (Audited)

ii. Amortized Cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized Cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable, and accrued liabilities, do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. Financial Liabilities recorded at FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction Costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent Measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.



CYBEATS TECHNOLOGIES CORP.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (Audited)

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial instruments at fair value through profit and loss

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities

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

Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Cash is measured at fair value using Level 1 inputs. Accounts receivables are measured are classified using Level 3 inputs, as their valuation is based on unobservable inputs, including expected credit loss assumptions and estimated cash flow recoverability.

As at December 31, 2025, the fair value of the financial liabilities approximates the carrying value, due to the short-term nature of the instruments.

e) Revenue Recognition

Revenue from contracts with customers are based on *IFRS 15: Revenue from Contracts with Customers* and revenue is recognized when it has satisfied its performance obligation to the customers over time or at a single point in time. The Company transfers control of a good or service over time and therefore satisfies a performance obligation and recognizes revenue over time. Revenue is recognized at a point in time when customers obtain control of the product. Interest income is recognized on a time-proportion basis using the effective interest method.

f) Property, Plant, and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss in the period.

Amortization is calculated on a declining balance basis at the following annual rates:

Furniture and Fixtures	20%
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CYBEATS TECHNOLOGIES CORP.

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Computer equipment

55%

g) Income Taxes

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

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The effect on deferred income tax assets and liabilities of a change in income tax rates is recognized in the period that includes the date of the enactment or substantive enactment of the change. Deferred tax assets and liabilities are presented separately except where there is a right of set off within fiscal jurisdictions.

h) Basic and Diluted Income (Loss) per Share

Basic income (loss) per share has been calculated using the weighted average number of common shares outstanding during the year. Diluted income (loss) per share has been calculated using the weighted average number of common shares that would have been outstanding during the respective period had all of the stock options and warrants outstanding at year end having a dilutive effect been converted into shares at the beginning of the year and the proceeds used to repurchase the Company's common shares at the average market price for the year.

i) Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. Income or loss from an investment in associate is included in other comprehensive income (loss). Accumulated other comprehensive income (net of income taxes) is included on the statements of financial position as a component of common shareholders' equity.

j) Cash and Cash Equivalents

Cash consists of cash on hand, deposits in banks and funds held in short term deposits.

k) Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of twelve months or less. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the term of the lease with the discount rate determined by using the incremental borrowing rate on commencement of the lease. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the remaining lease term.



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l) Valuation of Units on Private Placement

The valuation of units issued under private placements is determined based on the issue price of the units. Each unit typically comprises a common share and an associated common share purchase warrant. The associated common share purchase warrants issued as part of the private placements are valued using the Black-Scholes option pricing model. This model takes into account several factors, including the market price of the underlying common shares, the exercise price of the warrants, the expected volatility of the share price, the risk-free interest rate, and the expected life of the warrants. The fair value of the warrants is calculated at the time of issuance and is subsequently used in the financial statements to reflect the value of the equity component of the units.

m) Basis of Consolidation

These consolidated annual financial statements as at and for the year ended December 31, 2025 include the accounts of the Company and its wholly-owned and controlled operating subsidiary Cybeats Technologies Inc. and its inactive subsidiaries 1139432 B.C. Ltd., and 1139432 Nevada Ltd.

The financial statements of its subsidiaries are included in the audited consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-Company transactions and balances have been eliminated on consolidation. All references to the Company should be treated as references to the Company and its subsidiaries.

n) Share-Based Payments

Share-based payment transactions

Employees (including directors and senior executives) and consultants of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

Equity-settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value of the equity instrument at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the “vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share-based payment reserve. No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional



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upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

o) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

p) Future Presentation Changes

New accounting standards issued but not yet effective

IFRS 18 – Presentation and Disclosure in Financial Statements

The IASB issued IFRS 18 Presentation and Disclosure in Financial Statements in April 2024. This standard replaces IAS 1 and introduces changes to the presentation of items in the statement of profit or loss (including required subtotals for operating profit and profit before financing and income taxes), enhanced principles for aggregation and disaggregation, and disclosure requirements for management-defined performance measures.

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The Company has not early adopted IFRS 18 and is currently assessing the impact of these presentation changes on its financial statements.

4. Significant Accounting Judgements and Estimates

The preparation of these financial statements in conformity with IFRS requires that management make estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the annual financial statements. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

(ii) Critical accounting judgments

**CYBEATS TECHNOLOGIES CORP.****NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (Audited)**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are, but are not limited to, the following:

Determination of functional currency - In accordance with IAS 21, management has determined that the functional currency of the Company is the Canadian dollar. This judgment involves consideration of the primary economic environment in which the Company operates, including the currency that mainly influences sales prices and costs.

The determination involves uncertainty as a significant portion of the Company's revenues are denominated in U.S. dollars, while certain operating costs and financing activities are denominated in Canadian dollars. Changes in the underlying economic factors, including the currency in which future sales, costs, and financing are denominated, could result in a different conclusion regarding the Company's functional currency.

Evaluation of going concern - The preparation of the financial statements requires management to assess the Company's ability to continue as a going concern. Management has concluded that the Company will continue as a going concern; however, this assessment involves material uncertainty.

The uncertainty relates primarily to the Company's ability to raise additional financing to fund ongoing operations and meet its obligations as they come due. While management has plans to secure additional funding, there can be no assurance that such financing will be available on acceptable terms, if at all. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Income taxes - Management exercises judgment in determining the provision for income taxes. The Company is currently in a loss position and has not recognized current income tax expense.

Uncertainty exists with respect to the recognition of deferred tax assets, including the availability of future taxable profits against which tax losses can be utilized. The assessment of recoverability is based on estimates of future earnings, which are inherently uncertain. Changes in these estimates or in tax legislation could impact the recognition and measurement of deferred tax balances.

5. Property, Plant and Equipment

Property, plant and equipment as at December 31, 2025, and 2024 consists of the following:

			December 31, 2025	December 31, 2024
	Cost	Accum. Amort.	Net Book Value	Net Book Value
Furniture and fixtures	5,874	(3,328)	2,546	3,183
Computers	44,056	(36,890)	7,166	7,257
	49,929	(40,217)	9,712	10,440

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as at December 31, 2025, and 2024 consists of the following:

**CYBEATS TECHNOLOGIES CORP.****NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (Audited)**

	December 31, 2025	December 31, 2024
		<i>note 16</i>
Trade payables	1,293,496	2,105,134
Accrued liabilities	258,337	898,471
	1,551,832	3,003,604

7. Deferred Revenues

Deferred revenue represents amounts billed to or received from customers in advance of the Company satisfying its performance obligations. Revenue is recognized as the Company delivers services over the contract term. The following table summarizes the activity in the deferred revenue balance for the years ended December 31, 2025, and 2024:

	December 31, 2025	December 31, 2024
Balance, beginning of year	2,484,953	416,024
Amounts billed	2,901,894	4,005,918
Revenue recognized	(2,851,487)	(1,936,990)
Balance, end of year	2,535,359	2,484,953
Current portion	2,207,144	2,095,642
Long-term portion	328,215	389,311
Total deferred revenue	2,535,359	2,484,953

Of the deferred revenue balance at December 31, 2025, \$2,207,144 (December 31, 2024 — \$2,095,642) is expected to be recognized as revenue within the next twelve months, with the remainder recognized thereafter.

8. Reconciliation of Income Taxes

Income tax expense differs from the amount that would be computed by applying the federal and provincial income tax rates of 26.50% (2024 – 26.50%) to income before income taxes. The reasons for the differences and the related tax effects are as follows:

	December 31, 2025	December 31, 2024
Tax at the applicable tax rate of 26.5%	(833,000)	(2,534,298)
Permanent differences	30,000	554,517
Temporary differences	803,000	1,979,782
Income tax expense	-	-

Significant components of deductible and taxable temporary differences, unused tax losses and unused tax credits that have not been included on the statement of financial position are as follows:

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	December 31, 2025	December 31, 2024
Share issuance costs	137,732	273,756
CCA in excess of NBV	2,574	23,188
	\$ 140,305	\$ 296,944

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits there from. Non-capital loss carry-forwards expire as rated in the table below. Share issuance costs will be fully amortized in 2026. The remaining deductible temporary differences may be carried forward indefinitely.

At December 31, 2025, the Company has un-utilized non-capital loss carry forwards of \$32,018,244 which will expire as follows:

2037	1,135,710
2038	270,161
2039	247,854
2040	1,098,209
2041	5,762,467
2042	3,610,484
2043	8,332,587
2044	7,640,895
2045	3,919,877
	32,018,244

9. Share Capital**(a) Common Shares****Authorized**

The authorized capital stock of the Company consists of an unlimited number of common shares and have no par value.

Issued and Outstanding

Balance January 1, 2024	101,345,539
Shares issued on private placement (i)	26,889,617
Balance December 31, 2024	128,235,156
Shares issued from exercise of options (ii)	200,000
Shares issued on private placement (iii)	46,547,875
Shares issued from settlement of debt (iv)	13,004,548
Conversion of convertible debenture (v)	16,893,166
Balance December 31, 2025	204,880,745

- (i) The Company closed a non-brokered private placement financing for gross proceeds of \$2,472,130 through the issuance of 16,480,867 Units (each "Unit") at a price of \$0.15 per



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unit. Each Unit is comprised of: (i) one common share in the capital of the Company (each a "Common Share"); (ii) one half Common Share purchase warrant (each, a "Warrant"). Each whole Warrant entitles the holder to purchase one additional Common Share at an exercise price of \$0.20 on or before 18 months from the date of issuance.

The Company also closed a non-brokered private placement financing for gross proceeds of \$1,665,400 through the issuance of 10,408,750 Units (each "Unit") at a price of \$0.16 per unit. Each Unit is comprised of: (i) one common share in the capital of the Company (each a "Common Share"); (ii) one Common Share purchase warrant (each, a "Warrant"). Each whole Warrant entitles the holder to purchase one additional Common Share at an exercise price of \$0.22 on or before 24 months from the date of issuance.

- (ii) On February 13, 2025, an option holder exercised 200,000 options at an exercise price of \$0.16 per share.
- (iii) On February 5, 2025, the Company completed the first tranche of its non-brokered private placement offering, issuing 2,177,875 Units of the Company at a price of \$0.16 per Unit, for gross proceeds of \$348,460. Each Unit consists of one common share in the capital of the Company, and one common share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.22 per common share for a period of 24 months after the date of issuance.

On August 7, 2025, the Company completed its private placement offering, issuing 32,370,000 Units of the Company at a price of \$0.10 per Unit, for gross proceeds of \$3,237,000. Each Unit consists of one common share in the capital of the Company, and one-half of one common share purchase warrant (each whole warrant, a "warrant" of the Company). Each warrant is exercisable into one common share at a price of \$0.15 per common share for a period of 24 months after the date of issuance.

On November 13, 2025, the Company completed its private placement offering, issuing 12,000,000 Common Shares of the Company at a price of \$0.12 per Share, for gross proceeds of \$1,440,000.

- (iv) On July 21, 2025, the Company settled \$22,632 in outstanding debts through the issuance of 181,048 Shares at a price of \$0.125 per share.

On August 5, 2025, the Company settled \$1,282,350 in outstanding debts including \$978,845 in amounts owing the Scryb Inc. (see note 11), through the issuance of 12,823,500 Shares in order to preserve the Company's cash for working capital. The shares under the Debt Settlement were issued at a price of \$0.10 per share.

The share for debt exchange resulted in the recognition of a gain on debt settlement of \$64,118.

- (v) On February 13, 2025, certain debenture holders exercised their option to convert \$200,000 convertible debentures at the prescribed \$0.30 per share rate receiving 666,666 shares in the Company.



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On August 7, 2025, certain debenture holders exercised their option to convert \$1,405,000 convertible debentures at the new prescribed \$0.10 per share rate receiving 14,050,000 shares in the Company. Certain debenture holders also exercised their option to convert \$217,650 in accrued interest on the outstanding debenture at the prescribed \$0.10 per share rate receiving 2,176,500 shares in the Company.

(b) Stock option plan and share-based compensation

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price, minimum price, or a discounted price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 10 years.

The following table summarizes activity within the Company's stock option plan during the year:

	Number of Options Outstanding	Black-Scholes Value	Weighted Average Exercise Price
Balance - January 1, 2024	16,720,000	4,916,199	\$ 0.52
Previously issued stock options vesting amortization	-	315,456	-
Granted during the period	13,820,000	1,770,177	0.17
Cancelled during the period	(3,260,000)	(871,917)	(0.48)
Balance - December 31, 2024	27,280,000	6,129,916	\$ 0.35
Exercised during the period	(200,000)	(24,194)	0.16
Cancelled during the period	(4,805,000)	(1,521,312)	0.53
Balance - December 31, 2025	22,275,000	4,584,410	\$ 0.31

On March 6, 2024, the Company announced that it has granted an aggregate of 300,000 options to purchase common shares of the Company with an estimated fair value of \$36,455 exercisable at a price of \$0.16 per common share, vesting immediately and expiring on March 6, 2029, to certain directors, employees, officers and consultants of the Company.

On March 11, 2024, the Company announced that it has granted an aggregate of 4,610,000 options to purchase common shares of the Company with an estimated fair value of \$560,192 exercisable at a price of \$0.16 per common share, vesting immediately and expiring on March 11, 2029, to certain directors, employees, officers and consultants of the Company.

On May 28, 2024, the Company announced that it has granted an aggregate of 910,000 options to purchase common shares of the Company with an estimated fair value of \$154,328 exercisable at a price of \$0.22 per common share, vesting immediately and expiring on May 28, 2029, to certain directors, employees, officers and consultants of the Company.

On September 19, 2024, the Company announced that it has granted an aggregate of 1,000,000 options to purchase common shares of the Company with an estimated fair value of \$156,294 exercisable at a price of \$0.18 per common share, vesting immediately and expiring on September 19, 2029, to certain directors, employees, officers and consultants of the Company.

On December 12, 2024, the Company announced that it has granted an aggregate of 7,000,000 options to purchase common shares of the Company with an estimated fair value



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of \$862,908 exercisable at a price of \$0.16 per common share, vesting immediately and expiring on December 12, 2029, to certain directors, employees, officers and consultants of the Company.

During the year ended December 31, 2025, an option holder exercised 200,000 options at an exercise price of \$0.16 per share.

During the year ended December 31, 2025, 4,805,000 options were cancelled (year ended December 31, 2024 – 3,260,000 were cancelled).

The following common share purchase options are outstanding at December 31, 2025:

Date of Grant	Number of Options Outstanding	Exercise Price	Weighted average remaining life (years)	Expiry Date	Number of Options exercisable
November 11, 2022	8,730,000	0.50	1.86	November 11, 2027	8,730,000
May 16, 2023	230,000	1.35	2.38	May 16, 2028	230,000
March 6, 2024	300,000	0.16	3.18	March 6, 2029	300,000
March 11, 2024	4,155,000	0.16	3.19	March 11, 2029	4,155,000
May 28, 2024	860,000	0.22	3.41	May 28, 2029	860,000
September 19, 2024	1,000,000	0.18	3.72	September 19, 2029	1,000,000
December 12, 2024	7,000,000	0.16	3.95	December 12, 2029	7,000,000
	22,275,000	0.31	2.93		22,275,000

Share based compensation during the year ended December 31, 2025, was NIL (December 31, 2024 - \$2,085,633).

The fair value of options granted during the year ended December 31, 2025, was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions.

	Dec 12 2024	Sep 19 2024	May 28 2024
Exercise Price	0.16	0.18	0.22
Risk-free interest rate	2.98%	2.70%	3.72%
Expected life of Options	5.00	5.00	5.00
Annualized volatility	127.63%	131.69%	107.54%
Dividend rate	Nil	Nil	Nil
Forfeiture rate	0%	0%	0%
	Mar 11 2024	Mar 06 2024	May 16 2023
Exercise Price	0.16	0.16	1.35
Risk-free interest rate	3.32%	3.35%	2.98%
Expected life of Options	5.00	5.00	5.00
Annualized volatility	106.26%	106.26%	94.00%
Dividend rate	Nil	Nil	Nil
Forfeiture rate	0%	0%	0%

(c) Warrants

The following table summarizes warrants that have been issued, exercised or expired during the year ended December 31, 2025:

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	Number of Warrants Outstanding	Black-Scholes Value	Weighted Average Exercise Price
Balance - January 1, 2024	38,958,000	\$ 4,594,490	\$ 0.71
Warrants issued on private placement	18,958,703	1,812,982	0.21
Warrants issued on convertible debenture	6,749,325	118,919	0.40
Expired during the period	(80,000)	(8,284)	(0.50)
Balance - December 31, 2024	64,586,028	6,518,108	\$ 0.52
Warrants issued on private placement	20,628,775	1,036,643	0.15
Expired during the period	(47,335,453)	(5,407,297)	(0.61)
Balance - December 31, 2025	37,879,350	\$ 2,147,454	\$ 0.21

The fair value of warrants granted during the year ended December 31, 2025, was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions:

	Investor Warrants August 2025	Broker Warrants August 2025	Investor and Broker Warrants February 2025
Exercise price	\$0.15	\$0.10	\$0.22
Risk-free interest rate	2.68%	2.68%	2.61%
Time to maturity - years	2 years	2 years	2 years
Annualized volatility	107.4%	107.4%	105.0%
Dividend yield	Nil	Nil	Nil

On January 25, 2024, the Company issued an aggregate of 6,749,325 warrants at an exercise price of \$0.40 due to expire in 24 months, with the expiry date of January 25, 2026.

On March 8, 2024, the Company issued an aggregate of 4,007,686 warrants at an exercise price of \$0.20 due to expire in 18 months, with the expiry date of September 8, 2025.

On April 12, 2024, the Company issued an aggregate of 4,449,767 warrants at an exercise price of \$0.20 due to expire in 18 months, with the expiry date of October 12, 2025.

On April 21, 2024, 6,607,000 warrants originally issued by the Company on April 21, 2022, and were set to expire April 21, 2024, have been extended to May 11, 2025. The exercise price remains unchanged at \$0.50.

On May 11, 2024, 25,984,800 warrants originally issued by the Company on November 11, 2022, and were set to expire May 11, 2024, have been extended for twelve months to May 11, 2025. The exercise price remains unchanged at \$0.60.

On November 29, 2024, the Company issued an aggregate of 10,501,250 warrants at an exercise price of \$0.22 due to expire in 24 months, with the expiry date of November 29, 2026.

During the year ended December 31, 2024, no warrants were exercised, and 80,000 warrants expired.

On February 5, 2025, 2,177,875 warrants were issued at an exercise price of \$0.22 due to expire in 24 months, with the expiry date of February 05, 2027.

On August 7, 2025, 16,185,000 warrants were issued at an exercise price of \$0.15 due to expire in 24 months, with the expiry date of August 7, 2027. In addition, Compensation

**CYBEATS TECHNOLOGIES CORP.****NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (Audited)**

Options were issued to the lead Agent equal to 7.0% of the number of Units sold pursuant to the LIFE offering (each “broker warrants”). These broker warrants shall entitle the holder to acquire 1 common share at the issue price of \$0.10 due to expire in 24 months.

During the year ended December 31, 2025, no warrants were exercised, and 47,335,453 warrants expired.

As at December 31, 2025, there were 37,879,350 warrants outstanding as follows:

Date of Grant	Number of Warrants Outstanding	Exercise Price	Weighted average remaining life (years)	Fair Value	Expiry Date
January 25, 2024	6,749,325	\$ 0.40	0.07	118,919	January 25, 2026
November 29, 2024	10,501,250	\$ 0.22	0.91	991,892	November 29, 2026
February 5, 2025	2,177,875	\$ 0.22	1.10	81,072	February 5, 2027
August 7, 2025	16,185,000	\$ 0.15	1.60	819,066	August 7, 2027
August 7, 2025	2,265,900	\$ 0.10	1.60	136,504	August 7, 2027
	37,879,350		1.11	\$ 2,147,454	

10. Convertible Debenture

On January 25, 2024, the Company completed a financing of \$2,025,000 through the issuance of secured convertible debentures (the “Debentures”). The Debentures will mature on the second anniversary of issuance, bear interest at a rate of twelve percent (12%) per annum. The Debentures are convertible at the option of the holder into common shares in the capital of the Company at a price of \$0.30 per common share (the “Conversion Option”). In connection with the Debentures, holders also received one common share purchase warrant (each, a “Debenture Warrant”) for each \$0.40 principal amount of the Debentures, resulting in an aggregate of 6,749,325 Debenture Warrants issued. Each Debenture Warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.40 per common share for a period of two years from the date of issuance.

Each whole Warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.40 per common share for a period of two years from the date of issuance. In connection with the financing, finder’s fees were paid totalling \$3,150.

The Company used the residual value method to allocate the principal amount of the convertible debentures between the liability and equity components. The Company valued the debt component of the convertible debentures by calculating the present value of the principal and interest payments, discounted at a rate of 18%, being management’s best estimate of the rate that a non-convertible debenture with similar terms would bear. The equity component of the convertible debentures comprises the value of the Conversion Option and Debenture Warrants, being the difference between the face value of the Debentures and the liability component calculated below. Based on this calculation, the liability component was \$1,834,774 and the residual equity component was \$190,226 which was allocated between the warrants and the conversion premium based on their relative fair values.

The fair value of Warrants and Finder Warrants granted was estimated at the date of issuance using a Black Scholes Option Pricing Model with the following assumptions:

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	Investor and Broker Warrants January 25 2024
Exercise price	\$0.40
Risk-free interest rate	3.99%
Time to maturity - years	2 years
Annualized volatility	101.4%
Dividend yield	Nil

The following table disclosed the components associated with the convertible debenture transaction at initial recognition:

January 25, 2024	
Proceeds from the convertible debenture	2,025,000
Less equity component	(190,226)
Loan Liability Component	1,834,774

The change in the convertible debenture loan liability are as follows:

Value at initial recognition	1,834,774
Issuance cost	(119,260)
Accretion	120,959
Accrued interest	226,402
Balance December 31, 2024	2,062,875
Accretion	124,650
Accrued interest	124,273
Conversion of convertible debenture	(1,749,618)
Interest paid	(45,000)
Balance December 31, 2025	517,181

On February 13, 2025, a certain debenture holder exercised their option to convert \$200,000 convertible debentures at the prescribed \$0.30 per share rate receiving 666,666 shares in the Company.

On August 1, 2025, the Company announced a conversion price amendment to the \$1.83 million principal amount of convertible debentures that were issued on January 25, 2024 (the "Convertible Debentures"). The Company has received written approval for the amendment from holders of 66 2/3% of the principal amount owing under the Convertible Debentures as required by the certificates governing the Convertible Debentures. As the Company seeks to enter a period of commercial expansion, it wishes to reduce the principal amount owing under the Convertible Debentures which are due to be paid on January 25, 2026.

The conversion price for the convertible debenture has been repriced to \$0.10 per common share which was previously at \$0.30 per common share. As part of the repricing amendment, each holder of Convertible Debentures shall have thirty (30) days to convert the Convertible Debentures following written notice to the holders if during the term the common shares of the Company close above \$0.125 per share on each trading day for a period of ten (10) consecutive trading days (the "Acceleration Period"). If the Holder does not elect to convert during the Acceleration Period, then the conversion price shall be reverted back to \$0.30.

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On August 6, 2025, certain debenture holders exercised their option to convert \$1,622,650 convertible debentures at a prescribed \$0.10 per share rate receiving 16,266,500 shares in the Company. The conversion comprised of \$1,405,000 in the debenture's principal, and \$217,650 in interest accrued.

11. Related Party Transactions and Balances

On August 5, 2025, the Company settled \$978,845 in amounts owing to Scryb Inc. through the issuance of 9,788,450 shares at a price of \$0.10 per share (note 9 (a)). During the year ended, December 31, 2025, Scryb assumed the obligations of the Company owing to a related party in the amount of \$614,116, which included accrued interest in the amount of \$56,281.

At December 31, 2025, the Company has a balance due to Scryb Inc. of \$1,224,432 (December 31, 2024 – \$491,918). These payables are secured by way of a general security agreement (“GSA”), accrue interest 10% per annum, is due and were payable by Cybeats on October 14, 2025. Scryb Inc. is a significant owner of the Company and a deemed related party. This balance was settled in full subsequent to the year ended December 31, 2025 through the issuance of 10,000,000 common shares at a price of \$0.12 per share in Cybeats (see note 15).

During the year ended, December 31, 2025, \$1,176,739 (December 31, 2024 - \$2,614,840) was paid to key management and companies controlled by or related to key management. As of December 31, 2025, \$310,569 remains owing to these related parties (December 31, 2024 - \$453,588).

	December 31, 2025	December 31, 2024
Share based compensation	-	792,263
Consulting and management fees, included in salary and wages	1,042,864	1,541,191
Interest on related party loan	133,875	181,386
Convertible debenture issuance costs	-	100,000
	\$ 1,176,739	\$ 2,614,840

Related party transactions are measured on an amortized cost basis.

12. Short Term Debt

At December 31, 2025, the Company has a short-term debt of nil (December 31, 2024 – \$557,835). In the 2024 year, the Company obtained these short-term advances from select individuals. The advances were short term in nature bearing interest of 25% per annum up to October 1, 2024, and subsequently 18% per annum thereafter.

During the year ended December 31, 2025, Scryb assumed the obligations of the Company to a related party in the amount of \$614,116 including accrued interest (see note 11).

13. Management of Capital

The Company manages its capital structure and adjusts it based on the funds available to the Company, in order to support the development of its business. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its shareholders' equity. In order to carry out the planned development of its business and pay for administrative costs, the Company will spend its existing working



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capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2025. The Company is not subject to externally imposed capital requirements.

The Company considers its capital to be shareholders' equity, which is comprised of capital stock, reserves, and accumulated deficit, which as at December 31, 2025, totaled a deficiency \$2,168,465 (December 31, 2024 – \$6,659,303).

The Company's objective when managing capital is to obtain adequate levels of funding to support the development of its business and to obtain corporate and administrative functions necessary to support organizational functioning. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

14. Financial Risk Factors

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks, credit risk and liquidity risk through its risk management strategy.

The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

The Company's financial instruments primarily consist of cash. The fair value of the Company's accounts payable and accrued liabilities approximates their carrying value, due to their short-term maturities or ability of prompt liquidation.

The Company's cash is recorded at fair value, under the fair value hierarchy, based on level one quoted prices in active markets for identical assets of liabilities. The Company is exposed in varying degrees to a variety of financial instrument related risks.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

(i) Interest Rate Risk

The Company has cash balances and is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company monitors the credit worthiness of the debtor and is satisfied with the debtor's ability to repay the amount owing.



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(ii) Foreign currency risk

As at December 31, 2025, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars and therefore is not at a significant risk to fluctuating exchange risks.

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main source of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions. The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash and cash equivalents. As at December 31, 2025 the Company held cash and cash equivalents in banks of \$2,751,232 (December 31, 2024 - \$35,099) to settle current liabilities of \$5,500,590 (December 31, 2024 - \$6,375,401).

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash. The Company has reduced its credit risk by investing its cash in trust with Canadian chartered banks.

Foreign Currency Risk

The Company is exposed to foreign currency risk as a significant portion of its revenue-generating transactions are denominated in U.S. dollars ("USD"), while its reporting currency is the Canadian dollar ("CAD"). For the year ended December 31, 2025, the Company recognized revenue denominated in USD \$2,057,762 (December 31, 2024 – USD \$1,332,163). As a result, fluctuations in the CAD/USD exchange rate may impact the Company's reported revenue and profitability.

Foreign Currency Exposure

The Company's monetary assets and liabilities denominated in USD as at December 31, 2025, and 2024 were as follows:

	December 31, 2025	December 31, 2024
Cash and cash equivalents	1,046,054	245
Accounts receivable	572,261	1,557,106
Total monetary assets	1,618,315	1,557,351
Accounts payable and accrued liabilities	(320,217)	(549,092)
Net exposure (USD)	USD 1,298,098	USD 1,008,259
FX Spot	1.3706	1.4389
Net exposure (CAD)	CAD 1,779,173	CAD 1,450,783
5% sensitivity:	CAD 88,959	CAD 72,539

The Company has performed a sensitivity analysis to estimate the impact of changes in foreign exchange rates on its financial results. As at December 31, 2025, assuming a 5% strengthening or weakening of the CAD against the USD, with all other variables held constant, the impact on net income (loss) would be an increase/decrease of approximately CAD \$88,959 (December 31, 2024 – increase/decrease of CAD \$72,539).



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This sensitivity is primarily driven by the Company's net exposure to USD-denominated monetary assets and liabilities at year end.

15. Subsequent Events

Scryb Debt Settlement

The Company closed a debt settlement agreement on January 9, 2026, with Scryb Inc whereby it issued 10,000,000 common shares of the Company at a deemed price of \$0.12 per share. The Debt Settlement resulted in a full and final settlement of all debt owed by the Company to Scryb amounting to \$1,224,432 owing under a secured debenture held by Scryb, including principal, interest, expenses, rent, or any other amounts owing.

Stock Option Issuance

On January 19, 2026, the company issued 12,950,000 stock options under the terms of the Company's Omnibus Long-Term Incentive Plan to various employees, directors, officers and consultants of the Company and vest immediately. Each option is exercisable at a price of \$0.16 for one common share of the Company for a period of five years from the date of the grant. The options and any common shares issued upon exercise of the options are subject to a four-month and one day resale restriction from the date of grant.

The Company also granted 1,250,000 stock options to Sophic Capital upon its renewed engagement with the firm as the Company's investor relations partner which specializes in small-cap growth companies. These options vest quarterly in four equal tranches of 312,500 options, and expire on the earlier of; 90 days after the termination of the engagement, or January 16, 2031.

Expiry of Warrants

On January 25, 2026, 6,749,325 warrants with an exercise price of \$0.40 per warrant have expired.

Exercise of Warrants

Subsequent to December 31, 2025, and up to April 30, 2026, 1,128,132 warrants were exercised at an average price of \$0.10 per warrant, resulting in the issuance of 1,128,132 common shares for total proceeds of \$112,813.

16. Restatement

The Company has made the following reclassifications and adjustments on the prior year financial statements.



CYBEATS TECHNOLOGIES CORP.
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Cybeats Technologies Corp. Consolidated Annual Statement of Financial Position Adjustments

As at year ended December 31, 2024	Original	Adjustment	Adjusted
Assets			
Current Assets			
Cash and cash equivalents	\$ 35,099	\$ -	\$ 35,099
Accounts receivable	1,465,377	-	1,465,377
Prepaid expenses	468,169 A	(83,184)	384,985
HST receivable	45,983	-	45,983
	2,014,628	(83,184)	1,931,444
Non-current Assets			
Property, plant and equipment (note 5)	10,440	-	10,440
Total Assets	\$ 2,025,067	\$ (83,184)	\$ 1,941,883
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities (note 6)	\$ 2,606,520 B	\$ 397,084	\$ 3,003,604
Due to related party (note 11)	491,918	-	491,918
Short term debt (note 12)	557,835	-	557,835
Current portion of convertible debenture (note 10)	226,402	-	226,402
Current portion of deferred revenue (note 7)	2,095,642	-	2,095,642
	5,978,317	397,084	6,375,401
Long-Term Liabilities			
Convertible debenture (note 10)	1,836,474	-	1,836,474
Deferred revenue (note 7)	389,311	-	389,311
	2,225,785	-	2,225,785
Total Liabilities	8,204,102	397,084	8,601,186
Shareholders' Equity (Deficiency)			
Share capital (note 9 (a))	24,143,241	-	24,143,241
Warrant reserve (note 9 (c))	6,518,108	-	6,518,108
Equity component of convertible debenture (note 10)	71,306	-	71,306
Share based payment reserve (note 9 (b))	6,129,916	-	6,129,916
Contributed surplus	1,028,269	-	1,028,269
Deficit	(44,069,875) C	(480,268)	(44,550,143)
Total Shareholders' Equity (Deficiency)	(6,179,035)	(480,268)	(6,659,303)
Total Liabilities and Shareholders' Equity	\$ 2,025,067	\$ (83,184)	\$ 1,941,883

Adjustments

A - Adjustment to expense prepaid amounts for services already received or settlements completed.

B - To record accrual for services per 2024 which were not included in the 2024 reporting period.

C - Combined effect of profit and loss from adjustments on deficit.



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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (Audited)

Cybeats Technologies Corp. Consolidated Annual Statement of Loss and Comprehensive Loss Adjustments

For the twelve months ended December 31, 2024	Original	Adjustment	Adjusted
Revenue			
Product Sales	\$ 1,936,990	\$ -	\$ 1,936,990
Other revenue	5,954	-	5,954
Total Revenues	1,942,944	-	1,942,944
Expenses			
Advertising and promotion	542,047	-	542,047
Computer and software	336,204	-	336,204
Depreciation	86,869	-	86,869
Filing Fees	82,328	-	82,328
Insurance	32,463	-	32,463
Interest and accretion (note 9, 10)	640,521	-	640,521
Meals and entertainment	13,766	-	13,766
Office and general	8,207	-	8,207
Product development	1,033,905	-	1,033,905
Professional fees	252,540	-	252,540
Repairs and maintenance	513	-	513
Salary and wages (note 10)	5,498,082 A	381,644	5,879,726
Share based compensation (note 8, 10)	2,085,633	-	2,085,633
Shareholder communications and marketing	1,060,813 A	10,000	1,070,813
Travel expense	90,550	-	90,550
Total Expenses	11,764,441	391,644	12,156,085
Net Income (Loss) before Other (Income) Expense	\$ (9,821,497)	\$ (391,644)	\$ (10,213,141)
Other (Income) Expense			
Gain on debt settlement	(208,147) A	46,520	(161,627)
Foreign currency loss (gain)	3,515	-	3,515
Unrealized (gain) loss on foreign exchange	(53,476) B	42,104	(11,372)
Net Income (Loss) and Comprehensive Income (Loss) for the Period	\$ (9,563,389)	\$ (480,268)	\$ (10,043,658)
Deficit, beginning of period	\$ (34,506,483)	\$ -	\$ (34,506,483)
Deficit, end of period	\$ (44,069,875) C	\$ (480,268)	\$ (44,550,143)
Income (loss) per share			
Basic and diluted	\$ (0.08)	\$ (0.01)	\$ (0.09)
Weighted average number of common shares outstanding, basic and diluted	114,933,572	114,933,572	114,933,572

Adjustments

A - Adjustment to accrue for services received in 2024 not previously reported in 2024.

B - To correct improperly valued foreign currency payable.

C - Cumulative effect of above adjustments.



CYBEATS TECHNOLOGIES CORP.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (Audited)

Cybeats Technologies Corp. Consolidated Annual Statement of Changes in Shareholders' Equity Adjustments

	Capital Stock	Warrant Reserve	Share-Based Payment reserve	Contributed surplus	Equity component of Convertible Debentures	Deficit	Total Equity	
	Number of shares	\$	\$	\$	\$	\$	\$	
Original - December 31, 2024	128,235,156	24,143,241	6,518,108	6,129,916	1,028,269	71,306	(44,069,873)	(6,179,035)
Adjustments	A	-	-	-	-	-	(480,268)	(480,268)
Adjusted - December 31, 2024	128,235,156	24,143,241	6,518,108	6,129,916	1,028,269	71,306	(44,550,143)	(6,659,303)

Adjustments

A - Cumulative effect of adjustments from the Statement of Loss and Comprehensive Loss Adjustments.



CYBEATS TECHNOLOGIES CORP.
NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (Audited)

Cybeats Technologies Corp. Consolidated Annual Statement of Cash Flow Adjustments

Twelve months ended December 31, 2024	Original		Adjustment	Adjusted
Cash flows from (used in) operating activities				
Net loss and comprehensive loss for the period	\$ (9,563,390)	A	\$ (480,268)	\$ (10,043,658)
Items not affecting cash from operations:				
Depreciation	86,869		-	86,869
Share based compensation	2,085,633		-	2,085,633
Accretion of convertible debenture	120,960		-	120,960
Gain on debt settlement	208,147	B	(46,520)	161,627
Gain on sale of property, plant and equipment	4,552		-	4,552
Accrued interest on convertible debenture	226,402		-	226,402
Changes in non-cash working capital items:				
(Increase) in accounts receivable	(1,260,872)		-	(1,260,872)
Decrease (Increase) in prepaid expenses	743,158	C	83,184	826,342
Decrease in HST receivable	119,031		-	119,031
(Decrease) Increase in accounts payable & accrued liabilities	537,279	B	443,604	980,883
Increase (decrease) in deferred revenue	2,068,928		-	2,068,928
Net cash used in operating activities	(4,623,303)		-	(4,623,303)
Cash flows from (used in) investing activities				
Sale (Purchase) of property, plant and equipment	(6,613)		-	(6,613)
(Increase) decrease in due from related parties	151,289		-	151,289
Net cash from (used in) investing activities	144,676		-	144,676
Cash flows from (used in) financing activities				
Convertible debenture and warrants issuance	1,905,740		-	1,905,740
(Repayments to) related party	(537,981)		-	(537,981)
Short term debt	(810,373)		-	(810,373)
Net payment on leases	(90,745)		-	(90,745)
Proceeds from private placement, net of issue costs	4,011,384		-	4,011,384
Net cash from financing activities	4,478,026		-	4,478,026
Decrease in cash for the year	(601)		-	(601)
Cash - beginning of period	35,700		-	35,700
Cash - end of period	\$ 35,099		\$ -	\$ 35,099

Adjustments

A - See adjustments A-C on the restatement of the Statement of Comprehensive Loss for changes to Net Loss for the Period.

B - See adjustment B on the restatement of Statement of Financial Position.

C - See adjustment A on the restatement of Statement of Financial Position.