AVANTE CORP.

Condensed Interim Consolidated Financial Statements

Unaudited for the three-month period ended June 30, 2026 and 2025

NOTICE TO READER OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements of Avante Corp. for the three-month period ended June 30, 2026 are the responsibility of the Company's Management. These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company. The condensed interim consolidated financial statements have been prepared by Management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards.

AVANTE CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2026 AND MARCH 31, 2026

	June 30, 2026	*Mar 31, 2026*
ASSETS		
CURRENT		
Cash and cash equivalents	$ 6,769,718	$ 6,220,055
Accounts receivable (note 7)	5,624,904	7,625,623
Inventories (note 8)	773,237	892,584
Contract assets (note 6b)	345,566	303,080
Prepaid expenses	644,658	541,636
	14,158,083	15,582,978
NON-CURRENT ASSETS		
Property, plant & equipment (note 9)	2,779,488	2,618,962
Deferred tax assets (note 16)	403,948	403,948
Intangible assets (note 10)	1,868,613	1,902,490
Goodwill (note 10)	4,440,144	4,440,144
	9,492,193	9,365,544
TOTAL ASSETS	**$ 23,650,276**	**$ 24,948,522**
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	3,594,854	4,378,127
Loan from officer	111,329	111,294
Corporate tax payable	240,784	127,415
Obligations under lease (note 13)	737,116	705,352
Deferred revenue (note 6b)	3,715,433	4,629,687
Put option liability (note 11)	2,119,955	1,653,376
	10,519,471	11,605,251
NON-CURRENT LIABILITIES		
Obligations under lease (note 13)	448,843	469,189
Cash settled share-based payment liabilities (note 19)	2,512,931	2,375,000
Deferred tax liability (note 16)	158,947	158,947
	3,120,721	3,003,136
TOTAL LIABILITIES	**13,640,192**	**14,608,387**
SHAREHOLDERS' EQUITY		
Share capital (note 14)	30,239,034	30,239,034
Contributed surplus	2,757,530	2,739,976
Accumulated other comprehensive deficit	(119,893)	(125,083)
Deficit	(22,950,527)	(22,605,907)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	9,926,144	10,248,020
Non-controlling interest (note 15)	83,940	92,115
TOTAL EQUITY	**10,010,084**	**10,340,135**
TOTAL EQUITY & LIABILITIES	**$ 23,650,276**	**$ 24,948,522**

Contingencies (note 21)

AUTHORIZED FOR ISSUE ON BEHALF OF THE BOARD:

Signed "Emmanuel Mounouchos" Director *Signed "Daniel Argiros" Director*

See accompanying notes to the consolidated financial statements

AVANTE CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2026 AND JUNE 30, 2025

	June 30, 2026	*June 30, 2025*
	Unaudited	
Revenues from continuing operations (note 6a)	$ 10,007,573	$ 8,746,993
Cost of sales	5,513,153	5,428,464
Gross profit	4,494,420	3,318,529
Operating expenses		
Salaries, benefits and commissions	2,094,499	1,540,137
Administration	1,586,525	1,147,823
Depreciation on capital assets (note 9)	276,281	243,816
Amortization on intangible assets (note 10)	164,970	168,062
Merchant transaction fees and bank charges	159,084	117,442
Share based payments (note 14)	17,554	18,243
	4,298,913	3,235,523
Income (loss) before other income and expenses	195,507	83,006
Other (income) expenses		
Miscellaneous income	(44,921)	(58,567)
Put option expense	466,578	-
Interest expense	68,050	68,659
Foreign exchange loss	19,212	44,166
	508,919	54,258
Income (loss) before income taxes	(313,412)	28,748
Provision for income taxes		
Current income tax expense (recovery) (note 16)	39,383	17,473
Deferred income tax expense (recovery) (note 16)	-	-
Net income (loss) for the period	$ (352,795)	$ 11,275
Net income (loss) for the period attributable to:		
Equity holders of the parent	(344,620)	19,738
Non-controlling interests	(8,175)	(8,463)
	$ (352,795)	$ 11,275
Other comprehensive income (loss) from continuing operations: Items that may be reclassified subsequently to net loss		
Unrealized gain (loss) on translating financial statements of foreign operations	5,190	4,140
	$ 5,190	$ 4,140
Total comprehensive income (loss) for the period	**$ (347,605)**	**$ 15,415**
Equity holders of the parent	(339,430)	23,878
Non-controlling interests	(8,175)	(8,463)
Total comprehensive income (loss) for the period	$ (347,605)	$ 15,415
Net income (loss) per share attributable to equity holders of the parent (note 5)		
Basic and diluted income per share	($0.013)	$0.001
Weighted average number of shares outstanding for basic and diluted calculation	26,648,739	26,648,739

See accompanying notes to the consolidated financial statements

AVANTE CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2026 AND JUNE 30, 2025

	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Subtotal	Non-controlling Interest	Total Equity
Balance at April 1, 2025	**$ 30,239,034**	**$ 2,531,453**	**$ (20,104,023)**	**$ (111,381)**	**$ 12,555,083**	**$ 201,457**	**$ 12,756,540**
Net income (loss) for the period	-	-	19,737	-	19,737	(8,463)	11,274
Unrealized gain (loss) on translating financial statements of foreign operations	-	-	-	(4,140)	(4,140)	-	(4,140)
Share based payments	-	18,244	-	-	18,244	-	18,244
Issuance of common shares	-	-	-	-	-	-	-
Balance at June 30, 2025	**$ 30,239,034**	**$ 2,549,697**	**$ (20,084,286)**	**$ (115,521)**	**$ 12,588,924**	**$ 192,994**	**$ 12,781,918**
Balance at April 1, 2026	**$ 30,239,034**	**$ 2,739,976**	**$ (22,605,907)**	**$ (125,083)**	**$ 10,248,020**	**$ 92,115**	**$ 10,340,135**
Net income (loss) for the period	-	-	(344,620)	-	(344,620)	(8,175)	(352,795)
Cash distribution	-	-	-	-	-	-	-
Unrealized gain (loss) on translating financial statements of foreign operations	-	-	-	5,190	5,190	-	5,190
Share based payments	-	17,554	-	-	17,554	-	17,554
Balance at June 30, 2026	**$ 30,239,034**	**$ 2,757,530**	**$ (22,950,527)**	**$ (119,893)**	**$ 9,926,144**	**$ 83,940**	**$ 10,010,084**

See accompanying notes to the consolidated financial statements

AVANTE CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2026 AND JUNE 30, 2025

	June 30, 2026	*June 30, 2025*
Operating activities		
Net income (loss) for the period	$ (352,795)	$ 11,275
Loss (gain) on disposal of capital assets	20,450	(34,485)
Share based payments	17,554	18,243
Interest on bank loans and leases	68,050	57,313
Depreciation on capital assets (note 9)	276,281	243,816
Amortization on intangible assets (note 10)	164,970	168,062
Provision for income tax	39,383	2,268
Put option liability	466,578	-
Impairment of capital assets		
	700,471	466,492
Net change in non-cash working capital:		
Accounts receivable	2,000,719	887,818
Inventories	119,347	(134,654)
Contract assets	(42,486)	10,191
Prepaid expenses	(103,022)	(395,459)
Income tax payable	73,986	1,391
Accounts payable and accrued liabilities	(645,339)	154,452
Deferred revenue	(914,254)	(686,174)
	488,951	(162,435)
Net cash from (used in) operating activities	1,189,422	304,057
Financing activities		
Loan from officer	35	-
Principal lease payments	(229,515)	(209,418)
Interest on bank loans, and leases	(68,050)	(54,245)
Net cash from (used in) financing activities	(297,530)	(263,663)
Investing activities		
Capitalized development costs (note 10)	(131,094)	(36,992)
Purchase of capital assets	(216,325)	(67,114)
Disposal of capital assets		
Net cash flows attributable to discontinued operations	-	73,514
Net cash from (used in) investing activities	(347,419)	(30,592)
Increase (decrease) in cash during the period	544,473	9,802
Cash and cash equivalents, beginning of period	6,220,055	4,723,488
Unrealized foreign exchange gain on cash and cash equivalents held in foreign currencies	5,190	(21,619)
Cash and cash equivalents, end of period	**$ 6,769,718**	$ 4,711,671

See accompanying notes to the consolidated financial statements

1. NATURE OF BUSINESS

Avante Corp., formerly Avante Logixx Inc. (the "Company") develops security technologies, products and solutions for residential, commercial and corporate protective services, monitoring and control applications, secure transportation and private investigations. All of these activities are conducted through the following subsidiaries: Avante Security Inc. ("Avante Security"), which is 100% owned, Avante International Inc., which is 100% owned, Avante Holding Corp., which is 100% owned, The Reserve Inc. (formerly "ToyBoxx Inc."), which is 51% owned and North Star Support Group S.R.L. ("NSSG"), in which the Company acquired a 55% majority interest on October 1, 2023.

The Company's common shares are listed on the TSX Venture Exchange under the symbol XX.V (OTC: ALXXF).

Avante Security provides premium security services for residential and condominium customers in Toronto and Muskoka, Ontario, through the use of advanced technology and a focus on client service. Avante Security's business provides a complete offering ranging from system design, sales, installations, and monitoring to services such as alarm response and patrols, personal protection, house staff training, and secure transportation. Avante Security has a specialized skillset in high-rise security integration, monitoring and electronic building management. It also provides consulting and installation of automation and security solutions for the high-end residential market. Avante Security's signature offerings are its Rapid Alarm Response services, and its Intelligent Perimeter Protection Video Analytics. Avante Security also provides extensive offerings, which include Closed Circuit Television ("CCTV"), access controls and security services for travelling executives. Avante Security uses its proprietary two-way wireless communication technology for security and in other market segments for various remote control and monitoring functions.

Avante Black, a division of Avante Security, offers highly specialized services that are bespoke to specific needs of the client for a specific purpose. Services offered include specialized security services providing 24 hour, 7 days a week, 365 days security, cyber monitoring, investigations and international secured transportation.

On October 1, 2023, Avante Corp., via its subsidiary Avante International Inc., acquired a 55% interest in North Star Support Group S.R.L. ("NSSG"), which is a risk management and security company. It primarily specializes in offering international secured transportation, investigation services, medical services, emergency SOS services and sophisticated cyber sentiment monitoring and sensitive investigations tailored for executive customers on a global scale.

In September 2023, Avante Corp., operating through its subsidiary Avante Holding Corp., formally established The Reserve, which commenced its auto storage services in December 2023. The service offers security for high-value vehicle owners in Toronto, Ontario.

The address of the Company's corporate office is 1959 Leslie Street, Toronto, Ontario, Canada. The Company is domiciled in Canada and was incorporated in Canada.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") (collectively, "IFRS Accounting Standards") and using the accounting policies described herein.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 27, 2026.

2. BASIS OF PRESENTATION (CONTINUED)

b) Basis of measurement

The condensed interim consolidated financial statements of the Company are presented in Canadian dollars. The functional currency of NSSG is the euro and the functional currency for the Company and all other subsidiaries is the Canadian dollar. Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

Assets and liabilities of foreign operations are translated into the presentation currency at the spot exchange rate in effect as of the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rates for the reporting period. Any resulting translation differences from the above translation methods are recognized in other comprehensive income (loss).

The preparation of these condensed interim consolidated financial statements requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed interim consolidated financial statements, are disclosed in Note 4.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of Consolidation

The condensed interim consolidated financial statements include the accounts of the Company and other entities that the Company controls (subsidiaries). Control exists when the Company is exposed or has the existing rights to variable returns and the current ability to direct activities that significantly affect the entities' returns. Consolidation of the subsidiaries begins on the date on which control is obtained and ends when control of the entity ceases to exist. The Company assesses control on an ongoing basis.

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. The non-controlling shareholders ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non- controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

The financial statements of the Company and subsidiaries are prepared as of the same dates and periods. The condensed interim consolidated financial statements are prepared using uniform accounting policies by all subsidiaries of the Company. Transactions and balances between the Company and its consolidated entities have been eliminated on consolidation.

The Company's composition is made of the subsidiaries listed below.

	Ownership interest held at	
Name of entity	**30-Jun-26**	**31-Mar-26**
Avante Security Inc.	100%	100%
Avante Security USA Inc.	100%	100%
Avante International Inc.	100%	100%
Avante Holding Corp.	100%	100%
North Star Support Group S.R.L.	55%	55%
The Reserve Inc.	51%	51%

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

On October 1, 2023 Avante Corp., set up a wholly owned subsidiary, Avante International Inc., to acquire a 55% stake in NSSG, a risk management and security company (note 11). The comprehensive purchase cost amounted to $1,834,561, with payment structured as a blend of $1,728,000 in cash and the issuance of 154,301 common shares in the Company. NSSG is consolidated with effect from October 1, 2023.

In October 2023, Avante Corp., set up a wholly owned subsidiary, Avante Holding Corp and invested 51% in The Reserve. The Reserve is consolidated with effect from September 14, 2023 (note 15).

Impairment of Non-Financial Assets

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. Impairment testing of goodwill and indefinite life intangible assets is done at least annually at the March 31 year end or when there are indicators of impairment.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the CGU. Any impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss/income. As of June 30, 2026, the Company has two CGUs, Avante Security and NSSG. The Company had the same CGU's as of March 31, 2026.

An impairment loss of an asset is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss is limited to the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years, and its recoverable amount. The reversal of impairment loss of an asset is recognized in profit and loss. Impairment losses on goodwill are not reversed.

Accounting standards effective in the year

IAS 1: Presentation of Financial Statements

In January 2020 and in October 2022, the IASB issued Classification of Liabilities as Current or Non-current, which amends IAS 1 - Presentation of Financial Statements. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability.

It also introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments also specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

These amendments were effective for annual periods beginning on or after January 1, 2024. The adoption of these amendments by the Company on April 1, 2024 did not have a material impact on these condensed interim consolidated financial statements.

IFRS Accounting Standards issued but not yet adopted

Presentation and Disclosure in Financial Statements:

In April 2024, the IASB issued the new standard IFRS 18 – Presentation and Disclosure in Financial Statements that will replace IAS 1 – Presentation of Financial Statements. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures ("MPMs") in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is assessing the impacts to the condensed interim consolidated financial statements.

Classification and Measurement of Financial Instruments:

In May 2024, the IASB issued amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with Environmental, Social, and Governance ("ESG")-linked features. The IASB also amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income ("FVOCI") and added disclosure requirements for financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is assessing the impacts to the condensed interim consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

a) Intangible assets and goodwill

Management is required to use judgement in determining the economic useful lives of identifiable intangible assets. Judgement is also required in identifying indicators of impairment and in identifying the Company's cash generating units ("CGUs").

The Company exercises judgement in the assessment of indefinite life for goodwill, considering its expected contribution to cash flows indefinitely and the insignificance of associated costs. The Company conducts annual impairment tests and assesses impairment if events or changes in circumstances indicate the asset may be impaired.

Purchased intangibles are valued as at the acquisition date using established methodologies and amortized over their estimated useful economic lives. These valuations and lives are based on management's best estimates of future performance and periods over which value from the intangible assets will be derived.

b) Revenue and contract assets

There is judgement in determining the timing of revenue recognition pertaining to electronic installation services, where the entire contract is one performance obligation and is recognized over time using the percentage of completion basis. Timing of revenue recognition may differ from when customers are invoiced, which could result in contract assets or Deferred revenue being recognized.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

c) Segment Reporting

The Company has exercised judgement in identifying its reportable segments based on the internal reporting structure and the information reviewed by the Chief Executive Officer (CEO), who is considered the Chief Operating Decision Maker (CODM), in accordance with *IFRS 8 – Operating Segments*. With the acquisition of NSSG on October 1, 2023, the Company has two reportable segments consisting of Avante Security and NSSG. Refer to Note 20.

d) Assessment of Control

The Company has exercised judgement in assessing control of its 55% acquisition of NSSG as required under IFRS 10 – Consolidated Financial statements ("IFRS 10"). To have control over an investee the investor must have all the following: 1) Power over the investee; 2) Exposure, or rights to variable returns and 3) the ability to use its power over the investee to affect the amount of the investor's return. The Company assessed control by analyzing the substantive rights to direct the relevant activities of the investee. Management has concluded that it does control NSSG under IFRS 10.

e) Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year include accrued liabilities. These estimates are created based on management's assumptions, based on current circumstances, and management believes represent a reasonable basis upon which to estimate the future liability. With respect to put option valuation, acquired through business combinations, the Company determines fair value using the formula as stated in the purchase and sale agreement. Refer to Note 11.

5. EARNINGS (LOSS) PER SHARE

The following reflects the income (loss) and share data used in the basic and diluted earnings (loss) per share computations for the three-month period ended:

	For the three-month period ended	
	Jun 30, 2026	Jun 30, 2025
Basic and diluted income (loss) per share	(0.013)	0.001
Total net loss attributable to equity holders of the parent - basic and fully diluted	(344,620)	19,738
Weighted average number of shares outstanding for basic and diluted calculation	26,648,739	26,648,739

6. REVENUE RECOGNITION

a) Disaggregation of Revenue

Revenue is recognized in a manner that depicts the transfer of promised goods or services to the customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods and services. Standard 30-day payment terms apply to the majority of accounts receivable for the Company. Segment revenues by service type for the three-month periods ended June 30, 2026 and 2025 were as follows:

6. REVENUE RECOGNITION (CONTINUED)

	For the three-month period ended							
	June 30, 2026				June 30, 2025			
	Avante Security	NSSG	Elimination	Total	Avante Security	NSSG	Elimination	Total
Protective Services	$ 3,260,735	$ -	$ -	$ 3,260,735	$ 2,793,835	$ -	$ -	$ 2,793,835
Monitoring and Managed Services	1,561,106	-	(1,080)	1,560,026	1,452,916	-	(720)	1,452,196
Electronic Services	2,392,278	-	-	2,392,278	1,783,863	-	-	1,783,863
Secured Transport	523,539	1,546,666	(208,910)	1,861,295	675,470	1,692,592	(274,189)	2,093,873
Investigations	248,931	149,779	-	398,710	218,758	88,442	-	307,200
Specialized Security	247,474	-	-	247,474	218,942	-	-	218,942
Consulting	-	283,574	-	283,574	-	93,574	-	93,574
Auto storage	3,481	-	-	3,481	3,510	-	-	3,510
Total Revenue	**$ 8,237,544**	**$ 1,980,019**	**$ (209,990)**	**$ 10,007,573**	**$ 7,147,294**	**$ 1,874,608**	**$ (274,909)**	**$ 8,746,993**

(b) Contract Assets and Deferred Revenue

	June 30, 2026	Mar 31, 2026
Work-in-progress - contracts in process	$ 345,566	$ 303,080

Timing differences between invoicing, cash collection, and revenue recognition results in accounts receivable and also results in unbilled work-in-progress (contract assets), and deferred revenue on the consolidated statements of financial position. Amounts are billed in accordance with the terms of each customer contract, generally subsequent to the performance of obligations and related revenue recognition, resulting in accounts receivable with standard payment terms of 'Net 30 Days' for these types of contracts. For certain contracts, the Company receives customer payment prior to satisfying contracted obligations and recognizing revenue, resulting in deferred revenue.

Deferred revenue balance at March 31, 2025	$ 2,855,198
Additions during the year	11,972,126
Derecognized during the year	(10,197,638)
Deferred revenue balance at March 31, 2026 to be derecognized in fiscal year 2027	4,629,687
Deferred revenue balance at March 31, 2026	$ 4,629,687
Additions during the year	1,812,770
Derecognized during the year	(2,727,024)
Deferred revenue balance at June 30, 2026 to be derecognized in fiscal year 2027	3,262,240
Deferred revenue balance at June 30, 2026 to be derecognized after fiscal year 2027	453,193
Deferred revenue balance at June 30, 2026	**$ 3,715,433**

7. ACCOUNTS RECEIVABLE

The accounts receivable on the financial statements are net of allowance for expected credit losses of $276,139 as at June 30, 2026 (March 31, 2026: $276,139). Changes in the allowance for expected credit losses during the period were as follows:

	June 30, 2026	Mar 31, 2026
Allowance for expected credit losses - opening balance	$ 276,139	$ 183,456
Net increase (decrease) during the year	-	92,683
Allowance for expected credit losses - closing balance	$ 276,139	$ 276,139

As at June 30, 2026 and March 31, 2026, the aging of the Company's accounts receivables was as follows:

	Balance Due	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days
Trade receivables	7,291,758	4,909,253	721,471	178,320	1,482,714
Non-trade receivables	610,004	144,201	-	-	465,803
Allowance for doubtful accounts	(276,139)	-	-	-	(276,139)
Balance at March 31, 2026	**$7,625,623**	**$5,053,454**	**$721,471**	**$178,320**	**$1,672,378**
Trade receivables	5,175,000	3,784,219	311,341	118,568	960,872
Non-trade receivables	726,043	260,240	-	-	465,803
Allowance for doubtful accounts	(276,139)	-	-	-	(276,139)
Balance at June 30, 2026	**$5,624,904**	**$4,044,459**	**$311,341**	**$118,568**	**$1,150,536**

As at June 30, 2026, there was $960,872 (March 31, 2026: $1,482,714) of accounts receivable outstanding for over 90 days of which management did not consider $684,733 (March 31, 2026: $1,206,575) impaired.

As of June 30, 2026, non-trade receivables include the estimated amount due from SSC in respect of the Company's sale of Logixx Security and GIC interest unpaid.

8. INVENTORIES

	June 30, 2026	Mar 31, 2026
Inventory	$ 773,237	$ 892,584

All inventory is considered finished goods. Inventory expensed to cost of sales during the three months ended June 30, 2026, amounted to $701,043 (three months ended June 30, 2025: $503,831).

9. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Equipment, furniture and fixtures	Equipment - MAST	Leasehold improvements	Right-of-use asset	Vehicles	Uniforms	Buildings	Total
	$	$	$	$	$	$	$	$	$
Cost									
Balance at March 31, 2026	**$ 623,589**	**$ 871,524**	**$ 401,700**	**$ 948,555**	**$ 2,572,070**	**$ 133,753**	**$ 283,911**	**$ 473,300**	**$ 6,308,402**
Additions	15,555	-	142,375	5,372	240,933	-	53,023	-	457,258
Disposals	-	-	-	-	(201,857)	-	-	-	(201,857)
Balance at June 30, 2026	**639,144**	**871,524**	**544,075**	**953,927**	**2,611,146**	**133,753**	**336,934**	**473,300**	**6,563,803**
Accumulated depreciation									
Balance at March 31, 2026	**504,191**	**561,577**	**14,229**	**789,308**	**1,476,425**	**69,427**	**133,870**	**140,413**	**3,689,440**
	-	-	-	-	-	-	-	-	
Depreciation	11,179	10,491	21,610	11,615	210,494	6,159	-	4,733	276,281
Disposals	-	-	-	-	(181,407)	-	-	-	(181,407)
Balance at June 30, 2026	**515,370**	**572,068**	**35,839**	**800,923**	**1,505,512**	**75,586**	**133,870**	**145,146**	**3,784,314**
Carrying Amounts									
Balance at March 31, 2026	**119,398**	**309,947**	**387,471**	**159,247**	**1,095,645**	**64,326**	**150,041**	**332,887**	**2,618,962**
Balance at June 30, 2026	**$ 123,774**	**$ 299,456**	**$ 508,236**	**$ 153,004**	**$ 1,105,634**	**$ 58,167**	**$ 203,064**	**$ 328,154**	**$ 2,779,489**

	Computer equipment	Equipment, furniture and fixtures	Leasehold improvements	Computer software	Right-of-use asset	Vehicles	Uniforms	Buildings	Total
	$	$	$	$	$	$	$	$	$
Cost									
Balance at March 31, 2025	**$ 576,679**	**$ 877,219**	**$ 855,363**	**$ 345,418**	**$ 2,589,178**	**$ 92,876**	**$ 230,710**	**$ 473,300**	**$ 6,040,743**
Additions	18,142	-	16,843	-	245,665	18,962	13,167	-	312,779
Disposals	-	-	-	-	(220,959)	-	-	-	(220,959)
Foreign exchange gain (loss)	-	725	-	-	21,061	-	-	-	21,786
Balance at June 30, 2025	**594,821**	**877,944**	**872,206**	**345,418**	**2,634,945**	**111,838**	**243,877**	**473,300**	**6,154,349**
Accumulated depreciation									
Balance at March 31, 2025	**448,779**	**586,284**	**755,657**	**345,418**	**1,378,158**	**51,395**	**102,663**	**121,481**	**3,789,835**
Depreciation	10,639	17,240	7,260	-	193,080	3,822	7,042	4,733	243,816
Disposals	-	-	-	-	(144,947)	-	-	-	(144,947)
Foreign exchange gain (loss)	-	48	-	-	5,547	-	-	-	5,595
Balance at June 30, 2025	**459,418**	**603,572**	**762,917**	**345,418**	**1,431,838**	**55,217**	**109,705**	**126,214**	**3,894,299**
Carrying Amounts									
Balance at March 31, 2025	**127,900**	**290,935**	**99,706**	**-**	**1,211,020**	**41,481**	**128,047**	**351,819**	**2,250,909**
Balance at June 30, 2025	**$ 135,403**	**$ 274,372**	**$ 109,289**	**$ -**	**$ 1,203,107**	**$ 56,621**	**$ 134,172**	**$ 347,086**	**$ 2,260,051**

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation expense is $276,281 for the three months ended June 30, 2026 (three months ended June 30, 2025: $243,816).

The Company carries two categories of right-of-use assets: vehicles and property. At June 30, 2026 the carrying amount of vehicles under lease was $826,545 (June 30, 2025: $689,684), with $140,033 of depreciation (three months ended June 30, 2025: $119,982).

The right-of-use asset property had a carrying amount of $279,089 at June 30, 2026 (June 30, 2025: $513,424). Depreciation in the amount of $70,461 is included for the three months ended June 30, 2026, (three months ended June 30, 2025: $71,810).

All assets of the Company, including its Accounts Receivables, Inventories and Property, Plant and Equipment, have been pledged as general security against the senior secured credit facilities established with the Company's bank (Note 12). Gains and losses on disposals are booked in the miscellaneous (income) expense line on the condensed interim consolidated statement of income and comprehensive income.

10. GOODWILL AND INTANGIBLE ASSETS

A. INTANGIBLE ASSETS

	Trade Name and Other	Customer relationships	Software	Total
	$	$	$	$
Cost				
Balance at March 31, 2026	$673,411	$5,218,330	$856,453	$6,748,194
Additions	-	-	131,094	131,094
Balance at June 30, 2026	**$673,411**	**$5,218,330**	**$987,547**	**$6,879,288**
Amortization				
Balance at March 31, 2026	$362,219	$4,456,253	27,232	$4,845,704
Amortization for the period	28,750	129,398	6,823	164,971
Balance at June 30, 2026	**$390,969**	**$4,585,651**	**$34,055**	**$5,010,675**
Carrying amounts				
Balance at March 31, 2026	$311,192	$762,077	$829,221	$1,902,490
Balance at June 30, 2026	**$282,442**	**$632,679**	**$953,492**	**$1,868,613**

10. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

	Trade Name	Customer relationships	Software	Total
	$	$	$	$
Cost				
Balance at March 31, 2025	$660,026	$5,218,330	524,949	$6,403,304
Additions	-	-	36,992	36,992
Balance at Jun 30, 2025	**660,026**	**5,218,330**	**561,940**	**6,440,296**
Amortization				
Balance at March 31, 2025	$246,344	$3,932,154	-	$4,178,498
Amortization	27,579	133,694	6,789	168,062
Balance at Jun 30, 2025	**273,922**	**4,065,848**	**6,789**	**4,346,560**
Carrying amounts				
Balance at March 31, 2025	**$ 413,682**	**$ 1,286,176**	**$ 524,949**	**$ 2,224,807**
Balance at Jun 30, 2025	**$ 386,104**	**$ 1,152,482**	**$ 555,151**	**$ 2,093,736**

On October 1, 2023, Avante Corp., acquired a controlling interest of 55% in NSSG, an international risk management and security company. The comprehensive purchase cost amounted to $1,834,561, with payment structured as a blend of $1,728,000 in cash and the issuance of 154,301 common shares in the Company. NSSG is consolidated with effect from October 1, 2023. As a result of the acquisition of NSSG, the Company recorded $1,185,560 of identifiable intangible assets. These intangible assets are primarily related to customer relationships and trade name, with useful lives ranging from 5.25 to 9.25 years.

Intangible amortization expense for the three months ended June 30, 2026 is $164,970 (three months ended June 30, 2025: $168,062).

B. GOODWILL

Balance at March 31, 2026	**$ 4,440,144**
Balance at June 30, 2026	**$ 4,440,144**

The above intangible assets and goodwill were acquired upon the acquisitions of the businesses of INTO Electronics Inc. at August 22, 2014, LVS Inc. at April 1, 2015, Architronics Limited (“Architronics”) at March 1, 2017 and Watermark Security Inc. at August 1, 2018 as well as the acquisition of the business of NSSG at October 1, 2023. The goodwill recognized on NSSG acquisition is primarily attributed to the anticipated synergy in services, global expansion through leveraging respective networks, innovation and expertise in technology, and enhanced operational efficiency.

The key assumptions used to calculate the fair value of these intangible assets include discount rates, growth rates and margins. The cost of goodwill is calculated as the excess of purchase price of the acquired business over the estimated fair value of the tangible and intangible assets acquired and liabilities assumed at the date of acquisition and is allocated to the cash generating unit (“CGU”) expected to benefit from the acquisition. A CGU is the smallest group of assets for which there are separate identifiable cash flows. The Company has determined that it has two CGUs as at both June 30, 2026 and March 31, 2026: Avante Security and NSSG.

Capitalized Commission

Commissions on long-term contracts (12 months in length or longer) are capitalized at the initiation of the contract and amortized over the length of the contract as revenue is recognized. The unamortized amount of commission on long-term contracts as of June 30, 2026 was $10,168 (June 30, 2025: $3,086), with $nil amortized in the three months ended June 30, 2026 (three months ended June 30, 2025: $nil).

11. BUSINESS ACQUISITIONS

The Company accounts for business combinations using the acquisition method, in accordance with IFRS 3 - Business Combinations ("IFRS 3"). The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired.

In determining the purchase price allocation, the Company considers, among other factors, the intended future use of acquired assets, analysis of historical financial performance, and estimates of future performance of the acquiree. Any goodwill that arises generally reflects expected revenue and cost synergies from combining the acquiree with the Company's existing businesses.

The Company aims to finalize the measurement of the fair values of the assets acquired and liabilities assumed within twelve months following the date of acquisition, as it obtains the information necessary to complete the measurement process.

Unless specified otherwise, the fair values presented in the purchase price allocation tables below are provisional. Any changes resulting from facts and circumstances that existed as of the date of acquisition will result in retrospective adjustments to the provisional amounts, recognized at the acquisition date.

Acquisition-related costs are recognized as incurred, in profit or loss, within Reorganization and acquisition costs.

Acquisition of Veridin Systems Canada Inc. and Intelligarde International Inc., subsequently sold to SSC

Veridin Systems Canada Inc. was acquired by the Company on September 17, 2018 and integrated with Logixx Security and sold to SSC on June 1, 2022. Within an escrow account, the Company held back $94,923 of the purchase price against certain representations and warranties. The parties are engaged in litigation processes to settle the amounts owing between the parties.

Acquisition of NSSG

On October 1, 2023 Avante Corp., via its subsidiary Avante International Inc., acquired a controlling interest of 55% in NSSG, an international risk management and security company. The comprehensive purchase cost amounted to $1,834,561, with payment structured as a blend of $1,728,000 in cash and the issuance of 154,301 common shares in the Company. NSSG is consolidated with effect from October 1, 2023.

The acquisition was undertaken to strengthen the Group's presence in the global security market by utilizing NSSG's worldwide client base for cross-selling its services and technology to NSSG's Fortune 500 clients.

As part of the transaction, the Company entered into a shareholder's agreement with respect to NSSG and a loan agreement with NSSG. Pursuant to the loan agreement, the Company will, indirectly through the Purchaser, advance to NSSG a loan in principal amount of up to EUR 1,000,000 for a term of 4 years, bearing interest at a rate equal to the Bank of Canada Prime Rate plus 1%, and repayable in 8 quarterly equal repayments starting on the date that is 24 months after the date of each drawdown under the loan. This first draw of EUR 500,000 was executed on September 25, 2023.

Upon the acquisition of NSSG, Mrs. Grigore, the former owner of NSSG, was granted a put option exercisable at any time after the expiration of the Lock-up period, which is four years from the acquisition date. This put option obligates the Company to purchase all equity interests held by Mrs. Grigore in the share capital of NSSG at a price calculated based on the following formula:

[the quota of shares held by Mrs. Grigore at the date of the put option right]% x [4 x EBITDA – the Net Debt].

There is an accelerated put option that can be exercised if specific protective minority rights are breached during the four-year lock-up period from acquisition date. In case the put option right is exercised by Mrs.

11. BUSINESS ACQUISITIONS (CONTINUED)

Grigore following the occurrence of an acceleration event, the put price will be calculated as follows:

[the quota of shares held by Mrs. Grigore at the date of the put option right]% x [6 x EBITDA – the Net Debt].

The Company recognized a put option expense of $466,578 for the three-month ended June 30, 2026 (June 30, 2025: $nil).

The Company recognized a financial liability in respect of the put option based on the contractual purchase price formula described above. Subsequent to initial recognition, the liability is remeasured at each reporting date to reflect changes in the underlying EBITDA and Net Debt amounts used in determining the redemption value. Changes in the carrying amount of the liability are recognized in profit or loss until the put option is exercised, expires, or is otherwise extinguished. The put option liability is classified and measured at fair value through profit or loss (FVTPL).

12. BANK INDEBITEDNESS

On June 1, 2022, the Company applied proceeds from the sale of Logixx Security on June 1, 2022 to permanently repay the credit facilities pursuant to the June 30, 2021 Credit Agreement. As of June 1, 2022, the Company entered into amended credit facilities with the same bank consisting of a $2 million revolving credit facility, together with credit card facilities for each of Avante Corp. and Avante Security, supported by a first fixed security interest in favour of the bank over all assets of Avante Corp. and Avante Security. Such credit arrangements are provided by the bank on a demand basis, and the revolver is subject to a borrowing base consisting of 75% of eligible accounts receivable and 50% of inventory, minus priority payables. The provision of the credit facilities is subject to a minimum consolidated current ratio of 1.20 as of March 31, 2023, and thereafter, and the Company was in compliance with that covenant as of June 30, 2026. The agreement further stipulates that the advances cannot exceed 75% of accounts receivable and 50% of inventory less priority payables; the Company is in compliance with these requirements as of June 30, 2026. Drawings under the revolver are permitted by way of letters of credit (at 2.00% per annum), prime rate advances (at the bank's prime rate plus 0.50%) and bankers' acceptances (stamping fee of 2.00%).

As of June 30, 2026 and March 31, 2026, there were no drawings on the line of credit. The Company must maintain a current asset to current liability ratio of at least 1.20:1.00 at all times, as calculated on a quarterly basis. The Company was onside with covenants throughout the year and as at June 30, 2026. The borrowing base of the line of credit is 75% of accounts receivable, excluding items aged greater than ninety days, plus 50% of inventory less priority payables which consist of accrued payments such as salaries, commissions and HST payable. The Company borrowing base must exceed the amount borrowed on the line of credit.

On July 7, 2022, the Company executed an unsecured Loan Agreement with affiliates of Fairfax Financial Holdings Limited ("Fairfax"), who collectively own 19.88% of the Company's common shares as of June 30, 2026 and March 31, 2026. This note should be read in conjunction with the related-party transactions Note 19 to fully understand the nature and impact of the Loan Agreement with Fairfax affiliates. As of June 30, 2026 and March 31, 2026, there were no drawings on the Loan Agreement.

Interest on bank loans expensed in the consolidated statements of income (loss) and comprehensive income (loss) for the three-month period ended June 30, 2026 is $12,500 (June 2025: $12,500).

13. OBLIGATIONS UNDER LEASE

The Company's lease payments are discounted using the interest rate implicit in the lease, or if that cannot be determined, the Company's incremental borrowing rate. Vehicle lease and property lease liabilities as of the respective period ends were as follows:

	Vehicle lease liability	Property lease liability	Total liability
Balance at March 31, 2025	**$636,678**	**$620,096**	**$1,256,774**
Current obligations under lease	414,552	251,076	665,628
Long-term obligations under lease	222,126	369,020	591,146
Balance at March 31, 2025	**$636,678**	**$620,096**	**$1,256,774**
Additions during the year	718,545	101,316	819,861
Disposals during the year	(175,757)	(23,948)	(199,705)
Principal payments	(424,450)	(277,939)	(702,389)
Balance at March 31, 2026	**$755,016**	**$419,525**	**$1,174,541**
Current obligations under lease	447,022	258,330	705,352
Long-term obligations under lease	307,994	161,195	469,189
Balance at March 31, 2026	**$755,016**	**$419,525**	**$1,174,541**
Additions during the period	240,933	-	240,933
Disposals during the period	(23,943)	-	(23,943)
Principal payments	(129,611)	(75,961)	(205,572)
Balance at June 30, 2026	**$842,395**	**$343,564**	**$1,185,959**
Current obligations under lease	507,397	229,719	737,116
Long-term obligations under lease	334,998	113,845	448,843
Balance at June 30, 2026	**$842,395**	**$343,564**	**$1,185,959**

The Company leased certain vehicles with the remaining lease obligation of $842,395 (March 31, 2026: $755,016), at an effective annual rate of interest of 23.28% (March 31, 2026: 24.76%). The payment terms include blended monthly payments of $54,611 plus applicable taxes (March 31, 2026: $64,997) for 12 to 48 months ending between October 2026 and June 2029, with an aggregate buy out obligation of $nil as of June 30, 2026 (March 31, 2026: $nil). Interest expense from these leases, included in the consolidated statements of income (loss) and comprehensive income (loss) for the three-month period ended June 30, 2026 was $43,671 (three months ended June 30, 2025: $38,525).

Various office properties with the remaining lease obligation of $343,564 (March 31, 2026: $419,525), are leased with blended monthly payments of $27,686 plus applicable taxes (March 31, 2026: $27,686). An incremental borrowing rate of 7.2% is used. The property leases end in January 2028. Interest expense from these leases, included in the consolidated statements of income (loss) and comprehensive income (loss) for the three-month period ended June 30, 2026 was $7,098 (three months ended June 30, 2025: $11,172).

14. SHAREHOLDERS' EQUITY

[a] Share capital issued and outstanding

Unlimited common shares	Number of Shares	Amount
Balance at March 31, 2026	26,648,739 $	30,239,034
Balance at June 30, 2026	26,648,739 $	30,239,034

[b] Share options

The Company has an incentive Share Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant at terms of up to ten years. No amounts are paid or payable by the recipient on receipt of the option.

Options for Directors vest when granted, while vesting of options for non-directors is as follows: 33.33% on the first anniversary; 33.33% on the second anniversary; and the remainder on the third anniversary following the grant date. For the chairman of the Board vesting of the options is as follows: 25% of the option will vest on the first anniversary; 25% on the second anniversary; 25% on the third anniversary; and the remainder on the fourth anniversary following the grant date.

On September 29, 2015, the shareholders of the Company approved an amendment to the stock option plan whereby it reverted to a 10% rolling stock option plan. This plan is approved annually by the shareholders of the Company and was again approved by the shareholders on October 24, 2024. Accordingly, the Company has a total of 584,874 options available to be issued as at June 30, 2026, with the maximum term remaining at 10 years (March 31, 2026: 584,874).

	Number of Options	Weighted Average Exercise Price
Balance at March 31, 2025	**1,710,000**	**$0.91**
Option granted during the year	500,000	$1.13
Option forfeited during the year	(130,000)	$0.82
Balance at March 31, 2026	**2,080,000**	**$0.97**
Balance at June 30, 2026	**2,080,000**	**$0.97**

During the three months ended June 30, 2026 no share options were issued or forfeited. During the three months ended June 30, 2025 no share options were issued or forfeited. None of the outstanding options were exercised in the three months ended June 30, 2026.

Using the Black-Scholes pricing model, the Company recognized $nil in expenses for forfeited options for the three months ended June 30, 2026 (three months ended June 30, 2025: $nil).

Total share based payments expensed during three months ended June 30, 2026 amounted to $17,554 (three months ended June 30, 2025: $18,243). In calculating the share-based compensation expense, the Company used the assumptions as listed below as at the date of grants:

14. SHAREHOLDERS' EQUITY (CONTINUED)

	2027	2026
Risk-free interest rate	3.5%	3.5%
Expected volatility	74.98%	74.98%
Expected time until exercise	10 years	10 years
Expected dividend yield	NIL	NIL
Expected forfeiture	20%	20%
Share price	$0.97	$0.97

The expected price volatility is based on the historic volatility (based on the expected life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The following table summarizes stock options vested and outstanding at June 30, 2026:

Grant Date	Number of Options Outstanding	Remaining Years	Number of Options Vested	Exercise Price	Expiry Date
2022-04-28	200,000	0.83	200,000	0.88	2027-04-28
2022-04-28	200,000	0.83	200,000	0.97	2027-04-28
2022-04-28	200,000	0.83	200,000	1.07	2027-04-28
2022-04-28	200,000	0.83	200,000	1.18	2027-04-28
2022-04-28	100,000	0.83	100,000	0.88	2027-04-28
2022-09-26	250,000	1.24	250,000	0.80	2027-09-26
2022-10-11	200,000	1.24	200,000	0.77	2027-09-26
2023-08-29	100,000	0.73	100,000	0.88	2027-03-24
2024-09-27	130,000	8.25	43,333	0.81	2034-09-27
2025-06-09	85,000	3.95	28,333	0.98	2030-06-09
2025-11-27	215,000	4.41	-	1.03	2030-11-27
2026-02-26	100,000	4.66	100,000	1.10	2031-02-26
2026-03-24	100,000	4.73	100,000	1.49	2031-03-24
	2,080,000		1,721,666		

15. NON-CONTROLLING INTERESTS

NSSG

On October 1, 2023, the Company acquired control of North Star Support Group S.R.L. ("NSSG") upon achieving economic and voting interests of 55%. As a result, effective October 1, 2023, the Company commenced consolidating the entity. The transaction has been accounted for as a business combination in accordance with IFRS 3 - Business Combinations.

Following the acquisition of NSSG, Mrs. Grigore, the former owner, was granted a put option (note 12). At the initial recognition of this put option, the NCI related to the shares subject to the option was eliminated. The difference between the present value of the gross obligation that could be required to be paid and the carrying amount of the NCI was adjusted within equity. Refer to note 3 for additional details on the change in accounting policy related to this put option.

The following table summarizes the financial information related to NSSG, before any intra-group eliminations:

NSSG **As at (and for the three-month period ended)**	**June 30, 2026**	**Mar 31, 2026**
Current assets	2,208,691	2,200,266
Non-current assets	133,079	(29,219)
Current liabilities	(2,240,289)	(346,199)
Non-current liabilities	-	245,690
Net assets (100%)	**101,481**	**2,070,538**
Revenue	1,980,019	2,515,715
Net income (loss)	319,662	420,831
Other comprehensive Income (loss)	5,190	7,721
Total comprehensive income (loss) (100%)	**324,852**	**428,552**
NCI	**-**	**-**
Cash flows from operating activities	10,727	(211,484)
Cash flows from investment activities	(60,734)	(19,293)
Cash flows from financing activities	(17,770)	(6,588)
Net increase (decrease) in cash and cash equivalents	(67,776)	(237,365)

15. NON-CONTROLLING INTERESTS (CONTINUED)

The Reserve

In September 2023, Avante Corp., operating through its subsidiary Avante Holding Corp., formally established The Reserve (formerly ToyBoxx), which commenced its services in December 2023. The following table summarizes the financial information related to The Reserve, before any intra-group eliminations:

The Reserve As at (and for the three-month period ended)	June 30, 2026	Mar 31, 2026
Current assets	60,622	57,104
Non-current assets	109,618	128,273
Current liabilities	(348,719)	(347,172)
Non-current liabilities	-	-
Net assets (100%)	**(178,478)**	**(161,795)**
Revenue	3,481	10,881
Net income (loss)	(16,683)	(9,410)
Total comprehensive income (loss) (100%)	**(16,683)**	**(9,410)**
NCI	**(8,175)**	**(4,611)**
Cash flows from operating activities	16,702	27,251
Cash flows from investment activities	-	-
Cash flows from financing activities	(13,183)	(13,094)
Net increase in cash and cash equivalents	3,519	14,157

16. INCOME TAXES

In prior annual fiscal years, the Company incurred non-capital losses for income tax purposes. Those losses are available to the Company to reduce the current portion of income taxes payable, if any. Income tax expense is recognized based on management's estimate of tax rates of 26.5% expected to be in effect for the Company's full financial year.

For the three months ending June 30, 2026, the Company recognized $nil deferred income tax expense from continuing operations (three months ended June 30, 2025: $nil). The deferred tax assets are attributable to previously unused non-capital tax loss carry forwards that it estimates will be used against taxable income for the year ended March 31, 2027 and future taxable periods.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

[a] Risk management

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these condensed interim consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The Board of Directors receives quarterly reports from the Company's management, through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are primarily comprised of two types of risk: foreign currency risk and interest rate risk.

Foreign Currency Risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results.

The Company is exposed to foreign currency risk on revenue and expenses where it invoices or procures in a foreign currency. It is also exposed to foreign currency risk on cash and cash equivalents, trade receivables, trade payables and loans payable denominated in foreign currencies, principally in USD and RON. The Company does not employ any hedging strategies or use derivative instruments to mitigate this risk.

Financial instruments held by NSSG are denominated in the NSSG functional currency of Euros, and the effect of foreign exchange rate movements on the Company's share of these condensed interim consolidated financial instruments is included in accumulated other comprehensive income (loss) in the consolidated statements of financial position.

Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has an available revolving credit facility limit, provided on a demand basis, from its bank of $2,000,000 (as of June 1, 2022) and an unsecured term loan facility from its largest shareholder of $10,000,000 (as of July 7, 2022) but neither credit arrangement was utilized as of June 30, 2026.

The Company also invests surplus funds in one-year, cashable guaranteed investment certificates issued by its bank at fixed interest rates, given the interest rate is fixed on these instruments, interest rate risk is minimal.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

fails to meet its contractual obligations. For credit risk on accounts receivable see Note 7. Financial instruments, which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents, guaranteed investment certificates, accounts receivables, and amounts due from the purchasers of Logixx Security. The carrying amounts of financial assets represent the maximum credit exposure. The Company has gross credit exposure at June 30, 2026 relating to cash of $4,989,840 (March 31, 2026: $4,478,491) and guaranteed investment certificates of $1,779,878 (March 31, 2026: $1,741,564). All cash and guaranteed investment certificates are held in or with Canadian banks and Romanian banks which have credit ratings of A+ and Aa2 from rating agencies Standard & Poor's and Moody's respectively.

The Company has performed a sensitivity analysis on changes in the credit risk associated with these banks and considers this risk to be minimal for all cash assets based on changes that are reasonably possible at the reporting date.

For credit risk on accounts receivable see Note 7.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of approximately 90 days. To achieve this objective, the Company prepares annual financial budgets and updates short-term liquidity requirements at least monthly based on revised estimates. Further, the Company utilizes delegated authorizations for varying expenditure levels and types to further manage expenditure. The Company also monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

The following table sets out the Company's contractual maturities (representing undiscounted contractual cash flows including interest) of financial liabilities:

	Up to 3 months	3 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Contractual amount	Carrying amount
At March 31, 2026	**$ 4,618,330**	**$ 616,711**	**$ 440,304**	**$ 37,776**	**$ -**	**$ 5,713,121**	**$ 5,552,668**
Accounts payable	3,594,854	-	-	-	-	3,594,854	3,594,854
Obligations under lease	269,586	687,703	494,473	85,568	-	1,537,330	1,185,959
At June 30, 2026	**$ 3,864,440**	**$ 687,703**	**$ 494,473**	**$ 85,568**	**$ -**	**$ 5,132,184**	**$ 4,780,813**

Contractual amounts reflect undiscounted principal payments and future interest payments. Carrying amount excludes interest, is discounted, includes any residual value.

The Company maintains a liquidity position that meets its current and future obligations.

As of June 30, 2026, the Company holds cash and cash equivalents totaling $6,769,718 (March 31, 2026: $6,220,055). Additionally, the Company has access to undrawn credit facilities amounting to $12,000,000 (March 31, 2026: $12,000,000).

Based on the current liquidity position, available credit facilities, and ongoing financial planning, management is confident that the Company can meet any obligations arising from the exercise of the put option or accelerated put option by NCI.

The working capital as at June 30, 2026 was $3,638,612 compared to $3,977,727 at March 31, 2026.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

d) Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value or disclosed at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

18. CAPITAL MANAGEMENT

The Company defines its cash, guaranteed investment certificates, common shares and stock options as capital. The Company's objectives when maintaining capital are:

a. To preserve the ability to ensure business continuity thereby creating a return for the shareholders, investors and other interested parties.

b. To ensure adequate return for the shareholders by pricing of services that is adjusted to the level of risk in the business activity.

To support business activity and maximize shareholder value, the Company takes into consideration various factors, including the growth of the business-related infrastructure and the up-front cost of developing new services. The Company's officers and senior management are responsible for managing the capital and do so through monthly meetings and regular review of financial information. The Board of Directors is responsible for overseeing this process.

The Company manages capital with the objective of maintaining adequate capital resources through the optimization of the cash flows from operations and capital transactions. As of June 1, 2022 and July 7, 2022, the Company's new senior secured credit facility provided on a demand basis and its new unsecured term loan facility, respectively, are both subject to financial covenants, draw conditions and other terms that must be complied with in order for such sources of financing to be used by the Company (Note 12). The Company has complied with all the terms of both facilities as at June 30, 2026 and March 31, 2026.

19. RELATED PARTY TRANSACTIONS

The Company entered into a contract effective May 1, 2018 with a private company controlled by a significant shareholder (and subsequent to March 30, 2022 an officer) to provide consulting services for the Company. The Company incurred $nil of expense in the three-month period ended June 30, 2026 (June 30, 2025: $nil). The balance outstanding payable by the Company at June 30, 2026, is $nil (March 31, 2026: $nil).

During the year ended March 31, 2024, the Company entered into an employee contract with a family member of a significant shareholder and an officer of the Company. Under the terms of the contract, the family member provided sales services to the Company on a contractual basis. The total amount paid to the family member for services rendered during the three-month period ended June 30, 2026, was $44,037 (three-month period ended June 30, 2025: $31,194). The terms of the contract were negotiated at arm's length and were comparable to those that would be offered to unrelated third parties.

During the year ended March 31, 2024, the Company entered into a consulting agreement with a family

19. RELATED PARTY TRANSACTIONS (CONTINUED)

member of a significant shareholder and an officer of the Company. Under the terms of the agreement, the family member provided strategic consulting services to the Company on a contract basis. The total amount paid to the family member for services rendered during the three-month period ended June 30, 2026 was $23,554 (three-month period ended June 30, 2025: $10,769). The terms of the agreement were negotiated at arm's length and were comparable to those that would be provided to unrelated third parties.

On July 7, 2022, the Company executed an unsecured Loan Agreement with affiliates of Fairfax Financial Holdings Limited that also collectively own 19.88% of the Company's common shares. Pursuant to the Loan Agreement, the Company is permitted to draw, on a non-revolving basis, up to $10 million of loans until July 7, 2027 for terms to maturity ending on July 7, 2027, at an interest rate of 5.0% that can be paid by the Company in cash or in kind. A standby fee of 0.5% per annum is charged by Fairfax on the unused portion of the term loan facility, and the fee is recorded within the interest expense on the condensed interim consolidated statements of income (loss) and comprehensive income (loss) in the amount of $12,500 (three-month period ended June 30, 2025: $12,500).

The Loan Agreement ranks junior to the senior secured credit facilities provided by the Company's bank, but are guaranteed on an unsecured basis by all subsidiaries of the Company.

Pursuant to the Loan Agreement, the Company's consolidated senior indebtedness (excluding drawings under the Term Loan and net of permitted cash balances) shall not exceed 3.5 times Adjusted EBITDA (as defined in the Loan Agreement) on a rolling four quarter basis. In addition, further drawings under the Loan Agreement are conditional on the Company's existing Chief Executive Officer being involved in the day-to-day operations of the Company. To date, there have not been any drawings advanced under the Loan Agreement.

Remuneration of Directors and Officers was as follows:

Directors & Officers Remuneration	30-Jun-26	30-Jun-25
Salaries, short-term employee benefits	155,706	173,950
Bonus (long-term)	137,931	(167,875)
Bonus (short-term)	160,648	157,344
Director fees	62,500	50,000
Share-based payments	542	8,672
Total	**517,327**	**222,091**

On April 8, 2022, the Company offered a long-term incentive plan to a director and officer of the Corporation. Under this plan, 1 million shares were to be granted on April 1, 2027, and an additional 1 million shares were to be granted upon the announcement of the Company's earnings per share for the fiscal year 2027, contingent on meeting certain performance targets.

The officers of the Company receive the short-term compensation based on achieving targeted free cash flow as determined by the Compensation committee on an annual basis.

The officers of the Company are eligible for long-term incentive payments, structured as cash-settled share-based payments, contingent upon specific criteria. At the reporting date, the fair value of the outstanding liability for cash-settled share-based payments was $2,512,931 (March 31, 2026: $2,375,000).

The total expense recognized for the three-month period ended June 30, 2026 arising from cash-settled share-based payments was $137,931 (three-month period ended June 30, 2025: recovery of $167,875), which is included in employee benefits expense. This amount reflects the fair value of the share-based payments remeasured at the reporting date.

19. RELATED PARTY TRANSACTIONS (CONTINUED)

One officer is entitled to receive the incentive payment based on the earlier of:

- The date the officer's employment is terminated, however such termination is caused, or
- August 2028.

The other officer is entitled to receive the incentive payment based on the earlier of:

- The involuntary termination of either the first officer or himself, or
- August 2028.

Directors are eligible for an annual allowance of $5,000 towards security services from the Company.

20. SEGMENT REPORTING

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components. The operating results of all operating segments are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assessing their performance. The Company's chief operating decision maker is the Chief Executive Officer.

Avante Security provides premium security services for residential customers in Toronto and Muskoka, Ontario through the use of advanced technology and a focus on client service. Avante Security's business provides a complete offering ranging from system design, sales, installations, and monitoring to services such as alarm response and patrols, personal protection, house staff training, and secure transportation.

NSSG is a risk management and security firm that primarily specializes in international secure transportation, investigation services, and advanced cyber sentiment monitoring, as well as providing sensitive investigations tailored for executive clients on a global scale. NSSG also offers risk management, crisis management, remote medical services, due diligence, and travel risk management services. Operating from Romania, the company serves clients in Saudi Arabia, Italy, Israel, the United Kingdom, and a worldwide clientele.

Segment statements of income (loss) and comprehensive income (loss) for the three months ending June 30, 2026 are included below:

20. SEGMENT REPORTING (CONTINUED)

	For the three-month period ended June 30, 2026				
	Avante Security (ASI+ The Reserve 51%)	NSSG	Corporate	Intersegment eliminations	Total
Revenue	$ 8,237,544	$ 1,980,019	$ -	$ (209,990)	$ 10,007,573
Cost of sales	4,833,878	889,265	-	(209,990)	5,513,153
Gross profit	3,403,666	1,090,754	-	-	4,494,420
Operating expenses					
Salaries, benefits and commissions	1,262,323	332,667	499,509	-	2,094,499
Administration	836,834	338,315	411,376	-	1,586,525
Depreciation on capital assets	239,797	23,129	13,355	-	276,281
Amortization on intangible assets	35,539	34	129,397	-	164,970
Merchant transaction fees and bank charges	146,561	4,590	7,933	-	159,084
Share based payments	-	-	17,554	-	17,554
	2,521,054	698,735	1,079,124	-	4,298,913
Income (loss) before other income and expenses	882,612	392,019	(1,079,124)	-	195,507
Other (income) expenses					
Miscellaneous income	(35,763)	-	(9,158)	-	(44,921)
Put option expense	-	-	466,578		466,578
Interest (income) expense	48,652	4,541	14,857	-	68,050
Foreign exchange (gain) loss	(176)	19,388	-	-	19,212
Total other (income) expenses	12,713	23,929	472,277	-	508,919
Income (loss) before reorganization, and acquisition costs	869,899	368,090	(1,551,401)	-	(313,412)
Reorganization and acquisition costs	-	-	-	-	-
Income (loss) before income taxes	869,899	368,090	(1,551,401)	-	(313,412)
Provision for income taxes					
Income tax expense (recovery)	-	39,383	-	-	39,383
Net income (loss) for the period	**$ 869,899**	**$ 328,707**	**$ (1,551,401)**	**$ -**	**$ (352,795)**
Other comprehensive income (loss):					
Unrealized gain (loss) on translating financial statements of foreign operations	-	-	5,190	-	5,190
Total comprehensive income (loss) for the period	**$ 869,899**	**$ 328,707**	**$ (1,546,211)**	**$ -**	**$ (347,605)**

Segment statements of income (loss) and comprehensive income (loss) for the three months ending June 30, 2025 are included below:

20. SEGMENT REPORTING (CONTINUED)

	For the three-month period ended June 30, 2025				
	Avante Security (ASI+ The Reserve 51%)	NSSG	Corporate	Intersegment eliminations	Total
Revenue	$ 7,147,293	$ 1,874,608	$ -	$ (274,909)	$ 8,746,993
Cost of sales	4,702,494	1,000,878	-	(274,909)	5,428,464
Gross profit	2,444,799	873,730	-	-	3,318,529
Operating expenses					
Salaries, benefits and commissions	1,011,877	273,654	254,606	-	1,540,137
Administration	941,289	274,986	(68,452)	-	1,147,823
Depreciation on capital assets	202,863	27,889	13,064	-	243,816
Amortization on intangible assets	-	-	168,062	-	168,062
Merchant transaction fees and bank charges	107,221	5,761	4,460	-	117,442
Share based payments	-	-	18,243	-	18,243
	2,263,250	582,290	389,983	-	3,235,523
Income (loss) before other income and expenses	181,549	291,440	(389,983)	-	83,006
Other (income) expenses					
Miscellaneous income	(34,650)	-	(23,917)	-	(58,567)
Interest (income) expense	137,316	7,677	(76,334)	-	68,659
Foreign exchange (gain) loss	17,476	26,690	-	-	44,166
Loss in fair value of put option	-	-	-	-	-
Total other (income) expenses	120,142	34,367	(100,251)	-	54,258
Income (loss) before reorganization, and acquisition costs	61,407	257,073	(289,732)	-	28,748
Reorganization and acquisition costs	-	-	-	-	-
Income (loss) before income taxes	61,407	257,073	(289,732)	-	28,748
Provision for income taxes					
Current income tax expense (recovery)	-	17,473	-	-	17,473
	-	17,473	-	-	17,473
Net income (loss) for the period	**$ 61,407**	**$ 239,600**	**$ (289,732)**	**$ -**	**$ 11,275**
Other comprehensive income (loss):					
Unrealized gain (loss) on translating financial statements of foreign operations	-	-	4,140	-	4,140
Total comprehensive income (loss) for the period	**$ 61,407**	**$ 239,600**	**$ (285,592)**	**$ -**	**$ 15,414**

20. SEGMENT REPORTING (CONTINUED)

Segment assets and liabilities as at June 30, 2026 and March 31, 2026 are as follows:

Segment assets are as follow:	**Avante Security**	**NSSG**	**Corporate**	**Total**
As at March 31, 2026	$ 20,752,911	$ 2,368,369	$ 1,827,242	$ 24,948,522
As at June 30, 2026	$ 19,827,854	$ 2,167,995	$ 1,654,427	$ 23,650,276
Segment liabilities are as follow:				
As at March 31, 2026	$ 6,038,560	$ 2,968,647	$ 5,601,180	$ 14,608,387
As at June 30, 2026	$ 4,501,272	$ 2,643,285	$ 6,495,635	$ 13,640,192

21. CONTINGENCIES

From time to time, the Company may become liable for legal, contractual and other claims by various parties, including customers, suppliers, former employees and vendors of businesses acquired by the Company. Depending on the nature or duration of any potential proceedings or claims, the Company may incur substantial costs and expenses, be required to devote significant management time and resources to the matters and suffer adverse judgements or outcomes in respect of these claims, although it is difficult to predict final outcomes with any degree of certainty. Except as disclosed from time to time in the Company's condensed interim consolidated financial statements, the Company does not believe that any of the claims to which the Company is currently a party will have a material adverse effect on the Company's profitability or financial condition; however, the Company cannot provide any assurance to that effect.