

Impact Development Group Inc.
Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in US Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Impact Development Group Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Impact Development Group Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025, and the consolidated statements of earnings and comprehensive income (loss), changes in shareholder's equity (deficit), and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis of Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 2 in the consolidated financial statements, which describes the events or conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Property and other inventories and Cost of sales

Description of the Matter

As disclosed in note 5 and note 11 to the consolidated financial statements, the Company reports property and other inventories of \$4,855,537 as of December 31, 2025. The Company applies a forecast-based costing methodology to allocate land, infrastructure and construction costs across individual units within each development site. This methodology is designed to achieve a consistent forecast gross margin per unit for both completed units in the current period and units to be completed in future periods. The application of this policy directly affects the timing and amount of cost recognition in the consolidated statement of earnings and comprehensive income (loss).

There is a risk that the forecasted profit margins used in the allocation methodology may not appropriately reflect the ultimate margins realized on each development. This could result in the premature or deferred recognition of profit on units sold over the life of a project. This risk arises from the significant level of management judgment and estimation involved in developing site-level forecasts, including assumptions related to total project costs, expected selling prices, and project completion timelines, as well as the ongoing monitoring and revision of these estimates throughout the life of the development. Revisions to these estimates may be driven by factors such as inflation in material and labor costs, as well as delays in the sale of housing units, both of which could have a significant impact on the overall project margins.

In particular, key areas of estimation uncertainty include:

- the determination of total expected development costs, including costs to complete, in establishing site budgets and forecast profitability;
- the estimation of future construction cost inflation;
- the allocation of shared and indirect costs, such as infrastructure expenditures, across individual units to achieve a consistent margin profile.

These estimates affect both the carrying value of inventory reported in the statement of financial position and the cost of sales and profit recognized on unit sales, which together determine the overall reported margin on development projects, a key performance measure for the Company.

Given the significance of the balances involved and the high degree of estimation uncertainty, we determined this matter to be a key audit matter.

Audit Response

Our audit procedures included, among others:

- Reviewed management's estimates of costs to complete for each development project and performed sample testing on key cost components to external supporting documentation, including contracts and supplier invoices, to assess the accuracy and validity of the underlying inputs;
- Compared current-year costs estimates to historical forecasts and actual costs incurred to assess the reasonableness of management's assumptions and estimation process;
- Independently reperformed the allocation of development costs across sites and individual housing units to evaluate the consistency, accuracy and appropriateness of the cost allocation methodology applied.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on April 7, 2025.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis for the year ended December 31, 2025, which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

- 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 Company as a basis for forming an opinion on the group 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 that we identify during our audit, including any:

- Significant deficiencies in internal control;
- Identified fraud or suspected fraud; and
- Other matters related to fraud that are, in our judgment, relevant to the responsibilities of those charged with governance.

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

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

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

April 22, 2026
Markham, Ontario

Horizon Assurance LLP

Chartered Professional Accountant
Licensed Public Accountant

Impact Development Group Inc.
Consolidated Statements of Financial Position
As at December 31
(Expressed in US Dollars)

<i>As at</i>	<i>Note</i>		2025		2024
Assets					
Current					
Cash and cash equivalents	15	\$	833,338	\$	330,708
Other accounts receivable	13		244,328		488,904
Property and other inventories	11		4,855,537		5,921,319
Land held for development	9		3,497,938		3,497,938
Prepayments and other short-term assets	12		41,678		86,184
Current assets			9,472,819		10,325,053
Non-current					
Machinery and equipment	8		9,045		44,265
Intangible asset	10		-		354,767
Non-current assets			9,045		399,032
Total assets		\$	9,481,864	\$	10,724,085
Liabilities and shareholder's equity					
Current					
Accounts payable and accrued liabilities	14, 21	\$	1,915,271	\$	3,104,024
Borrowings - current	18		13,919,839		5,057,738
Advances received from customers			120,548		78,771
Current liabilities			15,955,658		8,240,533
Non-current					
Provisions for employee benefits			46,356		64,194
Borrowings - non-current	18		948,285		4,737,068
Deferred tax liabilities	23		-		23,470
Non-current liabilities			994,641		4,824,732
Total liabilities			16,950,299		13,065,265
Share capital	16		53,525,110		53,525,110
Contributed surplus	16,17		2,221,864		2,034,250
Deficit			(63,033,915)		(57,779,387)
Accumulated other comprehensive income (loss)			(45,889)		14,452
Complementary tax			(135,605)		(135,605)
Total shareholder's deficit			(7,468,435)		(2,341,180)
Total liabilities and shareholder's deficit		\$	9,481,864	\$	10,724,085
Nature of operations and continuance of business (Note 1)					
Going concern (Note 2)					
Contingencies (Note 24)					

Approved and authorized by the Board on April 22, 2026

<u>"Thomas Wenz"</u>	Director	<u>"Sophie Galper-Komet"</u>	Director
Thomas Wenz		Sophie Galper-Komet	

See accompanying notes to these consolidated financial statements.

Impact Development Group Inc.
Consolidated Statement of Earnings and Comprehensive Income (Loss)
For the years ended December 31
(Expressed in US Dollars)

	Note	2025	2024
Sales			
House sales		\$ 3,102,757	\$ 3,624,573
Software license subscriptions		454,608	73,486
		3,557,365	3,698,059
Cost of sales			
House sales		(3,190,734)	(9,549,046)
Software license subscriptions		(522,570)	(49,614)
		(3,713,304)	(9,598,660)
Sales expenses		(134,575)	(575,798)
Employee benefits expense		(192,431)	(163,672)
Depreciation and amortization	8,10	(86,525)	(65,606)
Software development costs	10	(698,400)	-
Overhead and administrative expenses		(1,466,415)	(1,669,947)
Operating loss		(2,734,285)	(8,375,624)
Other income		5,806	170,997
Interest expense	18	(1,287,347)	(704,536)
Accretion expense on debt	18	(647,797)	(453,571)
Write-down of receivables	21	(127,044)	(156,755)
Impairment of land held for development	9	-	(10,348,525)
Impairment of goodwill	10	-	(1,540,437)
Impairment of intangible asset	10	(299,717)	-
Share-based compensation	17	(187,614)	(650,715)
Debt financing costs	18	-	(280,317)
Loss before taxes		(5,277,998)	(22,339,483)
Deferred tax recovery	23	23,470	2,570
Loss for the year		(5,254,528)	(22,336,913)
Other comprehensive income (loss)		(60,341)	14,452
Net loss and comprehensive income (loss)		\$ (5,314,869)	\$ (22,322,461)
Weighted average number of shares outstanding		17,151,168	15,503,035
Loss per share, basic		\$ (0.31)	\$ (1.44)
Loss per share, diluted		\$ (0.31)	\$ (1.44)

See accompanying notes to these consolidated financial statements.

Impact Development Group Inc.
Consolidated Statement of Changes in Shareholder's Equity (Deficit)
For the Years Ended December 31, 2025 and 2024
(Expressed in US Dollars)

		Share capital		Contributed surplus	Accumulated deficit	Other comprehensive income (loss)	Complementary tax	Total
	Note	Shares #	Amount \$	\$	\$	\$	\$	\$
Balance, January 1, 2024		14,141,928	50,269,701	1,440,926	(35,442,474)	-	(135,605)	16,132,548
Warrants issued	16	-	-	1,280,583	-	-	-	1,280,583
Common shares issued on acquisition	7	1,666,667	1,637,118	-	-	-	-	1,637,118
Common shares issued on exercise of warrants	16	1,250,548	1,337,974	(1,337,974)	-	-	-	-
Common shares issued on debt financing	16	92,025	280,317	-	-	-	-	280,317
Share-based compensation	17	-	-	650,715	-	-	-	650,715
Net loss		-	-	-	(22,336,913)	-	-	(22,336,913)
Other comprehensive income		-	-	-	-	14,452	-	14,452
Balance, December 31, 2024		17,151,168	53,525,110	2,034,250	(57,779,387)	14,452	(135,605)	(2,341,180)
Share-based compensation	17	-	-	187,614	-	-	-	187,614
Net loss		-	-	-	(5,254,528)	-	-	(5,254,528)
Other comprehensive loss		-	-	-	-	(60,341)	-	(60,341)
Balance, December 31, 2025		17,151,168	53,525,110	2,221,864	(63,033,915)	(45,889)	(135,605)	(7,468,435)

See accompanying notes to these consolidated financial statements.

Impact Development Group Inc.
Consolidated Statement of Cash Flows
For the Years ended December 31
(Expressed in US Dollars)

	Note	2025	2024
Net loss		\$ (5,254,528)	\$ (22,336,913)
<i>Adjustments:</i>			
Depreciation and amortization	8,10	86,525	65,606
Deferred tax recovery	23	(23,470)	(2,570)
Interest accrued	18	1,288,199	700,760
Share-based compensation	17	187,614	650,715
Provision for warranties	14	44,828	189,616
Write-down of receivables	21	127,044	156,755
Debt financing costs	18	-	280,317
Accretion expense	18	647,797	453,571
Impairment of land held for development		-	10,348,525
Impairment of intangible asset	10	299,717	-
Impairment of goodwill	10	-	1,540,437
Changes in non-cash working capital			
Other accounts receivables		117,532	234,133
Property and other inventories		1,201,763	5,540,060
Land held for development		-	50,714
Prepayments and other short-terms assets		44,506	372,171
Other account payables		(1,234,433)	(338,003)
Advances received from customers		41,777	(58,199)
Provisions for employee benefits		(17,838)	13,453
Other		-	34,269
Net Cash used in operating activities		(2,442,967)	(2,104,583)
Investing Activities			
Proceeds from disposal of machinery and equipment	8	-	7,906
Development of intangible asset	10	-	(243,000)
Net Cash used in investing activities		-	(235,094)
Financing Activities			
Proceeds from borrowings	18	5,615,000	4,893,000
Interest paid on borrowings	18	(307,293)	(266,240)
Repayments of borrowings	18	(2,302,621)	(1,950,934)
Interest paid on lease liabilities		-	(4,057)
Repayment of lease liabilities		-	(72,907)
Net Cash from financing activities		3,005,086	2,598,862
Effect of foreign exchange rate on cash		(59,489)	-
Net change in cash & cash equivalents		502,630	259,185
Cash and cash equivalents, beginning of year		330,708	71,523
Cash and cash equivalents, end of year		833,338	330,708
Income taxes paid		-	-

See accompanying notes to the consolidated financial statements.

Impact Development Group Inc.
Notes to the Consolidated Financial Statements
For the Years ended December 31, 2025 and 2024
(Expressed in US Dollars)

1. Nature of operations

Impact Development Group Inc. ("IDG" or the "Company") formerly Yubba Capital Corp. ("Yubba"), was incorporated under the Ontario Business Corporations Act on January 8, 2021 and was a Capital Pool Company ("CPC") as defined in the Policy 2.4 of the TSX Venture Exchange. Upon the closing of the Reverse Takeover (the "RTO Transaction"), Yubba changed its name to Impact Development Group Inc. The registered head office of the Company is located at 40 Temperance St Suite 2700, Toronto, Ontario M5H 0B4.

As described below, the Company completed the acquisition of Impact Housing Corporation ("IHC") through an acquisition agreement (the "RTO Transaction") whereby the Company acquired all of the issued and outstanding shares of IHC on November 30, 2023, with the former shareholders of IHC obtaining control over the Company. As a result of the completion of the RTO Transaction, the shareholders of IHC held 98.59% of the issued and outstanding common shares of the Company and the shareholders of Yubba held the remaining 1.41%.

IHC was incorporated under the laws of the Commonwealth of The Bahamas as a limited liability company on September 5th, 2017, under the International Business Companies Act 2000. IHC is a Panamanian real estate developer that provides affordable housing solutions to the middle class market in Panama. IHC acquires land and develops high-quality residential and commercial buildings. IHC also provides services including financing, architectural, engineering, off-site manufacturing, general contracting, property management, and administration.

On October 24, 2024, the Company acquired 100% of the issued and outstanding shares of Fusion Software LLC. ("Fusion"), a software company located in Ohio, the United States. Fusion are the creators of an innovative software platform designed to streamline the administration of Low-Income Housing Tax Credits for tax credit investors, tax credit syndicators and affordable housing developers.

On December 12, 2023, the common shares of the Company commenced trading on the TSX Venture Exchange under the trading symbol "IMPT".

These consolidated financial statements were approved by the Company's Board of Directors on April 22, 2026.

2. Going concern

These consolidated financial statements have been prepared assuming that the Company will continue as a going concern. However, as of the date of these financial statements, the Company's ability to continue as a going concern is subject to significant uncertainty due to the following factors:

- **Liquidity** - The Company has experienced a significant decline in revenue in the current year, primarily due to unfavourable economic conditions in the Republic of Panama. During the year ended December 31, 2025, the Company generated a net loss of \$5,254,528 (2024 - \$22,336,913). For the year ended December 31, 2025, net cash flow used in operating activities of \$2,442,965 (2024 - \$2,104,583). As at December 31, 2025, the Company has an accumulated deficit of \$63,033,915 (2024 - \$57,779,387) and working capital deficit of \$6,482,839 (2024 - surplus of \$2,084,520). The Company's cash flow from operations is insufficient to cover its current obligations in the next twelve months from the date of these consolidated financial statements.
- **Dependence on external financing** - The continuation of the Company is dependent on its ability to achieve positive cash flow from operations, to obtain the necessary equity or debt financing to expand construction and operations, including continued support from its lenders, but there is no guarantee that such financing will be secured on favorable terms or at all.
- **Management's Plans** - In response to these conditions, management is undertaking a series of strategic initiatives to improve liquidity and financial performance. These initiatives include cost-cutting measures, the sale of non-core assets, and efforts to restructure existing debt. Management believes these actions will improve the Company's financial position and enable it to continue operations for the foreseeable future.

Impact Development Group Inc.
Notes to the Consolidated Financial Statements
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2. Going concern (continued)

These consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties. If the Company is unable to secure additional financing or achieve its planned strategic initiatives, it may be unable to continue as a going concern, and significant adjustments may be required to the carrying values of assets and liabilities.

Management monitors recent developments in relation to global tariffs and does not anticipate any material impacts on the financial position of the Company.

These conditions raise substantial doubt about the Company's ability to continue as a going concern for the next twelve months from the date of these financial statements.

3. Basis of preparation

a. Statement of compliance

These consolidated financial statements have been prepared by management in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b. Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss ("FVTPL"). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

c. Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances and transactions are eliminated upon consolidation in preparing the financial statements. These consolidated financial statements of the Company include the following wholly owned subsidiaries.

Name of Subsidiary	Principal activity	Domicile
Impact Housing Corporation	Administrative services	Republic of Panama
Promotora Santiago Development Corp.	Project Developer	Republic of Panama
Promotora Soná, S. A.	Project Developer	Republic of Panama
Promotora Capellania, S. A.	Project Developer	Republic of Panama
Impact Equipos, S. A.	Machinery and Equipment manager	Republic of Panama
Impact Santiago, S. A.	Payroll manager	Republic of Panama
Impact Sona, S.A.	Project Developer	Republic of Panama
Promotora Los Faros de Santiago, S.A.	Project Developer	Republic of Panama
Impact Construction, S.A.	Construction manager	Republic of Panama
Promotora Villas de Vizcaya, S.A.	Project Developer	Republic of Panama
Promotora Villas de Valencia, S.A.	Project Developer	Republic of Panama
Promotora Villas de Alicante, S.A.	Project Developer	Republic of Panama
Promotora Santiago Comercial, S.A.	Project Developer	Republic of Panama
Fusion Software LLC	Software licensing	United States

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3. Basis of preparation (continued)

d. Functional and presentation currency

The consolidated financial statements are presented in United States Dollar. The Canadian parent company has Canadian Dollar as its functional currency. The Company's subsidiaries in note 3 c), except Fusion Software LLC, operate in the Republic of Panama. The functional currency of these subsidiaries is the United States Dollar, which is the currency transacted in the Republic of Panama. The functional currency of Fusion Software LLC operating in the United States is the United States Dollar.

Transactions in currencies other than an entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing exchange rate at the reporting date. Non-monetary assets and liabilities, and revenue and expense items denominated in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Foreign exchange differences are recognized in profit or loss in the period in which they arise.

The assets and liabilities of parent company with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate on the consolidated statements of financial position date;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions) for the year or period presented;
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as a reserve for foreign currency translation.

4. Changes in Accounting Policies

New accounting pronouncements issued but not yet effective.

The following new amendments have been issued by the IASB and were not yet effective for the fiscal year beginning January 1, 2024. The Company does not expect to adopt them in advance of their effective dates.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

On May 30, 2024 the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures which included clarifying the date of recognition and derecognition of some financial assets and liabilities, with an exception relating to the derecognition of financial liabilities that are settled using an electronic payment system, and additional required disclosures for financial assets and liabilities with contractual terms that reference a contingent event (including environmental, social and governance linked features). The amendments are applied retrospectively on or after January 1, 2026 with early application permitted. An entity is not required to restate comparative information when it first applies these amendments, however, is permitted to do so only if possible without the use of hindsight. If an entity does not restate prior periods, the cumulative effect of initially applying the amendments is recognized as an adjustment to opening equity.

IFRS 18 Presentation and Disclosure in Financial Statements

On April 9, 2024 the IASB issued IFRS 18 which replaces IAS 1 Presentation of Financial Statements while carrying forward many of the requirements in IAS 1. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of earnings and to provide disclosures on management-defined performance measures in the notes to the financial statements, and also makes certain amendments to IAS 7 Statement of Cash Flows and IAS

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4. Changes in Accounting Policies (continued)

33 Earnings per Share. The standard is to be applied retrospectively, with specific transition provisions, for annual reporting periods beginning on or after January 1, 2027 with earlier application permitted. The adoption of IFRS 18 is expected to result in changes to the presentation of the company's consolidated financial statements, principally within the consolidated statement of earnings where income and expenses will be classified into specified categories (i.e. operating, investing, financing, income taxes and discontinued operations) and new defined subtotals will be required, including "operating earnings" and "earnings before interest expense and income taxes". The Company is currently evaluating the impact of IFRS 18 on its consolidated financial statements.

5. Summary of Material Accounting Policies

a. Consolidation

The Company's consolidated financial statements include the assets, liabilities, equity, income, expenses and cash flows of the holding company and its subsidiaries.

Business combinations are accounted for using the acquisition method of accounting whereby at the date of acquisition the consideration transferred is measured at fair value and the company recognizes the identifiable assets acquired and the liabilities assumed at fair value.

b. Property and other inventories

Properties acquired or being constructed for sale in the normal course of business, rather than being held for rental or capital appreciation, are recognized as property and other inventories, and are measured at the lower of cost and net realizable value ("NRV"). These are primarily residential properties that the Company develops and intends to sell prior to or upon completion of development.

The cost of property and other inventories (except materials), being an asset produced and segregated for specific projects, is determined through the specific identification of its individual costs.

The cost incurred to bring each property to its current location and condition includes:

- Freehold land rights;
- Disbursements paid to contractors for development; and
- Planning and design costs, site preparation costs, construction, professional fees for legal services, property transfer taxes, development overhead and other related costs.

NRV is the estimated selling price in the normal course of business, based on market prices at the reporting date, less estimated costs of completion and costs necessary to make the sale.

When an inventory property is sold, the carrying amount of the property is recognized as an expense in the period in which the related revenue is recognized. The carrying amount of the inventory property recognized in the consolidated statements of earnings and comprehensive income(loss) is determined by reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

Under construction or development

Property and other inventories under construction or development includes construction costs, comprising construction materials, in-house and subcontracted labor and related employee benefits, and interest on financing incurred during the construction period. Indirect costs, such as preparation of plans, construction of septic tanks, parks and others, are deferred and allocated proportionally to each project based on each project's contribution to total direct construction spend in the reporting period.

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5. Summary of Material Accounting Policies (continued)

Materials

Inventories of materials are valued at cost, which is determined using the average cost method.

c. Provision for future development costs

Provision for future development costs represents the estimate of the costs to be incurred in the future years to complete the ongoing construction developments. Due to the scale of the construction projects, the Company allocates site-wide development costs between homes built in the current year and in future years. The allocation involves a valuation process which determines the forecast profit margin for each construction site. The valuation process acts as a method of allocating land costs and construction work in progress costs of a development to each individual house and drives the recognition of costs in the consolidated statements of earnings and comprehensive income (loss) as each plot is sold. Any changes in the forecast profit margin of a site from changes in sales prices or costs to complete are recognized across all homes sold in both the current period and future periods. This ensures that the forecast site margin achieved on each individual home is equal for all current year completions and future plots across the development.

d. Land held for Development

Land for development used for development of real estate projects is measured at lower of cost and NRV. Periodic maintenance and upkeep expenses are recorded as provision for future development costs in the consolidated statement of earnings and comprehensive income (loss).

e. Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an inventory property that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the asset.

The borrowing costs are capitalized when: (1) the Company incurs expenditures for the asset; (2) the Company incurs borrowing costs; and (3) the Company performs activities that are necessary to prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they occur.

To the extent that the Company's funds are derived from general borrowings and used for a specific real estate development (qualifying asset), the Company determines the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the disbursements made on that asset. The capitalization rate will be the weighted average of the borrowing costs applicable to all loans received by the Company that are outstanding during the period. However, the Company excludes from this calculation the borrowing costs applicable to loans specifically taken out to finance a specific real estate development until substantially all the activities necessary to prepare that asset for its intended use or sale are completed.

The amount of borrowing costs capitalized by the Company during the period does not exceed the total borrowing costs incurred during the same period.

The capitalization of borrowing costs is suspended during the periods in which the development activities of the qualifying asset has been suspended. Borrowing costs incurred while land or property is being prepared for its intended use or sale are capitalized in the periods in which such preparation takes place. However, borrowing costs that are incurred while land acquired for construction purposes is held idle, without any preparation work being performed on it, are not capitalized.

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5. Summary of Material Accounting Policies (continued)

f. Machinery and equipment

Machinery and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. An item of machinery and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statements of earnings and comprehensive income (loss) in the period the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial reporting date and adjusted if appropriate. Machinery and equipment are depreciated through the consolidated statement of earnings and comprehensive income (loss) over their estimated useful lives using the straight-line method:

Asset type	Estimated useful life (months)
Heavy Equipment	60
Rolling Equipment	60
Machinery	60
Molds	60

g. Goodwill and Intangible assets

Goodwill – Goodwill is recorded as the excess of consideration transferred over the fair value of the identifiable net assets acquired in a business combination, less accumulated impairment charges, and is allocated to the cash generating units expected to benefit from the acquisition for impairment testing. Goodwill is assessed annually for impairment or more frequently if there are indicators of impairment by comparing the carrying value of a cash-generating unit (“CGU”), inclusive of allocated goodwill, to its recoverable amount.

Intangible assets – Intangible assets are initially recognized at cost, or at fair value when acquired through a business combination. Intangible assets with a finite life are subsequently measured at cost less accumulated amortization and impairment and carrying value is re-assessed when there are indicators of impairment. Indefinite-lived intangible assets are not subject to amortization and are assessed annually for impairment or more frequently if there are indicators of impairment.

The assets' residual values, useful lives and methods of amortization are reviewed at each financial reporting date and adjusted if appropriate. Intangible assets are amortized through the consolidated statement of earnings and comprehensive income (loss) over their estimated useful lives using the straight-line method and useful life of 60 months.

h. Impairment

Machinery and equipment and finite life intangibles

Machinery and equipment and finite life intangibles are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable value is the greater of an asset's fair value less costs of disposal and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. An impairment loss is recognized for the value by which the asset's carrying value exceeds its recoverable value.

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5. Summary of Material Accounting Policies (continued)

Goodwill and indefinite-lived intangibles

Goodwill and indefinite-lived intangible assets are not amortized and are assessed annually for impairment, or more frequently if there are indicators of impairment, by comparing the carrying value of the CGU or group of CGUs to which these assets are allocated to their recoverable amounts. The company principally uses discounted cash flows to estimate the recoverable amount of a CGU or group of CGUs to which goodwill or indefinite-lived intangible assets have been allocated, and market approaches inclusive of a control premium are used when applicable. Significant judgments and assumptions are required to determine the discounted cash flows, including discount rates, long term growth rates, royalty rates and working capital requirements.

Impairment losses are recognized in the consolidated statements of earnings and comprehensive income (loss). Impairment losses (except goodwill) may be reversed in a subsequent period where the impairment no longer exists or has decreased.

The carrying amount after a reversal must not exceed the carrying amount (net of depreciation) that would have been determined had no impairment loss been recognized. A reversal of impairment loss is recognized in the consolidated statements of earnings and comprehensive income (loss).

i. Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at FVTPL, transaction costs that are directly attributable to their acquisition.

Transaction costs attributable to the acquisition of financial assets subsequently measured at FVTPL are expensed in the consolidated statements of earnings and comprehensive income (loss) when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified at amortized cost, fair value through other comprehensive income ("FVOCI") or FVTPL. The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange, and derecognition are recognized in the consolidated statements of earnings and comprehensive income (loss). Financial assets measured at amortized cost are comprised of other accounts receivable.

FVOCI - Assets held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at FVOCI. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in the consolidated statements of earnings and comprehensive income (loss). All other changes in the carrying amount of the financial assets are recognized in other comprehensive income (loss). Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income (loss) is reclassified to the consolidated statements of earnings and comprehensive income (loss). The Company does not hold any financial assets measured at FVOCI.

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5. Summary of Material Accounting Policies (continued)

- Mandatorily at FVTPL - Assets that do not meet the criteria to be measured at amortized cost, or FVOCI, are measured at FVTPL. All interest income and changes in the financial assets' carrying amount are recognized in the consolidated statements of earnings and comprehensive income (loss). Financial assets mandatorily measured at FVTPL are comprised of cash and cash equivalents.
- Designated at FVTPL - On initial recognition, the Company may irrevocably designate a financial asset to be measured at FVTPL to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases.

The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding each group of financial assets at the level of aggregation that best reflects the way the group of financial assets is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest based on their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at FVTPL. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions, and forecasts of future economic conditions.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statements of financial position as a deduction from the gross carrying amount of the financial asset. Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire or are settled.

Financial Liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at FVTPL which transaction costs are immediately recorded in the consolidated statements of earnings and comprehensive income (loss).

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

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5. Summary of Material Accounting Policies (continued)

Classification and subsequent measurement

After initial recognition, all financial liabilities which are classified at amortized cost are measured at amortized cost using the effective interest rate method. Interest, gains or losses relating to a financial liability are recognized in the consolidated statements of earnings and comprehensive income (loss).

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, are cancelled, or expire.

The following table indicates the accounting method used for measurement and classification of financial assets and liabilities:

Financial asset/liability	Classification	Measurement
Cash and cash equivalents	FVTPL	Fair Value
Other Accounts receivable	Amortized cost	Amortized cost
Accounts Payable and accrued liabilities	Amortized cost	Amortized cost
Borrowings	Amortized cost	Amortized cost

j. Provisions, contingent liabilities, and contingent assets

Provisions for product warranties, legal matters, onerous contracts, and other claims are recognized when (i) the Company has a present or constructive obligation because of a past event; (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) a reliable estimate of the amount of the obligation can be made.

Provisions are measured based on the estimated expenditure required to settle the present obligation, considering the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. In cases where a similar number of obligations exist, the likelihood that an outflow will be required for settlement is determined by considering that class of obligations. Provisions are discounted to their present values where the time value of money is material.

Any reimbursement that the Company believes will be collected from a third party in respect of an obligation is recognized as a separate asset. However, this asset cannot exceed the amount of the related provision.

No liability is recognized in those cases in which a possible outflow of resources because of a present obligation is considered unlikely, these situations are disclosed as contingent liabilities unless the outflow of resources is remote.

k. Revenue recognition

The Company accounts for revenue from contracts with customers using the following process: (1) identify the contract with customers (2) identify the performance obligations in the contract (3) determine the transaction price (4) allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract (5) recognize revenue when the relevant criteria are met for each performance obligation.

Revenue from sale of houses in Republic of Panama

Revenues from ordinary activities from contracts with customers originate primarily from the sale of inventory of finished properties. The sale of completed properties constitutes a single performance obligation and the Company has determined that it satisfies the performance obligation at the point in time at which control is transferred. This generally occurs when legal title to the property is transferred to the customer.

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5. Summary of Material Accounting Policies (continued)

The Company is not required to adjust the amount that has been committed as consideration to account for the effects of a significant financing component, because it is expected, at the inception of the contract, that the period between the time the Company transfers legal title to the property and the time the customer pays for that property is a period of less than 12 months.

The transaction price of the sale of the finished property is comprised of the sales price of the home. The sale price is financed by the bank except for \$10,000 which is either paid by the buyer or through the Solidarity Housing Fund of Ministerio de Vivienda y Ordenamiento Territorial (“MIVIOT”) program, a housing affordability and subsidy program funded and administrated by the Government of the Republic of Panama. Effective July 1, 2024, this program was suspended and the subsidy is no longer available for applications after June 30, 2024 however, MIVOT will honor payments of all approvals prior to and on June 30, 2024. On April 9, 2025, the Company received written confirmation from MIVIOT that it would continue supporting subsidy payments for certain homes in Santiago Phase 4, Phase 5, and La Reserva Social.

For certain contracts involving the sale of properties, the Company is entitled to receive an initial deposit. This is not considered a significant financing component because it is for reasons other than providing financing to the Company. Initial deposits are used to protect the Company against the other party's failure to properly perform some or all of its obligations under the contract.

Revenue from software subscription licenses and services in United States

Revenue originates from the provision of subscription licenses to certain applications within the Fusion Software Platform, custom work or services (such as hosting or support services).

The sale of subscription licenses and hosting and support services constitutes multiple performance obligations, and the Company has determined that it satisfies the performance obligation evenly over the term of the contract. The subscription licenses and services are priced for the contract term, typically multiple years, and paid monthly as per the contract schedule. For custom work, the sale may constitute a single or multiple performance obligation depending on the milestones and delivery obligations defined in the statement of work signed at inception.

The Company is not required to adjust the amount that has been paid as consideration to account for the effects of a significant financing component as the period between the transfer of licensing and services and the time the customer pays is a period of less than 12 months.

1. Share-based payments

The Company operates equity settled share-based compensation plans for its eligible employees, consultants, directors, and others providing similar services.

The fair value of these equity instruments is measured at the grant date using an option-pricing model. Subsequently, the fair value expected to vest is charged to the consolidated statements of earnings and comprehensive income (loss) over the vesting period. Equity instruments granted to third parties in exchange for goods or services are measured at the fair value of the goods or services received, unless the fair value cannot be reliably measured, and charged to the consolidated statements of earnings and comprehensive income (loss) over the vesting period. If the Company cannot estimate reliably the fair value of the goods and services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted.

Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from the previous estimate. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

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5. Summary of Material Accounting Policies (continued)

m. Current income, deferred and complementary tax

Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in the consolidated statements of earnings and comprehensive income (loss) or directly in equity.

- Current tax - Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.
- Deferred tax - Deferred tax is recognized using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

n. Earnings (Loss) per Share

Net earnings (loss) per share – Basic net earnings (loss) per share is calculated by dividing the net earnings (loss) with the weighted average number of shares issued and outstanding during the period.

Net earnings (loss) per diluted share – Diluted net earnings (loss) per share is calculated in the same manner as basic net earnings (loss) per share except that the weighted average number of shares outstanding during the period is adjusted for the dilutive effect, if any, of share-based payments. In a period of losses, the options, warrants and restricted share units are excluded for the determination of dilutive net loss per share because their effect is antidilutive.

o. Operating Segments

The Company defines an operating segment on the same basis that it uses to evaluate performance internally and to allocate resources. The Company has determined that there are two operating and reporting segments. As at December 31, 2023, the Company had one operating and reporting segment. After the acquisition of Fusion on October 24, 2024, the Company has two operating and reporting segments. Although the Company prepares financial results at each subsidiary level, the overall financial and operational performance of the Company is analyzed, and forecasts are prepared for the two segments based on the two product lines - the construction and sale of houses in Republic of Panama and the Fusion software in United States.

p. Related Party Transactions

Parties are considered 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 may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

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5. Summary of Material Accounting Policies (continued)

a. Extinguishment of Financial Liabilities with Equity Instruments

IFRIC 19, Extinguishing Financial Liabilities with equity Instruments, provides guidance on how to account the partial or full extinguishment of a financial liability by issuing equity instruments. The Company measures the equity instruments issued to creditors to settle or extinguish financial liabilities at fair value. The difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments are included in the consolidated statement of earnings and comprehensive income (loss).

6. Critical accounting judgments, assumptions and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

Significant judgements, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements relate to, but are not limited to the following:

Judgments

Going concern

The determination as to the Company's ability to continue as a going concern is dependent on its ability to secure debt and equity financing, and to achieve profitable operations. Certain judgements were made when determining if and when the Company will secure debt and equity financing and achieve profitable operations and that there are material uncertainties regarding the Company's ability to continue as a going concern (see Note 2 – Going Concern).

Revenue recognition

Revenue from contracts with customers: the Group has applied judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers. These judgments relate to (1) the determination of the performance obligation on the sale of finished property inventories; (2) the determination of the timing of revenue recognition for finished properties; and (3) the consideration of the significant financing component in contracts and guarantees.

Estimates

Expected credit losses

The Company recognizes an amount equal to the lifetime expected credit loss ("ECL") on other accounts receivables. Loss allowances are measured by establishing a provisioning matrix that is based on its historical credit loss experience, adjusted for prospective factors specific to the debtors and the economic environment. The Company assesses other accounts receivables for impairment on a collective basis, as they have shared credit risk characteristics that have been grouped based on days past due. In certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that it is unlikely that the Company will receive the outstanding contractual amounts in full before considering the credit enhancements maintained by the Company. The amount of ECL is sensitive to changes in circumstances of forecast economic conditions and political environments.

Impairment of long-lived assets, intangibles and goodwill

The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

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6. Critical accounting judgments, assumptions and estimates (continued)

Share-based compensation

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options. In estimating the fair value, management is required to make certain assumptions and estimates such as the expected life of options, volatility of the Company's future share price, risk-free rate, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in different outcomes.

Estimated net realizable value of property inventory

The net realizable value of finished property inventory is assessed by reference to market conditions and prices existing at the end of the reporting period and is determined by the Company, based on comparable transactions identified by the Company for properties in the same geographic sector and serving the same real estate market segment. In relation to the inventory properties under construction or development, the net realizable value is assessed by reference to market prices at the reporting date of similar completed properties, less the estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

Provision for future development costs

The provision for future development costs is based on estimate of the remaining construction costs the Company has to spend to complete the ongoing projects and outstanding construction obligations related to projects that have been sold in current and prior years and these estimates are determined using historical costs, forecasted budgets, quotes from suppliers, future cost price of goods, materials and services and the expected period of completion of the ongoing projects.

Provisions

The Company bases its provisions on up-to-date developments, historical warranty claims, estimates of the outcomes of pending matters, and legal counsel experience in contesting, litigating and settling matters. As the scope of the liabilities becomes better defined or more information is available, the Company may be required to change its estimates of future costs, which could have a material effect on its results of operations and financial condition or liquidity.

7. Acquisition

On October 24, 2024, the Company acquired 100% of the issued and outstanding shares of Fusion Software LLC., a software company located in Ohio, USA. Fusion is the creator of an innovative software platform designed to streamline the administration of Low-Income Housing Tax Credits for tax credit investors, tax credit syndicators and affordable housing developers. The acquisition was completed to further the Company's commitment to affordable housing solutions.

The consideration paid consisted of:

- a) 1,666,667 common shares, each issued at a price of \$0.98 (the "Consideration shares"); and
- b) 1,166,668 common shares (the "Earn-Out shares"), conditional upon the satisfaction of revenue milestones on the first, second, and third year anniversaries of the closing of this transaction. These shares were fair valued using a Monte Carlo simulation and fair valued at \$nil on acquisition date.

Under the terms of the Securities Purchase Agreement, for 38 months after the closing date of the transaction (the "Closing Date"), the Company will contribute a total of USD\$3,000,000 to Fusion to help it meet the Revenue Milestones, as follows:

- USD\$1,000,000 14 months following the Closing Date;
- An additional USD\$1,000,000 in the first 26 months following the Closing Date; and
- An additional USD\$1,000,000 in the first 38 months following the Closing Date.

Acquisitions are accounted for using the acquisition method whereby the assets acquired and the liabilities assumed are recorded at their fair values with the surplus of the aggregate consideration relative to the fair value of the identifiable net assets recorded as goodwill. The results of operations are included in the Corporation's consolidated financial statements from the respective date of acquisition.

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7. Acquisition (continued)

The intangible assets recognized related to the proprietary technology and software platform developed specifically for the administration of Low-Income Housing Tax Credits and was fair valued at \$124,000 on acquisition date.

The receivables and payables acquired at acquisition date had fair values which approximated its carrying values and were settled within 90 days from acquisition date.

The following summarizes the assets acquired and liabilities assumed related to the acquisition:

Consideration:

Consideration shares	\$	1,637,118
Earn-out shares		-
Total consideration		1,637,118
Assets and liabilities acquired:		
Intangible acquired		124,000
Accounts receivable		88,831
Accounts payable and accrued liabilities		(90,110)
Deferred tax liabilities on intangibles acquired		(26,040)
		96,681
Goodwill		1,540,437
Total identifiable net assets	\$	1,637,118

As part of the Fusion acquisition, goodwill of \$1,540,437 was allocated the US operating segment. The Company assessed the indicators of impairment at the end of December 31, 2024 and impaired the goodwill to \$nil.

The Company incurred certain legal and advisory fees of \$117,998 related to the acquisition which were included in overhead and administrative expenses in the consolidated statement of earnings and comprehensive income (loss) for the year ended December 31, 2024.

The pro forma revenues earned for the year ended December 31, 2024, as if the acquisition of Fusion had occurred on January 1, 2024, are \$489,040. For the period between acquisition date and December 31, 2024, the Company earned revenues of \$73,486 and incurred a net loss of \$6,422 from Fusion.

8. Machinery and equipment

Machinery and equipment consist of the following:

Cost	Heavy equipment	Rolling equipment	Machinery	Molds	Total
Balance at January 1, 2024	\$ 1,074,911	\$ 257,098	\$ 100,901	\$ 395,436	\$ 1,828,346
Transfer from ROU assets ⁽¹⁾	187,250	-	-	-	187,250
Disposals ⁽³⁾	(435,312)	(173,950)	-	-	(609,262)
Balance at December 31, 2025 and 2024	\$ 826,849	\$ 83,148	\$ 100,901	\$ 395,436	\$ 1,406,334

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8. Machinery and equipment (continued)

Depreciation and impairment	Heavy equipment	Rolling equipment	Machinery	Molds	Total
Balance at January 1, 2024	\$ 1,016,950	\$ 256,484	\$ 89,309	\$ 359,323	\$ 1,722,066
Transfer from ROU assets ⁽¹⁾	187,250	-	-	-	187,250
Disposals ⁽³⁾	(427,406)	(173,950)	-	-	(601,356)
Depreciation ⁽²⁾	34,164	614	5,350	13,981	54,109
Balance at December 31, 2024	\$ 810,958	\$ 83,148	\$ 94,659	\$ 373,304	\$ 1,362,069
Depreciation ⁽²⁾	15,891	-	5,351	13,978	35,220
Balance at December 31, 2025	\$ 826,849	\$ 83,148	\$ 100,010	\$ 387,282	\$ 1,397,289
Net book value at December 31, 2025	\$ -	\$ -	\$ 891	\$ 8,154	\$ 9,045
Net book value at December 31, 2024	\$ 15,891	\$ -	\$ 6,242	\$ 22,132	\$ 44,265

- (1) The assets were purchased by the Company from the lessor of the leased assets at the end of the lease period resulting in reclassification of assets from Right of Use assets to Machinery and Equipment.
- (2) For the year ended December 31, 2025, depreciation includes \$3,745 (2024 - \$14,377) capitalized to property and other inventories for houses under construction in progress and \$31,475 (2024 - \$39,731) recorded directly as expense in the consolidated statements of earnings and comprehensive income (loss).
- (3) During the year ended December 31, 2024, the Company disposed of heavy and rolling equipment that resulted in a gain on disposal of \$93,294 which was recorded as other income in the consolidated statements of earnings and comprehensive income (loss).

9. Land held for development

Land held for development, held at the Sona, Santiago and Capellania project sites, consists of the following:

	Note	December 31, 2025	December 31, 2024
Opening balance - January 1		\$ 3,497,938	\$ 13,897,177
Transfer to Property and other inventories	11	-	(50,714)
Impairment ⁽¹⁾		-	(10,348,525)
Closing balance		\$ 3,497,938	\$ 3,497,938

- (1) As at December 31, 2024, the impairment was calculated as the lower of cost and net realizable value of the land held for development. The net realizable value was measured based on the appraised valuation of \$9,933,198 from a third party accredited real estate valuator in the Republic of Panama and the associated costs to sell of \$415,327. The impairment was triggered by unfavourable economic activity and forecast in construction of social interest subsidized housing following the suspension of the MIVOT Solidarity Housing Fund program effective July 1, 2024.

There were no indicators of impairment on land held for development as at December 31, 2025.

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10. Intangible asset and goodwill

Intangible asset

The Company's intangible asset consists of the proprietary technology and software platform developed specifically for the administration of Low-Income Housing Tax Credits acquired from Fusion on October 24, 2024 (refer to Note 7 for details). Subsequent to the acquisition date, the Company capitalized the development work related to the enhancement of the software platform. The asset was amortized over an economic life of five years.

Fair value of technology acquired	\$	124,000
Additions		243,000
Amortization		(12,233)
Balance at December 31, 2024	\$	354,767
Amortization		(55,050)
Impairment		(299,717)
Balance at December 31, 2025	\$	-

During the year ended December 31, 2025, management impaired the Company's internally developed software driven by factors including recurring operating losses, revised product roadmap and changes in expected future cash flows. The Company recorded an impairment expense of \$299,717 recognized in the consolidated statement of earnings and comprehensive income (loss). The recoverable value of \$nil was determined based on discounted cash flows. The cash flows are derived from the Company's forecast and strategy for next five years which is built based on the current and anticipated contracts, market conditions and detailed operational strategy. The calculation of the discounted cash flow model was based on the following key assumptions:

- Sales and expenses estimated for a period of 5 years based on management's internal forecasts and projections.
- The long-term growth rate after 5 years used in determining the recoverable amount is 3%.
- The discount rate was estimated based on the Company's weighted average cost of capital, taking into account the nature of the assets being valued and their specific risk profile. The after-tax discount rates used in determining the recoverable amount was 20%.

Goodwill

Goodwill of \$1,540,437 recognized from the Fusion acquisition on October 24, 2024 was allocated the US operating segment.

As at December 31, 2024, the Company impaired the goodwill to \$nil. The recoverable amount as at December 31, 2024 was calculated based on discounted cash flows. The cash flows are derived from the Company's forecast and strategy for next five years which is built based on the current and anticipated contracts, market conditions and detailed operational strategy. The calculation of the discounted cash flow model was based on the following key assumptions:

- The discount rate was estimated based on the Company's weighted average cost of capital, taking into account the nature of the assets being valued and their specific risk profile. The after-tax discount rates used in determining the recoverable amount was 17.8%.
- The long-term growth rate after 5 years used in determining the recoverable amount is 3%.
- The growth rates are based on management's internal forecast and projections.

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11. Property and other inventories

Property and other inventories consist of the following:

Under construction or development	December 31, 2025	December 31, 2024
Los Sueños de Santiago - Phase 4	\$ 3,024,000	\$ 4,041,616
Los Sueños de Santiago - Phase 5	546,000	549,332
Los Sueños de Santiago - Phase 8	702,795	635,062
La Reserva Social	336,000	372,990
	4,608,795	5,599,000
Materials	246,742	322,319
Total property and other inventories	\$ 4,855,537	\$ 5,921,319

Changes in the carrying value of property and other inventories as at December 31, 2025 and 2024 were as follows:

	December 31, 2025	December 31, 2024
Opening balance	\$ 5,921,319	\$ 11,181,591
Costs incurred in development	1,814,640	3,466,766
Capitalized interest	132,236	279,787
Write-down of cost to net realizable value ⁽¹⁾	(676,977)	(4,654,820)
Cost of goods sold	(2,335,681)	(4,352,005)
Closing balance	\$ 4,855,537	\$ 5,921,319

(1) Recognized as cost of sales in the consolidated statements of earnings and comprehensive income (loss).

12. Prepayments and other short- term assets

Prepayment and other short-term assets were comprised as follows:

	December 31, 2025	December 31, 2024
Advances on expenses	\$ 14,693	\$ 33,721
Taxes	2,934	41,297
Others	24,051	11,166
Total	\$ 41,678	\$ 86,184

13. Other accounts receivables

Other accounts receivable were comprised as follows:

	December 31, 2025	December 31, 2024
Solidarity bonus subsidy	\$ 1,160,000	\$ 1,220,000
Electrical system reimbursement	139,412	159,786
Customer and employee	36,328	73,485
Expected credit losses (Note 21)	(1,091,412)	(964,367)
Total	\$ 244,328	\$ 488,904

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14. Warranty provision

Warranty provision, estimated for general warranties provided by the Company on the houses sold for a period of five years after the possession date, is included in accounts payable and accrued liabilities in the consolidated statements of financial position and cost of sales in the consolidated statements of earnings and comprehensive income (loss). The provision for years ended December 31, 2025 and 2024 is as follows:

Balance - January 1, 2024	\$	174,540
Additions		189,616
Reversal		(251,185)
Balance - December 31, 2024		112,971
Additions		44,828
Reversal		(102,991)
Balance - December 31, 2025	\$	54,808

Provision for future development costs

Provision for future development costs, presented as accounts payable and accrued liabilities in the consolidated statements of financial position and cost of sales in the consolidated statements of earnings and comprehensive income (loss), as at December 31, 2025 and 2024 is as follows:

Balance - January 1, 2024	\$	1,630,597
Additions		224,381
Cost spent in the year		(763,011)
Balance – December 31, 2024		1,091,967
Costs spent in the period		(460,516)
Balance - December 31, 2025	\$	631,451

15. Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand	\$ 3	\$ 3
Deposits in bank	833,335	330,705
Total	\$ 833,338	\$ 330,708

As at December 31, 2025 and 2024, the Company had no restrictions on its cash placed in deposits in bank.

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16. Share Capital

The Company has authorized an unlimited number of common shares, and 12,074,982 shares are held in escrow as at December 31, 2025 (2024 - 12,104,027). Outstanding common shares as at December 31, 2025 and 2024 are as follows:

	Common shares	Common shares in Escrow #	Total common shares	Amount
Balance, December 31, 2023	3,259,703	10,882,225	14,141,928	\$ 50,269,701
Shares issued on exercise of warrants ⁽¹⁾	-	1,250,548	1,250,548	1,337,974
Shares issued on debt financing ⁽²⁾	92,025	-	92,025	280,317
Shares issued on acquisition ⁽³⁾	1,666,667	-	1,666,667	1,637,118
Escrow shares release on December 8, 2024	28,746	(28,746)	-	-
Balance, December 31, 2024	5,047,141	12,104,027	17,151,168	\$ 53,525,110
Escrow shares release on June 9, 2025	29,045	(29,045)	-	-
Balance, December 31, 2025	5,076,186	12,074,982	17,151,168	\$ 53,525,110

- (1) 1,250,548 warrants were issued to management pursuant to the RTO Transaction on November 30, 2023 were exercised on March 12, 2024.
- (2) On July 11, 2024, the Company issued 92,025 shares to DC Investment Fund pursuant to the terms of a private loan; refer to Note 18 for details.
- (3) On October 24, 2024, the Company issued 1,666,667 Consideration shares at fair value of \$0.98 per share to Fusion; refer to note 7 for details. The fair value per share of \$0.98 is based on the trading share price on acquisition date of \$1.12 with a discount of 12.3%.

17. Share-based Compensation

Warrants

Outstanding warrants as at December 31, 2025 and 2024 are as follows:

	Warrants	Warrants in escrow #	Weighted average exercise price	Weighted average remaining contractual life (years)
Balance, December 31, 2023	6,807	2,914,462	\$ 2.07	2.92
Warrants exercised ⁽¹⁾	-	(1,250,548)	-	-
Warrants issued on debt financing ⁽²⁾	1,394,014	-	\$ 3.63	3.00
Bonus warrants issued on debt financing ⁽³⁾	788,851	-	\$ 1.25	3.00
Balance, December 31, 2024	2,189,672	1,663,914	\$ 3.14	2.22
Cancelled ⁽⁴⁾	(2,182,865)	-	2.76	2.00
Balance, December 31, 2025	6,807	1,663,914	\$ 2.07	0.92
Number of warrants exercisable	6,807	1,663,914	\$ 2.07	0.92

- (1) The Company issued 1,250,548 warrants to the Chief Executive Officer with an expiry date of November 30, 2026 which vested immediately on issuance. These were exercised on March 12, 2024.

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17. Share-based Compensation (continued)

- (2) Pursuant to the senior secured debenture agreement entered into on January 25, 2024, the Company issued 1,394,014 warrants on various dates during the year ended December 31, 2024. The warrants were fair valued at \$1,343,117 using Black-Scholes pricing model and the following assumptions:

Risk free interest rate	3.79% - 4.23%
Expected life (years)	3
Expected dividend yield	0%
Expected volatility	41.92%
Share price	\$ 2.76 - \$ 3.69
Exercise price	\$ 3.04 - \$ 4.06
Fair value	\$ 0.80 - \$ 1.07

- (3) Pursuant to the operating loan agreement entered into on October 24, 2024, the Company issued 788,851 bonus warrants during the fourth quarter of 2024. The warrants were fair valued at \$316,659 using Black-Scholes pricing model and the following assumptions:

Risk free interest rate	2.90% - 3.13%
Expected life (years)	3
Expected dividend yield	0%
Expected volatility	41.92%
Share price	\$1.22- \$ 1.30
Exercise price	\$1.22 - \$ 1.30
Fair value	\$ 0.38- \$ 0.41

- (4) Effective December 31, 2025, 1,394,014 warrants issued pursuant to the senior secured debenture agreement and 788,851 bonus warrants issued pursuant to the operating loan agreement during the year ended 2024 were cancelled.

Stock options

Outstanding stock options as at December 31, 2025 and 2024, are as follows:

	Options	Weighted average exercise price	Weighted average remaining contractual life (years)
Balance, December 31, 2024	11,498	\$2.61	1.74
Balance, December 31, 2025	11,498	\$2.61	0.74
Number of options exercisable	11,498	\$2.61	0.74

Restricted share units

Pursuant to the RTO Transaction, certain directors, management and employee personnel were granted 427,414 restricted share units ("RSUs") on November 30, 2023 and 116,568 RSUs on February 7, 2024. None of these RSUs are held in escrow as at December 31, 2025. The RSUs will vest 25% every six months over two years, with the first portion vesting after the first six months from grant date of November 30, 2023, and subsequent portions vesting every six months. The fair value of the RSUs at grant date was \$855,442.

On June 30, 2025, the Company issued 246,511 RSUs which vest one year from the grant date. The fair value of the RSUs at grant date was \$45,172.

During the year ended December 31, 2025, share-based compensation expense of \$187,614 was recorded (2024 - \$650,715).

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18. Borrowings

Borrowings as at December 31, 2025 and 2024 are comprised as follows:

	Current		Non-current	
	2025	2024	2025	2024
Banks' borrowings	\$ -	\$ -	\$ -	2,373,419
Private Loans	1,795,224	-	-	1,590,649
Shareholder loans	11,863,615	4,736,738	948,285	773,000
Other loans	261,000	321,000	-	-
Total	\$ 13,919,839	\$ 5,057,738	\$ 948,285	\$ 4,737,068

Changes in the borrowings for the years ended December 31, 2025 and 2024 were as follows:

	December 31, 2025	December 31, 2024
Balance at January 1	\$ 9,794,806	\$ 6,968,684
Cash inflows from issuances	5,615,000	4,893,000
Cash outflows from repayments	(2,302,621)	(1,950,934)
Cash outflows from interest payments	(307,293)	(266,240)
Interest accrued	1,420,435	977,307
Debt financing costs (Note 16)	-	(1,280,582)
Accretion expense on debt (Note 16)	647,797	453,571
Closing balance	\$ 14,868,124	\$ 9,794,806

Bank borrowings

Bank borrowing comprises of a credit loan facility with Multibank Inc. to finance the Project Sueños de Santiago - Phase 4, which is secured by a mortgage on the land earmarked as Phase 4. The interest is paid monthly and the principal is repaid as the sale of houses build under Phase 4 project is completed with the maturity date of December 31, 2026. The credit facility was renewed on March 12, 2025 with an update to the expiry date from October 19, 2024 to December 31, 2026 with no other significant changes to the terms and conditions and resulted in no gain or loss on modification of the credit facility. These loans were settled during the year ended December 31, 2025.

Description	Starting date	Expiry date	Principal	Interest rate	Balance as at	
					December 31, 2025	December 31, 2024
Houses Credit Line	Aug 24, 2019	Dec 31, 2026	\$ 4,141,787	9.25%	\$ -	\$ 1,290,469
Infrastructure Credit Line	Aug 24, 2019	Dec 31, 2026	\$ 2,459,291	9.25%	-	689,700
Interest Capitalization	Apr 9, 2021	Dec 31, 2026	\$ 446,741	9.25%	-	393,250
Total					\$ -	\$ 2,373,419

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18. Borrowings (continued)

Private Loans

On July 11, 2024, the Company signed a loan agreement with DC Investment Fund (DCIF) which replaced the previous promissory note with DCIF executed on September 6, 2017, which had a maturity of 80 months and an interest rate of 15% per annum. The new loan has an interest rate of 12% per annum, payable every quarter, with the maturity date of March 31, 2026. As per terms of the new loan agreement, on July 11, 2024, the Company made a cash payment of \$181,230 and issued 92,025 common shares of the Company. The Company derecognized the outstanding principal on previous promissory note and recognized the liability of the new loan at amortized cost of \$1,480,265. The 92,025 common shares issued were recognized at fair value \$3.08 per share as debt financing costs of \$280,317 in the consolidated statement of earnings and comprehensive income (loss) for the year ended December 31, 2024.

Shareholder loan

On December 31, 2023, the Company signed an unsecured, non-interest bearing on demand promissory note with a shareholder for \$990,000. On January 25, 2024, the promissory note was cancelled, and the Company replaced the promissory note with a senior secured debenture loan for proceeds of up to \$4,500,000. Pursuant to the terms of the financing, the debenture bears an interest at rate of 12% per annum, payable quarterly, with a scheduled maturity date of November 30, 2025. Interest payments are deferred and accrued with the first interest payment occurring on January 31, 2025. Funds were be advanced to the Company each month with the final Tranche advanced on or before July 31, 2024. In connection with the financing, the Company issued warrants exercisable for the purchase of common shares of the Company (refer to note 16 for details and fair valuation of the warrants). As at December 31, 2024, the Company received \$4,610,000 and issued 1,394,014 warrants. The gross proceeds were allocated between the shareholder loan and warrants using a relative fair value approach of \$3,569,919 and \$1,040,081 respectively. The allocated debt value of \$3,569,919 is accreted to its gross proceeds over the maturity term of the agreement. The accretion expense for the years ended December 31, 2025 was \$592,512 (2024 - \$447,569).

On October 24, 2024, the Company entered into an unsecured draw down loan agreement, for a principal amount up to a maximum of \$1,000,000, advanced in four tranches as follows:

- The initial advance of \$250,000 paid on the effective date of the loan agreement;
- The second advance of \$333,333 payable on the date that is on or prior to 1 month following the effective date of the loan agreement;
- The third advance of \$333,333 payable on the date that is on or prior to 2 months following the effective date of the loan agreement; and
- One or more final advance of \$133,333 payable on the date that is on or prior to 3 months following the effective date of the loan agreement.

Interest is accrued at a rate of 12% per annum and the loan has a maturity date of October 31, 2028. In connection with the financing, the Company issued bonus warrants exercisable for the purchase of common shares of the Company (refer to note 16 for details and fair valuation of the warrants). As at December 31, 2024, the Company received advances totalling to \$1,000,000 and issued 788,851 bonus warrants. The gross proceeds were allocated between the shareholder loan and bonus warrants using a relative fair value approach of \$759,498 and \$240,502 respectively. The allocated debt value of \$759,498 is accreted to its gross proceeds over the maturity of the agreement. The accretion expense for the year ended December 31, 2025 is \$55,285 (2024 - \$6,002).

On December 31, 2024, the Company signed an unsecured, on demand promissory note at interest rate of 12% per annum with a shareholder for \$273,000.

During the year ended December 31, 2025, the Company signed an unsecured, on demand promissory note at interest rate of 12% per annum with a shareholder, and received proceeds of \$5,615,000 under this agreement.

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18. Borrowings (continued)

Other loans

The Company has a loan agreement with Panama Equities, Inc. bearing interest rate 4% per annum and repayable on demand. As at December 31, 2025, the outstanding balance was \$252,500 (2024 - \$312,500).

Interest expense and accretion expenses

Interest expense for the year ended December 31, 2025 was \$1,287,347 (2024 - \$704,536) comprised of interest on borrowings of \$1,287,347 (2024 - \$697,322) and accretion of lease liabilities of \$ nil (2024 - \$4,058) and other fees and charges of \$nil (2024 - \$3,156).

During the year ended December 31, 2025, the Company capitalized \$132,236 of borrowing costs to inventory (2024 - \$279,787). In addition, the Company recognized accretion expenses of \$647,797 (2024 - \$453,571).

19. Related party disclosures

The Company entered several transactions with key management personnel and entities wholly owned by those personnel. The Company considers the executive officers and directors as the key management of the Company. The remuneration of key management personnel includes those persons having the authority and responsibility for the planning, directing, and controlling of the activities of the Company are as follows:

For the years ended	December 31, 2025	December 31, 2024
Remuneration for services		
Salaries and Wages	\$ 594,371	\$ 606,266
RSUs (Note 17)	165,040	650,715
	\$ 759,411	\$ 1,256,981

Amounts due to and from related parties as at December 31, 2025 and 2024 are as follows:

Related party assets (liabilities)	December 31, 2025	December 31, 2024
Key management personnel	\$ (30,085)	\$ (13,034)
Shareholder loan (Note 18)	\$ (12,811,900)	\$ (5,509,738)

The amount due to key management personnel, included in other accounts payable, relates to unpaid remuneration and reimbursement of business-related travel expenses.

20. Segment reporting

Operating segments are defined as components of an enterprise for which separate financial information is available that is regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. For the purpose of segment reporting, the Company's Chief Executive Officer (CEO) is the Chief Operating Decision Maker (CODM).

After the acquisition of Fusion on October 24, 2024, the Company had two operating and reporting segments. Although the Company prepares financial results at each subsidiary level, the overall financial and operational performance of the Company is analyzed, and forecasts are prepared for the two segments based on the two product lines - the construction and sale of houses in the Republic of Panama and the Fusion software in the United States. There is no customer that amounts to 10 percent or more of the total revenues earned during the years ended December 31, 2025 and 2024.

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20. Segment reporting (continued)

The segmented information for the years ended December 31, 2025 and 2024 is as follows:

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Panama	US	Consolidated (1)	Panama	US	Consolidated (1)
Sales	\$ 3,102,757	\$ 454,608	\$ 3,557,365	\$ 3,624,573	\$ 73,486	\$ 3,698,059
Cost of sales	(3,190,734)	(522,570)	(3,713,304)	(9,549,046)	(49,614)	(9,598,660)
Sales expenses	(134,575)	-	(134,575)	(575,798)	-	(575,798)
Employee benefits expense	(192,431)	-	(192,431)	(163,672)	-	(163,672)
Depreciation	(31,475)	(55,050)	(86,525)	(53,373)	(12,233)	(65,606)
Software development costs	-	(698,400)	(698,400)	-	-	-
Administrative expenses	(1,301,442)	(99,691)	(1,466,415)	(1,058,773)	(20,631)	(1,669,947)
Operating loss	\$ (1,747,900)	\$ (921,103)	\$ (2,734,285)	\$ (7,796,089)	\$ (8,992)	\$ (8,375,624)
Other income	5,806	-	5,806	170,997	-	170,997
Interest expense	-	-	(1,935,144)	(250,786)	-	(1,158,107)
Write-down of receivables	(127,044)	-	(127,044)	(156,755)	-	(156,755)
Impairment of land held for development	-	-	-	(10,348,525)	-	(10,348,525)
Impairment of goodwill and intangibles	-	(299,717)	(299,717)	-	-	(1,540,437)
Share-based compensation	-	-	(187,614)	-	-	(650,715)
Debt financing costs	-	-	-	-	-	(280,317)
Loss before taxes	\$ (1,869,138)	\$ (1,220,820)	\$ (5,277,998)	\$ (18,361,158)	\$ (8,992)	\$ (22,339,483)

	As at December 31, 2025			As at December 31, 2024		
	Panama	US	Consolidated	Panama	US	Consolidated
Segmented assets	\$ 8,434,763	\$ 647,101	\$ 9,481,864	\$ 9,978,807	\$ 769,135	\$ 10,724,085
Segmented liabilities	15,157,426	1,792,873	16,950,299	12,084,601	655,406	13,065,265

(1) Consolidated includes costs not allocated to Panama and US such as corporate overhead, interest and accretion expense and debt financing costs related to borrowings, share-based compensation and intercompany eliminations.

21. Capital and risk management

The objectives of capital management are to ensure the Company's ability to continue as a going concern and provide an adequate return to shareholders, as well as to maintain an optimal capital structure that reduces the costs of raising capital. The Company's capital as at December 31, 2025 comprises of shareholder's deficit of \$7,468,435 (2024 - \$2,341,180) and total borrowings of \$14,868,124 (2024 - \$9,794,806). The Company manages its capital structure and makes changes based on economic conditions, risks that impact the consolidated operations and future significant capital investment opportunities. To maintain or adjust its capital structure, the Company may issue new equity instruments or consider other financing opportunities.

The Company is exposed to the symptoms and effects of global economic conditions and other factors that could adversely affect its business, financial condition, and operating results. Many of the risk factors are beyond the Company's direct control. The Company's management and Board of Directors plan an active role in monitoring the Company's key risks and in determining the policies that are best suited to manage these risks.

The Company does not actively participate in the business of financial assets for speculative purposes.

The Company's strategy with respect to capital risk management has not changed during the s ended December 31, 2025 and 2024.

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21. Capital and risk management (continued)

Liquidity risk

Liquidity risk refers to the possibility that the Company will not meet its contractual obligations, mainly in respect of its accounts payable and repayment of principal and interest on borrowings.

The Company manages its liquidity needs by monitoring scheduled payments defined in the terms and conditions of each financing contract, as well as forecasts of cash inflows and outflows on a day-to-day basis. Long-term liquidity needs for a 180-day and 360-day monitoring period are identified monthly. The Company's objective is to maintain cash to meet its liquidity requirements for periods of at least 30 days.

In the event of requiring additional contribution to its real estate development projects, the Company may choose to seek access to bank financing or equity funding. Additionally, it may be able to sell long-term non-financial assets.

Contractual obligations as at December 31, 2025 and 2024 are as follows:

December 31, 2025	In 6 months	7 to 12 months	More than 1 year up to 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	\$ 673,423	\$ 1,241,848	\$ -	\$ -	\$ 1,915,271
Advances received from customers	120,548	-	-	-	120,548
Private loans	1,795,224	-	-	-	1,795,224
Shareholder loan	6,257,915	5,605,700	1,127,500	-	12,991,115
Other loans	261,000	-	-	-	261,000
TOTAL	\$ 9,108,110	\$ 6,847,548	\$ 1,127,500	\$ -	\$ 17,083,158

December 31, 2024	In 6 months	7 to 12 months	More than 1 year up to 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	\$ 1,154,914	\$ 1,949,212	\$ -	\$ -	\$ 3,104,126
Advances received from customers	78,771	-	-	-	78,771
Bank loans	-	-	2,373,418	-	2,373,418
Private loans	-	-	1,590,649	-	1,590,649
Shareholder loans	276,750	5,052,500	1,007,500	-	6,336,750
Other loans	321,000	-	-	-	321,000
TOTAL	\$ 1,831,435	\$ 7,001,712	\$ 4,971,567	\$ -	\$ 13,804,714

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21. Capital and risk management (continued)

Foreign Currency risk

The Company's functional and reporting currency is the United States dollar but it is exposed to foreign currency risk with respect to the expenditures incurred by its Canadian parent entity which are denominated in Canadian dollars. As of December 31, 2025, the Company has not entered into any hedging agreements to mitigate foreign currency as the foreign currency risk was deemed to be low. A change of 10% in USD/CAD exchange rate as of December 31, 2025 would not have a material impact.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. As at December 31, 2025, the Company is not exposed to interest rate cash flow risk as none of the agreements have a floating interest rate, which will fluctuate with interest rate changes. Fixed-interest instruments are subject to fair value risk but not interest rate cash flow risk.

Credit Risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risks relate to its accounts receivable resulting from sale of finished properties in the normal course of its operations and cash deposited in the banks.

The credit risk of accounts receivable arising from the sale of property inventory is managed by mandating advance payments from customers or account credits prior to the transfer of the property, thus substantially eliminating the Company's credit risk in this regard. The Company has the backing of the bank letters of promise to pay the differential not covered directly by the customers. A provision for expected credit loss is established based upon historic trends and forward-looking information and revised when there are changes in circumstances that would create doubt over the receipt of funds. Such reviews are conducted on a continued basis through the monitoring of outstanding balances as well as the frequency of payments received. Accounts receivables are completely written off once management determines the probability of collection to be remote. Such reviews are conducted on a forward-looking basis and reviewed when changes in client or economic circumstances exist that would create doubt over the receipt of funds within the next twelve months. During the year the year ended December 31, 2025, \$127,044 of receivables were written off (2024 - \$156,755).

The aging for other accounts receivable as at December 31, 2025 are:

		Current	60-180 days	Over 180 days	Total
Solidarity bonus receivable	\$	160,000	80,000	920,000	1,160,000
Electrical systems reimbursement		-	-	139,412	139,412
Customers		33,866	2,462	-	36,328
Total	\$	193,866	82,462	1,059,412	1,335,740

Changes in the provision for expected credit losses at December 31, 2025 and 2024 result from the following:

Balance - December 31, 2023	\$	807,612
Allowance made during the year		846,755
Provision reversed		(690,000)
Balance - December 31, 2024	\$	964,367
Allowance made during the year		441,120
Provision reversed		(314,075)
Balance, December 31, 2025	\$	1,091,412

The Company maintains current bank accounts of less than one year, with local banks with a minimum credit rating of "A" and therefore, the risk of loss on cash and cash equivalents is immaterial.

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22. Fair value measurement of financial instruments

The Company's financial instruments consist of cash, account payables and accrued liabilities, and borrowings.

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are characterized into three levels of a fair value hierarchy depending on the degree to which the inputs are observable. During the year ended December 31, 2025 and 2024, no transfers between fair value hierarchy occurred. The fair value hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: items other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable items for assets or liabilities.

A financial instrument is classified to the lowest level hierarchy for which a significant input has been used in measuring fair value.

The carrying amounts for cash, and accounts payable and accrued liabilities approximate their respective fair values based on level 1 due to the short-term maturities of those instruments.

The estimated fair value of current and long-term borrowings and loans, categorized as Level 2, has been estimated using discounted cash flow techniques, applying interest rates in effect for debts with similar remaining maturities and credit risk. As at December 31, 2025, the fair value of borrowings is \$14,862,029 (2024 - \$9,794,806).

23. Income Taxes

The combined tax rate is determined using the substantively enacted tax rates as at December 31, 2025 and December 31, 2024. A reconciliation the provision for income tax reported in the consolidated statements of earnings and comprehensive income (loss) is summarized as follows:

	December 31, 2025	December 31, 2024
Income (loss) before tax	\$ (5,277,998)	\$ (22,339,483)
Statutory income tax rate	26.5%	26.5%
Income tax recovery computed at Canadian statutory rate	(1,398,669)	(5,919,963)
Share-based payment and other non-deductible items	49,718	803,012
Non-deductible debt expenses	227,261	-
Non-taxable income	(1,177,392)	(2,048,478)
Non-deductible expenses	1,744,812	6,507,790
Loss expiration	1,111,041	1,243,189
Difference in tax rate	103,489	360,639
Other	185,078	23,316
Change in valuation allowance	(868,808)	(972,075)
Deferred income tax recovery	\$ (23,470)	\$ (2,570)

The following table summarizes the components of deferred tax as at December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Intangible asset	\$ -	\$ (23,470)
Net deferred tax recovery	-	(23,470)

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23. Income Taxes (continued)

The following table summarizes the movement of deferred tax as at December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Opening deferred tax liability	\$ (23,470)	\$ -
Recognized through goodwill	-	(26,040)
Realized through profit and loss	23,470	2,570
Ending deferred income tax recovery	-	(23,470)

Unrecognized deferred tax assets are as follows:

	December 31, 2025	December 31, 2024
Non-capital losses carry forward - Canada	\$ 761,709	\$ 505,677
Non-capital losses carry forward - Panama	7,396,934	14,090,500
Non-capital losses carry forward - United States	918,626	-
Share issuance costs	243,000	224,254
Total unrecognized temporary differences	9,320,269	14,820,431

The share issuance costs will be fully amortized in 2028.

As at December 31, 2025, the Company has non-capital losses that are to expire as follows:

Year of expiry	Canada	Panama	United States
2026	\$ -	\$ 3,562,227	\$ -
2027	-	2,790,241	-
2028	-	938,568	-
2029	-	105,898	-
2043	114,585	-	-
2044	466,150	-	-
2045	180,974	-	-
Indefinite	-	-	918,626
	\$ 761,709	\$ 7,396,934	\$ 918,626

Complementary tax is the tax paid in advance, related to withholding tax on dividends to shareholders. In the Fiscal Code of the Republic of Panama, in the fiscal periods that the companies obtain profits and do not distribute and liquidate the dividend tax, it is to pay 40% of the tax in advance on behalf of the shareholders. At the time of distributing the profits (if any), the total dividend tax is withheld from the shareholders and the outstanding 60% is paid to the tax authority.

For the years December 31, 2025 and 2024, the Company had net losses resulting in \$nil complementary tax. The Company did not distribute any profits or remit any dividend tax to the tax authorities in the Republic of Panama.

24. Contingencies

During the year ended December 31, 2022, the Company filed a lawsuit against a contractor for damages for non-compliance of contractual commitments and quality standards. The court ruled in favor of the Company for damages of \$474,458 and lawyer fees. However, the Company has so far not been successful in collecting the damages from the contractor. The Company has not recorded a contingency gain for this amount.

The Company believes the risk of further damages from any future appeals and legal proceedings remains low and there is no additional exposure for this litigation.