VisitIQ Corp.

www.visitiq.io

Audited Consolidated Financial Statements

As of and for the Years Ended
August 31, 2025 and 2024

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

BOULAY

REPORT OF INDEPENDENT PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors
of VisitIQ Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of VisitIQ, Corp. and Subsidiary (the Company) as of August 31, 2025 and 2024, and the related consolidated statements of operations, stockholders' deficit and cash flows for each of the years in the two-year period ended August 31, 2025, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the two-year period ended August 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are required to be independent with respect to the Company in accordance with the relevant ethical requirements relating to our audits.

We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Boulay PLLP

We have served as the Company's auditor since 2024.
Minneapolis, Minnesota
December 29, 2025

VISITIQ CORP.
CONSOLIDATED BALANCE SHEETS

	August 31, 2025	August 31, 2024
Current assets		
Cash	$ 107,561	$ 386,002
Accounts receivable, net of allowance for credit losses of approximately $121,000 and $47,000, respectively	209,758	210,800
Prepaid expenses and other current assets	95,599	19,186
Notes receivable	-	624,950
Total current assets	412,919	1,240,938
Investments		
Equity method investments	25,000	25,000
Equity investments	84,000	84,000
Total investments	109,000	109,000
Intangible assets		
Internally developed software	5,235,648	3,948,060
Less: accumulated amortization	(3,127,273)	(1,665,608)
Total intangible assets	2,108,375	2,282,452
Goodwill	349,312	349,312
Total assets	$ 2,979,606	$ 3,981,702
Current liabilities		
Accounts payable	$ 1,742,424	$ 1,157,164
Accrued expenses	240,872	449,718
Deferred revenue	32,798	109,000
Accrued interest (See Note 8)	63,416	2,223,895
Other notes payable (See Note 3)	-	111,894
Convertible notes payable (See Note 8)	2,082,801	19,456,679
Total current liabilities	4,162,310	23,508,349
Mezzanine equity - Series B convertible preferred stock	12,800,051	4,271,157
Commitments and contingencies		
Stockholders' deficit		
Common stock	2,133	5,466
Series C convertible preferred stock	57,086	-
Additional paid-in capital	17,909,202	-
Accumulated deficit	(31,951,176)	(23,509,336)
Total deficit attributable to VisitIQ Corp.	(13,982,755)	(23,503,870)
Non-controlling interest	-	(293,934)
Total stockholders' deficit	(13,982,755)	(23,797,804)
Total liabilities and stockholders' deficit	$ 2,979,606	$ 3,981,702

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

VISITIQ CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended August 31,	2025	2024
Data revenue	$ 2,212,601	$ 2,059,174
Media activation revenue	423,129	938,797
Total revenue	2,635,730	2,997,971
Data cost of sales	1,058,993	2,021,102
Media activation cost of sales	148,368	978,053
Total cost of sales	1,207,361	2,999,155
Gross profit (loss)	1,428,369	(1,184)
Expenses		
Legal and professional fees	417,010	1,493,084
Personnel expenses	3,119,626	3,938,737
General and administrative costs	540,366	670,723
Sales & marketing expenses	73,014	93,153
Depreciation and amortization expense	1,461,665	1,304,905
Credit losses expense	187,004	220,293
Stock-based compensation expense - primarily related party (see Notes 12 and 13)	2,947,578	-
Impairment losses on equity investments	-	16,000
Loss on disposition of software assets	-	377,111
Total operating expenses	8,746,262	8,114,006
Other income (expense)		
Interest expense	(775,731)	(2,609,918)
Interest income	-	18,774
Gain on exchange of convertible notes payable for Series B convertible preferred stock	442,638	-
Loss recognized upon dissolution of DrivenIQ	(481,717)	-
Net loss before allowance for income taxes	(8,132,703)	(10,706,334)
Income tax expense	19,890	-
Net loss	$ (8,152,593)	$(10,706,334)
Net loss attributable to the non-controlling interest	187,783	2,034,743
Net loss attributable to VisitIQ Corp.	(7,964,810)	(8,671,591)
Preferred stock cumulative dividends	(979,242)	(459,900)
Net loss attributable to common stockholders	$ (8,944,051)	$ (9,131,491)
Basic net loss per share	$ (3.16)	$ (1.67)
Diluted net loss per share	$ (3.16)	$ (1.67)
Weighted average number of shares used to compute net loss per share		
Basic	2,827,300	5,466,569
Diluted	2,827,300	5,466,569

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

VISITIQ CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

	Common Stock Shares	Common Stock Par Amount	Series C Convertible Preferred Stock Shares	Series C Convertible Preferred Stock Par Amount	Additional Paid-in Capital	Accumulated Deficit	Non Controlling Interest	Total Stockholders' Deficit
Balance at August 31, 2023	5,466,569	$ 5,466	$ -	$ -	$ -	$ (14,127,780)	$ 883,457	$ (13,238,857)
Issuance of common stock warrants with convertible notes payable		-		-	147,387	-	-	147,387
Change in non-controlling interest due to additional investment in DrivenIQ		-		-	(147,387)	(709,965)	857,352	-
Net loss for the year ended August 31, 2024		-		-	-	(8,671,591)	(2,034,743)	(10,706,334)
Balance at August 31, 2024	5,466,569	$ 5,466	-	$ -	$ -	$ (23,509,336)	$ (293,934)	$ (23,797,804)
Conversion of common stock to series B convertible preferred stock (See Note 10)	(3,333,333)	(3,333)	-	-	-	(477,030)	-	(480,363)
Conversion from Series B convertible preferred stock to Series C convertible preferred stock (see Note 9)	-	-	42,814,596	42,815	14,975,897	-	-	15,018,711
Stock-based compensation expense - primarily related party (see Notes 12 and 13)	-	-	14,271,665	14,272	2,933,305	-	-	2,947,577
Elimination of non-controlling interest upon dissolution of DrivenIQ	-	-	-	-	-	-	481,717	481,717
Net loss for the year ended August 31, 2025	-	-	-	-	-	(7,964,810)	(187,783)	(8,152,593)
Balance at August 31, 2025	2,133,236	$ 2,133	57,086,261	$ 57,086	$ 17,909,202	$ (31,951,176)	$ -	$ (13,982,755)

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

VISITIQ CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended August 31,	**2025**	**2024**
Cash flows from operating activities		
Net loss	$ (8,152,593)	$ (10,706,334)
Adjustments to reconcile net loss to net cash used in operating activities:		
Increase (decrease) in operating assets and liabilities:		
Depreciation and amortization expense	1,461,665	1,304,905
Amortization of debt discount	314,993	1,317,470
Provision for credit losses	74,303	46,820
Gain on debt exchange for series B convertible preferred stock	(442,638)	-
Loss recognized upon dissolution of DrivenIQ	481,717	-
Stock-based compensation expense - primarily related party (see Notes 12 and 13)	2,947,578	-
Loss on disposal of fixed assets	-	16,193
Realized and unrealized loss on equity investments	-	16,000
Settlement of lease liability with equity method investment	-	256,168
Write-off of notes receivable	-	30,571
Loss on disposition of software asset	-	377,111
(Increase) decrease in accounts receivable	(73,262)	309,249
Decrease in prepaid expenses and other current assets	7,625	6,422
Increase in accounts payable and accrued liabilities	376,415	969,169
Increase in accrued interest	460,738	1,263,176
Increase (decrease) in deferred revenue	(76,202)	109,000
Net cash used in operating activities	(2,619,662)	(4,684,082)
Cash flows from investing activities		
Capitalized software development costs	(1,287,588)	(1,073,242)
Payments received on notes receivable	624,950	-
Issuance of notes receivable	-	(30,571)
Net cash used in investing activities	(662,638)	(1,103,813)
Cash flows from financing activities		
Payment on other notes payable	(111,894)	-
Issuance of convertible notes payable	3,200,000	-
Payments on insurance financing arrangement	(84,247)	-
Issuance of convertible notes payable with common stock warrants	-	5,324,453
Net cash provided by financing activities	3,003,859	5,324,453
Net decrease in cash	(278,441)	(463,441)
Cash at beginning of the year	386,002	849,443
Cash at end of the year	$ 107,561	$ 386,002
Non-cash investing & financing activities:		
Exchange of convertible notes payable and accrued interest for Series B convertible preferred stock	$ 23,510,089	$ -
Exchange of Series B convertible preferred stock for Series C convertible stock	15,018,711	$ -
Exchange of common stock for Series B convertible preferred stock	480,363	$ -
Insurance financing agreement	$ 101,862	$ -
Equity method investment used to settle lease liability	$ -	$ 256,168
Issuance of notes payable to settle accounts payable	$ -	$ 111,894

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

VISITIQ CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2025 and 2024

Note 1 – Description of Business

VisitIQ Corp., a Nevada corporation, historically invested in early-stage companies that were deemed to have the potential for high growth. VisitIQ Corp.'s main investment is in VisitIQ, LLC, a Delaware limited liability company, which provides an identity intelligence and activation solution for audience data that enables marketing campaign personalization, higher sales conversions, and increased ROI of digital marketing initiatives. VisitIQ, LLC's proprietary AI-driven platform includes solutions for audience identification, enrichment, expansion, and attribution, and is used by marketing agencies, major brands and enterprises across the globe to curb rising data costs, overcome restrictive data monopolies, and meet demand for personalization of marketing content and messaging across marketing channels. VisitIQ LLC's primary focus going forward will be on continued development of its proprietary audience management platform and uncovering new ways to incorporate AI-driven efficiencies into the marketing workflow.

Note 2 – Organizational Events

In March 2025, VisitIQ Corp. changed its name from Capstone Technologies Group, Inc. ("Capstone") by filing a certificate of amendment to its articles of incorporation with the State of Nevada.

In October 2024, due to an event of default under a secured loan made by Capstone to DrivenIQ Corporation ("DrivenIQ"), Capstone exercised its right under the security agreement and held a UCC Article 9 public foreclosure sale of substantially all the assets of DrivenIQ. At the foreclosure sale, Capstone, via a newly established special purpose vehicle, VisitIQ, LLC, was the winning bidder for the assets of DrivenIQ and assumed approximately $2,570,000 of DrivenIQ liabilities.

In June 2025, DrivenIQ was dissolved and therefore, has no assets or liabilities, no employees, and no ongoing operations.

Note 3 – Summary of Significant Accounting Policies

Principles of consolidation
The accompanying consolidated financial statements include the accounts of VisitIQ, Corp., VisitIQ, LLC, and DrivenIQ (collectively "the Company"). The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The Company's fiscal year is September 1 to August 31.

The consolidated financial statements include the accounts of a variable interest entity ("VIE"), DrivenIQ, in which the Company has determined that it is the primary beneficiary of this VIE under the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 810 – *Consolidation*. The operations of DrivenIQ were the primary operations of the Company during the year ending August 31, 2024, and through the date of its foreclosure in October 2024, as described in Note 2 above. The non-controlling interest in DrivenIQ was 37% as of September 1, 2023 and 33% as of August 31, 2024. During the year ended August 31, 2025, the Company recorded a loss of approximately $482,000 related to the dissolution of DrivenIQ and the elimination of non-controlling interest. All intercompany accounts and transactions have been eliminated in consolidation.

The condensed standalone balance sheet of DrivenIQ, inclusive of inter-company balances, as of August 31, 2024 is presented below.

	August 31, 2024
Current assets	$ 593,322
Other assets	2,631,764
Total assets	$ 3,225,086
Current liabilities	$ 4,138,676
Stockholders' equity (deficit)	(913,589)
Total liabilities and stockholders' deficit	$ 3,225,086

Additionally, DrivenIQ had total revenues of approximately $163,000 and $2,998,000 for the years ended August 31, 2025 and 2024, respectively, and incurred net losses of approximately $563,000 and $5,958,000 for the years ended August 31, 2025 and 2024, respectively.

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Significant items subject to estimates and assumptions include, allowance for credit losses, valuation of equity investments, valuation of warrants issued with convertible notes, Series B convertible preferred stock, Series C convertible preferred stock, stock-based compensation, valuation allowance on deferred tax assets, and estimates and forecasts utilized in the Company’s intangible asset impairment analysis and going concern analysis (see Note 4). Estimates are based on management judgment and the best available information, as such actual results could differ from those estimates.

Net income (loss) per share attributable to common stockholders

Basic net income (loss) per share attributable to common stockholders is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, without consideration of potentially dilutive securities. Diluted net income (loss) per share available to common stockholders is calculated using the weighted average number of common shares outstanding plus the number of dilutive potential common shares outstanding for the applicable period. The dilutive common shares for warrants was determined using the treasury stock method. As described in Note 8, all warrants were exchanged for Series B convertible preferred stock in November 2024. The dilutive effect for convertible notes payable is determined using the if-converted method. The Series B convertible preferred stock and the Series C convertible preferred stock are considered participating securities pursuant to the two-class method. For periods in which the Company has reported net losses, diluted net loss per common share is the same as basic net loss per common share, since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

The following potential common share equivalents were excluded from the calculation of diluted net loss per share available to common stockholders as of August 31, 2025 and 2024 because their effect would have been anti-dilutive:

	August 31, 2025	August 31, 2024
Warrants	-	876,974
Convertible notes payable	8,255,932	19.722,815
Total	8,255,932	20,599,789

The common share equivalents presented in the above table excludes approximately 8,552,000 warrants where the strike price of the warrants was above the per share fair value of the common stock during the year ended August 31, 2024. The basic and diluted weighted average number of common shares outstanding for each of the years ended August 31, 2025 and 2024 was 2,827,300 and 5,466,569, respectively.

Revenue recognition

Revenues arise primarily from the Company's proprietary AI-driven technology platform, which is named VisitIQ, via subscription fees, volume-based utilization fees, and fees for media activation services designed to maximize the customers' use of its proprietary technology platform. Revenues are recognized when control of these services is transferred to the customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligations in the contract.
- Recognition of revenue when performance obligations have been satisfied.

At contract inception, the Company assesses the services promised in the contracts with customers and identifies a performance obligation for each promise to transfer to the customer a service (or bundle of services) that is distinct. To identify the performance obligations, the Company considers all the services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices.

The transaction price is the amount of consideration that the Company is entitled to in exchange for transferring services to a customer. Further, for the contracts having multiple performance obligations, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The relative standalone selling price ("SSP") is determined based on the terms of the contract and requires judgment. The transaction price for a contract excludes any amounts collected on behalf of third parties, in cases where the Company acts as an agent. Payment terms are typically 30 days. As such, the Company does not have any significant financing components.

When the Company enters into multiple contracts with a single counterparty, the Company will combine contracts and account for them as a single contract when one or more of the following criteria are met: (i) the contracts are negotiated with a single commercial objective, (ii) consideration to be paid in one contract depends on the terms of the other contract, and (iii) services promised are a single performance obligation.

Data revenue relates to fees paid for use of the Company's proprietary platform and includes subscription-based and usage-based service offerings. Subscriptions are recognized as revenue ratably during the period that the customer has access to use the Company's platform. Fees charged to customers based on usage of the Company's platform are based on per-record charges and are recognized as revenue over time based on actual usage in the period. The Company's standard contract periods are for one year and are non-cancellable.

Media activation revenue relates to the fees charged for the Company's management of media campaigns for customers, and the activation of the data to the related media campaign and are recognized at the point of delivery of the related performance obligation. The Company's standard contract periods are for one year and are non-cancellable.

When customers pay fees in advance of the specified period of use of the platform, those fees paid in advance are recorded as deferred revenue in the Company's consolidated balance sheets and recognized as revenue when the performance obligation is satisfied. The opening balance of deferred revenue was $0 at September 1, 2023. During the year ended August 31, 2024, the Company received fees paid in advance of approximately $109,000 and recognized no revenue related to these fees. During the year ended August 31, 2025, the Company recognized as revenue the full balance of deferred revenue of $109,000 as of August 31, 2024. Fees paid in advance of revenue recognition are approximately $33,000 as of August 31, 2025.

Sales and other taxes collected from customers that are remitted to governmental authorities are excluded from revenue.

Cash
The Company maintains its cash accounts at financial institutions without any restrictions. At times throughout the year, the Company's cash balance may exceed amounts insured by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk.

Accounts receivable
Credit terms are extended to customers in the normal course of business and the Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral. The Company maintains an allowance for expected credit losses on accounts receivable, which is recorded as an offset to accounts receivable. Changes in the allowance for credit losses are included as a component of operating expenses in the consolidated statements of operations. The Company assesses credit losses on a collective basis where similar risk characteristics exist. Risk characteristics considered by the Company include customer type and size, credit risk, and the age of outstanding receivable. Receivables that do not share risk characteristics with other receivables, or where known collectability issues exist, are evaluated on an individual basis. In determining the allowance for credit losses, the Company considers historical loss rates, adjusted for current market conditions. The Company has adopted the practical expedient under Accounting Standards Update ("ASU") No. 2025-05 to assume that the current conditions as of the balance sheet date will remain unchanged for the remaining life of the asset when developing a reasonable and supportable forecast as part of estimating expected credit losses on these assets. Accounts considered to be uncollectible are written off against the allowance for credit losses. Credit losses were approximately $187,000 and $190,000 for the years ended August 31, 2025, and 2024, respectively. The allowance for credit losses on accounts receivable was approximately $121,000 and $47,000 as of August 31, 2025 and 2024, respectively. The opening balance of accounts receivable and the allowance for credit losses on accounts receivables was $566,869 and $0 at September 1, 2023, respectively.

Prepaid expenses and other current assets
Prepaid expenses are largely comprised of prepaid insurance policies and subscriptions for software licenses.

Notes receivable
Notes receivable are reviewed periodically for impairment based on the note holder's financial situation, ability to pay amounts timely, and the likelihood of future collections. During the years ended August 31, 2025 and 2024, the Company recorded credit losses on these notes receivable of approximately $0 and $31,000, respectively, and the note receivable with the $31,000 credit loss was written off during the year ended August 31, 2024.

Equity investments and equity method investments
The Company has elected the measurement alternative for non-marketable equity securities under ASC Topic 321 – *Investments – Equity Securities*. In accordance with ASC 321, these investments are initially measured at cost and reviewed at year end for impairment and fair value changes. During the year ended August 31, 2024 the Company recorded an unrealized loss on its equity investment in Issuance Inc. of approximately $16,000.

The Company's equity method investments accounted for under ASC Topic 323 – *Investments – Equity Method and Joint Ventures* consist of amounts invested in a fund and is carried at its original cost.

Internally developed software

The Company capitalizes certain costs incurred during the development of internal-use software in accordance with ASU 350-40. Costs are capitalized once the preliminary development stage is complete and it is probable that the project will be completed and will be used to perform the function intended. Capitalized costs are amortized on a straight-line basis over their estimated useful life, which the Company has determined to be three years. These costs are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. During the years ended August 31, 2025 and 2024, the Company identified impairment triggering events due to recorded net losses and negative cash flows from operations. In response, the Company performed impairment tests in each year comparing the carrying amount of the asset group containing the internally developed software intangible asset to estimated undiscounted future cash flows. Based on these analyses, the Company determined that the carrying amount of the internally developed software was recoverable and recorded no impairments of internally developed software for the years ended August 31, 2025 and 2024.

Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net assets acquired. The Company's recorded Goodwill relates to the original VIE consolidation of DrivenIQ in October 2021. The Company's recorded goodwill was not impacted by the foreclosure of DrivenIQ and the assumption of the assets and certain liabilities of DrivenIQ by VisitIQ, LLC. Goodwill is not amortized but rather tested for impairment at least annually or more often if and when circumstances indicate that goodwill may not be recoverable. The Company performs an annual goodwill impairment test each year by assessing qualitative factors to determine whether it is necessary to perform a more detailed quantitative impairment test for goodwill. Qualitative factors that are considered as part of this assessment include a change in the Company's equity valuation and its implied impact on the fair value of the Company's single reporting unit, a change in its weighted average cost of capital, industry and market conditions, macroeconomic conditions, trends in product costs and financial performance of the businesses. For the quantitative test, the Company generally uses a discounted cash flow method to estimate fair value.

For the years ended August 31, 2025 and 2024, the Company concluded, based on its annual goodwill impairment tests, that there was no impairment loss because the fair value of the Company's single reporting unit exceeded the negative carrying value of the Company as of each of the dates.

Operating leases

In accordance with ASC Topic 842 – *Leases*, the Company determines if an arrangement is, or contains, a lease at inception, and whether lease and non-lease components are combined or not. A contract is or contains a lease when; (1) the contract contains an identified asset and (2) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract in exchange for consideration.

Right-of-use assets and lease liabilities are initially recorded based on the present value of lease payments over the lease term, which includes the minimum unconditional term of the lease, and may include options to extend or terminate the lease when it is reasonably certain at the commencement date that such options will be exercised. The Company uses its incremental borrowing rate at the commencement date of the lease in determining the present value of lease payments. Right-of-use assets also include any initial direct costs and any lease payments made prior to the lease commencement date and are reduced by any lease incentives received. Lease expense is recognized on a straight-line basis over the term of the lease. The Company has elected to not apply the requirements of Topic 842 for short-term leases. Short-term leases are defined as leases that at the commencement date have lease terms of twelve months or less.

The Company leased office space from a group, Hedgemore Investors, LLC ("Hedgemore"), a group in which the Company invested until August 2024. The lease commenced in November 2022 and had an initial term of 10 years through November 2032 and was subsequently amended in January 2024 to extend the lease through November 2033. Average monthly lease payments were approximately $9,000 for the year ended August 31, 2024. The Company signed a modification agreement with Hedgemore in August 2024 which included an early termination on September 30, 2024 and vacated the premises prior to August 31, 2024. In consideration for the early termination of the lease arrangement, the Company assigned the entirety of its membership interest in Hedgemore to one of the other existing members of Hedgemore. The carrying value of the disposed investment in Hedgemore of approximately $256,000 was recorded as a lease termination payment and is a component of operating lease expense for the year ended August 31, 2024. Operating lease expenses are included in general and administrative expenses in the consolidated statements of operations. Due to the Company's election to not apply the requirements of ASC 842 for short-term leases, the Company has no operating leases under Topic 842 as of August 31, 2025 or 2024.

Other notes payable
Other notes payable outstanding as of August 31, 2024 represents amounts owed to vendors that were transferred to a note payable with extended terms to allow the Company to pay these amounts back over an extended period of time in exchange for agreeing to pay a market interest rate.

Warrants
When warrants are issued, the Company applies the guidance in ASC Topic 815, *Derivative and Hedging* to determine if the warrants should be classified as equity instruments or as derivative instruments. Generally, warrants are indexed to the Company's own stock and would therefore be classified as equity instruments and are not classified as derivative instruments under this guidance.

Fair value of financial instruments
The Company's accounting for fair value measurements of assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring or nonrecurring basis adheres to the FASB fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 is defined as observable inputs such as quoted prices in active markets for identical assets;
- Level 2 is defined as observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3 is defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The carrying amounts of cash, accounts receivable, accounts payable, accrued expenses, and other financial working capital items approximate their fair value at August 31, 2025 and 2024, due to the short maturity nature of these items.

Stock Compensation
The Company compensates certain key employees, contractors, board members and board advisors through incentive stock options (the "Option Awards"). Grants of Option Awards are measured at the grant-date fair value of the award. The Company estimates the grant-date fair value using the Black-Scholes-Merton option-pricing model. Option Awards have only time-based vesting criteria. The Company recognizes compensation expense

for these Option Awards in the consolidated statements of operations over the vesting period. See Note 13 for further discussion.

Income taxes
The Company accounts for income taxes in accordance with ASC 740, *Income Taxes*, which requires an asset and liability approach for the financial accounting and reporting of income taxes. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax laws is recognized in the consolidated statements of operations in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely to be realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. A valuation allowance is established when the Company determines that it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company has concluded that deferred tax assets are not realizable on a more-likely-than-not basis and that a full valuation allowance is required as of August 31, 2025 and 2024.

Customer concentrations
During the year ended August 31, 2025, three customers accounted for 29%, 15% and 11% of consolidated revenue. As of August 31, 2025, these three customers accounted for 61% of consolidated accounts receivable, net.

During the year ended August 31, 2024, one customer accounted for 22% of consolidated revenue. As of August 31, 2024, three customers, inclusive of the customer with the revenue concentration, accounted for 54% of consolidated accounts receivable, net.

Reportable segments
The Company’s operations consist of fees charged to customers for the use its proprietary technology platform and activation services designed to maximize the customers use of the technology platform. The Company’s Chief Operating Decision Maker (“CODM”) is the Company’s Chief Executive Officer. Because the Company’s operations have similar economic characteristics, the CODM evaluates operating performance on an overall basis, which is consistent in all material respects with the amounts reported on the consolidated statements of operations and consolidated balance sheet. Therefore, the Company’s operations are classified as one reportable segment.

Subsequent events
The Company has evaluated subsequent events from the consolidated balance sheet date through December 29, 2025, the date which the consolidated financial statements were available to be issued.

Recently adopted accounting pronouncements
In November 2023, the FASB issued ASU 2023-07: *Improvements to Reportable Segment Disclosures*. This ASU, which amends Topic 280: *Segment Reporting*, improves disclosure requirements for reportable segments and enhances disclosures for companies with single reportable segments. This standard was effective for the Company for the fiscal year ending August 31, 2025. The implementation of this pronouncement did not impact the Company’s conclusion that the Company has a single reportable segment.

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments—Credit Losses (Topic 326)—Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This ASU aims to reduce the cost and complexity of estimating credit losses while maintaining decision-useful information for financial statement users. The guidance allows all entities to elect a practical expedient related to developing forecasts as part of estimating expected credit losses that assumes the current conditions as of the balance sheet date do not change for the remaining life of the asset. ASU 2025-05 is effective for fiscal years beginning after December 15, 2025, with early adoption permitted. The Company adopted the standard as of September 1, 2024, and the adoption did not have a material impact on the Company's consolidated financial statements.

Recently issued accounting pronouncements
In December 2023, the FASB issued ASU No: *2023-09, Improvements to Income Tax Disclosures (Topic 740*). This ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. This standard is effective on a prospective basis for annual periods beginning after December 15, 2024. This ASU will result in the required additional disclosures being included in the Company's consolidated financial statements, once adopted. The Company will adopt this standard for the year ending August 31, 2026 and is currently evaluating the impact adoption of the standard will have on its consolidated financial statements, including any additional required disclosures.

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software (ASU 2025-06).* This ASU, which modernizes the accounting for internal-use software, removes all references to software development stages and requires capitalization of software costs when management has committed to the software project, and it is probable the software will be completed and perform to its intended use. In evaluating whether it is probable the project will be completed; management is required to consider whether there is significant uncertainty associated with the development activities of the software. This guidance is effective for annual and interim periods beginning after December 15, 2027. The guidance may be applied on a prospective basis, a modified basis for in-process projects, or a retrospective basis. The Company is currently evaluating the timing, method of its adoption, and effect the adoption of this standard will have on its consolidated financial statements.

Note 4 – Liquidity

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern which contemplates continuation of operations, realization of assets and payment of liabilities in the ordinary course of business. As shown in the accompanying consolidated financial statements, the Company has incurred a net loss of approximately $8,153,000 and negative cash flows from operations of approximately $2,620,000 for the year ended August 31, 2025. In addition, the Company has negative working capital of approximately $3,749,000 as of August 31, 2025. The Company's ability to continue as a going concern is dependent on meeting various obligations as they become due with cash generated from operations and/or through raising capital and ultimately achieving sustained profitable operations. In November 2025, the Company signed a convertible note payable agreement with its majority stockholder in the total amount of approximately $1,950,000. Approximately $750,000 has been advanced to the Company under this convertible note payable agreement as of the date of the issuance of these consolidated financial statements.

During its fiscal year ending August 31, 2026, management is operating to a plan that includes an increase in bookings, revenue and gross margin sufficient to allow the Company to fund operations. Management believes the Company will be able to continue to operate in its present form as a result of the additional investments received from investors and the increased gross profit and cash flows from operations. However, no assurance can be given that management's actions will result in sustained profitable operations. If management is not successful with its plan, anticipated hires can be delayed and other planned expenses can be removed from its plan to a level necessary to maintain positive cash flow. If management is not successful with its plans, there is a possibility that the Company may need to secure additional funding from its majority stockholder or other investors. The Company's majority stockholder has represented in writing that it has the intent and ability to provide additional funding if necessary to allow the Company to continue normal business operations for at least twelve months from the date of issuance of these consolidated financial statements.

Note 5 – Notes Receivable

In November 2022, the Company advanced funds under a note receivable to another entity of $624,950. The balance outstanding was $624,950 as of August 31, 2024 and the Company received payment in full of the outstanding balance due from this entity during its year ended August 31, 2025. Additional notes receivable extended to other entities were written off during the year ended August 31, 2024 due to the Company deeming these amounts to be uncollectible (see Note 3).

Note 6 – Equity Investments and Equity Method Investments

Investments consist of the following:

	August 31, 2025	August 31, 2024
Equity investments		
Issuance Inc. preferred stock (1)	$ 84,000	$ 84,000
Equity method investments		
Branded Hospitality Venture Fund 1 (2)	$ 25,000	$ 25,000

1) On November 1, 2022, the Company purchased preferred shares of Issuance Inc. for $100,000. During the year ended August 31, 2024, the Company determined there was a partial impairment of this investment and reduced the recorded amount to $84,000. The fair value of this investment was determined using unobservable inputs (Level 3) that was based on the underlying investment's operating results and status of funding.
2) Branded Hospitality Venture Fund 1 is a managed fund that specializes in investments related to the hospitality industry. The fund is not publicly traded, and the investment is shown at the Company's original cost.

Note 7 – Internally Developed Software

The Company's internally developed software costs relate to costs paid to an external party to develop the Company's technology platform, and consisted of the following:

	August 31, 2025	August 31, 2024
Software costs	$ 5,125,500	$ 3,822,213
Work in progress	110,148	125,847
Capitalized software costs	5,235,648	3,948,060
Less: Accumulated amortization	(3,127,273)	(1,665,608)
Net capitalized software costs	$ 2,108,375	$ 2,282,452

Amortization expense related to capitalized software costs was approximately $1,462,000 and $1,299,000 for the years ended August 31, 2025 and 2024, respectively. The Company amortizes capitalized software costs using the straight-line method over the estimated useful life of the software, which the Company has determined is three years.

During the years ended August 31, 2025 and 2024, respectively, the Company capitalized $1,288,000 and $1,073,000 of software development costs, primarily consisting of costs from a third-party technology development partner.

During the year ended August 31, 2024, the Company disposed of software that it was no longer using, resulting in a reduction in gross capitalized software costs of approximately $880,000, a reduction in accumulated amortization of approximately $503,000, and the recognition of a loss of approximately $377,000.

Note 8 – Convertible Notes Payable

	August 31, 2025	August 31, 2024
2021 8.0% Notes (1)	$ -	$ 1,550,000
2022 and 2023 7.5% Notes (2)	-	12,308,750
2024 12.0% Notes (2)	-	2,150,000
2024 7.5% Notes (3)	-	3,714,065
2025 12.0% Notes (4)	2,222,222	-
	2,222,222	19,722,815
Less: discount on convertible notes (5)	(139,421)	(266,136)
Convertible notes payable	$ 2,082,801	$ 19,456,679

1) These notes were convertible into Common Stock at $.225 per $1.00 of converted notes per the note agreement. However, these notes were exchanged for 6,888,889 shares of Series B convertible preferred stock during the year ended August 31, 2025.
2) These notes were convertible into Common Stock at $1.00 per $1.00 of converted notes per the note agreement. However, these notes, along with their associated warrants, were exchanged for 22,434,000 shares of Series B convertible preferred stock during the year ended August 31, 2025.
3) These notes were convertible into Common Stock at approximately $.16 per share per the note agreement. However, these notes were exchanged for 24,032,533 shares of Series B convertible preferred stock during the year ended August 31, 2025.
4) These notes are convertible into Series C convertible preferred stock at $.75 per $1.00 of converted notes. See further discussion in Note 9.
5) The Company records a debt discount to represent the difference between the face value of the notes and the estimated fair value at the issuance date and amortizes the discount over the term of the related debt agreement. For notes that included warrants, the relative fair value of the warrants was included within the total original issue discount assigned to the notes and that total discount was amortized over the term of the note. The 2025 Note outstanding at August 31, 2025 does not include warrants. The unamortized discount balance as of August 31, 2025 and 2024 is approximately $139,000 and $266,000, respectively.

Accrued interest as of August 31, 2025 and 2024 was approximately $63,000 and $2,224,000, respectively.

In October 2024, the Company entered into a note purchase agreement with Arena Investors LP ("Arena"), pursuant to which the Company issued to Arena a convertible promissory note (the "October Note") with a principal amount of $1,333,333. The October Note was issued with an original issue discount and resulted in gross proceeds to the Company of $1,200,000. In April 2025, the October Note, and the related accrued interest, was converted into 3,903,065 shares of Series B convertible preferred stock.

In November 2024, all convertible notes and warrants that were outstanding at that time were exchanged into Series B convertible preferred stock. The exchange into Series B convertible preferred stock was outside of the conversion specified within the underlying convertible note agreements, which allowed for a conversion into common shares. As such, the exchange of convertible notes payable for Series B convertible preferred stock has been accounted for under debt extinguishment rules. As part of the exchange, accrued interest of approximately $2,554,000 on the convertible notes as of the date of exchange was forgiven by the holders of the convertible notes.

$20,572,398 of the exchanged convertible notes payable, which was exchanged for 48,566,344 shares of Series B convertible preferred stock, was held by significant stockholders of the Company, on an as converted basis. For this debt, under GAAP rules for exchanges with related parties, the difference between the net carrying amount of the debt, inclusive of accrued interest and unamortized debt discount, and the fair value of the Series B convertible preferred stock at the time of the exchange is accounted for within Preferred Stock – Mezzanine Equity in the consolidated balance sheets. $483,750 of the exchanged debt was held by a non-significant stockholder of the Company. For this debt, the difference between the net carrying amount of the debt, inclusive of accrued interest and unamortized debt discount, and the fair value of the Series B convertible preferred stock at the time of the exchange is accounted for as Gain on debt forgiveness of $442,638 within the consolidated statements of operations.

In April 2025, the Company entered into note purchase agreements with Arena, pursuant to which the Company issued to Arena convertible promissory notes (the "April Notes") with a principal amount of $2,222,222. The April Notes were issued with an original issue discount and resulted in gross proceeds to the Company of $2,000,000. The April notes are outstanding as of August 31, 2025 and are recorded net of original issue discount in Convertible notes payable on the consolidated balance sheet.

Note 9 – Preferred Stock

As of August 31, 2024, the Company was authorized to issue 10,750,000 shares of Series B convertible preferred stock. There were 5,375,000 shares issued and outstanding as of August 31, 2024. During the year ending August 31, 2025, the Company increased the number of preferred shares it may issue, and as of August 31, 2025, the Company is authorized to issue 500,000,000 shares of preferred stock. 75,000,000 shares are designated for issuance as Series B convertible preferred stock and 150,000,000 shares are designated for issuance as Series C convertible preferred stock. The remaining 275,000,000 shares of preferred stock have not been designated for issuance as of August 31, 2025.

Series B Convertible Preferred Stock – Mezzanine Equity

Each share of Series B convertible preferred stock has a stated value of $1.00 and is entitled to cumulative dividends of 7.5% per annum out of available capital. No dividends have been declared or paid to date. At the option of holder, the Series B convertible preferred stock is convertible into common stock at a rate of one share for each share of Series B convertible preferred stock unit converted. Conversion is subject to a beneficial ownership limitation of 9.99%. The original term of the Series B convertible preferred stock was two years from the original issue date in May 2022. During the year ended August 31, 2025, the Company amended the outstanding Series B convertible preferred stock to have a four-year term from the original issue date of May 2022. If the Series B convertible preferred stock is not converted prior to this term, the holder may redeem the shares for value based on the amount the holder would be entitled to upon a liquidation, as described below. No Series B convertible preferred stock was redeemed during the years ended August 31, 2025 or 2024. There are no voting rights included in the Series B convertible preferred stock. Cumulative and unpaid dividends of this Series B convertible preferred stock were approximately $603,000 and $992,000 as of August 31, 2025 and 2024, respectively. As of August 31, 2025 and 2024, there was 25,839,625 and 5,375,000 shares of Series B convertible preferred stock outstanding, respectively.

The Series B convertible preferred stock contains a redemption feature which is in the control of the holder of the Series B convertible preferred stock. Due to this redemption feature, the Series B convertible preferred stock is classified as mezzanine equity. The redemption price as of August 31, 2025 and 2024 is below the Series B convertible preferred stock's carrying value.

In the event of a voluntary or involuntary liquidation, dissolution, or winding up of the Company, holders of Series B convertible preferred stock are entitled to receive out of the assets, whether capital or surplus, a liquidation preference of 150% of the stated value per share ($1.00), plus then be entitled to receive the same amount that a holder of common stock would receive if the preferred stock were fully converted, prior to any distribution to holders of common stock. The aggregate liquidation preference for Series B convertible preferred stock as of August 31, 2025, was approximately $38,760,000.

Series C Convertible Preferred Stock

In April 2025, the Company created an additional class of preferred stock called Series C convertible preferred stock. Series C convertible preferred stock contains the same features as Series B convertible preferred stock; except its conversion price is 75% of the Series B convertible preferred stock conversion price and the Series C convertible preferred stock does not contain a redemption feature. As such, Series C convertible preferred stock is classified within Stockholders' deficit in the consolidated balance sheets. Cumulative and unpaid dividends of this Series C convertible preferred stock were approximately $376,000 as of August 31, 2025. As further described in Note 12, in April 2025, the Company's largest investor entered into a consulting agreement with the Company. As payment under this consulting agreement, the investor was allowed to convert 42,814,596 shares of their Series B convertible preferred stock into 57,086,261 shares of Series C convertible preferred stock. As of August 31, 2025, there were 57,086,261 shares of Series C convertible preferred stock outstanding.

In the event of a voluntary or involuntary liquidation, dissolution, or winding up of the Company, holders of Series C convertible preferred stock are entitled to a liquidation preference of 150% of the stated value per share ($1.00), plus then be entitled to receive the same amount that a holder of common stock would receive if the preferred stock were fully converted, prior to any distribution to holders of Series B convertible preferred stock or holders of common stock. The aggregate liquidation preference for Series C convertible preferred stock as of August 31, 2025, was approximately $85,630,000.

Note 10 – Stockholders' Deficit

Common Stock

The Company is authorized to issue 500,000,000 shares of common stock with a par value of $0.001 per share. As of August 31, 2025 and 2024, there were 2,133,236 and 5,466,569 shares of common stock outstanding. The decrease in common stock outstanding during the year ended August 31, 2025 is due to an exchange of common stock held by a significant stockholder (a related party) to Series B convertible preferred stock in November 2024. The exchange resulted in a reduction to Common stock (at par) of approximately $3,000, additional Accumulated deficit of approximately $477,000 and an increase in Mezzanine equity – Series B convertible preferred stock of approximately $480,000.

Warrants

As of August 31, 2024, there were 10,702,000 warrants outstanding. These warrants were classified as equity in consolidated financial statements as of August 31, 2024, and consisted of the following:

Date Issued	Number of Warrants	Exercise Price	Expiration Date
03/01/2022	1,075,000	$ .225	03/01/2027
03/03/2022	1,075,000	$ .225	03/03/2027
04/04/2022	134,375	$ 1.00	04/04/2027
05/27/2022	5,375,000	$ 1.00	05/27/2027
06/29/2023	268,750	$ 1.00	06/29/2028
07/03/2023	268,750	$ 1.00	07/03/2028
08/10/2023	268,750	$ 1.00	08/10/2028
08/15/2023	268,750	$ 1.00	08/15/2028
08/17/2023	107,500	$ 1.00	08/17/2028
10/06/2023	137,500	$ 1.00	10/06/2028
10/13/2023	137,500	$ 1.00	10/13/2028
10/20/2023	22,000	$ 1.00	10/20/2028
10/26/2023	412,500	$ 1.00	10/26/2028
11/28/2023	220,000	$ 1.00	11/28/2028
12/01/2023	220,000	$ 1.00	12/01/2028
12/19/2023	230,000	$ 1.00	12/19/2028
12/27/2023	230,000	$ 1.00	12/27/2028
01/12/2024	28,750	$ 1.00	01/12/2029
01/26/2024	86,250	$ 1.00	01/26/2029
01/29/2024	86,250	$ 1.00	01/29/2029
02/22/2024	14,375	$ 1.00	02/22/2029
03/08/2024	12,500	$ 1.00	03/08/2029
03/22/2024	10,000	$ 1.00	03/22/2029
04/05/2024	12,500	$ 1.00	04/05/2029
	10,702,000		

These warrants were classified as equity in the consolidated financial statements. Assumptions used in calculating the fair value of the warrants at the issuance date in conjunction with applying the relative fair value method include the following:

	2024 Warrants
Fair value of common stock	$ 0.27
Expected term	5 years
Expected volatility	68.7% - 83.4%
Dividend yield	-
Risk-free interest rate	3.78% - 4.86%

During the year ended August 31, 2025, all outstanding warrants were exchanged into Series B convertible preferred stock, as described in Note 8 above.

Note 11 – Income Taxes

Significant components of the Company's deferred tax assets and liabilities are as follows:

	August 31, 2025	August 31, 2024
Deferred tax assets		
Capital losses	$ 3,621,000	$ -
Net operating losses	1,354,000	5,375,000
Software	238,000	194,000
Equity compensation	68,000	-
Accruals and reserves	28,000	-
Goodwill	18,000	-
Other	19,000	4,000
Total deferred tax assets	5,346,000	5,573,000
Less: valuation allowance	(5,346,000)	(5,573,000)
Net deferred tax assets	$ -	$ -

The Company recorded income tax expense of $19,890 for the year ended August 31, 2025, which related to temporary differences. No provision for, or benefit from, income taxes was recorded for the year ended August 31, 2024. As of August 31, 2025, the Company had approximately $6,445,000 of federal net operating losses. The Company's income tax expense for the years ended August 31, 2025 and 2024 are as follows:

	August 31, 2025	August 31, 2024
Current provision for income taxes		
Federal	$ -	$ -
State	19,890	-
Total current	19,890	-
Deferred tax expense		
Federal	-	-
State	-	-
Total deferred expense	-	-
Total provision for income taxes	$ 19,890	$ -

The significant differences between the U.S. Federal statutory rate and the effective rate for financial reporting purposes are as follows:

	August 31, 2025	August 31, 2024
Federal statutory tax rate	(21.00%)	(21.00%)
State tax rate, net of federal benefit	(1.90%)	(0.07%)
Permanent items	45.05%	(0.03%)
Attribute reduction - CODI	(25.55%)	-
Capital loss carryover	(45.57%)	-
Other	(0.06%)	-
Tax benefit	(3.13%)	(21.10%)
Valuation allowance	2.87%	21.10%
Effective tax rate	(0.25%)	0.00%

Note 12 – Related Party Transactions

From October 2022 through August 2024, the Company leased office space from Hedgemore, an entity in which the Company had a 36% ownership stake. See Note 3 for further discussion.

In November 2024, $20,572,398 of convertible notes payable held by significant stockholders of the Company was exchanged for 48,566,344 shares of Series B convertible preferred stock. Also in November 2024, 3,333,333 shares of common stock held by a significant stockholder of the Company was exchanged for 3,333,333 shares of Series B convertible preferred stock. In April 2025, a convertible note payable of $1,333,333, and the related accrued interest, held by significant stockholders of the Company was converted into 3,903,065 shares of Series B convertible preferred stock. See Note 8 and Note 10 for further discussion of the exchanges.

In April 2025, the Company's majority stockholder entered into a consulting agreement with the Company. As payment under this consulting agreement, the stockholder was allowed to convert 42,814,596 shares of their Series B convertible preferred stock into 57,086,261 shares of Series C convertible preferred stock. The Company determined the fair value of the Series C convertible preferred stock received as consideration under the consulting agreement was approximately $2,528,000 greater than the fair value of the Series B convertible preferred stock at the conversion date and recorded this excess amount as Stock-based compensation expense in the consolidated statement of operations.

Subsequent to August 31, 2025, in November 2025, the Company received a $391,000 investment from its main outsourced technology development partner into its Series C convertible preferred stock. The investment was comprised of $80,000 of cash and cancellation of approximately $311,000 in outstanding payables to this vendor. During the years ended August 31, 2025 and 2024, the Company paid this technology development partner approximately $1,039,000 and $1,073,000 to develop the Company's main technology platform.

Note 13 – Stock Compensation Plan

During the year-ended August 31, 2025, the Company issued stock option awards to certain key employees, contractors, board members and board advisors. The terms of the stock option awards are governed by the VisitIQ Corp. 2025 Incentive Award Plan. The stock option awards granted during the year ended August 31, 2025 have only time based vesting criteria, as well as accelerated vesting upon a Change in Control, as defined within the VisitIQ Corp. 2025 Incentive Award Plan. No Change in Control event occurred during either the year ended August 31, 2025. Compensation expense for the stock option awards is recognized over the vesting period based on the grant date fair value of the awards. Compensation expense for the stock option awards recognized within the consolidated statements of operations was approximately $419,000 for the year-ended August 31, 2025. As of August 31, 2025, unrecognized compensation expense related to the stock option awards is approximately $638,000 and will be recognized over a weighted average period of 2.6 years.

Vesting

The stock option awards granted during the year ended August 31, 2025 included a 25% vest on the date of grant, with the remaining vesting occurring monthly over the following 36 months, with the exception of grants made to the board of directors and board advisors, which were fully vested upon grant. Upon the occurrence of a Change in Control, all stock option awards that have not vested at that time become fully vested if the employee is employed by the Company or any of its subsidiaries on the date of the Change in Control. Upon termination of employment, the employee will forfeit all unvested Option Awards.

Activity

A total of 10,000,000 Option Awards are authorized for issuance under the VisitIQ Corp. 2025 Incentive Award Plan. During the year ended August 31, 2025, 7,230,000 Option Awards were granted, all of which were outstanding as of August 31, 2025. The fair value of the Option Awards granted during the year ranged from $0.13 to $0.15 per Option Award. During the year ended August 31, 2025 no Option Awards were forfeited.

The grant date fair value of each Option Awards award is estimated on the date of grant using the Black-Scholes-Merton option pricing model. The weighted average assumptions for the grants in the year ended August 31, 2025 are provided in the following table:

	2025 Stock Options
Fair value of common stock	\$0.18 - \$0.23
Expected term	2.8 - 5.6 years
Expected volatility	96.8% - 113.0%
Dividend yield	-
Risk-free interest rate	3.76% - 4.03%

As the Company has insufficient historical exercise data to determine expected term, it uses the expected term of similar publicly traded entities. Volatility is estimated based on the average historical volatility of its common shares. The risk-free rate for the expected term of the Option Awards is based on the U.S. Treasury yield curve at the date of grant.

Note 14 – Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

In the ordinary course of the business, the Company is subject to periodic legal or administrative proceedings. As of August 31, 2025 and 2024, the Company was not involved in any material claims or legal actions which, in the opinion of management, the ultimate disposition would have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity.