Rsys Technologies Ltd.

Financial Statements

December 31, 2025
(audited)

Rsys Technologies Ltd.
December 31, 2025

CONTENTS

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Independent Auditor's Report

To the Shareholders
Rsys Technologies Ltd.

Opinion

I have audited the accompanying financial statements of Rsys Technologies Ltd., which comprise the balance sheet as at December 31, 2025 and December 31, 2024, and the Statements of income, retained earnings and cash flows for the years then ended, and notes to financial statement, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of RSYS Technologies Ltd. as at December 31, 2025, and the results of its financial operation and its cash flows for the years then ended in accordance with Canadian accounting standards for private enterprises.

Basis of Opinion

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

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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. When individuals responsible for the oversight of the financial reporting process are the same as those responsible for the preparation of the financial statements, no reference to oversight responsibilities is required

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Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 my 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 financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Deepak Arora

D ARORA PROFESSIONAL CORPORATION
Chartered Professional Accountant

Burnaby, BC
February 06, 2026

Rsys Technologies Ltd.

Balance Sheet

December 31, 2025

Reported in Canadian dollars

	Note	2025 $	2024 $
Assets			
Current Assets			
Cash		**2,101,177**	2,333,799
Accounts receivable	3	**2,287,491**	2,089,054
Future tax recoverable	10	**-**	49,049
Income tax recoverable		**21,103**	-
Other current assets	4	**32,375**	241,622
Total Current Assets		**4,442,146**	4,713,524
Property, plant and equipment	2	**33,598**	14,720
Security deposits		**18,608**	15,144
Total Assets		**4,494,352**	4,743,388

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

Rsys Technologies Ltd.

Balance Sheet

December 31, 2025

Reported in Canadian dollars

	Note	2025 $	2024 $
Liabilities and Equity			
Current Liabilities			
Accounts payable & accrued liabilities	5	**2,179,936**	1,783,515
Taxes payable	9	**7,294**	20,503
Future Tax Payble	10	**1,451**	-
Income taxes payable		**-**	32,676
Total Current Liabilities		**2,188,681**	1,836,694
Lease commitments	14		
Equity			
Share capital	13	**1,600,000**	1,600,000
Retained earnings		**705,671**	1,306,694
Total Equity		**2,305,671**	2,906,694
Total Liabilities and Equity		**4,494,352**	4,743,388

Approved on Behalf of the Board:

Ajit Singh,

02/07/2026

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

Rsys Technologies Ltd.

Statement of Retained Earnings

For the Year Ended December 31, 2025

Reported in Canadian dollars

	2025 $	2024 $
Retained earnings - beginning	**1,306,694**	901,401
Income for the year	**348,975**	405,293
Dividends	**(949,998)**	-
Retained earnings - ending	**705,671**	1,306,694

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

Rsys Technologies Ltd.

Statement of Income

For the Year Ended December 31, 2025

Reported in Canadian dollars

	Note	2025 $	2024 $
Revenue			
Sales		**7,814,693**	6,703,231
Sales to related parties		**4,919,399**	3,838,744
Total revenue		**12,734,092**	10,541,975
Operating expenses			
Subcontract expenses		**6,799,372**	4,994,824
Salaries and wages	11	**4,631,803**	4,297,593
Travel expenses		**367,045**	284,335
Rental expenses		**102,304**	161,407
Advertising and promotion		**10,928**	41,520
Other operating expenses	12	**51,284**	83,636
Professional fees		**85,867**	73,299
Office expenses		**24,967**	28,351
Employee benefits		**39,710**	27,277
Amortization of tangible assets		**13,101**	21,976
Interest and bank charges		**6,519**	4,670
Total Operating expenses		**12,132,900**	10,018,888
Income from operations		**601,192**	523,087
Other items			
Interest income		**4,064**	1,604
Exchange gains/(losses)		**32,883**	(38,219)
Losses on disposal of assets		**-**	(6,970)
		(28,819)	32,853
Income before income taxes		**572,373**	555,940
Current income taxes	8	**172,898**	199,696
Future tax payable (recoverable)		**50,500**	(49,049)
Net income taxes		**223,398**	150,647
Net income		**348,975**	405,293

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

Rsys Technologies Ltd.

Statement of Cash Flows

For the Year Ended December 31, 2025

Reported in Canadian dollars

	Note	2025 $	2024 $
OPERATING ACTIVITIES:			
Net income		**348,975**	405,293
Items not affecting cash			
Amortization of tangible assets		**13,101**	21,976
Employee share based payment		**78,281**	190,582
		440,357	617,851
Changes in non-cash working capital			
Accounts receivable		**(198,437)**	117,208
Other current assets		**209,247**	(183,394)
Accounts payable and accrued liabilities		**318,141**	436,069
Tax payable		**(16,488)**	(113,580)
Security deposit		**(3,464)**	12,600
Net cash flow provided by operating activities		**308,999**	268,903
INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment		**(31,980)**	(1,327)
		(31,980)	(1,327)
FINANCING ACTIVITIES:			
Dividends paid		**(949,998)**	-
		(949,998)	-
Increase (decrease) in cash		**(232,622)**	885,427
Cash at beginning of period		**2,333,799**	1,448,372
Cash at end of period		**2,101,177**	2,333,799

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

Rsys Technologies Ltd.

Notes to the Financial Statements

For the Year Ended December 31, 2025

RSYS TECHNOLOGIES LTD., specializes in providing IT solutions and business process outsourcing services to individuals, businesses, and communities. This company is a subsidiary of R Systems International Limited (a publicly listed Indian company).

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises. (ASPE)

1 Significant Accounting Policies

a Revenue recognition

The Company recognizes revenue when it is earned, specifically when all the following conditions are met:

- Services are provided to customers.
- There is clear evidence that an arrangement exists.
- Amounts are fixed or can be determined.
- The ability to collect is reasonably assured.
- There is no significant obligation for future performance.
- Revenue from services is recognized when underlying services are rendered.

b Income taxes

The company follows future taxes method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for future income tax consequences attributable to differences between financial statement's carrying amounts of existing assets and liabilities and their respective tax bases (such as professional allowances, which are allowed as deduction in tax on payment basis). Future tax assets and liabilities are measured based on enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The assessment of probability of future taxable income in which deferred asset can be utilized is based on the company's forecast adjusted for any non-taxable income and expenses and any limits to the use of unused tax loss or credit.

A future tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that is probable that future taxable income will be available for set off.

c Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods. Significant areas of estimation include estimated useful lives of property, plant and equipment, accrued liabilities and employee future benefits.

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Rsys Technologies Ltd.

Notes to the Financial Statements

For the Year Ended December 31, 2025

1 Significant Accounting Policies (cont'd)

d Related parties

Parties are considered related to the company if the company has the ability to, directly or indirectly, control the party or exercise significant influence over the party in making financial and operating decisions or vice versa, or where the company and the party are subject to common control or common significant influence. Related parties may be other entities or individuals. Related party transactions are unsecured, non-interest bearing and without terms of repayment. Related party transactions were carried out during the normal course of business and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties.

e Accounts receivable and allowance for doubtful accounts

The company renders services in the normal course of its business. Because majority of clients are mid to large-sized organizations and vary geographically throughout North America, the credit risk from accounts receivable is expected to be relatively minimal.

Allowance for doubtful debts is recorded against accounts receivable that management believes are impaired. The Company records specific allowances against customer receivables based on knowledge of the financial condition of its customers. Management also considers the aging of customer receivables, customer and industry concentration, current business environment, and historical experience.

f Restricted stock units

The employees of Rsys Technologies Ltd. Canada are granted Restricted stock unit plan (RSU) (under equity settled share based payment scheme) by the intermediate parent, R Systems international Limited and accordingly Rsys Technologies Ltd. Canada is subject to cross charge of fair value of options/share awards from R Systems international Limited. The fair value of the equity settled transactions are determined at the date of the grant using an appropriate pricing model . The expense is recognized in statement of income over the vesting period.

g. Property, plant and equipment

Property, plant and equipment is recorded at cost, less accumulated amortization. Amortization is provided annually at rates and methods over their estimated useful lives as follows. The estimates of useful lives of the assets are reviewed annually and, if needed, adjusted on a prospective basis.

Assets	Basis of resources used per year	
Computer hardware	Straight Line	3 Years
Office equipment	Straight Line	5 years
Network equipment	Straight Line	5 years
Furniture & fixture	Straight Line	7 years
Leasehold improvement	Straight Line	3 years

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Rsys Technologies Ltd.

Notes to the Financial Statements

For the Year Ended December 31, 2025

1 Significant Accounting Policies (cont'd)

g Impairment of property, plant and equipment

In the event that facts and circumstances indicate that the company's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The company considers that no circumstances exist that would require such an evaluation.

h Financial instruments

The company initially measures its financial assets and liabilities at cost. The transaction costs related to the financial assets and finanical liabilities are included or deducted in the initial measurement of the asset or liability and recognized in income over the life of the instrument using the straight-line method. The company's short-term financial instruments, comprised of cash and cash equivalents, accounts receivable, prepaid expenses and accounts payable are carried at cost. The company subsequently measures all its financial assets and liabilities at cost or amortized cost.

For financial assets measured at cost or amortized cost, the company determines whether there are indications of possible impairment. When there is an indication of impairment, and the company determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. A previously recognized impairment loss may be reversed. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of reversal is recognized in income

i Leases

Rental payments under operating leases are expensed as incurred.

2 Property, plant & equipment

Property, plant and equipment consist of the following

			2025	2024
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Computer hardware	**73,583**	**(39,987)**	**33,596**	13,608
Network equipment	**30,306**	**(30,305)**	**1**	1
Furniture & fixtures	**8,640**	**(8,640)**	**-**	1,110
Office equipment	**666**	**(665)**	**1**	1
Total	**113,195**	**(79,597)**	**33,598**	14,720

AS

Rsys Technologies Ltd.

Notes to the Financial Statements

For the Year Ended December 31, 2025

3 Accounts receivable

	2025	2024
Accounts receivable	**1,667,156**	1,063,903
Accounts receivable from related parties (Note-6)	**620,335**	1,025,151
Total	**2,287,491**	2,089,054

4 Other current assets

	2025	2024
Deferred expenses	**-**	153,935
Unbilled revenue	**7,993**	56,508
Advance to employees	**6,320**	17,839
Prepaid expenses	**13,062**	10,116
Advance to vendor	**5,000**	3,224
Total	**32,375**	241,622

5 Accounts payable & accrued liabilities:

	2025	2024
Accounts payables to related parties (Note-6)	**721,066**	870,156
Employee benefit payable	**453,616**	100,051
Accounts payable	**316,088**	97,359
Accrued liability	**689,166**	715,949
Total	**2,179,936**	1,783,515

6 Related party

Related party balance

	2025 $	2024 $
Due from related party		
R Systems International Limited (India)	**399,115**	454,263
R Systems Inc. (USA)	**221,220**	570,888
Total	**620,335**	1,025,151

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Rsys Technologies Ltd.

Notes to the Financial Statements

For the Year Ended December 31, 2025

6 Related party (cont'd)

	2025 $	2024 $
Due to related party		
R Systems International Limited (India)	**705,926**	803,681
R Systems Inc. (USA)	**15,140**	8,657
R SYSTEMS Computaris Europe SRL	**-**	57,818
Total	**721,066**	870,156

Related party transaction

a R Systems International Limited, (Branch)

R Systems International Limited USA. is a Branch of RSIL, India.

	2025	2024
Sales & support services	**-**	502,959
Expenses reimbursed by related party	**-**	40,517

b R Systems Inc (USA), A fellow subsidiary company

R Systems Inc. (USA) is wholly owned subsidiary of R Systems International Limited (RSIL India).

	2025	2024
Software development services income	**2,329,165**	1,785,363
Expenses reimbursed to related party	**210,955**	104,374
Expenses reimbursed by related party	**905**	1,910

c R Systems International Limited incorporated in India

RSYS Technologies Ltd. is a wholly owned subsidiary of R Systems International Limited India.

	2025	2024
Subcontract expenses	**5,205,193**	3,335,782
Sales & marketing support services	**2,590,234**	1,550,422
Employee share based payments reimbursed	**78,281**	190,582
Expenses reimbursed to related party	**8,092**	15,916

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Rsys Technologies Ltd.

Notes to the Financial Statements

For the Year Ended December 31, 2025

6 Related party (cont'd)

d R SYSTEMS Computaris Europe SRL

R Systems Computaris Europe SRL, a wholly owned subsidiary of R System International Ltd India

	2025	2024
Subcontract expenses	**203,183**	75,115
Accounts payable	**-**	57,817

7 Economic dependence

During the year, the company provided 39% service to its related parties under common control (36% prior year) of the total revenue, as per the terms of a service agreement.

8 Current income taxes

	2025	2024
Income for the year before taxes	**572,696**	555,940
Disallowed portion of amortization/ reserve and others	**37,799**	195,989
Net income for tax purpose	**610,495**	751,929
Current income taxes	**172,898**	199,696
Net effective tax rate (%)	**27**	27

9 Taxes payable

	2025	2024
Payroll tax payable	**4,446**	4,809
GST/QST	**2,848**	15,694
Total	**7,294**	20,503

10 Future tax recoverable (payable)

Future Tax recoverable (payable) has been calculated based on statutory Canadian federal and provincial income tax rates. Corporate tax returns are subject to audit and reassessment by the Canada Revenue Agency. Future tax payable in the current year is created on provisions for restricted stock units and amortization of tangible assets as per accrual method of accounting, but recognized as a deduction on different basis for income tax purposes. The results of any assessments will be accounted for in the year in which they are determined:

	2025	2024
Future tax recoverable (payable)	**(1,451)**	49,049

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Rsys Technologies Ltd.

Notes to the Financial Statements

For the Year Ended December 31, 2025

11 Salaries and wages

	2025	2024
Salaries & wages	**3,920,293**	3,513,898
Commission	**386,549**	317,938
Payroll taxes	**211,012**	217,201
Employee share based payments expense	**78,281**	190,582
Vacation pay	**35,668**	57,974
	4,631,803	4,297,593

12 Other operating expenses

	2025	2024
Visa arrangement expense	**24,441**	46,799
Insurance	**16,364**	16,874
Employee relocation expenses	**9,535**	17,228
Repair & maintenance	**639**	920
Miscellaneous expenses	**305**	1,815
Total	**51,284**	83,636

13 Share capital

Authorized shares

Class "A" voting common shares, no maximum, without par value, voting and participating.

Class "B" preferred shares, no maximum, without par value, voting and participating.

Issued shares

	2025	2024
Class "A" Common shares (200 shares @$1 per share)	**200**	200
Class "B" Preferred shares (25 shares @$3992 per share)	**99,800**	99,800
Class "B" Preferred shares (375 shares @4000 per share)	**1,500,000**	1,500,000
Total	**1,600,000**	1,600,000

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Rsys Technologies Ltd.

Notes to the Financial Statements

For the Year Ended December 31, 2025

14 Lease commitments

The company entered into agreements to lease its office premises located in Toronto. Future minimum lease payments as at December 31, 2025 are as follows:

Year	Amount $
2026	9,304

15 Restricted stock units

The intermediate holding company R Systems International Limited (RSIL) had introduced an equity-settled share based payment plan (the "RSU") for certain identified employees. As per the plan, an aggregate of 39,189 and 143,692 RSUs have been granted to the employees of RSYS Technologies Limited, Canada during the year ended December 31, 2025 and December 31, 2024 respectively. The plan is implemented and administered by RSIL. Each RSUs shall vest into one equity share as per the terms and conditions mentioned in the plan at an exercise price of Indian Rupee (INR) 1 per share.

Based upon the vesting criteria, the RSU's have been classified as time-based RSU's and Performance-based RSU's.

Time-based RSUs:

In case of time-based RSUs, the vesting period is 60 months (20% vesting in each year) commencing from the date of grant as per the vesting schedule.

The movement in such options during the year is set out below:

	2025	**2024**
Outstanding at the beginning of the year	**31,060**	-
RSU granted during the year	**8,174**	31,060
Addition on transfer of employee	**3,270**	-
RSU exercised during the year	**(5,886**	-
RSU forfeited / lapsed / surrendered	**(6,539)**	-
Deletion on transfer of employee	**(2,616)**	-
Number of RSU outstanding at the end of the year	**27,463**	31,060
Weighted average remaining contractual life(in years) at the end of the year	**1.84**	2.05

The Black-Scholes valuation model has been used for computing the weighted average fair value.

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15 Restricted stock units (cont'd)

Performance-based RSUs:

The vesting of Performance-based RSUs will be determined subject to satisfaction of the performance obligations as stated under the plan.

The movement in such options during the year is set out below:

	2025	2024 $
Number of RSU outstanding at the beginning of the year	**112,632**	-
Number of RSU granted during the year	**31,015**	112,632
Addition on transfer of employee	**9,793**	-
Number of RSU exercised during the year	**-**	-
Number of RSU forfeited / lapsed / surrendered	**(31,015)**	-
Deletion on transfer of employee	**(9,793)**	-
Number of RSU outstanding at the end of the year	**112,632**	112,632

In order to determine total performace-based RSUs that are possible to vest i.e. fulfilment of the performance obligations, Monte Carlo Simulation ("MCS") method has been used. As per the MCS method, the external valuer has arrived that the performance obligaton will be fullfilled by May 10, 2030 and approx. 42% of the performace-based RSUs granted during the year 2025 and 50% of the performace-based RSUs granted during the year 2024, will vest.

During the year ended December 31, 2025 and December 31, 2024, the Company has recorded $78,281 and $190,582, respectively, as share based payment expense relating to time based RSUs granted to their employees.

16 Financial instruments

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The company's financial instruments consist of cash, receivables, payables and accrued liabilities. The following analysis provides information about the company's risk exposure and concentration as at December 31, 2025.

Market risk

Market risk is the risk that financial instrument fair values will fluctuate due to changes in market prices. The significant market risks to which the company is exposed are foreign exchange risks and price risks.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. Liquidity risk is dependent on receipt of funds from sales and continued access to sufficient credit facilities to be able to pay liabilities as they become due.

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Rsys Technologies Ltd.

Notes to the Financial Statements

For the Year Ended December 31, 2025

16 Financial instruments (cont'd)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Company has negligible exposure in currency risk considering the foreign currency denominated assets and liabilities are back-to-back and through related party.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers credit performance. For certain receivables the Company also enters into an arrangement to pass 100% of the project value to R Systems International Limited, its parent company, thereby transferring the risk of default. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of customers which minimizes concentration of credit risk.

Unless otherwise noted, management is of the opinion that the company is not exposed to significant other price risks arising from these financial instruments.

17 Comparative figures

Certain comparative figures have been reclassified to confirm to the current year's financial statements presentation.

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