

QuantGate Systems, Inc.

A Nevada Corporation

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Suite 1701
New York, NY 10005

Telephone:
416-479-0880
Corporate Website:
QuantGateSystems.com

SIC Code: 7372

Quarterly Report

For the period ending

August 31, 2024

(the "Reporting Period")

The number of shares outstanding of our Common Stock is 304,959,690 as of August 31, 2024

The number of shares outstanding of our Common Stock is 300,709,690 as of May 31, 2024

The number of shares outstanding of our Common Stock is 284,224,219 as of May 31, 2023

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934)

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Indicate by check mark whether a change in control of the company has occurred over this reporting period:

Yes: No:

Item 1 The exact name of the issuer and its predecessor (if any) and the address of its principal executive offices.

Loto Inc. from date of incorporation on April 22, 2009 to March 13, 2012;
Mobile Integrated Systems Inc. from March 13, 2012 to July 29, 2013;
Epcylon Technologies, Inc. from July 29, 2013 to April 14, 2020 when the Issuer became
QuantGate Systems Inc., its current name.

QuantGate Systems, Inc.
99 Wall Street, Suite 1701
New York, NY 10005

150 Bloor Street West, M103
Toronto, Ontario, M5S 1M4
Phone: 416-479-0880
Fax: N/A
Website: www.quantgatesystems.com

Item 2 Shares Outstanding

Common Stock

| | | |
|---|--------------------|--------------------------------------|
| Total shares authorized: | <u>425,000,000</u> | as of date: <u>August 31, 2024</u> |
| Total shares outstanding: | <u>304,959,690</u> | as of date: <u>August 31, 2024</u> |
| Number of shares in the Public Float ¹ : | <u>56,438,931</u> | as of date: <u>August 31, 2024</u> |
| Total number of shareholders owning 100 or more shares: | <u>341</u> | as of date: <u>September 2, 2020</u> |
| Total number of shareholders of record: | <u>489</u> | as of date: <u>September 2, 2020</u> |
| | | |
| Total shares authorized: | <u>425,000,000</u> | as of date: <u>May 31, 2024</u> |
| Total shares outstanding: | <u>300,709,690</u> | as of date: <u>May 31, 2024</u> |
| Number of shares in the Public Float ² : | <u>52,188,931</u> | as of date: <u>May 31, 2024</u> |
| Total number of shareholders owning 100 or more shares: | <u>341</u> | as of date: <u>September 2, 2020</u> |
| Total number of shareholders of record: | <u>489</u> | as of date: <u>September 2, 2020</u> |
| | | |
| Total shares authorized: | <u>425,000,000</u> | as of date: <u>May 31, 2023</u> |
| Total shares outstanding: | <u>284,224,219</u> | as of date: <u>May 31, 2023</u> |
| Number of shares in the Public Float ³ : | <u>32,020,200</u> | as of date: <u>May 31, 2023</u> |
| Total number of shareholders owning 100 | | |

¹ "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

² "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

³ "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

or more shares: 341 as of date: September 2, 2020
 Total number of shareholders of record: 489 as of date: September 2, 2020

Preferred Stock

Total shares authorized: 15,000,000 as of date: August 31, 2024
 Total shares outstanding: 0 as of date: August 31, 2024
 Number of shares in the Public Float⁴: 0 as of date: August 31, 2024
 Total number of shareholders owning 100 or more shares: 0 as of date: August 31, 2024
 Total number of shareholders of record: 0 as of date: August 31, 2024

Total shares authorized: 15,000,000 as of date: May 31, 2024 and May 31, 2023
 Total shares outstanding: 0 as of date: May 31, 2024 and May 31, 2023
 Number of shares in the Public Float⁵: 0 as of date: May 31, 2024 and May 31, 2023
 Total number of shareholders owning 100 or more shares: 0 as of date: May 31, 2024 and May 31, 2023
 Total number of shareholders of record: 0 as of date: May 31, 2024 and May 31, 2023

The following represents share transactions during the quarter ended August 31, 2024:

| Date of Transaction | Transaction type (e.g. new issuance, cancellation, shares returned to treasury) | Number of Shares Issued (or cancelled) | Class of Securities | Value of shares issued (\$/per share) at Issuance | Were the shares issued at a discount to market price at the time of issuance? (Yes/No) | Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed). | Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided | Restricted or Unrestricted as of this filing. | Exemption or Registration Type. |
|---------------------|---|--|---------------------|---|--|--|---|---|---------------------------------|
| Aug 20 2024 | Private placement | 500,000 | Common shares | \$0.10 | no | Princeville Capital Corp | For cash | Restricted | 144 |
| Aug 20 2024 | Private placement | 3,000,000 | Common shares | \$0.10 | no | Starcore FZ LLC | For cash | Restricted | 144 |
| Aug 20 2024 | Private placement | 750,000 | Common shares | \$0.10 | no | Mad Colt Holdings | For cash | Restricted | 144 |
| | | | | | | | | | |
| | | | | | | | | | |

The Company's transfer agent is.

⁴ "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

⁵ "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

Name: Olde Monmouth Stock Transfer Co., Inc.
Phone: 732-872-2727
Email: transferagent@oldemonmouth.com

Is the Transfer Agent registered under the Exchange Act?⁶ Yes: No:

Item 3 Interim Financial Statements.

The unaudited interim financial statements as of August 31, 2024 and for the three months ended August 31, 2024 are attached as immediately following disclosures to this Quarterly Report. The historical results presented herein and therein are not necessarily indicative of financial results to be achieved in future periods. The unaudited financial statements attached to this Quarterly Report are incorporated herein by reference and are considered as part of this Quarterly Report.

Item 4 Management's Discussion and Analysis or Plan of Operation.

The following discussion and analysis of our financial condition and results of operations should be read together with, and is qualified in its entirety by reference to, our unaudited financial statements and related notes attached as an exhibit to this Quarterly Report, which have been prepared in accordance with GAAP. The following discussion may contain forward-looking statements based on assumptions we believe to be reasonable. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those set forth under "Risk Factors" or in other sections of our Annual Report, and under "Cautionary Note Regarding Forward-Looking Statements."

Business Overview

QuantGate Systems Inc. (is a fintech company operating for 10+ years, developing sophisticated Artificial Intelligence (AI), Machine Learning (ML) and proprietary big-data processing algorithms to deliver SaaS solutions and seamless API integration. Our core intelligence identifies investment opportunities across multiple asset classes, rooted in the financial markets, and perfected for cryptocurrency exchanges, enabling our valued clients to make better informed investment decisions. Turnkey solutions and efficient API's, founded on robust and scalable SaaS architecture, easily allow 3rd party integration for onboarding existing users, and scaling globally.

Through its subsidiary Mobilotto Systems Inc., the Company is engaged in the research, development, and commercialization of geo location technology that enables the identification and tracking of the geographic location of objects or people using various data sources.

Software-as-a-Service

Our Software as a Service technology ("SaaS") is the first real-time and revolutionary market sentiment and traders' perception cockpit based on a unique algorithm that analyzes the bid ask flow rate and other trading activities for a given security. The software platform quantitatively measures tick-by-tick changes throughout the trading day in the electronic order book of any security that trades with an electronic order book. It uniquely presents current market information using the flow rate of buy/sell orders placed in real time by all traders on the Exchange Electronic Trading Book. These

orders are weighted by their proximity to Inside Bid/Ask levels, their size, and the time elapsed since the order origination. Our software solutions provide trading platforms information, in a proprietary format, that a trader requires and provides in a way enabling the trader to draw instant and accurate conclusions, that he would otherwise derive based on charting and other indicators.

Crypto Currencies

QuantGate's AI algorithms apply to any digital currency traded on major exchanges interfaced with an electronic order book. QuantGate has developed a set of modules, systems and AI algorithms aligned to deliver a scalable and robust crypto solution to power any third-party mobile, desktop, web or SaaS based clients via a set of enterprise APIs.

Pilot / Stealth Trading Platform

Pilot / Stealth is a Platform as a Service (“PaaS”) solution, providing intelligence-based, proprietary, automated software solutions, including trading algorithms for trading securities intraday, by exploiting market inefficiencies through the use of complex mathematics/statistics. The PaaS can be used to successfully trade securities across various asset classes including equities, options, futures, currencies, fixed income, an exchange-traded funds. The architecture and software is a perfectly scalable platform that can trade securities on multiple markets globally. Our PaaS solution can be embedded into a trading platform to be used for any capital market around the world, provided the securities traded satisfy minimum scanning/filtering requirements (i.e., volatility, narrow bid-offer spreads, daily volume thresholds, liquidity). It maximizes profits through speed of execution and automation. The software and intelligence does not involve human interaction to generate trading opportunities, and will automatically execute trades at the broker/dealer level, based on previously established protocol and strategies. It has capacity to execute on up to two thousand (2,000) securities, while operational optimization and effectiveness is limited to 40-60 securities for a given capital market, on any given trading day. The PaaS platform eliminates direct human decision-making, but proper risk management and oversight is mandatory to manage various risks throughout the day. A risk manager will oversee the trading platform on a daily basis to ensure its performance is continually optimized. The Issuer must establish a discretionary trading fund, either within their own Company, or as a separate and independent entity, and by integrating our PaaS based platform, they can trade multiple capital markets, across multiple asset classes, in multiple time zones, while exploiting intraday inefficiencies in securities prices.

Quantgate is a premier provider of proprietary software solutions that deliver cutting-edge opportunity signal technology to the trading community. Our unwavering commitment to offering our clients the best possible trading experience drives our ongoing innovation and growth. This quarter, we achieved significant progress across multiple areas. As part of our B2C strategy to bolster customer acquisition, we developed a proprietary BOT designed to disseminate unique content to social media users, fostering brand awareness and attracting new subscribers. The BOT identifies Trade Opportunities, executes trades based on live market data, and shares the results across social media platforms.

Furthermore, we continuously update our audience with the number of Trade Opportunities identified within the last hour or day. To streamline the onboarding process for potential subscribers, we offer temporary credentials for a 14-day free trial, with the option to subscribe at any point. We are thrilled to announce that Sterling Trading Tech has fully completed the integration of our Opportunity Widgets into their esteemed trading platform. We also showcased a demo of our opportunity signal technology seamlessly integrated into Sterling's extensive trading platform. Our collective efforts are strategically

aimed at establishing Quantgate as the industry leading provider of SaaS-based solutions and technology for the trading community. We are confident in our trajectory towards realizing this vision and are eager to embrace the future.

To further augment our growth, we are actively pursuing M&A opportunities that would expand our product portfolio, market reach, and talent pool. The company has also entered into a referral agreement with a third-party vendor, effective February 2023. This has had a positive effect on revenue.

Geolocation technology - Canadian Patent No. 2,741,232 - add US Patent 9,142,086 B2.

The Company's IP strategy is to pursue its patent rights in the geo location space by filing new patent applications, prosecuting existing ones, obtaining patent grants, and enforcing its patent rights against potential infringers. The Company's objectives are to protect its core technology and innovations from unauthorized use or imitation; to enhance its products and services with unique features and functionalities; to enter new markets and segments with differentiated offerings; and to generate revenues and royalties from licensing its patented technology to third parties.

Overview of Current Operations

We were incorporated on April 22, 2009 as a Nevada corporation. We are a financial technology company, based in Toronto, Ontario that develops proprietary software platforms for the financial industry, specializing in the capital markets vertical. The Company's vision is to enable profitable trading for everyone. It will achieve this vision through its mission statement of providing financial freedom and a higher standard of living by developing empowering tools that make trading easier. We intend to market our trading software through various distribution channels.

RESULTS OF OPERATIONS

Since inception on April 22, 2009, we have an accumulated deficit of \$(13,307,105).

For the three months ended August 31, 2024, the Company recognized revenues of \$5,088, compared to revenues of \$3,000 for the same period in 2023. For the three months ended August 31, 2024, the Company incurred total operating expenses of \$186,096 as compared to \$282,568 for the same period in 2023.

Net loss for the three months ended August 31, 2024, was \$172,190, compared to a net loss of \$316,637, for the same period in 2023.

During the three months ended August 31, 2024, the Company used net cash of \$(172,922) in operations, and generated \$167,586 from financing activities (proceeds of loans and private placement, offset by the repayment of loans). This compares to \$(271,011) net cash used in operations, and \$231,932 from the proceeds of financing activities for the same period in 2023.

Item 5 Legal Proceedings

The Company is currently subject to a claim initiated by a third party alleging that the Company owes amounts for services provided. The Company disputes the validity of this claim and believes it is without merit. Based on the information currently available, no provision has been made in the financial statements as the outcome cannot be reasonably estimated, and any potential liability is not considered probable at this time.

Item 6 Defaults upon senior securities.

None

Item 7 Other information

Effective June 24, 2024, Allan Bezanson resigned as Chief Executive Officer and Director of the Company. Effective June 24, 2024, Nikolas Perrault was appointed to the board of directors. No other changes or other additional information from our annual report for the year ended May 31, 2024.

Item 8 Exhibits

Unaudited interim financial statement as at and for the three months ended August 31, 2024.

Item 9 Issuer's Certifications.

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities).

The certifications shall follow the format below:

I, Wayne Welter, certify that:

1. I have reviewed this quarterly report of QuantGate Systems Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 29, 2024 [Date]

/s/ Wayne Welter [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Kyle Appleby certify that:

1. I have reviewed this quarterly report of QuantGate Systems Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 29, 2024 [Date]

/s/ [CFO's Signature]

QUANTGATE SYSTEMS, INC.
Unaudited Interim Consolidated Financial Statements
For the three months ended August 31, 2024 and 2023

QUANTGATE SYSTEMS, INC.
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QuantGate Systems Inc.
Interim Consolidated Balance Sheets (unaudited)

| | August 31, 2024 | May 31, 2024 |
|--|--------------------|--------------------|
| CURRENT ASSETS: | | |
| Cash | \$ 15,680 | \$ 21,016 |
| Sales tax receivable | 53,032 | 46,150 |
| Prepaid expenses | 14,702 | 14,702 |
| TOTAL CURRENT ASSETS | 83,414 | 81,868 |
| Loan to related party (note 3) | 879,373 | 875,131 |
| TOTAL ASSETS | \$ 962,787 | \$ 956,999 |
| LIABILITIES and STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued liabilities | \$ 126,040 | \$ 133,653 |
| Advances from investee company (note 4) | 1,029,289 | 1,029,289 |
| Loans payable (note 5) | 1,257,146 | 1,087,293 |
| Accrued interest on debentures (note 6) | 38,715 | 35,965 |
| Funds received in advance of closing private placement | - | 412,012 |
| TOTAL CURRENT LIABILITIES | 2,451,190 | 2,698,212 |
| Convertible debentures (note 6) | 361,344 | 361,344 |
| TOTAL LIABILITIES | 2,812,534 | 3,059,556 |
| STOCKHOLDER'S EQUITY: | | |
| Common stock, par value \$0.0001 | | |
| 425,000,000 shares authorized | | |
| 304,959,690 issued and outstanding | | |
| as of August 31, 2024, and 300,709,690 May 31, 2024 | 50,433 | 46,183 |
| Additional paid-in capital | 12,111,118 | 11,690,368 |
| Accumulated other comprehensive loss | (704,193) | (726,660) |
| Accumulated deficit | (13,307,105) | (13,112,448) |
| TOTAL STOCKHOLDERS' EQUITY | (1,849,747) | (2,102,557) |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 962,787 | \$ 956,999 |

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

QuantGate Systems Inc.**Interim Consolidated Statements of loss and Comprehensive Income (unaudited)****For the three months ended August 31, 2024, and 2023**

| | August 31, 2024 | August 31, 2023 |
|---|--------------------|--------------------|
| | \$ | \$ |
| REVENUE | | |
| Referral fees and subscriptions | 5,088 | 3,000 |
| EXPENSES | | |
| General and administrative expenses | 186,096 | 282,568 |
| OPERATING LOSS | (181,008) | (279,568) |
| OTHER INCOME (EXPENSE) | | |
| Interest income on loans receivable | 4,356 | 4,535 |
| Interest expense | (18,005) | (35,861) |
| Net (loss) gain on investments | - | (831) |
| | (13,649) | (32,157) |
| NET LOSS BEFORE PROVISION FOR INCOME TAX | (194,657) | (311,725) |
| Other Comprehensive Income | | |
| Exchange differences | 22,467 | (4,912) |
| Provision for income tax | - | - |
| NET LOSS AND COMPREHENSIVE LOSS | (172,190) | (316,637) |
| Net income loss per common share | (\$0.00) | (\$0.00) |
| Basic and fully diluted weighted average common shares outstanding | 300,837,772 | 284,224,219 |

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

QuantGate Systems Inc.
Interim Consolidated Statement of Stockholders' Equity (unaudited)
For the three months ended August 31, 2024, and 2023

| | Common Stock | | Series A Preferred Stock | | Accumulated Paid in capital | Accumulated Deficit | Other comprehensive loss | Total |
|----------------------------------|--------------|--------|--------------------------|--------|--------------------------------|------------------------|--------------------------------|-------------|
| | Shares | Amount | Shares | Amount | | | | |
| | | \$ | | \$ | \$ | \$ | \$ | \$ |
| BALANCE -May 31, 2023 | 284,224,219 | 29,698 | - | - | 10,058,306 | (12,491,953) | (718,820) | (3,122,769) |
| Other comprehensive income | - | - | - | - | - | - | (4,912) | (4,912) |
| Net loss for the period | - | - | - | - | - | (311,725) | - | (311,725) |
| BALANCE -August 31, 2023 | 284,224,219 | 29,698 | - | - | 10,058,306 | (12,803,678) | (723,732) | (3,439,406) |
| BALANCE -May 31, 2024 | 300,709,690 | 46,183 | - | - | 11,690,368 | (13,112,448) | (726,660) | (2,102,557) |
| Private placement | 4,250,000 | 4,250 | - | - | 420,750 | - | - | 425,000 |
| Other comprehensive income | - | - | - | - | - | - | 22,467 | 22,467 |
| Net loss for the period | - | - | - | - | - | (194,657) | - | (194,657) |
| BALANCE – August 31, 2024 | 304,959,690 | 50,433 | - | - | 12,111,118 | (13,307,105) | (704,193) | (1,849,747) |

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

QuantGate Systems Inc.
Interim Consolidated Cash flow statement (unaudited)
For the three months ended August 31, 2024 and 2023

| | 2024 | 2023 |
|---|------------------|------------------|
| OPERATING ACTIVITIES: | | |
| Net loss | \$ (194,657) | \$ (311,725) |
| <i>Adjustments to reconcile net loss to net cash</i> used in operating activities: | | |
| Financing income (expenses) | 13,763 | 25,545 |
| Foreign exchange | 22,467 | (4,912) |
| <i>Changes in operating assets and liabilities:</i> | | |
| Sales tax receivable | (6,882) | (8,368) |
| Accounts payable and accrued liabilities | (7,613) | (28,449) |
| NET CASH USED IN OPERATING ACTIVITIES | (172,922) | (271,011) |
| INVESTING ACTIVITIES: | | |
| Proceeds from repayments of Loan to related party | - | - |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | - | - |
| FINANCING ACTIVITIES: | | |
| Proceeds from issue of private placement | 12,988 | 231,932 |
| Repayment of loan advances | (100,000) | - |
| Proceeds received in advance of closing private placement | 254,598 | - |
| NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES | 167,586 | 231,932 |
| DECREASE IN CASH | (5,336) | (39,079) |
| CASH - BEGINNING OF PERIOD | 21,016 | 69,875 |
| CASH - END OF PERIOD | \$ 15,680 | \$ 30,796 |

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

QUANTGATE SYSTEMS INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited) August 31, 2024

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION

Organization and Business Description

QuantGate Systems Inc., (“Quantgate” or the “Company”) is a fintech company that provides Platform as a Service (“PaaS”), based on Artificial Intelligence (AI) and Machine Learning (ML) intelligence for institutional and retail investors. Our software harnesses the power of ground-breaking developments in self-evolving algorithms that are highly responsive to changing market conditions and processes massive amounts of behavioral data in real time.

Since inception the Company has been engaged in developing its business model and software platforms. The Company has not earned any material revenue from operations.

On November 6, 2019, the Company registered for a name change to QuantGate Systems Inc. The name change for trading purposes was approval by the Financial Industry Regulatory Authority (FINRA) on April 14, 2020.

Liquidity

As of August 31, 2024, we had working capital deficiency of \$2,367,776 and a stockholders' deficit of \$1,849,747.

These financial statements have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Although the Company believes it will be successful, there is no guarantee the Company will attain its goal of a developing successful trading platforms. As a result, material uncertainty exists that may cast significant doubt about the Company’s ability to continue as a going concern.

There is no assurance that the Company will be successful in generating sufficient bookings, billings, revenue or continue to reduce operating costs or that the Company will be able to obtain financing or that such financing will be on favorable terms. Any such financing would be dilutive to our shareholders. Failure to generate sufficient revenue, billings, control or further reduce expenditures and/or the inability to obtain financing will result in an inability of the Company to continue as a going concern. Subject to the foregoing, management believes that, based on projected cash flows and additional financing, the Company will have sufficient capital and liquidity to fund its operations for at least one year from the date of issuance of the accompanying financial statements.

Basis of Consolidation

These consolidated financial statements include the accounts of QuantGate Systems Inc., which was incorporated on April 22, 2009 in the state of Nevada and its wholly-owned subsidiaries, Mobilotto Systems Inc., Delite Americas Inc (inactive), which was incorporated in Ontario, Canada on July 8, 2013 and Omega Smartbuild Americas Inc. (inactive), which was incorporated in Ontario, Canada on July 8, 2013.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity or remaining maturity at the date of purchase of three months or less to be cash equivalents.

Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is as follows:

- Level 1—Valuations based on quoted prices for identical assets and liabilities in active markets.
- Level 2—Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Valuations based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

As of August 31, 2024, the fair value of the Company's financial instruments including cash and cash equivalents, loans and advances receivable, and accounts payable approximated carrying value due to the short maturity of these instruments.

Trading securities are recorded at fair value on a recurring basis and consist primarily of investments in corporate stocks. Realized trading gains and losses and unrealized gains and losses (fair value adjustments) are reported in statement of operations.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of the asset may not be recoverable. For assets that are to be held and used, impairment is recognized when the estimated undiscounted cash flows associated with the asset, or group of assets, is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and the fair value. Fair values are determined based on quoted market values, discounted cash flows, or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

We generate revenue from selling subscriptions of our software to subscribers, as well as through a referral arrangement with a third party. We recognize subscription fees over the period of the contract and service fees as the services are performed (ie as we provide access to our trading platform. Under Topic 606, revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. We consider authoritative guidance on multiple deliverables in determining whether each deliverable represents a separate unit of accounting. Customers are billed on a month-to-month basis with no contractual term and are collected by credit card. Revenue is recognized at the time that the services are rendered, and the selling price is fixed with a set range of plans. Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Accounting Standards Codification 606 (“ASC 606”) is a comprehensive revenue recognition standard that superseded nearly all existing revenue recognition guidance. The Company adopted this standard effective January 1, 2018.

Revenue is recognized when it is realized or realizable and earned. Revenue is realized or realizable when there is persuasive evidence of an arrangement, prices are fixed or determinable, services or products are provided to the customer, and collectability is probable and reasonably assured depending upon the applicable revenue recognition guidance followed. The following are specific revenue recognition policies.

Accounts Receivable and Allowance for Doubtful Accounts

We have a policy of reserving for uncollectible accounts based on our best estimate of the amount of probable credit losses in our existing accounts receivable. We extend credit to our customers based on an evaluation of their financial condition and other factors. We generally do not require collateral or other security to support accounts receivable. We perform ongoing credit evaluations of our customers and maintain an allowance for potential bad debts if required. We determine whether an allowance for doubtful accounts is required by evaluating specific accounts where information indicates the customers may have an inability to meet financial obligations. In these cases, we use assumptions and judgment, based on the best available facts and circumstances, to record a specific allowance for those customers against amounts due to reduce the receivable to the amount expected to be collected. These specific allowances are re-evaluated and adjusted as additional information is received. The amounts calculated are analyzed to determine the total amount of the allowance. We may also record a general allowance as necessary. Direct write-offs are taken in the period when we have exhausted our efforts to collect overdue and unpaid receivables or otherwise evaluate other circumstances that indicate that we should abandon such efforts.

As of August 31, 2024, and May 31, 2024, there was no allowance required.

Foreign Currency Translation

The Company’s functional and reporting currency is the United States dollar. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Revenue and expenses accounts are translated at average exchange rates during the period. Historical cost balances are re-measured using historical exchange rates. Gains and losses arising on settlement of foreign currency denominated transactions or balances are included in the determination of income. Foreign currency transactions are primarily undertaken in Canadian dollars. The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Income Taxes

We use the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, “Income Taxes.” Under this method, income tax expense is recognized for the amount of: (i) taxes payable or refundable for the current year and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity’s financial statements or tax returns. Deferred tax assets and liabilities are measured using 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 effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized.

ASC Topic 740.10.30 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740.10.40 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. We have no material uncertain tax positions for any of the reporting periods presented.

Stock-Based Compensation

We recognize compensation expense for stock-based compensation in accordance with ASC Topic 718. For employee stock-based awards, we calculate the fair value of the award on the date of grant using the Black-Scholes method for stock options and the quoted price of our common stock for unrestricted shares; the expense is recognized over the service period for awards expected to vest. For non-employee stock-based awards, we calculate the fair value of the award on the date of grant in the same manner as employee awards. However, the awards are revalued at the end of each reporting period and the pro rata compensation expense is adjusted accordingly until such time the nonemployee award is fully vested, at which time the total compensation recognized to date equals the fair value of the stock-based award as calculated on the measurement date, which is the date at which the award recipient’s performance is complete. The estimation of stock-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from original estimates, such amounts are recorded as a cumulative adjustment in the period estimates are revised. We consider many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience.

Convertible Instruments

We evaluate and account for conversion options embedded in convertible instruments in accordance with ASC 815 “Derivatives and Hedging Activities”. Applicable GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under other GAAP with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

We account for convertible instruments (when we have determined that the embedded conversion options should not be bifurcated from their host instruments) as follows: We record when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption. We also record when necessary, deemed dividends for the intrinsic value of conversion options embedded in preferred shares based upon the differences between the fair value of the underlying common stock at the commitment date of the transaction and the effective conversion price embedded in the preferred shares.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Preferred Stock

We apply the guidance enumerated in ASC 480 “Distinguishing Liabilities from Equity” when determining the classification and measurement of preferred stock. Preferred shares subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value. We classify conditionally redeemable preferred shares (if any), which includes preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control, as temporary equity. At all other times, we classified our preferred shares in stockholders’ equity.

Concentration of Credit Risk

Financial instruments that potentially expose us to concentrations of credit risk consist principally of cash and cash equivalents. We maintain our cash accounts at high quality financial institutions with balances, at times, in excess of federally insured limits. Management believes that the financial institutions that hold our deposits are financially sound and therefore pose minimal credit risk.

Research and development

Research and development expenditures are charged to operations as incurred.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board or other standard setting bodies that may have an impact on the Company’s accounting and reporting. The Company believes that such recently issued accounting pronouncements and other authoritative guidance for which the effective date is in the future either will not have an impact on its accounting or reporting or that such impact will not be material to its financial position, results of operations, and cash flows when implemented.

NOTE 3 – LOAN TO RELATED PARTY

Loan to related party is a loan facility with a maximum principal balance of \$1,500,000. It bears 5% annual interest, and has a maturity date of September 30, 2021. The term of the loan is currently being negotiated for an extension of the maturity date. The balance includes accrued interest in the amount of \$409,425 (May 31, 2024 - \$405,135). The related party owns 221,731,025 common shares (and prior to conversion, all the Preferred A Shares). During the year ended May 31, 2022, the related party repaid \$1,000,000 of the loan.

NOTE 4 – ADVANCES TO INVESTEE COMPANY

The Company owns 16% Bridgerock Technologies Inc., a technology focused, research and development company that has been assisting the Company with the development of its artificial intelligence trading platform. The Company had previously provided advances to Bridgerock from time to time, to assist with the funding of its research and development.

NOTE 5 – LOANS

- (i) In 2020, the Company received an interest free government loan of \$40,000. The loan can be repaid at any time without penalty and no principal payments are required until December 31, 2023 when the full amount of the loan is due.
- (ii) In February 2021, the Company received a \$35,000 loan. The loan bears no interest and has no specific terms of repayment.
- (iii) On July 1, 2022, the Company issued a 6-month promissory note for CAD\$500,000 bearing interest of 8% per annum.
- (iv) On December 1, 2022, the Company received a \$96,907 loan. The loan bears no interest and has no specific terms of repayment.

NOTE 5 – LOANS - (continued)

- (v) On December 28, 2022, the Company received a \$101,760 loan. The loan bears no interest and has no specific terms of repayment.
- (vi) On April 4, 2023, the Company received a \$75,000 loan. The loan bears interest at 8% per year is due on demand.
- (vii) On April 4, 2023, the Company received a \$32,122 loan. The loan bears interest at 8% per year is due on demand.
- (viii) On May 2, 2023, the Company received a \$76,487 loan. The loan bears interest at 8% per year is due on demand.
- (ix) On May 2, 2023, the Company received a \$44,702 loan. The loan bears interest at 8% per year is due on demand.
- (x) On August 24, 2023, the Company received a \$29,411 loan. The loan bears interest at 8% per year is due on demand.
- (xi) On October 3, 2023, the Company received a \$23,247 loan. The loan bears interest at 8% per year is due on demand.
- (xii) On October 10, 2023, the Company received a \$7,352 loan. The loan bears interest at 8% per year is due on demand.
- (xiii) On October 16, 2023, the Company received a \$3,676 loan. The loan bears interest at 8% per year is due on demand.
- (xiv) On November 1, 2023, the Company received a \$52,063 loan. The loan bears interest at 8% per year is due on demand.
- (xv) On December 1, 2023, the Company received a \$18,756 loan. The loan bears interest at 8% per year is due on demand.
- (xvi) During the three months ended August 31, 2024, the Company received \$254,622 in advances. These advances are unsecured and have no specific terms for repayment.

NOTE 6 – CONVERTIBLE DEBENTURES

Notes payable (the “Original Notes”)

On December 11, 2015, the Company closed \$225,000 of a private placement offering of 8% secured convertible debentures. The loan matured two years from the issuance date. On March 1, 2020, the debt was converted into a Senior Convertible note (see below).

On March 1, 2016, the Company closed \$150,000 of a private placement offering of 8% secured convertible debentures. The loan matured two years from the issuance date. On March 1, 2020, the debt was converted into a Senior Convertible note (see below).

On April 29, 2016, the Company closed \$100,000 of a private placement offering of 8% secured convertible debentures. The loan matured two years from the issuance date. On March 1, 2020, the debt was converted into a Senior Convertible note (see below).

On conversion to the Senior Convertible notes, the Original Notes do not accrue interest.

Senior convertible notes

On November 15, 2019 the Company commenced a private placement offering of Senior Secured Convertible Notes (“Notes”) on a best effort’s basis up to a maximum of \$3,250,000. The notes bore interest of 1% per month, accrued was to be added to the principal as a balloon payment at maturity (18 months). The principal and interest would automatically convert into three-year convertible debentures with a 12% coupon (paid semi-annually) which would have a conversion price set at a 20% discount based on the first 10VWAP once the Company receives approval to list its common shares on the OTCQB. On December 3, 2020, the Notes were restructured and as the holders agreed to amend the terms. The new terms provide that upon conversion, they become a three-year 8% senior debentures with a strike price of \$0.25 in year 1, \$0.35 in year 2 and \$0.45 in year 3, due in 2023.

On January 25, 2021, the Company was approved for trading on the OTCQB, as such all the Original Notes were converted to the new senior debentures with a strike price of \$0.25 in year 1, \$0.35 in year 2 and \$0.45 in year 3, due in 2023 (as described

above). As per their conversion to the Notes, the Original Notes, will not accrue interest.

NOTE 6 – CONVERTIBLE DEBENTURES (continued)

On August 26, 2021, one of the senior convertible notes (plus interest) was converted to 104,500 common shares. On September 3, 2021, \$400,000 senior convertible notes were converted to 720,000 common shares.

During the year ended May 31, 2023, \$354,480 of the senior convertible notes (plus interest) was converted to 1,417,922 common shares.

During the year ended May 31, 2024, \$1,344,207 of the senior convertible notes (plus interest) was converted to 15,508,451 common shares.

NOTE 7 – STOCKHOLDERS' EQUITY

Common Stock

On May 8, 2019, the articles were amended to increase the authority to issue 425,000,000 shares of common stock, par value \$0.001.

Effective April 14, 2020, the Company completed a reverse stock split of its common shares on the basis of one post-consolidation common share for every five pre-consolidation common shares. All share and earnings per share information have been retroactively adjusted to reflect the stock split and the incremental par value of the newly issued shares was recorded with the offset to additional paid-in capital.

See note 6, for shares issued on conversion of debt.

In March 2023, the Company settled a loan in the amount of \$97,702, with the issuance of 977,020 common shares.

On August 20, 2024, the Company closed a private placement offering through the issuance of 4,250,000 at \$0.10 per common share. As at May 31, 2024, \$412,012 of the proceeds were received in advance of closing, and recorded on the balance sheet as "Funds received in advance of closing private placement".

Series A Preferred Stock

Effective April 7, 2014, our Board of Directors approved a Certificate of Designation of Series A Convertible Preferred Stock. Each share of Series A Convertible Preferred Stock carries a par value of \$0.001 and is convertible into common stock on a 1 preferred share for 1.3333 common share basis. Preferred shares are entitled to a quarterly dividend equal to the revenue earned on the invested capital of the Series A investment. Dividends may be paid in cash or common shares at the option of the Series A holder. The Corporation may, by providing a five day notice, redeem such Series A Preferred Stock at a redemption price of \$0.20. Each holder of the outstanding shares of Series A Preferred Stock shall be entitled to cast the number of votes equal to the number of Series A Preferred Stock multiplied by 100.

Effective May 8, 2019, the articles were amended to increase the authority to issue 15,000,000 Shares of Series A Preferred stock, par value \$0.001, and amended to change the conversion ratio on a one preferred share for 26.67 common share basis.

On April 16, 2014, the Company completed a 10,000,000 series A preferred shares financing for gross proceeds of \$2,000,000.

During the period June 1, 2015 through May 31, 2016, 750,000 of Series A Preferred Stock was redeemed at \$0.20 per share for proceeds of \$150,000. On August 19, 2020, all 9,250,000 Preferred A Stock was converted to 246,697,500 common shares at the conversion rate of 1 to 26.67.

Series B Preferred Stock

On September 17, 2014 the Company filed a Certificate of Designation of Series B Convertible Preferred Stock. Each share of Series B Convertible Preferred Stock carries a par value of \$0.001 and is convertible into common stock on a 1 preferred

share for 1 common share basis. Preferred shares are entitled to a dividend at the discretion of the Board of Directors. The Corporation may, by providing a five-day notice, redeem such Series B Preferred Stock at a redemption price of \$0.20. Each holder of Series B Preferred Stock shall at their option convert the shares of Series B Preferred Stock into shares of common stock on a one preferred share for one common share basis.

As at August 31, 2024 and May 31, 2024, no Series B Preferred Stock are issued and outstanding.

NOTE 8 – GOING CONCERN

The accompanying financial statements have been prepared assuming the company will continue as a going concern. The continuation of the Company as a going concern through August 31, 2024 is dependent upon improving the profitability and the continuing financial support from its stockholders. Management believes the existing shareholders or external financing will provide the additional cash to meet the Company's obligations as they become due.

These factors raise substantial doubt about the company ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of the uncertainty.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events pursuant to the requirements of ASC Topic 855, from the balance sheet date through the date the financial statement was available to be issued and has determined to the disclosed the understated event.