



Unaudited Condensed Consolidated Interim Financial Statements
(In Canadian dollars)

EQ INC.

Three and six months ended June 30, 2026 and 2025

(Unaudited)

Notice of disclosure of non-audit review of unaudited condensed consolidated interim financial statements ("interim financial statements") pursuant to National instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying interim financial statements of the Company for the three and six months ended June 30, 2026 and 2025 have been prepared in accordance with the International Accounting Standard 34, interim financial reporting as issued by the International Accounting Standard Board and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or a review of these interim financial statements.

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Financial Position (In thousands of Canadian dollars) June 30, 2026 and December 31, 2025

	2026	2025
Assets		
Current assets:		
Cash	\$ 1,105	\$ 416
Restricted cash (note 6 (a))	48	48
Accounts receivable (note 9 (a))	2,488	3,001
Other current assets	139	133
	3,780	3,598
Non-current assets:		
Property and equipment	16	9
Intangible assets (note 5)	864	881
	\$ 4,660	\$ 4,488
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,924	\$ 2,713
Rewards payable	2,427	2,263
Loans and borrowings (note 6 (b) and (c) and (d))	2,739	1,857
	8,090	6,833
Shareholders' deficiency	(3,430)	(2,345)
	\$ 4,660	\$ 4,488

Going Concern (note 2 (b))

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (In thousands of Canadian dollars, except per share amounts) Three and six months ended June 30, 2026 and 2025

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Revenue (note 3)	\$ 2,638	\$ 3,051	\$ 4,517	\$ 4,487
Expenses:				
Publishing costs	1,588	1,697	2,670	2,556
Employee compensation and benefits	751	788	1,523	1,521
Other operating expenses	491	513	963	974
Depreciation of property and equipment	2	1	4	4
Amortization of intangible assets	159	159	317	317
	2,991	3,158	5,477	5,372
Loss from operations	(353)	(107)	(960)	(885)
Finance income (note 4)	3	9	4	5
Finance costs (note 4)	(116)	(53)	(180)	(109)
Net loss	(466)	(151)	(1,136)	(989)
Total comprehensive loss	(466)	(151)	(1,136)	(989)
Loss per share:				
Basic and diluted	\$ (0.01)	\$ -	\$ (0.02)	\$ (0.01)
Weighted average number of shares outstanding basic and diluted	69,593,957	69,593,957	69,593,957	69,593,957

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency) (In thousands of Canadian dollars, except per share amounts) Six months ended June 30, 2026 and 2025

	Common shares		Contributed surplus	Conversion option and warrants	Accumulated other comprehensive loss	Deficit	Total deficiency
	Number of shares	Amount					
Balance, January 1, 2026	69,593,957	\$ 94,502	\$ 4,533	\$ -	(2,062)	\$ (99,318)	\$ (2,345)
Net loss	-	-	-	-	-	(1,136)	(1,136)
Share-based payments (note 7)	-	-	16	-	-	-	16
Conversion options and warrants issued (note 6 (d))	-	-	-	38	-	-	38
Conversion options and warrants issuance costs (note 6 (d))	-	-	-	(4)	-	-	(4)
Finders' warrants (note 6 (d))	-	-	-	1	-	-	1
Balance, June 30, 2026	69,593,957	\$ 94,502	\$ 4,549	\$ 35	(2,062)	\$ (100,454)	\$ (3,430)

	Common shares		Contributed surplus	Convertible and warrants	Accumulated other comprehensive loss	Deficit	Total deficiency
	Number of shares	Amount					
Balance, January 1, 2025	69,593,957	\$ 94,502	\$ 4,450	\$ -	(2,062)	\$ (97,913)	\$ (1,023)
Net loss	-	-	-	-	-	(989)	(989)
Share-based payments (note 7)	-	-	1	-	-	-	1
Balance, June 30, 2025	69,593,957	\$ 94,502	\$ 4,451	\$ -	(2,062)	\$ (98,902)	\$ (2,011)

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Cash Flows (In thousands of Canadian dollars) Six months ended June 30, 2026 and 2025

	2026	2025
Cash flows from operating activities:		
Net loss	\$ (1,136)	\$ (989)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation of property and equipment	4	4
Amortization intangible assets	317	317
Share-based payments (note 7)	16	1
Unrealized foreign exchange loss (gain)	(3)	5
Finance costs, net	148	86
Change in non-cash operating working capital (note 11)	826	1,545
Net cash from operating activities	172	969
Cash flows used in financing activities:		
Repayment of loans and borrowings (note 6 (c))	(113)	(604)
Issuance of convertible debentures (note 6 (d))	1,130	-
Convertible debentures issuance costs (note 6 (d))	(127)	-
Interest paid	(69)	(73)
Net cash from (used) in financing activities	821	(677)
Cash flows from investing activities:		
Interest income received (note 4)	4	5
Purchases of property and equipment	(11)	(4)
Addition of intangible assets (note 5)	(300)	(300)
Net cash used in investing activities	(307)	(299)
Increase (Decrease) in cash	686	(7)
Foreign exchange gain (loss) on cash held in foreign currency	3	(5)
Cash, beginning of the period	416	634
Cash, end of the period	\$ 1,105	\$ 622

EQ INC.

Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three and six months ended June 30, 2026 and 2025

1. Corporate information:

EQ Inc. ("EQ Works") or (the "Company") enables businesses to better understand, predict, and influence customer behaviour. Using unique data sets, advanced analytics, machine learning and artificial intelligence, EQ Works creates actionable intelligence for businesses to attract, retain, and grow the customers through its proprietary SaaS technology platforms: ClearLake, Locus and ATOM. The Company is able to ingest, enrich, analyze and action upon receipt of large quantities of data. The Company is governed by the Ontario Business Corporations Act and is domiciled in Canada. The address of the Company's registered office is 2 Bloor Street West, Suite 700, Toronto, ON, M4W 3E2. The Company is publicly listed on the TSX Venture Exchange ("TSX-V").

2. Basis of preparation:

(a) Statement of compliance:

These unaudited condensed consolidated interim financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and on a basis consistent with the material accounting policies disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2025 (the "2025 financial statements"). The material accounting policies applied in these interim financial statements are based on International Financial Reporting Standard ("IFRS") issued and outstanding as of the date the Board of Directors authorized the statements for issue. The notes presented in these interim financial statements include, in general, only significant changes and transactions occurring since the Company's last year ended December 31, 2025 and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These interim financial statements should be read in conjunction with the 2025 financial statements, including the notes thereto.

The interim financial statements were authorized for issue by the Board of Directors on August 20, 2026.

(b) Basis of presentation and going concern:

These interim financial statements have been prepared mainly on a historical cost basis. Other measurement bases used are described in the applicable notes to these interim financial statements.

The interim financial statements were prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company's ability to continue as a going concern is dependent upon the Company's ability to successfully generate profit from operations, or to finance its cash requirements through equity financing, debt financing or rights offerings from existing shareholders. There is no assurance that the Company will be successful in generating profits or raising sufficient funds through financing.

EQ INC.

Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three and six months ended June 30, 2026 and 2025

2. Basis of preparation (continued):

(b) Basis of presentation and going concern (continued):

The Company has incurred total comprehensive losses of \$1,136 for the six months ended June 30, 2026, and has a working capital deficit of \$4,310 as at June 30, 2026. The Company's ability to continue as a going concern is dependent upon the Company's ability to successfully generate profit from operations, or to finance its cash requirements through equity financing, debt financing or rights offerings from existing shareholders. The Company replaced its revolving line of credit facility of \$1,500 with an accounts receivable factoring facility in 2023. Under the new arrangement, the Company can borrow up to \$4,000 based on 85% of the eligible accounts receivable aged under 90 days. In 2024, the Company closed a \$1,000 non-revolving subordinated secured debt financing with the Business Development Bank of Canada. The principal amount is repayable on October 31, 2025, with the option to renew 75% of the loan for another twelve months. During 2025, the Company repaid \$250 of the principal and exercised its option to renew the remaining \$750 for an additional twelve months. The renewed principal of \$750 is now repayable on October 31, 2026. On April 29, 2026, the Company closed a non-brokered private placement of 1,130 units of the Company (each, a "Unit") at a price of \$1 per Unit for gross proceeds of \$1,130 (the "Offering"). Each Unit consists of: (i) one 15% secured convertible debenture of the Company (each, a "Debenture"); and (ii) 1,000 common share purchase warrant (each, a "Warrant"). (Note 6 (d))

There is no assurance that the Company will be successful in generating profits or raising sufficient funds through equity financing. As a result, these material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

These interim financial statements do not reflect the adjustments that might be necessary to the carrying amount of reported assets, liabilities, revenue, and expenses and the statement of financial position classification used if the Company was unable to continue operations in accordance with this assumption. Such adjustments could be material.

(c) Functional and presentation currencies:

These interim financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

(d) Material accounting policies:

These interim financial statements have been using the same material accounting policies and methods of computation as the annual audited consolidated financial statements of the Company for the year ended December 31, 2025.

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2. Basis of preparation (continued):

(e) Future accounting policies:

Amendments to IAS 21 – Lack of Exchangeability

In August 2023, the IASB issued amendments to IAS 21, which impact entities that have transactions or operations in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency, and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted as long as this fact is disclosed. The application of these amendments and interpretations will not have any significant impact on the Company's consolidated financial position or results of operations.

New standards issued, but not yet effective:

Amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instrument: Disclosures

In May 2024, the IASB issued amendments to the classification and measurement of financial instruments. The amendments modify the following requirements in IFRS 9 and IFRS 7:

- Derecognition of financial liabilities settled through electronic transfers.
- Elements of interest in a basic leading arrangement (the solely payments of principal and interest assessments 'SPPI test').
- Contractual terms that change the timing or amount of contractual cash flows.
- Financial assets with non-recourse features.
- Investments in equity instruments designated at fair value through other comprehensive income.
- Contractual terms that could change the timing or amount of contractual cash flows.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted as long as this fact is disclosed

New accounting standard: IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB published IFRS 18 to replace IAS 1, which sets out significant new requirements for how financial statements are presented, with particular focus on:

- The statement of profit or loss, including requirements for mandatory sub-totals to be presented.
- Aggregation and disaggregation of information, including the introduction of overall principles for how information should be aggregated and disaggregated in financial statements.

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Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three and six months ended June 30, 2026 and 2025

2. Basis of preparation (continued):

(e) Future accounting policies (continued):

- Disclosures related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub-total required by IFRS accounting standards with adjustment made. Entities will be required to disclose MPMs in the financial statements with disclosures, including reconciliations of MPMs to the nearest total or sub-total calculated in accordance with IFRS accounting standards.

The standard is effective for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted as long as this fact is disclosed.

3. Segment information:

The Company's management and chief operating decision maker reviews performance of the Company on a consolidated basis and has integrated its services as one reportable segment, which provides real-time technology and advance analytics to improve performance for all web, mobile, social and video advertising initiatives and focuses on targeted advertising and incorporates the most sophisticated advertising technologies, data analytics and programmatic media buying capabilities into a single system. The chief operating decision maker evaluates the Company's performance, makes operating decision, and allocates resources based on financial data consistent with the presentation in these interim financial statements.

For the three months ended June 30, 2026, there were four customers that comprised 24%, 23%, 20% and 16%, respectively, of the Company's total revenue from operations. No other customers exceeded 10% of revenue. For the three months ended June 30, 2025, there were three customers that comprised 34%, 24% and 21%, respectively, of the Company's total revenue from operations.

For the six months ended June 30, 2026, there were four customers that comprised 26%, 19%, 19% and 12%, respectively, of the Company's total revenue and three customers that comprised 27%, 25% and 24%, respectively, of the Company's total revenue for the same period in 2025.

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Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three and six months ended June 30, 2026 and 2025

4. Finance income and finance costs:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Finance income:				
Interest income on cash and cash equivalent	3	3	4	5
Foreign exchange gain, net	—	6	—	—
Total finance income	3	9	4	5
Finance costs:				
Other interest expense	(5)	(12)	(10)	(18)
Accretion on convertible debentures (note 6 (d))	(27)	—	(27)	—
Interest on loans and borrowings (note 6 (b) and (c) and (d))	(77)	(41)	(125)	(91)
Foreign exchange loss, net	(7)	—	(18)	—
Total finance costs	(116)	(53)	(180)	(109)
Net finance costs	\$ (113)	\$ (44)	\$ (176)	\$ (104)

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Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, except per share amounts)
Three and six months ended June 30, 2026 and 2025

5. Intangible assets:

	Customer relationships	Software	Developed Technology	Paymi Brand	Total
Cost					
Balance					
January 1, 2025	\$ 1,141	\$ 3,278	\$ 318	\$ 120	\$ 4,857
Addition	–	600	–	–	600
Disposal	(1,141)	–	(318)	(120)	(1,579)
Balance, December 31, 2025	\$ –	\$ 3,878	\$ –	\$ –	\$ 3,878
Cost					
Balance					
January 1, 2026	\$ –	\$ 3,878	\$ –	\$ –	\$ 3,878
Addition	–	300	–	–	300
Balance, June 30, 2026	\$ –	\$ 4,178	\$ –	\$ –	\$ 4,178

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Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, except per share amounts)
Three and six months ended June 30, 2026 and 2025

5. Intangible assets (continued):

Amortization	Customer relationships	Software	Developed Technology	Paymi Brand	Total
Balance, January 1, 2025	\$ 1,141	\$ 2,363	\$ 318	\$ 120	\$ 3,942
Amortization	–	634	–	–	634
Disposal	(1,141)	–	(318)	(120)	(1,579)
Balance, December 31, 2025	\$ –	\$ 2,997	\$ –	\$ –	\$ 2,997

Amortization					
Balance January 1, 2026	\$ –	\$ 2,997	\$ –	\$ –	\$ 2,997
Amortization	–	317	–	–	317
Balance, June 30, 2026	\$ –	\$ 3,314	\$ –	\$ –	\$ 3,314

Carrying amounts					
Balance, December 31, 2025	\$ –	\$ 881	\$ –	\$ –	\$ 881
Balance, June 30, 2026	\$ –	\$ 864	\$ –	\$ –	\$ 864

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Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three and six months ended June 30, 2026 and 2025

6. Loans and borrowings:

(a) Bank credit facility:

The Company has a cash secured credit card facility of \$100 (the "Facility") with a Canadian chartered bank. Borrowings under this Facility are partially secured by cash. The Company set aside \$48 in the restricted cash that is held by the Company to support the Facility. As at June 30, 2026, \$75 (June 30, 2025 – \$73) was outstanding under the Facility included in accounts payable and accrued liabilities.

(b) Non-revolving loan facility:

The Company closed a \$1,000 non-revolving subordinated secured debt financing (the "BDC Loan") with the Business Development Bank of Canada ("BDC") in 2024. Borrowing under this debt financing are secured by general security of all assets of the Company. The BDC Loan will bear interest at a floating rate equal to the BDC base rate plus a margin of 2.5%. As at June 30, 2026, \$750 (June 30, 2025 – \$1,000) was outstanding under the loan facility. The BDC base rate as of June 30, 2026 was 6.55% and borrowing rates equate to 9.05%. In connection with the advancement of the BDC Loan, the Company will pay BDC a one-time fee of \$45 at the maturity date on October 31, 2025. During 2025, the Company repaid \$250 of the principal. Under the original terms, which allowed for a 75% renewal option, the Company exercised this right to extend the remaining \$750 balance. The renewed principal of \$750 is repayable on October 31, 2026. In connection with this extension, the original \$45 one-time fee was increased to \$100 and will be due at the extended maturity date. The interest on the BDC Loan is payable monthly. Due to the maturity terms, the \$750 of the BDC loan was classified as current liabilities. For the three and six months ended June 30, 2026, an interest of \$31 (June 30, 2025 – \$33) and \$61 (June 30, 2025 - \$66) was recorded, respectively.

(c) Accounts receivable factoring facility:

The Company has an accounts receivable factoring facility (the 'Factoring'). Under the new arrangement, the Company can borrow up to \$4,000 based on 85% of the eligible accounts receivable aged under 90 days. Under the Factoring agreement, 85% of the eligible accounts receivable under 90 days will be available as a line of credit for drawing. The Company retains the credit risk with uncollectible accounts receivable. The accounts receivable collection will be paying off the Facility first and the remaining 15% of the receivable will be available for drawing. Trade receivables that are factored by financial institutions with recourse to the Company are not derecognized as the risks and rewards of the receivables remain with the Company. The cash received from the financial institutions is considered a form of financing and is recorded in current liabilities and any fee incurred to effect factoring is recognized in the income statement as part of interest expense. The borrowings bear interest at the bank's prime rate plus 6% per annum. As at June 30, 2026, \$994 (June 30, 2025 – \$477) was outstanding under the accounts receivable factoring facility and \$204 (June 30, 2025 – \$214) was available to withdraw. The Prime rate as of June 30, 2026 was 4.45% and borrowing rates equate to 10.45%.

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Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, except per share amounts)
Three and six months ended June 30, 2026 and 2025

6. Loans and borrowings (continued):

(d) Convertible Debentures and Warrants:

On April 29, 2026, the Company closed a non-brokered private placement of 1,130 units of the Company (each, a "Unit") at a price of \$1 per Unit for aggregate gross proceeds of \$1,130 (the "Offering"). Each Unit consists of: (i) one 15% secured convertible debenture of the Company (each, a "Debenture"); and (ii) 1,000 common share purchase warrant (each, a "Warrant").

The Debentures bear interest at a rate of 15% per annum, accruing from the closing date of April 29, 2026, with all accrued and unpaid interest payable in full on April 29, 2027 (the "Maturity Date"). The interest obligation may be satisfied either in cash or in common shares of the Company (the "Common Shares"), at the option of the Debenture holders. The Debentures are secured by a general security agreement over all present and after-acquired property of the Company, subordinated to the Company's existing lenders.

At the option of the holders, the outstanding principal amount of each Debenture may be converted into Common Shares, in whole or in part, at a conversion price of \$0.95 per Common Share at any time prior to the Maturity Date.

Additionally, at the option of the holders, the payment of the accrued and unpaid interest may be settled by way of (i) a cash payment, or (ii) a payment in kind (less any tax required by law to be deducted) through the issuance of Common Shares at a price per Common Share equal to the Market Price (as defined in the policies of the TSX Venture Exchange).

Each Warrant is exercisable immediately and entitles the holder to purchase one additional Common Share of the Company at an exercise price of \$1.00 per share until the Maturity Date. All warrants are subject to a four month hold period from the date of issuance in accordance with the applicable securities law.

Pursuant to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"), the Offering constitutes a "related party transaction" as insiders of the Company subscribed for a total of 280 Units for gross proceeds of \$280. The Company is relying on exemptions from the formal valuation and minority approval requirements of MI 61-101, as neither the fair market value of the Debentures, nor the consideration paid, exceeded 25% of the Company's market capitalization, in accordance with Sections 5.5 and 5.7(1)(a) of MI 61-101. The Company did not file a material change report more than 21 days before the closing of the Offering as the details of the related parties' participation in the Offering had not been settled.

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Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three and six months ended June 30, 2026 and 2025

6. Loans and borrowings (continued):

(d) Convertible Debentures and Warrants (continued):

In connection with the Offering, the Company paid a finder's fee to eligible arm's length parties in respect of certain subscriptions. The finder's fee consisted of cash commissions of \$20 and the issuance of an aggregate of 19,500 finder's warrants (each, a "Finder's Warrant"). The Finder's Warrants were valued at an aggregate fair value of \$1 using the Black-Scholes option pricing model. Each Finder's Warrant entitles the holder to purchase one Common Share at an exercise price of \$1.00 per Common Share for a period of 12 months from the date of issuance.

The Convertible debentures were separated into their liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issuance was calculated as the discounted cash flows for the debentures, assuming 19% effective interest rate which was the estimated rate for the debentures without the conversion options and warrants. The fair value of the conversion options and warrants was determined at the time of issuance as the difference between the face value of the debentures and the fair value of the liability component. The value of the conversion options and warrants has been classified as a component of equity.

The gross cash proceeds of \$1,130 from the non-brokered private placement were allocated as \$1,092 and \$38, respectively, to the debentures and, conversion option and warrants issued in the private placement based on the effective interest rate method. The Company incurred convertible debentures issuance costs of \$128, including the finder's warrants. The debentures were offset by \$124 in pro-rata issuance costs, resulting in a net liability reconciliation of \$968 and, the conversion options and warrants offset by \$4, resulting in a net equity recognition of \$34.

	2026
Debentures, 15% Maturing April 2027	\$ 1,130
Equity component of the debentures	(38)
Issuance costs of the debentures	(124)
	968
Accretion in carrying amount of the debentures	27
Balance end of the period	\$ 995

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Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, except per share amounts)
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7. Share-based payments:

The following table summarizes the continuity of options issued under the Company's stock option plan (the "Plan") for the period ended:

	June 30, 2026		June 30, 2025	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	697,500	\$ 1.16	1,543,500	\$ 1.13
Granted	210,000	\$ 0.94	-	-
Forfeited or cancelled	(317,500)	\$ 1.33	(936,000)	0.96
Outstanding, end of period	590,000	0.99	607,500	1.38
Options exercisable, end of period	490,000	\$ 1.00	570,832	\$ 1.41

A summary of the status of the Company's options under the Plan is as follows:

	June 30, 2026			June 30, 2025		
Range of exercise price	Number of options	Weighted average remaining contractual life (years)	Number of options exercisable	Number of options	Weighted average remaining contractual life (years)	Number of options exercisable
\$0.90 – 0.99	560,000	3.4	460,000	100,000	3.2	66,666
\$1.10 – 1.19	-	-	-	10,000	2.1	6,666
\$1.20 – 1.29	12,500	0.6	12,500	12,500	1.6	12,500
\$1.30 – 1.39	-	-	-	150,000	0.4	150,000
\$1.40 – 1.49	17,500	0.1	17,500	235,000	0.9	235,000
\$1.70 – 1.79	-	-	-	100,000	0.9	100,000
	590,000		490,000	607,500		507,832

During the three months ended June 30, 2026 and 2025, no stock options were granted and exercised. During the six months ended June 30, 2026, 210,000 stock option was granted and no stock option was exercised. During the six months ended June 30, 2025, no stock option was granted and no stock option was exercised.

During the three months ended June 30, 2026, the Company recorded share-based payments of \$7 compared to nil during the same period in 2025. During the six months ended June 30, 2026, the Company recorded share-based payments of \$16 compared to \$1 during the same period in 2025.

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Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three and six months ended June 30, 2026 and 2025

8. Capital risk management:

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. The Company defines capital that it manages as the aggregate of its shareholders' equity, which comprises issued capital, contributed surplus, accumulated other comprehensive income and retained earnings (deficit). The Company manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue shares, repurchase shares, pay dividends or raising capital and borrowings, as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements. There have been no changes to the Company's capital management approach as at June 30, 2026 from the year ended December 31, 2025.

9. Financial risk management:

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee reviews the Company's risk management policies on an annual basis. The finance department identifies and evaluates financial risks and is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises from the Company's accounts receivable and cash. The majority of the Company's customers are located in Canada. At June 30, 2026, four customers represented 28%, 27%, 22% and 10% of the gross accounts receivable balance of \$2,594, respectively. At December 31, 2025, three customers represented 24%, 23% and 22% of the gross accounts receivable balance of \$3,196, respectively. No other individual customers represented more than 10% of accounts receivable. As at June 30, 2026, the expected credit losses were \$195 (December 31, 2025 - \$195). The Company reviews the components of these accounts on a regular basis to evaluate and monitor this risk. The Company's customers are generally financially established organizations, which limits the credit risk relating to the customers. In addition, credit reviews by the Company take into account the counterparty's financial position, past experience and other factors. The consolidated entity has a credit risk exposure with two agencies located in Canada, which as at June 30, 2026 owed the consolidated entity \$1,442 (56% of trade receivables) (December 31, 2025: \$1,494 (47% of trade receivables)). This balance was within its terms of trade and no impairment was made as at June 30, 2026. The Company's payment terms range from 30 days to 60 days from the invoice date. There are no guarantees against this receivable, but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk. Management believes that the expected credit loss allowance is adequate.

EQ INC.

Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three and six months ended June 30, 2026 and 2025

9. Financial risk management (continued):

(a) Credit risk (continued):

The Company, from time to time, invests its excess cash with the objective of maintaining safety of the principal and providing adequate liquidity to meet current payment obligations and future planned capital expenditures and with the secondary objective of maximizing the overall yield of the portfolio. The Company's cash as at June 30, 2026 is not subject to external restrictions, except for the restricted cash of \$48, and is held with Schedule I banks in Canada.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages its liquidity risk by continually monitoring forecasted and actual revenue and expenditures and cash flows from operations. Management is also actively involved in the review and approval of planned expenditures. The Company's principal cash requirements are for principal and interest payments on its debt, capital expenditures and working capital needs. The Company uses its operating cash flows, operating facilities and cash balances to maintain liquidity.

The following are the undiscounted contractual maturities for the Company's obligations:

June 30, 2026	Carrying amount	Contractual cash flow	Less than 1 year	1-3 years	>3 years
Trade and other payables	\$ 2,924	\$ 2,924	\$ 2,924	\$ -	\$ -
Rewards payable	2,427	2,427	2,427	-	-
Loans and borrowings	2,739	2,874	2,874	-	-
	\$ 8,090	\$ 8,225	\$ 8,225	\$ -	\$ -
December 31, 2025	Carrying amount	Contractual cash flow	Less than 1 year	1-3 years	>3 years
Trade and other payables	\$ 2,713	\$ 2,713	\$ 2,713	\$ -	\$ -
Reward payable	2,263	2,263	2,263	-	-
Loans and borrowings	1,857	1,857	1,857	-	-
	\$ 6,833	\$ 6,833	\$ 6,833	\$ -	\$ -

EQ INC.

Notes to Condensed Consolidated Interim Financial Statements
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9. Financial risk management (continued):

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and the Company's share price, will affect the Company's income or the value of its financial instruments.

(i) Interest rate risk:

The Company's interest rate risk arises primarily from its variable rate loans and borrowings obligations, which is the bank's prime rate plus 6% and BDC base rate plus 2.5%. The Company is exposed to cash flow interest rate risk. As Bank of Canada lowered the interest rate in January, March, September and October in 2025, this indicated a downward trend; however, Canada and US tariffs change and increase in gas price could affect the inflation as well as interest rate. The extent to which US tariffs and gas price impacts the inflation rate, economic conditions and interest rate will depend on future developments that are uncertain and cannot be predicted precisely. Due to the uncertainty, management believes the Company's exposure to interest rate risk will be moderate in the next twelve months.

(ii) Currency risk:

The Company operates internationally with the Canadian dollar as its functional currency and is exposed to foreign exchange risk from purchase transactions, as well as recognized financial assets and liabilities denominated in U.S. dollars. The Company's main objective in managing its foreign exchange risk is to maintain U.S. cash on hand to support international forecasted obligations and cash flows. To achieve this objective, the Company monitors forecasted cash flows in foreign currencies and attempts to mitigate the risk by modifying the nature of cash held.

If a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately \$25 (December 31, 2025 - \$19) due to the fluctuation and this would be recorded in the consolidated statements of comprehensive income (loss).

Balances held in non-Canadian dollars are as follows:

		June 30, 2026		December 31, 2025
		US		US
Cash	\$	56	\$	132
Accounts receivable		29		63
Accounts payable and accrued liabilities		260		333

EQ INC.

Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three and six months ended June 30, 2026 and 2025

10. Related party transactions and balances:

On December 29, 2021, the corporation provided certain employees with \$157 of short terms loans to cover the taxes owing in terms of the option excise. The loans were provided pursuant to promissory notes issued to the Company by each employee (collectively, the "Promissory Notes"). The Promissory Notes are fully secured by all of the shares issued on exercise of the options. The Promissory Notes bear interest at a rate of 2.45%. All interest accrued under the Promissory Notes is to be paid at the maturity date.

During 2022, \$59 was repaid and the remaining balance was extended to December 29, 2023 at an interest rate of 6.45%. All interest accrued under the Promissory Notes is to be paid at the maturity date. In December 2023, The Promissory Notes was extended to December 29, 2024 at an interest rate of 7.2%. The balance is measured at the present value, discounting using 13.2%. In 2023, an accretion of interest expense of \$6 was recorded.

During 2024, \$25 was repaid and the remaining balance was extended to December 29, 2025 at an interest rate of 6%. In 2024, an accretion of interest expense of \$4 was recorded. During 2025, the remaining balance was extended to December 29, 2026 at an interest rate of 6%. In 2025, an accretion of interest expense of \$3 was recorded.

On April 29, 2026, \$280 Convertible Debenture were subscribed for by officers and directors of the Company.

11. Consolidated statements of cash flows:

The change in non-cash operating working capital comprises the following:

	Six months ended June 30,	
	2026	2025
Accounts receivable	\$ 513	\$ 1,684
Other current assets	(6)	(15)
Accounts payable and accrued liabilities	155	(338)
Rewards payable	164	214
	\$ 826	\$ 1,545