



Unaudited Condensed Consolidated Interim Financial Statements
(In Canadian dollars)

EQ INC.

Three months ended March 31, 2025 and 2024

(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 months ended March 31, 2025 and 2024 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)
March 31, 2025 and December 31, 2024

	2025	2024
Assets		
Current assets:		
Cash	\$ 626	\$ 634
Restricted cash (note 6 (a))	48	48
Accounts receivable (note 9 (a))	1,623	4,389
Other current assets	126	120
	2,423	5,191
Non-current assets:		
Property and equipment	9	12
Intangible assets (note 5)	907	915
	\$ 3,339	\$ 6,118
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,256	\$ 3,266
Rewards payable	1,880	1,794
Loans and borrowings (note 6 (b) and (c))	313	1,331
	4,449	6,391
Non-current liabilities:		
Loans and borrowings (note 6 (c))	750	750
	5,199	7,141
Shareholders' deficiency	(1,860)	(1,023)
	\$ 3,339	\$ 6,118

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 months ended March 31, 2025 and 2024

	2025	2024
Revenue (note 3)	\$ 1,436	\$ 1,556
Expenses:		
Publishing costs	859	918
Employee compensation and benefits	733	756
Other operating costs	461	476
Depreciation of property and equipment	3	7
Amortization of intangible assets	158	232
	2,214	2,389
Loss from operations	(778)	(833)
Finance income (note 4)	2	2
Finance costs (note 4)	(62)	(49)
Net loss	(838)	(880)
Total comprehensive loss	\$ (838)	\$ (880)
Loss per share:		
Basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding (basic and diluted)	69,593,957	69,468,957

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency) (In thousands of Canadian dollars, except per share amounts) Three months ended March 31, 2025 and 2024

	Common shares									
	Number of shares	Amount								
Balance, January 1, 2025	69,593,957	\$ 94,502	\$	4,450	\$	(2,062)	\$	(97,913)	\$	(1,023)
Net loss	-	-		-		-		(838)		(838)
Share-based payments (note 7)	-	-		1		-		-		1
Balance, March 31, 2025	69,593,957	\$ 94,502	\$	4,451	\$	(2,062)	\$	(98,751)	\$	(1,860)

	Common shares									
	Number of shares	Amount								
Balance, January 1, 2024	69,468,957	\$ 94,337	\$	4,514	\$	(2,062)	\$	(97,016)	\$	(227)
Net loss	-	-		-		-		(880)		(880)
Share-based payments (note 7)	-	-		3		-		-		3
Balance, March 31, 2024	69,468,957	\$ 94,337	\$	4,517	\$	(2,062)	\$	(97,896)	\$	(1,104)

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Cash Flows (In thousands of Canadian dollars) Three months ended March 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Net loss	\$ (838)	\$ (880)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation of property and equipment	3	7
Amortization intangible assets	158	232
Share-based payments (note 7)	1	3
Unrealized foreign exchange gain	-	(1)
Finance costs, net	48	31
Change in non-cash operating working capital (note 11)	1,827	1,655
Net cash from operating activities	1,199	1,047
Cash flows from financing activities:		
Repayment of loans and borrowings (note 6 (c))	(1,018)	(897)
Interest paid	(41)	(33)
Net cash used in financing activities	(1,059)	(930)
Cash flows from investing activities:		
Interest income received (note 4)	2	2
Addition of intangible assets (note 5)	(150)	(150)
Net cash used in investing activities	(148)	(148)
Decrease in cash	(8)	(31)
Foreign exchange gain on cash held in foreign currency	-	1
Cash, beginning of the period	634	381
Cash, end of the period	\$ 626	\$ 351

EQ INC.

Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three months ended March 31, 2025 and 2024

1. Corporate information:

EQ Inc. ("EQ Works") or (the "Company") enables businesses to 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 that matter most. The Company's proprietary SaaS platform mines insights from movement and geospatial data, enabling businesses to close the loop between digital and real-world consumer actions. The Company is governed by the Ontario Business Corporations Act and is domiciled in Canada. 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, 2024 (the "2024 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, 2024 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 2023 financial statements, including the notes thereto.

The interim financial statements were authorized for issue by the Board of Directors on May 28, 2025.

(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 months ended March 31, 2025 and 2024

2. Basis of preparation (continued):

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

The Company has incurred total comprehensive losses of \$838 for the three months ended March 31, 2025, and has a working capital deficit of \$2,026 as at March 31, 2025. 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. 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, 2024.

(e) Future accounting policies:

Accounting standards amendments issued

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three months ended March 31, 2025 and 2024

2. Basis of preparation (continued):

(e) Future accounting policies (continued):

Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

These amendments are applicable to the Company's loans and borrowings, which a portion of loans and borrowings has been classified as non-current at December 31, 2024, in accordance with the amendments to IAS 1 for the right to defer settlement.

Amendments to IAS 1 – Non-current liabilities with covenants

In October 2022, the IASB issued amendments to IAS 1, which clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. The amendments must be applied retrospectively. These amendments are applicable to the Company's loans and borrowings, as the Company's credit facility is subject to covenants. Loans and borrowings has been classified as non-current at December 31, 2024, in accordance with the amendments to IAS 1.

New standards issued, but not yet effective:

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.

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Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three months ended March 31, 2025 and 2024

2. Basis of preparation (continued):

(e) Future accounting policies (continued):

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.
- 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.

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Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three months ended March 31, 2025 and 2024

3. Segment information (continued):

For the three months ended March 31, 2025, there were two customers that comprised 39% and 24%, respectively, of the Company's total revenue from operations. No other customers exceeded 10% of revenue. For the three months ended March 31, 2024, there were two customers that comprised 42% and 12%, respectively, of the Company's total revenue from operations.

4. Finance income and finance costs:

	Three months ended March 31,	
	2025	2024
Finance income:		
Interest income on cash	2	2
Total finance income	2	2
Finance costs:		
Other interest expenses	(6)	(5)
Interest on loans and borrowings (note 6 (b))	(50)	(33)
Foreign exchange loss, net	(6)	(11)
Total finance costs	(62)	(49)
Net finance costs	(60)	(47)

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Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, except per share amounts)
Three months ended March 31, 2025 and 2024

5. Intangible assets:

	Customer relationships	Software	Developed Technology	Paymi Brand	Total
Cost					
Balance					
January 1, 2024	\$ 1,141	\$ 2,610	\$ 318	\$ 120	\$ 4,189
Addition	—	668	—	—	668
Balance, December 31, 2024	\$ 1,141	\$ 3,278	\$ 318	\$ 120	\$ 4,857
Cost					
Balance					
January 1, 2025	\$ 1,141	\$ 3,278	\$ 318	\$ 120	\$ 4,857
Addition	—	150	—	—	150
Balance, March 31, 2025	\$ 1,141	\$ 3,428	\$ 318	\$ 120	\$ 5,007

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Three months ended March 31, 2025 and 2024

5. Intangible assets (continued):

Amortization	Customer relationships	Software	Developed Technology	Paymi Brand	Total
Balance, January 1, 2024	\$ 1,141	\$ 1,625	\$ 318	\$ 120	\$ 3,204
Amortization	–	738	–	–	738
Balance, December 31, 2024	\$ 1,141	\$ 2,363	\$ 318	\$ 120	\$ 3,942

Amortization					
Balance January 1, 2025	\$ 1,141	\$ 2,363	\$ 318	\$ 120	\$ 3,942
Amortization	–	158	–	–	158
Balance, March 31, 2025	\$ 1,141	\$ 2,521	\$ 318	\$ 120	\$ 4,100

Carrying amounts					
Balance, December 31, 2024	\$ –	\$ 915	\$ –	\$ –	\$ 915
Balance, March 31, 2025	\$ –	\$ 907	\$ –	\$ –	\$ 907

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Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three months ended March 31, 2025 and 2024

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 March 31, 2025, \$81 (2024 – \$86) 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"). 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 March 31, 2025, \$1,000 (2024 – nil) was outstanding under the loan facility. The BDC base rate as of March 31, 2025 was 7.05% and borrowing rates equate to 9.55%. The principal amount of the BDC Loan is repayable on October 31, 2025, with the option to renew 75% of the BDC Loan for another twelve months. The interest on the BDC Loan is payable monthly. 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. In case of renewal, the one-time fee will be extended and due at the extended maturity date on October 31, 2026, with a new one-time fee of \$100. The Company plans to renew the loan at the initial maturity date of October 31, 2025, and the 75% of the BDC loan was classified as non-current liabilities since the Company has the unilateral right to renew or defer repayment beyond twelve months from the reporting date. For the three months ended March 31, 2025, an interest of \$33 (2024 – nil) was recorded.

(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 March 31, 2025, \$63 (2024 – \$671) was outstanding under the accounts receivable factoring facility and \$147 (2024 – nil) was available to withdraw. The Prime rate as of March 31, 2025 was 4.95% and borrowing rates equate to 10.95%.

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Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three months ended March 31, 2025 and 2024

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:

	March 31, 2025		March 31, 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	1,543,500	\$ 1.13	1,883,500	\$ 1.08
Forfeited or cancelled	-	-	(65,000)	0.85
Outstanding, end of period	1,543,500	1.13	1,818,500	1.09
Options exercisable, end of period	1,495,166	\$ 1.13	1,707,666	\$ 1.09

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

	March 31, 2025			March 31, 2024		
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
\$0.70 – 0.79	-	-	-	125,000	0.3	125,000
\$0.90 – 0.99	1,026,000	0.4	992,666	1,176,000	1.3	1,109,333
\$1.10 – 1.19	20,000	3.3	6,666	20,000	3.4	6,666
\$1.20 – 1.29	12,500	1.8	10,834	12,500	2.8	6,667
\$1.30 – 1.39	150,000	0.6	150,000	150,000	1.6	150,000
\$1.40 – 1.49	235,000	1.2	235,000	235,000	2.2	210,000
\$1.70 – 1.79	100,000	1.2	100,000	100,000	2.2	100,000
	1,543,500		1,495,166	1,818,500		1,707,666

During the three months ended March 31, 2025 and 2024, no stock option was granted and exercised.

During the three months ended March 31, 2025, the Company recorded share-based payments of \$1 compared to \$3 during the same period in 2024.

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Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three months ended March 31, 2025 and 2024

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 March 31, 2025 from the year ended December 31, 2024.

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 March 31, 2025, three customers represented 28%, 22% and 13% of the gross accounts receivable balance of \$1,790, respectively. At December 31, 2024, four customers represented 23%, 19%, 16% and 12% of the gross accounts receivable balance of \$4,649, respectively. No other individual customers represented more than 10% of accounts receivable. As at March 31, 2025, the expected credit losses were \$260 (December 31, 2024 - \$260). 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 March 31, 2025 owed the consolidated entity \$891 (50% of trade receivables) (December 31, 2024: \$1,929 (41% of trade receivables)). This balance was within its terms of trade and no impairment was made as at March 31, 2025. 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.

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Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three months ended March 31, 2025 and 2024

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 March 31, 2025 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:

March 31, 2025	Carrying amount	Contractual cash flow	Less than 1 year	1-3 years	>3 years
Trade and other payables ⁽ⁱ⁾	\$ 2,255	\$ 2,255	\$ 2,255	\$ -	\$ -
Rewards payable	1,880	1,880	1,880	-	-
Loans and borrowings	1,063	1,063	313	750	-
	\$ 5,198	\$ 5,198	\$ 4,448	\$ 750	\$ -
December 31, 2024	Carrying amount	Contractual cash flow	Less than 1 year	1-3 years	>3 years
Trade and other payables ⁽ⁱ⁾	\$ 3,266	\$ 3,266	\$ 3,266	\$ -	\$ -
Reward payable	1,794	1,794	1,794	-	-
Loans and borrowings	2,081	2,081	1,331	750	-
	\$ 7,141	\$ 7,141	\$ 6,391	\$ 750	\$ -

⁽ⁱ⁾ Trade and other payables exclude other non-contractual liabilities

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Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three months ended March 31, 2025 and 2024

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 loans and borrowings obligations, which is bank's prime rate plus 6% per annum and BDC base rate plus 2.5%. As Bank of Canada lowered the interest rate in January and March, respectively, this indicated a downward trend; however, Canada and US tariffs change could affect the inflation rate as well as interest rate. The extent to which US tariffs 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 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 \$22 (December 31, 2024 - \$23) 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:

	March 31, 2025	December 31, 2024
	US	US
Cash	\$ 75	\$ 67
Accounts receivable	18	18
Accounts payable and accrued liabilities	246	243

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Notes to Condensed Consolidated Interim Financial Statements (In thousands of Canadian dollars, except per share amounts) Three months ended March 31, 2025 and 2024

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.

11. Consolidated statements of cash flows:

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

	Three months ended March 31,	
	2025	2024
Accounts receivable	\$ 2,766	\$ 2,392
Other current assets	(6)	30
Accounts payable and accrued liabilities	(1,019)	(856)
Rewards payable	86	89
	\$ 1,827	\$ 1,655