Consolidated Financial Statements
(In Canadian dollars)

EQ INC.

Years ended December 31, 2024 and 2023

RSM

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of EQ Inc.

Opinion

We have audited the consolidated financial statements of EQ Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of $897,000 during the year ended December 31, 2024 and, as of that date, the Company has a working capital deficit of $1,200,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 18 to the consolidated financial statements, which explains that certain comparative information presented for the year ended December 31, 2023 has been restated. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our auditor’s report.

<u>Capitalization of internally generated software</u>

Refer to consolidated financial statements Note 2: Material accounting policies information; and Note 10: Intangible assets.

During the year ended December 31, 2024, the Company capitalized development costs of $668,000 to software and as at December 31, 2024, the carrying amount of the software was $915,000. The nature of the Company's business requires it to develop and upgrade products offered to its customers. This involves significant expenditures being incurred for development activities related to internally generated software. Internally generated software is recorded at cost, which includes both internal and external costs that qualify for capitalization. Certain costs incurred in connection with the development of software to be used internally is capitalized once a project has progressed beyond a conceptual, preliminary stage to that of application development.

We considered this a key audit matter due to the judgment by management in determining if internally generated development costs meet the criteria for capitalization, and the degree of estimation and use of significant assumptions involved in determining the costs allocated to the software. This, in turn, led to a high degree of subjectivity and audit effort in performing procedures to test the significant assumptions.

How our audit addressed the Key Audit Matter

Our audit procedures related to capitalized software development costs included the following, among others:

- Evaluated management's assessment of the accounting policy and methodology for capitalization of internally generated software;
- Obtained an understanding of the project and features for which development costs were capitalized and discussed with management the nature of the project and features to assess if the software is technically feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete the development and to use or sell the asset;
- Evaluated the reliability of data used to estimate the cost of the internally generated software by agreeing a sample of employee compensation costs to the underlying payroll records and by agreeing a sample of transactions to the employee timesheet records;
- Conducted enquiries with key personnel involved in the project to understand the processes in place to identify and capture all costs related to internally developed software that meet the criteria for capitalization and corroborated enquiries through a review of other operating costs and employee compensation and benefits to identify any items that may be capital in nature;
- Performed a sensitivity analysis over management's estimates and assumptions, particularly the allocation of personnel time to development activities, to evaluate the potential impact of changes in key assumptions on the capitalized cost of internally generated software; and
- Evaluated the costs capitalized to internally generated software and tested the mathematical accuracy of management's estimate.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Stephen McCourt.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
April 30, 2025
Toronto, Ontario

EQ INC.

Consolidated Statements of Financial Position
(In thousands of Canadian dollars)
December 31, 2024 and 2023

		2024		2023 (restated note 18)
Assets				
Current assets:				
Cash	**$**	**634**	$	381
Restricted cash (note 11(a))		**48**		48
Accounts receivable (note 15(a))		**4,389**		3,962
Other current assets (note 8(a))		**120**		206
		5,191		4,597
Non-current assets:				
Property and equipment (note 9)		**12**		25
Intangible assets (note 10)		**915**		985
	$	**6,118**	$	5,607
Liabilities and Shareholders' Deficiency				
Current liabilities:				
Accounts payable and accrued liabilities (notes 8(b) & 11(a) & 18)	**$**	**3,266**	$	2,879
Rewards payable (note 8(c))		**1,794**		1,387
Loans and borrowings (note 11(b) & (c))		**1,331**		1,568
		6,391		5,834
Non-current liabilities:				
Loans and borrowings (note 11(b))		**750**		-
		7,141		5,834
Shareholders' deficiency		**(1,023)**		(227)
	$	**6,118**	$	5,607

Going concern (note 2(b))

On behalf of the Board:

"Vernon Lobo" Director "Geoffrey Rotstein" Director

See accompanying notes to consolidated financial statements

EQ INC.

Consolidated Statements of Loss and Comprehensive Loss
(In thousands of Canadian dollars, except per share amounts)
December 31, 2024 and 2023

		2024		2023
Revenue (note 5)	**$**	**9,850**	$	9,964
Expenses:				
Publishing costs		**5,787**		5,450
Employee compensation and benefits		**3,051**		3,768
Other operating costs		**1,925**		2,223
Depreciation of property and equipment		**21**		35
Amortization of intangible assets		**738**		880
Impairment of goodwill and intangible assets (notes 4 & 10)		**-**		3,806
Restructuring costs		**-**		122
		11,522		16,284
Loss from operations		**(1,672)**		(6,320)
Finance income (note 6)		**20**		16
Finance costs (note 6)		**(220)**		(82)
Gain from acquisition-related transaction (note 3)		**975**		483
Net loss		**(897)**		(5,903)
Total comprehensive loss	**$**	**(897)**	$	(5,903)
Loss per share:				
Basic and diluted	**$**	**(0.01)**	$	(0.08)
Weighted average number of shares outstanding basic and diluted		**69,522,039**		69,460,190

See accompanying notes to consolidated financial statements

EQ INC.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(In thousands of Canadian dollars, except per share amounts)
Years ended December 31, 2024 and 2023

	Common shares										
	Number of shares		Amount		Contributed surplus		Accumulated other comprehensive loss		Deficit (restated note 18)		Total deficiency (restated note 18)
	(note 12)										
Balance, January 1, 2024 (restated note 18)	69,468,957	$	94,337	$	4,514	$	(2,062)	$	(97,016)	$	(227)
Net loss	-		-		-		-		(897)		(897)
Share-based payments (note 13)	-		-		11		-		-		11
Exercise of stock options (note 12 & 13)	125,000		165		(75)		-		-		90
Balance, December 31, 2024	**69,593,957**	**$**	**94,502**	**$**	**4,450**	**$**	**(2,062)**	**$**	**(97,913)**	**$**	**(1,023)**

	Common shares										
	Number of shares		Amount		Contributed surplus		Accumulated other comprehensive loss		Deficit (restated note 18)		Total equity (deficiency) (restated note 18)
	(note 12)										
Balance, January 1, 2023 (restated note 18)	69,435,624	$	94,291	$	4,481	$	(2,062)	$	(91,113)	$	5,597
Net loss	-		-		-		-		(5,903)		(5,903)
Share-based payments (note 13)	-		-		53		-		-		53
Exercise of stock options (note 12 & 13)	33,333		46		(20)		-		-		26
Balance, December 31, 2023 (restated note 18)	**69,468,957**	**$**	**94,337**	**$**	**4,514**	**$**	**(2,062)**	**$**	**(97,016)**	**$**	**(227)**

See accompanying notes to consolidated financial statements

EQ INC.

Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)
December 31, 2024 and 2023

		2024		2023
Cash flows from operating activities:				
Net loss	$	(897)	$	(5,903)
Adjustments to reconcile net loss to net cash flows from operating activities:				
Depreciation of property and equipment		21		35
Amortization intangible assets		738		880
Share-based payments (note 13)		11		53
Unrealized foreign exchange loss (gain)		(6)		1
Impairment of goodwill and intangible assets		-		3,806
Finance costs, net		146		55
Gain from acquisition-related transaction (note 3)		-		(483)
Change in non-cash operating working capital (note 17)		450		(126)
Net cash from (used) in operating activities		463		(1,682)
Cash flows from financing activities:				
Proceeds from loans and borrowings (note 11(b) and (c))		1,000		1,568
Repayment of loans and borrowings (note 11(c))		(487)		(80)
Proceeds from exercise of stock options (note 12)		90		26
Interest paid		(151)		(66)
Net cash from financing activities		452		1,448
Cash flows from investing activities:				
Interest income received (note 6)		8		16
Increase in restricted cash (note 11 (a))		-		(48)
Purchases of property and equipment (note 9)		(8)		(5)
Addition of intangible assets (note 10)		(668)		(600)
Net cash used in investing activities		(668)		(637)
Increase (decrease) in cash		247		(871)
Foreign exchange gain (loss) on cash held in foreign currency		6		(1)
Cash, beginning of year		381		1,253
Cash, end of year	$	634	$	381

See accompanying notes to consolidated financial statements

1. Corporate information:

EQ Inc. ("EQ Works") or (the "Company") enables businesses to better understand, predict, and influence customer behavior. Using unique data sets, advanced analytics, machine learning and artificial intelligence, the Company creates actionable intelligence for businesses to attract, retain, and grow the customers through its proprietary SaaS technology platforms: Clear Lake, 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. Material accounting policies information:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") and interpretations of the IFRS Interpretation Committee ("IFRIC"), as issued by the International Accounting Standards Board ("IASB"). The accounting policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of December 31, 2024. The Board of Directors authorized the consolidated financial statements for issue on April 30, 2025.

(b) Basis of presentation and going concern:

The consolidated financial statements have been prepared under the historical cost basis. Other measurement bases used are described in the applicable notes.

The consolidated 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 has incurred total comprehensive losses of $897, and has a working capital deficit of $1,200 as at December 31, 2024. 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 or debt financing. As a result, these material uncertainties may cast significant doubt regarding the Company's ability to continue as a going concern.

2. Material accounting policies information (continued):

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

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

(d) Use of estimates and judgments:

The preparation of consolidated financial statements and application of IFRS often involves management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. The Company reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and may impact future periods as well. Other results may be derived with different judgments or using different assumptions or estimates and events may occur that could require a material adjustment.

The following are critical accounting policies subject to such judgments and the key sources of estimation uncertainty that the Company believes could have the most significant impact on the reported consolidated results of operations and consolidated financial position.

Key sources of estimation uncertainty and judgement:

(i) Useful lives of intangible assets - Useful lives over which intangible assets are amortized are based on management's estimate of future use and performance. Expected useful lives are reviewed annually for any change to estimates and assumptions.

(ii) Capitalization of internally generated software – The Company uses judgement to determine when internally generated development costs meet the criteria for capitalization under IAS 38 and the use of significant assumptions are involved in determining the costs allocated to the software.

(iii) Impairment of non-financial assets – In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

2. Material accounting policies information (continued):

(d) Use of estimates and judgments (continued):

(iv) Revenue recognition – The recognition of revenue requires judgement in the assessment of performance obligations, whether they are distinct and separate, within a contract and the assessment of recognizing at a point in time or over a period of time. In instances of bundle contracts, management estimates and allocates the transaction price to each performance obligation based on its stand-alone selling price. The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Company is acting as the principal or an agent in these transactions with advertisers and involves judgement based on an evaluation of the terms of each arrangement. While none of the factors individually are considered presumptive or determinative, in reaching conclusions on gross versus net revenue recognition, management places the most weight on the analysis of whether the Company controls the services before they are transferred to the customer.

(v) Expected credit losses - The Company monitors the financial stability of its customers and the environment in which they operate to make estimates regarding the likelihood that the individual trade receivable balances will be paid. 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.

(vi) Share-based payments - The estimated fair value of stock options is determined using the Black-Scholes option pricing model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields and expected life of the stock options issued. Fair value inputs are subject to market factors, as well as internal estimates. In addition to the fair value calculation, the Company estimates the expected forfeiture rate with respect to equity-settled share-based payments based on historical experience.

2. Material accounting policies information (continued):

(e) Goodwill:

Goodwill is initially recognized at cost, being the excess of the purchase price of acquired businesses over the estimated fair value of the tangible and intangible assets acquired and liabilities assumed at the date acquired and is allocated to the cash generating unit ("CGU") expected to benefit from the acquisition. A CGU is the smallest group of assets for which there are separately identifiable cash flows.

Subsequently, goodwill and indefinite life intangible assets are not amortized but are assessed at the end of each reporting period for impairment and more frequently whenever events or circumstances indicate that their carrying value may not be fully recoverable. The Company considers the relationship between its market capitalization and its book value, as well as other factors, when reviewing for indicators of impairment. Goodwill is assessed for impairment based on the CGUs or group of CGUs to which the goodwill relates. Any potential goodwill impairment is identified by comparing the recoverable amount of a CGU or group of CGUs to its carrying value which includes the allocated goodwill. If the recoverable amount is less than its carrying value, an impairment loss is recognized.

The Company may need to test its goodwill for impairment between its annual test dates if market and economic conditions deteriorate or if volatility in the financial markets causes declines in the Company's share price, increases the weighted average cost of capital, or changes valuation multiples or other inputs to its goodwill assessment. In addition, changes in the numerous variables associated with the judgments, assumptions, and estimates made by management in assessing the fair value could cause them to be impaired. Goodwill impairment charges are non-cash charges that could have a material adverse effect on the Company's consolidated financial statements but in themselves do not have any adverse effect on its liquidity, cash flows from operating activities or debt covenants.

An impairment loss of goodwill is not reversed. For other assets, an impairment loss may be reversed if the estimates used to determine the recoverable amount have changed. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset in prior years. The reversal is recognized in the consolidated statements of income.

(In thousands of Canadian dollars, except per share amounts)

2. Material accounting policies information (continued):

(f) Basis of consolidation:

(i) Subsidiaries:

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Company has the following wholly owned subsidiaries:

Subsidiary	Jurisdiction of incorporation	Ownership interest December 31, 2024	Ownership interest December 31, 2023
CX Digital Media U.S.A Inc.	Delaware	100%	100%
EQ Advertising Group Ltd.	Ontario	100%	100%
CX U.S.A Southwest Inc.	Texas	100%	100%
CX U.S.A. Pacific, Inc.	California	100%	100%
Tapped Networks Inc. (note 3 (a))	Ontario	100%	100%
Integrated Rewards Inc. (note 3 (b))	Ontario	100%	100%

(ii) Transactions eliminated on consolidation:

Intercompany balances and transactions, and any unrealized income and expenses arising from such transactions, are eliminated upon consolidation.

(g) Foreign currency transactions:

Transactions in foreign currencies are translated to the respective functional currencies of the Company and its subsidiaries at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency using the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency using the exchange rate at the date that the fair value was determined.

Foreign currency differences arising from translation are recognized in finance income or cost. Non-monetary assets and liabilities and related depreciation and amortization are translated at historical exchange rates. Revenue and expenses, other than depreciation and amortization, are translated at the monthly average rates of exchange for the year.

2. Material accounting policies information (continued):

(h) Financial instruments:

The Company classifies its financial assets in the following measurement categories:

(i) Those to be measured subsequently through fair value (either through other comprehensive income ("OCI"), or through profit or loss), and

(ii) Those to be measured at amortized cost using the effective interest method.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. The transaction costs of a financial asset carried at FVPL are expensed in profit or loss.

Financial instruments at amortized cost: Financial instruments at amortized cost include cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, loan and borrowings and rewards payable. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized costs. When material, interest income from these financial assets are included in finance income using the effective interest rate method. Impairment losses are presented as a separate line item in the statement of operations.

For other assets measured at fair value, gains and losses will be recorded directly in the statement of operations or OCI. For financial assets other than equities measured at fair value through other comprehensive income ("FVOCI") changes in the carrying amount will be recorded in OCI except for recognition of impairment losses, interest revenue and foreign exchange gain and losses on the instrument's amortized cost which are recognized in income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity instrument at FVOCI.

When derecognized the cumulative gain or loss in OCI (on non-equity FVOCI financial assets) is reclassified from equity to income. Interest income is recognized on FVOCI financial assets using the effective interest method.

Impairment of Financial Assets

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivable, the Company applies the simplified approach permitted by IFRS 9, which requires ECL to be recognized from initial recognition of the receivables.

2. Material accounting policies information (continued):

(i) Property and equipment:

(i) Recognition and measurement:

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within loss from operations.

The costs of the day-to-day servicing of property and equipment are recognized in operating income as incurred.

(ii) Depreciation:

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized on a straight-line basis over the estimated useful lives of the property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative years are as follows:

Furniture and fixtures	4 years
Computer equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if appropriate.

(j) Intangible assets:

(i) Intangible assets:

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are recorded at cost when internally generated and at fair value when acquired during a business acquisition. Intangible assets are amortized over their estimated useful lives.

2. Material accounting policies information (continued):

(j) Intangible assets (continued):

(i) Intangible assets: (continued)

Software platform: Certain costs incurred in connection with the development of software to be used internally is capitalized once a project has progressed beyond a conceptual, preliminary stage to that of application development. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met;

1. It is technically feasible to complete the software product so that it will be available for use;
2. Management intends to complete the software product and use or sell it;
3. There is an ability to use or sell the software product;
4. It can be demonstrated how the software product will generate probable future economic benefits;
5. Adequate technical, financial and other resources to complete the development and to use or sell the software product are available, and
6. The expenditure attributable to the software product during its development can be reliably measured.

Costs that qualify for capitalization include both internal and external costs.

(ii) Amortization:

Amortization is calculated over the cost of the asset less its estimated residual value, which typically is expected to be nil. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Useful lives, residual values and amortization methods for intangible assets with finite lives are reviewed at least annually.

The estimated useful lives for the current and comparative years are as follows:

Customer relationships	6 years
Software	2 years
Developed technology	1-3 years
Paymi brand	Indefinite

2. Material accounting policies information (continued):

(j) Intangible assets (continued):

(iii) Research and development:

Research and development activities are assessed to determine if they qualify for recognition as internally generated intangible assets. Apart from complying with the general requirements for initial measurement of an intangible asset, qualification criteria are met only when technical as well as commercial feasibility can be demonstrated and cost can be reliably measured. It must also be probable that the intangible asset will generate future economic benefits, be clearly identifiable and allocable to a specific product. Further to meeting these criteria, only such costs that relate solely to the development phase of a self-initiated project are capitalized. Any costs that are classified as part of the research phase of a self-initiated project are expensed as incurred. If the research phase cannot be clearly distinguished from the development phase, the respective project-related costs are treated as if they were incurred in the research phase only. Capitalized development costs are amortized over the estimated useful life of the internally generated intangible asset. Internally generated intangible assets are reviewed for impairment annually when the asset is not yet in use or when events or changes in circumstances indicate that the carrying amount may not be recoverable and the asset is in use.

For the year ended December 31, 2024, $57 (2023 - $100) of research and development costs have been reimbursed from the Scientific Research and Experimental Development and Industrial Research Assistance Tax Incentive Program and recorded as part of employee compensation and benefits in profit or loss.

(k) Impairment:

Non-financial assets:
The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment test is conducted annually, for indefinite life intangible assets and intangible assets that are not yet available for use.

(l) Share-based payments:

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

2. Material accounting policies information (continued):

(l) Share-based payments (continued):

The grant date fair value of share-based payment awards granted to employees is recognized as a compensation cost, with a corresponding increase in contributed surplus, over the vesting period of the award. The amount recognized is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that vest. Upon exercising the awards, such as options, the fair value of the stock options exercised that has been expensed to contributed surplus along with the cash received is reclassified to common shares and reflected in the statement of changes in shareholders' deficiency.

(m) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(n) Revenue:

Revenue is recognized based on the five-step model outlined in IFRS 15:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company determines collectability by performing ongoing credit evaluations and monitoring its customers' accounts receivable balances. For new customers and their agents, which may be advertising agencies or other third parties, the Company may perform a credit check with an independent credit agency and check credit references to determine creditworthiness. The Company only recognizes revenue when collection is reasonably assured. If collection is not considered reasonably assured, revenue is recognized only once all amounts are collected.

2. Material accounting policies information (continued):

(n) Revenue (continued):

In instances where the Company contracts with third party advertising agencies on behalf of their advertiser clients, a determination is made to recognize revenue on a gross or net basis based on an assessment of whether the Company is acting as the principal or an agent in the transaction. The Company is acting as the principal in these arrangements and therefore revenue earned and costs incurred are recognized on a gross basis as the Company has control and is responsible for fulfilling the advertisement delivery, establishing the selling prices and the delivery of the advertisements for fully managed revenue, providing training and updates for the self- serve proprietary platform and performing all billing and collection activities.

The timing of revenue recognition sometimes differs from the contract payment schedule, resulting in revenues that have been billed but not earned which are recorded as contract liabilities. As at December 31, 2024 and 2023 the Company had nil in contract liabilities.

In instances where the Company collects payment in advance and there is a significant financing component, the practical expedient is applied as the period from delivery of the goods or services is within one year of when the customer pays. No adjustment is made to the transaction price. The practical expedient is also applied to commission contract costs and these are expensed as incurred.

Advertising Services

The Company generates revenue from the delivery of targeted digital media solutions, enabling advertisers to connect intelligently with their audiences across online display, video, social and mobile campaigns using its Programmatic Marketing Platform. The Company offers its services on a fully-managed and a self-serve basis. In instances of self-serve basis, the Company also provides its customers with access to the Programmatic Marketing Platform which includes promises related to hosting and support services. These arrangements are evidenced by a fully executed insertion order (“IO”). Generally, IOs specify the number and type of advertising impressions to be delivered over a specified time at an agreed upon price and performance objectives for an ad campaign based on client needs. Performance obligation are generally a measure of targeting as defined by the parties in advance, such as number of ads displayed, consumer clicks on ads or consumer actions (which may include qualified leads, registrations, downloads, inquiries or purchases). These payment models are commonly referred to as cost per impression (“CPM”), cost per click (“CPC”) and cost per action (“CPA”). The performance obligations are satisfied over time as the volume of impressions are delivered up to the contractual maximum for fully-managed revenue and the delivery of impressions for self-serve.

Revenue is recognized over time using the output method when the performance obligations are satisfied. Typically, campaigns run for a period of one to three months and are billed at the end of the month.

2. Material accounting policies information (continued):

(n) Revenue (continued):

Fixed Fee Data Sales

The Company provides customers with research and analytics of data. The Company has concluded that these promises are not distinct and are recognized as one performance obligation. The IOs will specify the fixed fee arrangement to be delivered at an agreed upon price. Revenue is recognized as the performance obligation are satisfied over time as the services are provided to the customer. Typically, this service is bundled with advertising services and campaigns are generally for a period of one month and are billed at the end of the month.

CPM Data Sales

The Company provides customers with the ability to track the effectiveness of advertisements. The payment model is measured based on the number of impressions for results achieved through the tracking. The performance obligations are satisfied over time as the volume of impressions are delivered up to the contractual maximum. Revenue is recognized over time using the output methods when the performance obligations are satisfied. Typically, campaigns run for a period of one to three months and are billed at the end of the month.

Other Services

The Company provides customers with consultation services to improve advertisement effectiveness and performance. These services are fixed fee arrangements for specified consulting services and each project is considered distinct. Each performance obligation is satisfied over time as the services are provided to the customer. Revenue is recognized using the input method for time incurred compared to the estimated time for specified services.

Content Revenue

Paymi is a downloadable app for iOS or Android that uses card linking technology. Paymi provides a seamless experience for members to securely connect their debit and credit cards and redeem cashback on their purchases. Paymi works with a Merchant (“Client”) for offers to be placed on Paymi’s app. Members can access the offers on the app and can redeem on purchases. Upon confirmation of the purchase by a member, revenue is calculated by multiplying the transaction amount by a certain rate and is recorded as commission revenue, and the cash back expense for members are recorded simultaneously. Commission revenue and expenses arising from the provision of this service are recorded as revenue on a gross basis. Paymi bears all of the risk in delivering the cash-back rewards to its members

2. Material accounting policies information (continued):

(n) Revenue (continued):

regardless of the subsequent collection of funds from the Client. Paymi works with its Client to set the percentage of cash back offered (often at different tiers based on targeting) and then set a commission fee based on the competitive landscape. Furthermore, Paymi often strategizes with the Client about the content of the reward campaigns to make recommendations about the total cash back amounts, minimum spends, and whether to have one broad offer or multiple segmented offers with different cash back amounts. Paymi has the right to enforce discretionary control of the Client and members over the transaction and pricing.

License

Clear Lake ("CL") is a proprietary consumer insight platform. CL provides users with real-time access to one of Canada's largest and most comprehensive consumer purchasing panels. The data incorporates aggregated transactional spend data, geospatial insights on consumer location, other proprietary and exclusive data, and the ability to execute against these data with recommended placement opportunities. The agreement is at least for 12 months and shall automatically renew for an additional year unless the customer provides notice of intention to cancel the contract within 30 days before the end of the term of the license. Revenue is billed and recognized monthly once the service performance obligations are satisfied.

(o) Finance income and finance cost:

Finance income comprises interest income on funds invested (including available-for-sale financial instruments), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance cost comprises interest expense on loans and borrowings, changes in the fair value of financial instruments at fair value through profit or loss and impairment losses recognized on financial assets.

Foreign currency gain and losses arriving from the translation and settlement of assets and liabilities as well as revenue and expenses are reported on a net basis within finance cost (income).

(p) Income taxes:

Income tax expense for the year comprises current and deferred income taxes. Current taxes and deferred taxes are recognized in the consolidated statements of comprehensive income (loss), except to the extent that they relate to items recognized in OCI or directly in equity. In these cases, the taxes are also recognized in OCI or directly in equity, respectively.

2. Material accounting policies information (continued):

(p) Income taxes (continued):

The Company uses the asset and liability method of accounting for deferred income taxes. Under this method, the Company recognizes deferred income tax assets and liabilities for future income tax consequences attributable to temporary differences between the consolidated statement of financial position carrying amounts of assets and liabilities and their respective income tax bases, and on unused tax losses and tax credit carryforwards. The Company measures deferred income taxes using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The Company recognizes deferred income tax assets only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, as well as unused tax losses and tax credit carryforwards can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Company recognizes the effect of a change in income tax rates in the year of enactment or substantive enactment.

Deferred income taxes are not recognized, if they arise from the initial recognition of goodwill, nor are they recognized on temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred income taxes are also not recognized on temporary differences relating to investments in subsidiaries to the extent that it is probable that the temporary differences will not reverse in the foreseeable future.

An entity shall offset deferred tax assets and deferred tax liabilities if, and only if:

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

   (i) the same taxable entity; or

   (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The Company records current income tax expense or recovery based on taxable income earned or loss incurred for the year in each tax jurisdiction where it operates, and for any adjustment to taxes payable in respect of previous years, using tax laws that are enacted or substantively enacted at the consolidated statements of financial position dates.

2. Material accounting policies information (continued):

(p) Income taxes (continued):

In the ordinary course of business, there are many transactions for which the ultimate tax outcome is uncertain. The final tax outcome of these matters may be different from the estimates originally made by management in determining the Company's income tax provisions. Management periodically evaluates the positions taken in the Company's tax returns with respect to situations in which applicable tax rules are subject to interpretation.

The Company establishes provisions related to tax uncertainties where appropriate, based on its best estimate of the amount that will ultimately be paid to or received from tax authorities.

(q) Loss per share:

Basic loss per share amounts are calculated by dividing net loss for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted loss per share amounts are calculated by dividing the net loss attributable to common shareholders by the weighted average number of shares outstanding during the period plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares.

(r) Segment reporting:

Reportable segments are those whose operating results are reviewed by the chief operating decision-maker, identified as the Chief Executive Officer, which is responsible for allocating resources and assessing performance.

The Company has one reportable segment, refer to Note 5 for additional information.

(s) Rewards payable:

Paymi works with Merchant (“Client”) for offers to be placed on its app. Paymi members can access the offers on the app and can redeem on purchases. Upon confirmation of the purchase by a member, cash back will be deposited in member’s account. Cash back rewards to its members are booked as publishing costs on the statement of loss and comprehensive loss and as current liability on the statement of financial position. Once a member chooses to redeem the cash back rewards, the Company issues payment via e-transfer and derecognizes the liability.

(t) Future accounting standards:

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.

2. Material accounting policies information (continued):

(t) Future accounting standards (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.

2. Material accounting policies information (continued):

(t) Future accounting standards (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. Acquisitions:

(a) Tapped Networks Inc.:

On October 15, 2018, the Company completed the purchase of 100% of the shares of Tapped Networks Inc. ("Tapped Mobile"), an Ontario based company. The acquisition agreement provides for contingent consideration payment up to $2,800, based on achievement of certain predetermined revenue and gross profits targets, in the 24-months period following the closing of the acquisition to a maximum total compensation paid to the former shareholders of Tapped Mobile up to $3,500.

The first year of Earn-out of $744 was paid in December 2019. The Company paid $95 of second year Earn-out and has a remaining accrual of $1,401 for potential future Earn-out and legal fees in 2021. The two parties were in dispute regarding the amount owed relating to the second year earnout. However, the Ontario Superior Court ruled that the Company was to pay the former shareholders of Tapped Mobile the entire amount for the second year earnout under the Share Purchase Agreement. The Company did not agree with this judgement and appealed the decision to the upper court. However, the upper court upheld the decision and the Company has paid the remainder of $1,305 of the second year Earn-out, and legal fees of $96 and interest of $46 during 2022.

During the year ended December 31, 2024, the Company recovered $1,250 of cash from a legal settlement related to the Earn-out. After legal and filing fees, the settlement resulted in a net inflow of $975 in cash.

(b) Integrated Rewards Inc.

On July 2, 2021, the Company completed the acquisition of all the shares of Integrated Rewards Inc., and its consumer facing application Paymi.com ("Paymi"). In addition to a working capital adjustment, the purchase price payable on closing was $2,500, of which $500 was paid in cash and of which net liabilities of $2,000 were assumed by the Company and will be settled in the manner directed by Paymi.

There was a dispute related to the working capital adjustment. The Company and the former shareholder of Paymi engaged a third party to review the working capital adjustment. During the year ended December 31, 2023, the dispute between the Company and the former shareholder of Paymi was resolved. As a result, the Company recognized a gain of $483.

(In thousands of Canadian dollars, except per share amounts)

4. Goodwill:

Changes to the carrying amount of goodwill during the fiscal years ended December 31, 2024 and 2023 were as follows:

		Goodwill
Balance at January 1, 2023	$	2,914
Impairment:		
Juice Mobile		(732)
Paymi		(2,182)
Goodwill at December 31, 2023 and 2024	$	-

Goodwill and indefinite life intangible assets are not amortized but are assessed at the end of each reporting period for impairment and more frequently whenever events or circumstances indicate that their carrying value may not be fully recoverable. The Company considers the relationship between its market capitalization and its book value, as well as other factors, when reviewing for indicators of impairment. Goodwill is assessed for impairment based on the CGUs or group of CGUs to which the goodwill relates. Any potential goodwill impairment is identified by comparing the recoverable amount of a CGU or group of CGUs to its carrying value which includes the allocated goodwill. If the recoverable amount is less than its carrying value, an impairment loss is recognized.

On December 31, 2023, the Company performed its annual goodwill impairment test in accordance with its policy in note 2(f). During the year and into the foreseeable future, the CGU's lacked long-term revenue commitments from its customers to attain a sustainable level of revenue and operating income and the recoverable amount of the CGU declined during 2023.

Based on the impairment analysis performed, the Company concluded that the recoverable amount of the Juice Mobile and Paymi CGU was less than its carrying value, resulting in a goodwill and intangible assets (note 11) impairment. The Company recorded an impairment charge during the year ended December 31, 2023 of $2,914 of Goodwill and $891 of intangible assets for a total of $3,806.

The Juice Mobile CGU's recoverable amount was determined based on value in use using a 5 year discounted cash flow model. Key assumptions used in the discounted cash flow model are as follows: (a) projected revenue used in the forecast was estimated considering current and historical results with a decline in business in 2024 and growth rates of 20% in 2025, 20% in 2026, 20% in 2027 and 20% in 2028 and a 3.35% terminal growth to reflect the inflationary growth; (b) projected general and administrative expenses used in the forecast were estimated using current and historical results as a percentage of revenue with consideration to variable costs, with fixed costs estimated to remain fairly constant, the gross margin has been estimated at 45% throughout the forecast; and (c) working capital and capital expenditures were estimated considering industry benchmarks as a percentage of revenue. The pre-tax discount rate applied in the discounted cash flow model was 14.30%.

(In thousands of Canadian dollars, except per share amounts)

4. Goodwill (continued):

The Paymi CGU's recoverable amount was determined based on value in use using a 5 year discounted cash flow model. Key assumptions used in the discounted cash flow model are as follows: (a) projected revenue used in the forecast was with growth rates of 22% growth in 2024,110% in 2025, 64% in 2026, 48% in 2027 and 36% in 2028 and a 3.35% terminal growth to reflect the inflationary growth; and (b) projected general and administrative expenses used in the forecast were estimated using current and historical results as a percentage of revenue with consideration to variable costs, with fixed costs estimated to remain fairly constant, the gross margin has been estimated between 47% to 53% over the 5 year period. The pre-tax discount rate applied in the discounted cash flow model was 25.50%.

5. 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 financial statements.

In 2024, there were three customers that comprised 28%, 21% and 13%, respectively, of the Company's total revenue from operations. In 2023, there were three customers that comprised 26%, 18% and 10%, respectively, of the Company's total revenue from operations.

The components of revenue are as follows:

	2024	2023
Advertising Services	**$ 7,936**	$ 7,323
Data Sales[(1)]	**1,914**	2,641
	$ 9,850	$ 9,964

(1) Data Sales are comprised of Fixed Fee, Variable CPM and License.

(In thousands of Canadian dollars, except per share amounts)

6. Finance income and finance costs:

	2024	2023
Finance income:		
Interest income on cash	**$ 20**	$ 16
Total finance income	**$ 20**	$ 16

	2024	2023
Finance costs:		
Other interest expense	**$ (9)**	$ (14)
Accretion on loan	**-**	(1)
Accretion on promissory notes (note 16)	**(4)**	(5)
Interest on loans and borrowings (note 11 (b) and (c))	**(166)**	(52)
Foreign exchange loss, net	**(41)**	(10)
Total finance costs	**$ (220)**	$ (82)

7. Income taxes:

(a) Provision for income taxes:

The reconciliation of the combined Canadian federal and provincial statutory tax rate of 26.5%to the effective tax rates is as follows:

	2024	2023
Loss before income taxes	**$ (897)**	$ (5,903)
Statutory rate	**26.5%**	26.5%
Expected income tax recovery based on statutory rate	**(238)**	(1,564)
Adjustment to expected income tax recovery:		
Change in statutory foreign tax, foreign exchange rates and other	**2**	(1)
Permanent differences	**(232)**	610
Adjustment to prior years provision versus statutory returns	**225**	271
Change in unrecognized deductible temporary differences	**427**	979
Other	**(185)**	(296)
Deferred tax recovery	**$ -**	$ -

(In thousands of Canadian dollars, except per share amounts)

7. Income taxes (Continued):

(b) Deferred income taxes:

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities:

		2024		2023
Unrecognized deferred tax assets				
Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:				
Non-capital losses available for future period	**$**	**15,101**	$	15,037
Capital losses available for future period		**7,875**		7,875
Property, plant and equipment		**69**		63
Intangible assets		**677**		481
Share issue costs		**40**		81
Amounts related to SR&ED		**4,055**		3,839
Receivables		**69**		58
		27,886		27,434
Unrecognized deferred tax assets		**(27,886)**		(27,434)
Net deferred tax asset		**-**		-

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The significant components of the Company's temporary difference, unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		2024	Expiry date range
Temporary differences			
Non-capital losses available for future periods	**$**	**57,276**	2029 to 2044
Capital losses available for future periods		**59,431**	No expiry date
Property and equipment		**260**	No expiry date
Intangible assets		**2,554**	No expiry date
Share issue costs		**152**	2029 to 2045
SR&ED investment tax credit		**3,386**	2039 to 2044
SR&ED expenditure pool		**5,273**	No expiry date
Receivables		**260**	No expiry date
	$	**128,592**	

(In thousands of Canadian dollars, except per share amounts)

8. Other current assets, rewards payable, and accounts payable and accrued liabilities:

(a) Other current assets:

The major components of other current assets are as follows:

		2024		2023
Prepaid expenses	**$**	**14**	$	23
Accrued income		**20**		20
Other receivables		**-**		61
Promissory notes (note 16)		**86**		102
Balance, end of year	**$**	**120**	$	206

(b) Accounts payable and accrued liabilities:

The major components of accounts payable and accrued liabilities are as follows:

		2024		2023 (restated note 18)
Trade accounts payable	**$**	**2,777**	$	2,181
Accrued liabilities		**489**		698
Balance, end of year	**$**	**3,266**	$	2,879

(c) Rewards payable:

		2024		2023
Outstanding, beginning of the year	**$**	**1,387**	$	1,281
Addition		**443**		158
Redemption		**(36)**		(52)
Balance, end of year	**$**	**1,794**	$	1,387

(In thousands of Canadian dollars, except per share amounts)

9. Property and equipment:

	Furniture and fixtures	Computer equipment	Leasehold improvements	Total
Cost				
Balance, January 1, 2023	$ 50	$ 262	$ 100	$ 412
Additions	–	5	–	5
Disposal	(50)	–	(100)	(150)
Balance, December 31, 2023	$ –	$ 267	$ –	$ 267
Cost				
Balance, January 1, 2024	$ –	$ 267	$ –	$ 267
Additions	–	8	–	8
Balance, December 31, 2024	$ –	$ 275	$ –	$ 275
Depreciation				
Balance, January 1, 2023	$ 47	$ 210	$ 100	$ 357
Depreciation	3	32	–	35
Disposal	(50)	–	(100)	(150)
Balance, December 31, 2023	$ –	$ 242	$ –	$ 242
Depreciation				
Balance, January 1, 2024	$ –	$ 242	$ –	$ 242
Depreciation	–	21	-	21
Balance, December 31, 2024	$ –	$ 263	$ –	$ 263
Carrying amounts				
December 31, 2023	$ –	$ 25	$ –	$ 25
December 31, 2024	$ –	$ 12	$ –	$ 12

(In thousands of Canadian dollars, except per share amounts)

10. Intangible assets:

(a) Intangible assets:

	Customer relationships	Software	Developed Technology	Paymi Brand	Total
Cost					
Balance January 1, 2023	$ 1,141	$ 2,010	$ 318	$ 120	$ 3,589
Addition	–	600	–	–	600
Balance, December 31, 2023	**$ 1,141**	**$ 2,610**	**$ 318**	**$ 120**	**$ 4,189**
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**

(In thousands of Canadian dollars, except per share amounts)

10. Intangible assets (continued):

(a) Intangible assets (continued):

Amortization and impairment	**Customer relationships**	**Software**	**Developed Technology**	**Paymi Brand**	**Total**
Balance, January 1, 2023	$ 417	$ 929	$ 87	$ –	$ 1,433
Amortization	99	696	85	–	880
Impairment (note 4)	625	–	146	120	891
Balance, December 31, 2023	**$ 1,141**	**$ 1,625**	**$ 318**	**$ 120**	**$ 3,204**
Amortization					
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**
Carrying amounts					
Balance, December 31, 2023	$ –	$ 985	$ –	$ –	$ 985
Balance, December 31, 2024	**$ –**	**$ 915**	**$ –**	**$ –**	**$ 915**

In 2023, the Company booked an impairment of intangible assets of $891 related to the acquisition of Paymi ($779) and Juice Mobile ($112), using the value in use impairment test. The Company determined the recoverable amount of the CGU to be lower than its carrying value which resulted in the impairment of the intangible assets (see note 4).

10. Intangible assets (continued):

(b) Impairment:

Indefinite life intangible assets are not amortized but are assessed at the end of each reporting period for impairment and more frequently whenever events or circumstances indicate that their carrying value may not be fully recoverable. The Company considers the relationship between its market capitalization and its book value, as well as other factors, when reviewing for indicators of impairment. Goodwill is assessed for impairment based on the CGUs or group of CGUs to which the goodwill relates. Any potential goodwill impairment is identified by comparing the recoverable amount of a CGU or group of CGUs to its carrying value which includes the allocated goodwill. If the recoverable amount is less than its carrying value, an impairment loss is recognized.

During the year ended December 31, 2023, the CGU's lacked long-term revenue commitments from its customers to attain a sustainable level of revenue and operating income. The Company recorded an impairment of intangible assets of $891 in the intangible assets test associated with the acquisition of Paymi and Juice Mobile. Using the discounted cash flows approach, the Company determined the recoverable amount of this CGU to be lower than its carrying value.

11. 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 restricted cash that is held by the Company to support the Facility. As at December 31, 2024, $74 (2023 – $50) 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 December 31, 2024, $1,000 (2023 – nil) was outstanding under the loan facility. The BDC base rate as of December 31, 2024 was 7.55% and borrowing rates equate to 10.05%. 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 year ended December 31, 2024, an interest of $63 (2023 – nil) was recorded.

11. Loans and borrowings (Continued):

(c) Accounts receivable factoring facility:

The Company has accounts receivable factoring facility (the "Factoring"). Under the arrangement, the Company can borrow up to $4 million 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 December 31, 2024, $1,081 (2023 – $1,568) was outstanding under the accounts receivable factoring facility and $101 (2023 - $127) was available to withdraw. The Prime rate as of December 31, 2024, was 5.45% and borrowing rates were 11.45%. For the year ended December 31, 2024, an interest of $103 (2023 - $52) was recorded.

12. Common shares:

The authorized share capital of the Company comprises an unlimited number of common shares without par value. The holders of common shares are entitled to receive dividends when declared and are entitled to one vote per share at annual meetings of the Company.

During 2024, 125,000 stock options were exercised by a director of the Company into 125,000 common shares of the Company at an average exercise price of $0.72 for total proceeds of $90. During 2023, 33,333 stock options was exercised into 33,333 common shares of the Company at an average exercise price of $0.77 for total process of $26.

(In thousands of Canadian dollars, except per share amounts)

13. Share-based payments:

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

	2024		2023	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding, beginning of year	1,883,500	$ 1.08	2,191,000	$ 1.08
Granted	20,000	1.10	100,000	0.95
Exercised	(125,000)	0.72	(33,333)	0.77
Forfeited or cancelled	(235,000)	0.97	(374,167)	1.10
Outstanding, end of year	1,543,500	1.13	1,883,500	1.08
Options exercisable, end of year	1,495,166	$ 1.13	1,755,999	$ 1.08

The average market price on the date of exercise was approximately $1.10.

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

	2024			2023		
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	0.59	125,000
$0.80 – 0.89	**-**	**-**	**-**	40,000	0.91	40,000
$0.90 – 0.99	**1,026,000**	**0.61**	**992,666**	1,176,000	1.57	1,109,333
$1.10 – 1.19	**20,000**	**3.51**	**6,666**	45,000	3.64	14,999
$1.20 – 1.29	**12,500**	**2.09**	**10,834**	12,500	3.09	6,667
$1.30 – 1.39	**150,000**	**0.88**	**150,000**	150,000	1.88	150,000
$1.40 – 1.49	**235,000**	**1.43**	**235,000**	235,000	2.43	210,000
$1.70 – 1.79	**100,000**	**1.40**	**100,000**	100,000	2.40	100,000
	1,543,500		**1,495,166**	1,883,500		1,755,999

During 2024, 20,000 stock options were granted and 125,000 were exercised. During 2023, 100,000 stock options were granted and 33,333 were exercised.

During 2024, the Company recorded share-based payment of $11 (2023 - $53).

(In thousands of Canadian dollars, except per share amounts)

13. Share-based payments (continued):

The fair value of each option granted has been estimated on the date of grant using the Black-Scholes fair value option pricing model with the following weighted average input and assumptions:

	Year Ended	
	December 31, 2024	December 31, 2023
Dividend yield	**0%**	0%
Expected volatility (historical data basis)	**40%**	42%
Risk-free interest rate	**3.71%**	3.96%
Share price	**$ 1.10**	$ 0.95
Forfeiture rate	**40%**	40%
Expected life (years)	**5 years**	5 years
Weighted average grant date fair value	**$ 0.45**	$ 0.40

14. 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 raise 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 in 2024 from 2023.

15. 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.

15. **Financial risk management (continued):**

(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 December 31, 2024, four customers represented 23%, 19%, 16% and 12% of the gross accounts receivable balance of $4,649, respectively. At December 31, 2023, four customers represented 28%, 16%, 16% and 16% of the gross accounts receivable balance of $4,183, respectively. No other individual customers represented more than 10% of accounts receivable. As at December 31, 2024, the expected credit losses were $260 (2023 - $221). 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. As at December 31, 2024, approximately 76%, $823 (2023 – 73%, $609) of accounts receivable balances over 90 days were not impaired. The consolidated entity has a credit risk exposure with two agencies located in Canada, which as at December 31, 2024 owed the consolidated entity $1,929 (41% of trade receivables) (2023: $1,839 (44% of trade receivables)). This balance was within its terms of trade and no impairment was made as at December 31, 2024. 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.

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 December 31, 2024 is not subject to external restrictions, except for restricted cash, 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.

(In thousands of Canadian dollars, except per share amounts)

15. Financial risk management (continued):

(b) Liquidity risk (continued):

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

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**	**$ -**

2023 (restated note 18)	Carrying amount	Contractual cash flow	Less than 1 year	1-3 years	>3 years
Trade and other payables[i]	$ 2,879	$ 2,879	$ 2,879	$ -	$ -
Rewards payable	1,387	1,387	1,387	-	-
Loans and borrowings	1,568	1,568	1,568	-	-
	$ 5,834	$ 5,834	$ 5,834	$ -	$ -

[i] Trade and other payables exclude other non-contractual liabilities

(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 the bank's prime rate plus 6% and BDC base rate plus 2.5%. As Bank of Canada lowered the interest rate in June, July, September, October and December in 2024, this indicated a downward trend; however, Canada and US tariffs change could affect the inflation as well as interest rate. The extent to which US tariffs impacts the inflation rate, economic conditions and interest rate will depends 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.

(In thousands of Canadian dollars, except per share amounts)

15. Financial risk management (continued):

(c) Market risk (continued):

(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 $23 (2023 - $22) 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:

		2024		2023
		US		US
Cash	**$**	**67**	$	28
Accounts receivable		**18**		-
Accounts payable and accrued liabilities		**243**		190

16. 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 Corporation 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.

(In thousands of Canadian dollars, except per share amounts)

16. Related party transactions and balances (continued):

Transactions with key management personnel:

The key management personnel of the Company are the members of the Company's executive management team and Board of Directors.

The remuneration of key management personnel of the Company during the years ended December 31, 2024 and 2023 was as follows:

		2024		2023
Short-term employee benefits	**$**	**448**	$	442
Share-based payments		**-**		16
	$	**448**	$	458

Included in accounts payable and accrued liabilities was $7 (December 31, 2023 - $52) owing to a director. These amount payable are non-interest bearing, unsecured and have neither specific term nor a date of repayment.

17. Consolidated statements of cash flows:

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

		2024		2023
Accounts receivable	**$**	**(427)**	$	(427)
Other current assets		**98**		(18)
Accounts payable and accrued liabilities		**372**		273
Rewards payable		**407**		106
Deferred revenue		**-**		(60)
	$	**450**	$	(126)

18. Reversal of accounts payable and accrued liabilities:

During the year ended December 31, 2024, the Company identified an error in its previously issued consolidated financial statements for the years ended December 31, 2023 and 2022, related to the treatment of accruals and reversals for liabilities owed. As a result, management determined $358 of liabilities previously recorded in the consolidated financial statements for the year ended December 31, 2022 were not reversed in that period, and adjustments to the consolidated financial statements were required. The comparatives of the Company for the year ended December 31, 2023 have therefore been restated.

(In thousands of Canadian dollars, except per share amounts)

18. Reversal of accounts payable and accrued liabilities (continued):

The following tables present the impact of the restatement on the Company's previously reported consolidated financial statements for the year ended December 31, 2023 and 2022.

Consolidated statement of financial position as at January 1, 2023:

	Previously reported	Adjustment	Restated
Account payable and accrued liabilities	$ 3,488	$ (358)	$ 3,130
Deficit	(91,471)	358	(91,113)
Shareholders' equity	5,239	358	5,597
Total liabilities and shareholders' equity	10,147	-	10,147

Consolidated statement of financial position as at December 31, 2023:

	Previously reported	Adjustment	Restated
Account payable and accrued liabilities	$ 3,237	$ (358)	$ 2,879
Deficit	(97,374)	358	(97,016)
Shareholders' deficiency	(585)	358	(227)
Total liabilities and shareholders' equity	5,607	-	5,607

The changes to the consolidated statement of financial position and the consolidated statement of changes in shareholders' deficiency are summarized above, in the changes to deficit and accounts payable and accrued liabilities. There were no changes to the consolidated statements of loss and comprehensive loss and of cash flows for the year ended December 31, 2023.