VIQ Solutions Inc.

Interim Condensed Consolidated Financial Statements
Three months ended March 31, 2025 and 2024
(unaudited)

(Expressed in United States dollars)

VIQ Solutions Inc.
Interim Condensed Consolidated Statements of Financial Position
(Expressed in United States dollars, unaudited)

	March 31, 2025	December 31, 2024
Assets		
Current assets		
Cash	$ 1,621,021	$ 1,573,341
Trade and other receivables, net of allowance for doubtful accounts (note 4)	4,227,080	3,768,699
Inventories	23,559	23,508
Prepaid expenses and other deposits	748,809	1,183,496
	6,620,469	6,549,044
Non-current assets		
Restricted cash	170,104	169,097
Property and equipment, net	584,596	654,223
Right-of-use assets, net	420,779	153,794
Intangible assets, net (note 5)	5,310,363	5,661,614
Goodwill (note 5)	11,677,354	11,628,213
Total assets	$ 24,783,665	$ 24,815,985
Liabilities		
Current liabilities		
Trade and other payables and accrued liabilities (note 17)	$ 6,851,911	$ 5,673,346
Income taxes payable	61,951	29,765
Share-based payment liability (notes 8 and 9)	21,327	19,366
Derivative warrant liability (note 7)	28,271	35,238
Current portion of long-term debt (note 6 and 18)	16,651,687	15,988,401
Current portion of lease obligations (note 14)	277,714	204,802
Contract liabilities	1,448,584	1,635,041
	25,341,445	23,585,959
Non-current liabilities		
Long-term lease obligations (note 14)	183,300	–
Other long-term liabilities	848,803	949,622
Total liabilities	26,373,548	24,535,581
Shareholders' equity		
Capital stock (notes 8)	77,593,993	77,593,993
Contributed surplus (note 10)	9,144,345	9,145,162
Accumulated other comprehensive loss	(1,357,609)	(1,356,521)
Deficit	(86,970,612)	(85,102,230)
Total shareholders' equity	(1,589,883)	280,404
Total liabilities and shareholders' equity	$ 24,783,665	$ 24,815,985

See accompanying notes to interim condensed consolidated financial statements including note 2 describing the basis of presentation and going concern uncertainty.

Approved by the Board of Directors

Signed "*Larry Taylor*"
Larry Taylor, Director

Signed "*Sebastien Paré*"
Sebastien Paré, CEO and Director

VIQ Solutions Inc.
Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
(Expressed in United States dollars, unaudited)

	Three months ended March 31, 2025	2024
Revenue (note 13)	$ 9,579,025	$ 9,921,673
Cost of sales (note 17)	4,603,885	5,529,115
Gross profit	4,975,140	4,392,558
Expenses		
Selling and administrative	3,810,642	4,310,774
Research and development	140,519	165,110
Stock-based compensation (notes 8 and 9)	(817)	28,533
Loss (gain) on revaluation of restricted share units (note 8)	1,929	(28,777)
Gain on revaluation of the derivative warrant liability (note 7)	(7,022)	(57,165)
Foreign exchange (gain) loss (note 15)	(84,032)	102,833
Depreciation	164,683	194,984
Amortization (note 5)	707,577	806,457
Interest (note 6)	488,622	388,924
Accretion and other financing costs (note 6)	419,030	326,878
Restructuring recoveries	(1,284)	(9,694)
Strategic review costs	1,175,603	–
Other income	(6,207)	(11,205)
Total expenses	6,809,243	6,217,652
Current income tax expense	34,279	15,044
Income tax expense	34,279	15,044
Net loss for the period	$ (1,868,382)	$ (1,840,138)
Exchange loss on translation of foreign operations	(1,088)	(312,031)
Comprehensive loss for the period	$ (1,869,470)	$ (2,152,169)
Net loss per share (note 10)		
Basic	(0.04)	(0.04)
Diluted	(0.04)	(0.04)
Weighted average number of common shares outstanding – basic (note 10)	52,334,019	44,782,398
Weighted average number of common shares outstanding – diluted (note 10)	52,334,019	44,782,398

See accompanying notes to interim condensed consolidated financial statements.

VIQ Solutions Inc.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
(Expressed in United States dollars, unaudited)

	Capital stock		Contributed		Accumulated other comprehensive	Total shareholders'
	Number	Amount	surplus	Deficit	loss	equity
Balance as at December 31, 2024	52,334,019	$ 77,593,993	$ 9,145,162	$ (85,102,230)	$ (1,356,521)	$ 280,404
Comprehensive loss for the period	–	–	–	(1,868,382)	(1,088)	(1,869,470)
Options forfeited (note 8)	–	–	(1,955)	–	–	(1,955)
Stock-based compensation (notes 8 and 9)	–	–	1,138	–	–	1,138
Balance as at March 31, 2025	52,334,019	$ 77,593,993	$ 9,144,345	$ (86,970,612)	$ (1,357,609)	$ (1,589,883)

	Capital stock		Contributed		Accumulated other comprehensive	Total shareholders'
	Number	Amount	surplus	Deficit	loss	equity
Balance as at December 31, 2023	40,956,838	$ 76,230,158	$ 8,671,879	$ (78,056,151)	$ (670,788)	$ 6,175,098
Comprehensive loss for the period	–	–	–	(1,840,138)	(312,031)	(2,152,169)
Shares issued due to private placement (note 8)	10,239,000	1,173,330	–	–	–	1,173,330
Options forfeited (note 8)	–	–	(8,086)	–	–	(8,086)
Stock-based compensation (notes 8 and 9)	–	–	10,528	–	–	10,528
Balance as at March 31, 2024	51,195,838	$ 77,403,488	$ 8,674,321	$ (79,896,289)	$ (982,819)	$ 5,198,701

See accompanying notes to interim condensed consolidated financial statements.

VIQ Solutions Inc.
Interim Condensed Consolidated Statements of Cash Flows
(Expressed in United States dollars, unaudited)

	Three months ended March 31,	
	2025	**2024**
Operating activities		
Net loss for the period	$ (1,868,382)	$ (1,840,138)
Items not affecting cash:		
Depreciation	164,683	194,984
Amortization	707,577	806,457
Stock-based compensation	(817)	28,533
Accretion and other financing costs	419,030	326,878
Interest expense	488,621	388,924
Income tax expense	34,279	15,044
Gain on revaluation of restricted share units and derivative warrant liability	(5,093)	(85,942)
Other income	–	(11,205)
Foreign exchange (gain) loss	(84,032)	102,833
Unrealized foreign exchange loss	2,980	112,607
Net changes in non-cash operating working capital (note 11)	792,973	74,419
Cash provided by operating activities	651,819	113,394
Investing activities		
Purchase of property and equipment	(3,375)	–
Development costs related to internally generated intangible assets (note 5)	(331,892)	(338,830)
Cash used in investing activities	(335,267)	(338,830)
Financing activities		
Issuance of share capital, net of transaction costs (note 8)	–	1,173,330
Proceeds from debt, net of issuance costs (note 6)	250,000	–
Repayment of debt	–	(20,000)
Repayment of lease obligations (note 14)	(111,087)	(118,275)
Payment of interest on debt	(410,484)	(128,678)
Payment of interest on lease obligations (note 14)	(6,702)	(17,492)
Cash (used in) provided by financing activities	(278,273)	888,885
Net increase in cash for the period	38,279	663,449
Cash, beginning of period	1,573,341	1,621,778
Effect of exchange rate changes on cash	9,401	(63,718)
Cash, end of period	$ 1,621,021	$ 2,221,509

See accompanying notes to interim condensed consolidated financial statements.

1. Nature of operations

VIQ Solutions Inc. ("VIQ" or the "Company") is a technology and service platform provider for digital evidence capture, retrieval and content management. VIQ's modular software allows customers to easily integrate the platform at any stage of their organization's digitization, from the capture of digital content from video and audio devices through to online collaboration, mobility, data analytics and integration with sensors, facial recognition, speech recognition and case management or patient record systems. VIQ operates worldwide with a network of partners including security integrators, audio-video specialists, and hardware and data storage suppliers.

The Company also provides recording and transcription services directly to a variety of clients, including medical, courtrooms, legislative assemblies, hearing rooms, inquiries and quasi-judicial clients in numerous countries including Canada, the United Kingdom, the United States and Australia.

VIQ was incorporated by Articles of Incorporation in the province of Alberta in November 2004. On June 21, 2017, the Company continued under Articles of Continuance in the province of Ontario. The Company's head office is located at 700–5915 Airport Road, Mississauga, Ontario, L4V 1T1. VIQ is a public company, and the Company graduated from the Toronto Venture Exchange to the Toronto Stock Exchange ("TSX") in 2021. The Company's common shares began trading on the TSX and Nasdaq, under trading symbol VQS, at the market open on January 21, 2021 and August 12, 2021, respectively. The Company's common shares were delisted from trading on Nasdaq on October 5, 2023.

2. Basis of preparation

(a) Statement of compliance

The Company prepares its interim condensed consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), International Accounting Standards 34 ("IAS"), *Interim Financial Reporting* ("IAS 34"); and International Financial Reporting Interpretations Committee interpretations, as issued by the International Accounting Standards Board ("IASB"); and using the same accounting policies as described in the Company's December 31, 2024 consolidated financial statements. The preparation of the interim condensed consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to the interim condensed consolidated financial statements, are disclosed in notes 2d and 3.

These interim condensed consolidated financial statements have been authorized for issue in accordance with a resolution from the Board of Directors on May 12, 2025.

(b) Basis of preparation

The notes presented in these interim condensed consolidated financial statements include only significant changes and transactions occurring since the Company's last year-end and are not fully inclusive of all disclosures required by IFRS. These interim condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements, including the notes thereto, for the years ended December 31, 2024 and 2023. The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value as noted below.

Going concern uncertainty

The Company's interim condensed consolidated financial statements were prepared on a going concern basis. The going concern basis 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 interim condensed consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. As at March 31, 2025, the Company has cash of $1,621,021 and negative working capital. The Company has incurred recurring losses, has not yet achieved profitable operations and has a deficit of $86,970,612 since its inception. The Company was not in compliance with financial covenants in relation to the Beedie Investments Ltd. note payable for the period ended March 31, 2025. These matters, when considered in the aggregate, indicate the existence of a material uncertainty that may cast

significant doubt about the Company's ability to continue as a going concern for at least 12 months from March 31, 2025. In view of these matters, continuation as a going concern is dependent upon the continued operations of the Company, which will be determined by the Company's ability to meet its financial requirements, including obtaining relief from its financial covenants within its debt agreements, obtaining alternative financing and its ability to raise additional capital to fund its ongoing operations.

The Company is evaluating several different strategies and intends to pursue actions that are expected to increase its liquidity position, including, but not limited to, pursuing additional actions under the Company's cost-savings plan and seeking additional financing from both the public and private markets through the issuance of equity and/or debt securities. The Company's management cannot provide assurances that the Company will be successful in accomplishing any of its proposed financing plans. Management also cannot provide any assurance as to unforeseen circumstances that could occur within the next 12 months, which could increase the Company's need to raise additional capital on an immediate basis, which may not be available to the Company.

(c) Functional currency, presentation currency and foreign currency translation

Company/subsidiary	Functional currency
VIQ Solutions Inc.	CAD
Dataworxs Systems Limited	CAD
VIQ Solutions, Inc.	USD
VIQ Australia PTY Ltd.	AUD
Dataworxs Systems Australia Ltd.	AUD
VIQ Solutions PTY Ltd.	AUD
VIQ Solutions Australia PTY Ltd.	AUD
VIQ PTY Ltd.	AUD
VIQ Australia Services PTY Ltd.	AUD
VIQ Services Inc.	USD
Net Transcripts, Inc.	USD
HomeTech, Inc.	USD
Transcription Express, Inc.	USD
VIQ Media Transcription Inc.	USD
wordZexpressed, Inc.	USD
VIQ Solutions (UK) Limited	GBP
VIQ Services (UK) Limited	GBP
The Transcription Agency LLP	GBP

All financial information is presented in USD unless otherwise stated.

USD/CAD exchange rate	March 31, 2025	December 31, 2024	March 31, 2024
Closing at the reporting date	0.6967	0.6956	0.7384
Average rate for the year	0.6965	0.7310	0.7417

USD/AUD exchange rate	March 31, 2025	December 31, 2024	March 31, 2024
Closing at the reporting date	0.6251	0.6214	0.6514
Average rate for the year	0.6271	0.6601	0.6588

USD/GBP exchange rate	March 31, 2025	December 31, 2024	March 31, 2024
Closing at the reporting date	1.2928	1.2551	1.2623
Average rate for the year	1.2587	1.2773	1.2679

The financial results of each subsidiary consolidated in the Company's interim condensed consolidated financial statements are measured using the subsidiary's functional currency, which is the currency of the primary economic environment in which the

entity operates for each of the Company's wholly owned subsidiaries.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the interim condensed consolidated statements of loss and comprehensive loss.

The financial statements of entities that have a functional currency different from the presentation currency of USD are translated into USD as follows: assets and liabilities at the closing rate at the date of the interim condensed consolidated statements of financial position, and income and expenses at the average rate of the period, as this is considered a reasonable approximation to actual rates. All resulting changes are recognized in other comprehensive income (loss) as translation adjustments.

The Company has monetary items that are receivable from foreign operations. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the parent company's net investment in that foreign operation. Such exchange differences are recognized initially in other comprehensive income (loss) and reclassified from equity to net loss on disposal of the net investment in that foreign operation.

(d) Use of estimates and judgments

The preparation of the interim condensed consolidated financial statements in accordance with IAS 34 requires management to make estimates and assumptions that affect the application of the Company's accounting policies and the amounts reported in the interim condensed consolidated financial statements and the related notes. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. These estimates have been applied in a manner consistent with that in prior periods and there are no known trends, commitments, events or uncertainties that the Company believes will materially affect the assumptions utilized in these interim condensed consolidated financial statements.

3. Material accounting policy information

(a) Material accounting policies

The preparation of the interim condensed consolidated financial statements in accordance with IAS 34 requires management to make estimates and assumptions that affect the amounts reported in the interim condensed consolidated financial statements and notes to the interim condensed consolidated financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates.

Other significant estimates and judgments made by the Company include the following:

- Going concern
- Stock-based compensation
- Warrants
- Internally generated development costs
- Functional currency
- Income taxes
- Allocation of the transaction price to multiple performance obligations in contracts with customers
- Allowance for doubtful accounts
- Goodwill impairment testing and recoverability of assets
- consideration

- Incremental borrowing rate used to discount leases
- Property and equipment and definite-life intangible assets

(b) New accounting pronouncements adopted in 2025

Amendments to IAS 21

The amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after January1, 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments did not have a material impact on the interim condensed consolidated financial statements.

4. Trade and other receivables

	March 31, 2025	December 31, 2024
Trade accounts receivable	$ 4,088,593	$ 3,806,576
Other receivables	1,046,615	854,050
Less allowance for doubtful accounts	(908,128)	(891,927)
	$ 4,227,080	$ 3,768,699

As at March 31, 2025, other receivables comprise of unbilled revenue of $936,106 (December 31, 2024 - $702,895) and sales tax receivable and other receivables of $110,509 (December 31, 2024 - $151,155).

5. Intangible assets and goodwill

Changes in the Company's intangible assets as at March 31, 2025 are listed as follows:

	December 31, 2024	Additions	Foreign exchange	March 31, 2025
Cost				
Customer relationships	$ 15,125,723	$ –	$ 44,220	$ 15,169,943
Technology	470,000	–	–	470,000
Non-compete	118,293	–	–	118,293
Brands	2,374,189	–	6,901	2,381,090
Patents	14,153	–	22	14,175
Internally generated intangible assets	12,988,115	331,892	21,159	13,341,166
	$ 31,090,473	331,892	72,302	$ 31,494,667
Accumulated amortization				
Customer relationships	12,936,677	201,231	26,090	13,163,998
Technology	470,000	–	–	470,000
Non-compete	118,293	–	–	118,293
Brands	2,323,580	–	6,901	2,330,481
Patents	2,658	333	5	2,996
Internally generated intangible assets	9,577,651	506,013	14,872	10,098,536
	25,428,859	$ 707,577	$ 47,868	26,184,304
Net book value	$ 5,661,614			$ 5,310,363

Changes in the Company's goodwill during the three months ended March 31, 2025 are listed as follows:

	December 31, 2024	Foreign Exchange	March 31, 2025
VIQ Solutions PTY Ltd.	$ 4,599,778	$ 27,361	$ 4,627,139
Dataworxs Systems Limited	125,006	203	125,209
VIQ Solutions, Inc.	3,570,275	–	3,570,275
VIQ Media Transcription Inc.	2,614,802	–	2,614,802
VIQ Solutions (UK) Limited	718,352	21,577	739,929
	$ 11,628,213	$ 49,141	$ 11,677,354

6. Long-term debt

	March 31, 2025	December 31, 2024
Beedie Investments Ltd. Note Payable	$ 16,651,687	$ 15,988,401
Less current portion of long-term debt	(16,651,687)	(15,988,401)
	$ –	$ –

Amendments

On January 31, 2025, the Company entered into an amendment to the Note Payable with Beedie. Pursuant to the terms of the amendment, the Company agreed to amend certain financial covenants under the Credit Agreement in exchange for an amendment fee equal to $250,000 payable on the earlier of (i) early repayment of the Note Payable (ii) early repayment of the Note Payable due to breach of financial covenants or (iii) at maturity date of the Note Payable. The occurrence of the amendment fee of $250,000 did not result in the terms of the original agreement being substantially modified; as such, the transaction is accounted for as an adjustment to accretion and other financing costs.

In addition, the Company agreed to a reimbursement of expenses incurred by Beedie up to a maximum of $900,000 in connection with Beedie's participation in a strategic review as part of the amendment. The expense reimbursement amount is only payable on the earlier of: (i) early repayment of the of the Note Payable, (ii) the occurrence of a change of control of the Company or (iii) repayment of the Note Payable due to breach of financial covenants. As at March 31, 2025, the Company was not in compliance with certain financial covenants on the Note Payable, as a result, the Company has recorded the $900,000 as payable to Beedie and recorded to the amount in strategic review costs and the corresponding liability in Trade and other payables and accrued liabilities.

On March 20, 2025, in connection with the Company's Bridge Loan, $250,000 was advanced to the Company. The Bridge Loan is subject to 7% interest payable monthly and paid-in-kind interest of 7% per annum and has a maturity date of January 13, 2027. The Bridge Loan outstanding at March 31, 2025 was $1,250,000.

On March 14, 2025, the Company entered into an amendment to the Note Payable with Beedie. Pursuant to the terms of the amendment, the Company agreed to amend certain financial covenants under the Credit Agreement. In addition, Beedie agreed to delay testing of the maximum total secured debt leverage and minimum monthly adjusted EBITDA covenants for the months of July, August, September, October, November and December 2024 until April 30, 2025.

Waivers

As at March 31 2025, the Company was not in compliance with the minimum monthly adjusted EBITDA covenant for the months of July 2024, August 2024, September 2024 and December 2024 and maximum total secured debt leverage covenant for the months of July 2024, August 2024, September 2024, October 2024, November 2024, January 2025, February 2025 and March 2025.

Interest

During the three months ended March 31, 2025, the Company recorded interest expense of $414,103 (2024 - $370,189) and $419,030 (2024 - $323,805) as accretion and other financing costs related to the Note Payable in the interim condensed consolidated statements of loss and comprehensive loss.

The Company's Note Payable is classified as current. Please refer to note 18 subsequent events on the amendment to the Note Payable agreement for details.

The minimum remaining principal repayments of debt under all agreements are as follows:

	Beedie Investments Ltd. *	Total
2027	$ 16,250,000	$ 16,250,000

* Amount does not include paid-in-kind interest and amendment fee of $4,331,896, which is due in 2027.

7. Derivative warrant liability

On July 21, 2022, the Company completed a private placement offering to institutional investors ("PIPE"). Under the PIPE, the Company sold 3,551,852 Units at a price of $1.35 per Unit for gross proceeds to the Company of approximately $4,800,000 before the deduction of any fees and other PIPE expenses. Each Unit consists of one common share of the Company and one Warrant. Each Warrant entitles the holder thereof to purchase one common share at an exercise price of $1.39 per share. The Warrants will be exercisable beginning on January 21, 2023 and will expire on July 21, 2027. Issuance costs of $741,000 were incurred with $344,000 being recorded as a reduction of common shares and $397,000 recorded in accretion and other financing costs.

On September 15, 2021, the Company closed its direct offering with institutional investors (the "2021 Offering"). Under the 2021 Offering, the Company sold 4,235,294 Units at a price of $4.25 per Unit for gross proceeds to the Company of approximately $18,000,000 before the deduction of any fees and other estimated 2021 Offering expenses. Each Unit consists of one and one half of one Warrant (each whole common share purchase warrant). A total of 2,117,647 warrants were issued. Each warrant entitles the shareholder thereof to purchase one common share at an exercise price of $5.00. The Warrants were exercisable as at March 15, 2022 and will expire five years from the issuance date on September 14, 2026.

In accordance with IFRS, a contract for the issuance of equity instruments that fails to meet the fixed-for-fixed criteria, i.e., issues a fixed number of shares for a fixed amount of cash or another financial asset, fails to meet the definition of equity. The exercise prices for the warrants issued under the PIPE, 2021 Offering and 2023 Offering are denominated in USD currency, which differs from the CAD functional currency of the issuing entity. As a result, the Warrants are recorded as a derivative warrant liability, since the Company will be receiving cash in a currency other than the issuing entity's functional currency; therefore, exchange currency is deemed to be variable.

The derivative warrant liability is measured at fair value with changes in fair value recognized in the interim condensed consolidated statements of loss and comprehensive loss at each period end. The derivative warrant liability will ultimately be converted into the Company's equity (Common Shares) when the Warrants are exercised or will be extinguished on the expiry of the outstanding Warrants and will not result in the outlay of any cash by the Company.

The Company uses the Black-Scholes option-pricing model to estimate fair value at initial recognition and at each reporting date. The Company considers the expected volatility of its common shares in estimating its future stock price volatility. The risk-free interest rate for the life of the Warrants was based on the yield available on government benchmark bonds with an approximate equivalent remaining term at the time of issue and at the time of revaluation. The lives of Warrants are based on an estimated exercise term.

The following are assumptions used by the Company to determine fair value for the three months ended March 31, 2025:

PIPE - July 21, 2022

	Three months ended March 31, 2025	Year ended December 31, 2024
Fair value (CAD)	$0.01	$0.01
Share price (CAD)	$0.20	$0.18
Exercise price (USD)	$1.39	$1.39
Expected volatility	85.1%	88.8%
Risk-free rate	2.42%	2.85%
Expected life (years)	2.30	2.55
Expected dividends	0%	0%

Offering - September 15, 2021

	Three months ended March 31, 2025	Year ended December 31, 2024
Fair value (CAD)	$0.00	$0.00
Share price (CAD)	$0.20	$0.18
Exercise price (USD)	$5.00	$5.00
Expected volatility	88.7%	85.4%
Risk-free rate	2.36%	2.81%
Expected life (years)	1.46	1.70
Expected dividends	0%	0%

For the three months ended March 31, 2025, gain on revaluation of derivative warrant liabilities was recorded in the amount of $7,022 (2024 - $57,165).

As at March 31, 2025, there are 5,669,499 warrants outstanding associated with the PIPE and 2021 Offering and nil exercised (2024 - 8,569,499 and nil exercised).

8. Capital stock

Omnibus Equity Incentive Plan

On April 29, 2021, the Company adopted a new omnibus equity incentive plan (the "Omnibus Equity Incentive Plan") by way of a shareholder resolution. The Omnibus Equity Incentive Plan is a "rolling" plan that, subject to certain adjustment provisions, provides that the aggregate maximum number of common shares that may be issued upon the exercise or settlement of awards granted under the Omnibus Equity Incentive Plan shall not exceed 10% of the Company's issued and outstanding common shares from time to time. The Omnibus Equity Incentive Plan is considered an "evergreen" plan, since the common shares covered by awards that have been exercised, settled or terminated shall be available for subsequent grants under the Omnibus Equity Incentive Plan, and the number of awards available to grant increases as the number of issued and outstanding common shares increases. As such, the Omnibus Equity Incentive Plan must be approved by the majority of the Company's Board of Directors and its shareholders every three years following its adoption pursuant to the requirements of the TSX.

Under the Omnibus Equity Incentive Plan, the Company is able to grant equity-based incentive awards in the form of stock options, Restricted Share Units ("RSUs"), Performance Share Units ("PSUs"), and Deferred Share Units ("DSUs"). All future grants of equity-based awards will be made pursuant to the Omnibus Equity Incentive Plan, and no further equity-based awards will be made pursuant to the Company's stock option plan, DSU plan, and stock appreciation rights plan (collectively, the "Legacy Plan"). The Legacy Plan will continue to be authorized for the sole purpose of facilitating the vesting and exercise of existing awards previously granted under the Legacy Plans. Once the existing awards granted under the Legacy Plan are exercised or terminated, the Legacy Plan will terminate and be of no further force or effect.

Common Shares

On February 27, 2024, the Company closed a non-brokered private placement. Under the offering, the Company sold 10,239,000 common shares of the Company at a price per common share of $0.117 for gross proceeds of $1,197,278, which was recorded in capital stock. An amount of $23,948 in transaction costs was recognized and recorded as an offset to capital stock. The issuance included 3,000,000 common shares made to Beedie, a significant shareholder, and constitutes a related party transaction.

The Company's authorized capital consists of an unlimited number of common shares with no par value.

As at March 31, 2025, common shares of the Company are reserved as follows:

	Exercise price (CAD)	Expiry dates	Number outstanding
Options - Omnibus Equity Incentive Plan	$2.80 - $2.99	January 2031 to December 2031	45,000
	$0.45 - $1.35	January 2032 to December 2032	634,538
Deferred share units - Legacy plan	$1.20 - $2.10	N/A	33,333
Restricted share units - Omnibus Equity Incentive plan	N/A	January 2024 to March 2025	8,334
	N/A	January 2025 to December 2025	474,975
	N/A	January 2026 to December 2026	867,000
	N/A	January 2027 to December 2027	574,069
	N/A	January 2031 to December 2031	163,178
	N/A	N/A	422,506
Performance share units – Omnibus Equity Incentive Plan	N/A	N/A	75,000

Warrants

See note 6 for accounting for warrants issued in connection with the Beedie Note Payable.

As at March 31, 2025, there are 10,764,680 Warrants outstanding associated with the Beedie financing (December 31, 2024 – 10,764,680).
As at March 31, 2025, there are 16,434,179 total Warrants outstanding (December 31, 2024 – 16,434,179).

Stock option plan

The Company has an incentive stock option plan for its directors, officers, employees and contractors. The Company's legacy stock option plan allows for the granting of options (and DSUs as described below) up to an aggregate amount equal to 10% of the aggregate number of common shares of the Company outstanding. The options, which have a term not exceeding five years when issued, generally vest as follows:

- 1/3 at time of issue
- 1/3 after one year
- 1/3 after two years

Under the Omnibus Equity Incentive Plan, the stock options that are granted have a term not exceeding 10 years when granted and can be fully vested on date of grant or vest as follows:

- 1/3 after one year
- 1/3 after two years
- 1/3 after three years

During the year ended December 31, 2021, certain stock options granted included cash settlement alternatives at the discretion of the stock option holder, subject to the approval of the Company's Plan Administrator. The option holder could elect to perform the following on the settlement date:

- Acquire common shares of the Company on a 1:1 basis to vested options
- Receive cash payment, net of withholding taxes, equal to vested options multiplied by the market price of common shares of the Company
- Acquire and receive a combination of common shares and cash payment, respectively, as noted above

As at March 31, 2025, 642,038 options are vested related to the Omnibus Equity Incentive Plan (December 31, 2024 - 628,579) with a weighted average exercise price of CAD $1.00 per share (December 31, 2024 - CAD $0.99).

During the three months ended March 31, 2025, there were no stock options granted to directors, officers, employees and contractors (2024 – nil).

During the three months ended March 31, 2025, nil options were exercised (2024 - nil), 5,291 stock options were forfeited (2024 - 70,000), and nil stock options expired (2024 nil).

The following information applies to stock options outstanding per the Omnibus Equity Incentive Plan as at March 31, 2025, along with their respective exercise prices and related weighted average remaining contractual life:

Range of exercise prices (CAD)	Options outstanding	Weighted average remaining contractual life	Weighted average exercise price (CAD)	Options exercisable	Weighted average exercise price (CAD)
$2.80 - $2.99	45,000	6.96 years	$2.84	45,000	$2.84
$0.45 - $1.35	634,538	7.67 years	$0.89	597,038	$0.86
	679,538	7.62 years	$1.02	642,038	$1.00

Deferred share units plan

The Company established a DSU plan to allow non-employee directors to participate in the long-term success of the Company. DSUs are fully vested upon being granted.

The Board of Directors may grant DSUs (and the number of options to purchase shares described above) up to a maximum of 10% of common shares outstanding and up to a maximum of 100,000 units.

Maximum allowable grants under the option and DSU plans in aggregate as at March 31, 2025 were 5,233,402 (December 31, 2024 - 5,233,402) of which 679,538 (December 31, 2024 - 684,829) were outstanding stock options, 33,333 (December 31, 2024) were outstanding DSUs, 2,510,062 (December 31, 2024 - 2,556,488) were outstanding RSUs and 75,000 (December 31, 2024 - 100,000) were outstanding PSUs for a total of 3,297,933 (December 31, 2024 - 3,374,650).

The Company did not grant any DSUs to directors of the Company during the three months ended March 31, 2025 (2024 - nil).

Restricted share units plan

Under the Omnibus Equity Incentive Plan, the Company established an RSU plan. RSUs have a term not exceeding 10 years to indefinite expiry when granted and can fully vest immediately, after one year, vest each month or vest as follows:

- 1/3 after one year
- 1/3 after two years
- 1/3 after three years

During the year ended December 31, 2021, certain RSUs granted included cash settlement alternatives at the discretion of the RSU holder, subject to the approval of the Company's Plan Administrator. The RSU holder could elect to perform the following on the settlement date:

- Acquire common shares of the Company on a 1:1 basis to vested RSUs
- Receive cash payment, net of withholding taxes, equal to vested RSUs multiplied by the market price of common shares of the Company
- Acquire and receive a combination of common shares and cash payment, respectively, as noted above

Certain RSUs issued by the Company included the choice of settlement method with the RSU holder, which includes a cash settlement option; the Company has recorded the associated RSU grants as a cash-settled share-based payment and recorded a share-based payment liability. As at March 31, 2025, there are 153,678 RSUs outstanding that are classified as cash-settled share-based payments (December 31, 2024 - 153,678).

As a result of revaluing the RSUs classified as cash-settled share-based payment related to the Omnibus Equity Incentive Plan at fair value, the Company recorded a loss of $1,929 for the three months ended March 31, 2025 (2024 - gain of $28,777). The RSUs are valued at the following fair values:

	March 31, 2025	December 31, 2024
Fair value and share price (CAD)	$0.20	$0.18

During the three months ended March 31, 2025, nil (2024 - nil) RSUs were granted to directors, officers, employees and contractors, which are accounted on an equity basis. During the three months ended March 31, 2025, nil RSUs were vested (2024 - nil), 46,426 RSUs were forfeited (2024 - 9,667) and nil RSUs were exercised (2024 - nil).

Performance share units plan

Under the Omnibus Equity Incentive Plan, the Company established a PSU Plan. The PSUs have an indefinite term when granted and vest 100% after one year if the performance vesting conditions are met.

On May 16, 2022, 195,000 PSUs were granted to employees. Total outstanding PSUs as at March 31, 2025 are 75,000 (December 31, 2024 - 100,000). During the three months ended March 31, 2025, there were nil PSUs granted (2024 - nil), nil exercised (2024 - nil), and 25,000 PSUs forfeited (2024 – nil).

9. Stock-based compensation

The total compensation expense relating to the value assigned to the stock options, RSUs and PSUs granted to directors, officers, employees and contractors for the three months ended March 31, 2025 was a recovery of $817 (2024 - $28,533), which was included in the stock-based compensation expense with a corresponding charge to contributed surplus of $817 (2024 - $2,443) and share-based payment liability of nil (2024 - $26,090).

10. Net loss per share

	Three months ended March 31, 2025	2024
Numerator for basic and diluted net loss per share:		
Net loss for the period	$ (1,868,382)	$ (1,840,138)
Denominator for basic net loss per share:		
Weighted average number of common shares outstanding	52,334,019	44,782,398
Effect of potential dilutive securities	–	–
Adjusted denominator for diluted net loss per share	52,334,019	44,782,398
Basic net loss per share	$ (0.04)	$ (0.04)
Diluted net loss per share	$ (0.04)	$ (0.04)

For the three months ended March 31, 2025, 19,732,112 of potentially dilutive common shares (2024 – 19,727,050) issuable upon the exercise of warrants, DSUs, RSUs, PSUs and options were not included in the computation of loss per share because their effect was anti-dilutive.

11. Supplemental cash flow information

Components of the net change in non-cash working capital are as follows:

	Three months ended March 31,	
	2025	2024
Trade and other receivables	$ (445,025)	$ (543,992)
Inventories	(51)	(2,351)
Prepaid expense and other deposits	439,146	367,201
Trade and other payables and accrued liabilities	985,359	276,380
Contract liabilities	(186,456)	(22,819)
Total	$ 792,973	$ 74,419

Other supplemental cash flow information as follows:

	Three months ended March 31,	
	2025	2024
Cash received for interest	$ 6,207	$ 11,205
Cash paid for interest	$ 481,920	$ 146,170

12. Segmented financial information

The Company has determined it has two reportable business segments, namely technology and related revenue and technology services. The technology and related revenue segment develops, distributes licenses computer-based digital solutions based on the Company's proprietary technology, and the technology services segment provides recording and transcription services.

The Company's reportable segments are strategic business segments that offer different products and/or services. These business segments work on different business models and operate autonomously. The Company does not segregate sales and associated costs by individual technology products. Accordingly, segmented information on revenue and associated costs is only provided for the transcription services and computer-based digital solutions currently offered by the Company.

The Chief Executive Officer and Chief Financial Officer ("CODMs") are the operating decision makers and regularly review the Company's operations and performance by segment. The CODMs review segment adjusted EBITDA as the key measure of profit for the purpose of assessing performance of each segment and to make decisions about the allocation of resources. Prior to this, the CODMs reviewed segment income (loss) as the key measure of profit for the purpose of assessing performance of each segment and to make decisions about the allocation of resources.

Financial information by reportable business segment is as follows:

	Three months ended March 31, 2025			
	Technology and related revenue	**Technology services**	**Corporate**	**Total**
Revenue	$ 896,565	$ 8,682,460	$ –	$ 9,579,025
Gross profit	828,649	4,146,491	–	4,975,140
Selling and administrative expenses	327,886	3,175,291	307,465	3,810,642
Research and development expenses	13,152	127,367	–	140,519
Adjusted EBITDA	$ 487,611	$ 843,833	$ (307,465)	$ 1,023,979
Stock-based compensation				(817)
Depreciation and amortization				872,260
Foreign exchange gain				(84,032)
Interest, accretion and other financing costs				907,652
Loss on revaluation of restrictive share units				1,929
Gain on revaluation of derivative warrant liability				(7,022)
Restructuring recoveries				(1,284)
Strategic review costs				1,175,603
Other income				(6,207)
Current income tax expense				34,279
Net loss				$ (1,868,382)

	Three months ended March 31, 2024			
	Technology and related revenue	**Technology services**	**Corporate**	**Total**
Revenue	$ 1,007,041	$ 8,914,632	$ –	$ 9,921,673
Gross profit	796,814	3,595,744	–	4,392,558
Selling and administrative expenses	419,687	3,715,202	175,885	4,310,774
Research and development expenses	16,759	148,351	–	165,110
Adjusted EBITDA	$ 360,368	$ (267,809)	$ (175,885)	$ (83,326)
Stock-based compensation expense				28,533
Depreciation and amortization				1,001,441
Foreign exchange loss				102,833
Interest, accretion, and other financing costs				715,802
Gain on revaluation of RSUs				(28,777)
Gain on revaluation of derivative warrant liability				(57,165)
Restructuring costs				(9,694)
Other income				(11,205)
Current income tax expense				15,044
Net loss				$ (1,840,138)

13. Revenue

The Company generates revenue primarily from the delivery of technology and transcription services to its customers. Revenue from contracts with customers is disaggregated by primary geographical market, major products and services and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable segments (note 12).

Primary geographical markets	Three months ended March 31, 2025	2024
Australia	$ 4,940,059	$ 5,111,866
United States	4,031,931	4,162,025
United Kingdom	535,788	591,018
Canada	63,861	54,289
Other	7,386	2,475
Total	$ 9,579,025	$ 9,921,673

Major products/service lines	Three months ended March 31, 2025	2024
Technology services	$ 8,682,460	$ 8,914,632
Software licenses	78,202	71,218
Support and maintenance	455,437	445,641
SaaS	67,747	76,505
Subscriptions	145,257	175,190
Professional services	116,009	178,599
Hardware and other	33,913	59,888
Total	$ 9,579,025	$ 9,921,673

Technology services revenue is reported in the technology services segment, and all other remaining products/services revenues are reported in the technology and related revenue segment.

The Company had one customer who contributed greater than 10% of consolidated total revenues during the three months ended March 31, 2025, comprising 14.4% (2024 – nil).

Technology services, software licenses, hardware and other revenue are recognized at a point in time, except for revenue for select customers, which is recognized over time. Professional services, support and maintenance, SaaS and subscription revenue are recognized over time.

14. Lease obligations

Below is a summary of the activity related to the Company's lease liabilities for the three months ended March 31, 2025:

	Three months ended March 31, 2025	2024
Lease obligations, beginning of period	$ 204,802	$ 704,112
Additions	357,202	–
Interest on lease liabilities	(6,702)	(17,492)
Interest payments on lease liabilities	6,702	17,492
Principal payments of lease liabilities	(111,087)	(118,275)
Adjustment and abatement	–	31,416
Foreign exchange translation	10,097	(29,398)
Total	$ 461,014	$ 587,855

The Company and its subsidiaries have entered into agreements to lease office premises until 2028. The annual rent expenses for premises of minimum rent and do not include variable costs. The minimum payments under all agreements are as follows:

2025	$	298,015
2026		102,756
2027		105,217
2028		17,612
	$	523,600

15. Risk management for financial instruments

The estimated fair values of cash, trade and other receivables, restricted cash, and trade and other payables and accrued liabilities approximate their carrying values due to the relatively short-term nature of the instruments. The estimated fair values of current and long-term debt and current and long-term lease obligations also approximate their carrying values due to the fact that effective interest rates are not significantly different from market.

Fair value measurements recognized in the interim condensed consolidated statements of financial position must be categorized in accordance with the following levels:

a. Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
b. Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
c. Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments carried at fair value on the interim condensed consolidated statements of financial position consist of cash and restricted cash. Cash and restricted cash are valued using quoted market prices (Level 1). Share-based payment liability, and derivative warrant liability are categorized using observable market inputs (Level 2). The Company has not valued any financial instruments using valuation techniques based on non-observable market inputs (Level 3) as at March 31, 2025.

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 in managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, by continuously monitoring actual and budgeted cash flows.

Credit risk

Credit risk arises from the potential that a customer or counterparty will fail to perform its obligations. The Company is exposed to credit risk from its customers; however, the Company has a significant number of customers, minimizing the concentration of credit risk. Further, a large majority of the Company's customers are economically stable organizations such as government agencies or departments with whom the Company transacts on a regular basis, further reducing the overall credit risk. Historically, the Company has suffered losses under trade receivables. In order to minimize the risk of loss from trade receivables, the Company's extension of credit to customers involves review and approval by senior management and conservative credit limits for new or higher risk accounts.

The Company reviews its trade receivable accounts regularly and writes down these accounts to their expected realizable values, by making an allowance for Expected Credit Losses ("ECLs") based on aging and historic collection of receivables. The allowance is recorded as an expense in the interim condensed consolidated statements of loss and comprehensive loss. Shortfalls in collections are applied against this provision. Estimates for allowance for ECLs are determined by a customer-by-customer evaluation of collectability as at each interim condensed statement of financial position reporting date, taking into account the amounts that are past due and any available relevant information on the customers' liquidity and going concern issues. Normal credit terms for amounts due from customers call for payment within 30 to 60 days.

The Company's exposure to credit risk for trade receivables by geographic area is as follows:

	March 31, 2025	December 31, 2024
United States	55%	53%
Australia	25%	25%
United Kingdom	13%	14%
Rest of world	7%	8%
	100%	100%

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk is primarily related to the Company's interest-bearing debts on its interim condensed consolidated statements of financial position. The Company does not have a material amount of long-term debt with variable interest rates, thereby minimizing the Company's exposure to cash flow interest rate risk.

Foreign currency risk

Foreign currency risk arises because of fluctuations in exchange rates. The Company conducts a significant portion of its business activities in foreign currencies, primarily the US and Australian dollars and Great Britain pounds with a large portion of the Company's sales and operating costs being realized in these foreign currencies. The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in pounds sterling, Canadian, US and Australian dollars.

The financial assets and liabilities that are denominated in foreign currencies will be affected by changes in the exchange rate between the United States dollar and these foreign currencies. This primarily includes cash, restricted cash, trade and other receivables, trade and other payables, provisions and obligations under finance lease which were denominated in foreign currencies.

The Company's Australian subsidiaries have a majority of revenue and expenses being transacted in Australian dollars. As at March 31, 2025, fluctuations of the Australian dollar relative to the US dollar of 5% would result in an exchange gain or loss on the net financial assets, impacting the Company's comprehensive income by approximately $608,736.

The Company's Canadian operations are exposed to exchange rate changes in the U.S. dollar relative to the Canadian dollar since a substantial portion of this business unit's sales are denominated in US dollars with most of the related expenses in Canadian dollars. A 5% fluctuation of the U.S. dollar would result in an exchange gain or loss on the net financial assets of approximately $889,868 as at March 31, 2025.

The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time. The Company recognized a foreign exchange gain from operations of $84,032 (2024 - foreign exchange loss of $102,833) for the three months ended March 31, 2025.

Capital management

The Company considers its capital structure to consist of shareholders' equity and long-term debt. The Company's objective in managing capital is to ensure sufficient liquidity to pursue its organic growth strategy, fund research and development and undertake selective acquisitions, while at the same time taking a conservative approach toward financial leverage and management of financial risk.

16. Seasonality

Interim period revenues, gross profit and net income or loss are not necessarily indicative of the results of operations for the full fiscal year. Within the Company's technology services segment, the Company has identified that the first and fourth quarter revenues are generally lower than revenues generated during other interim periods, specifically due to decreased historic revenues in the months of December and January related to annual holidays.

17. Onerous contract

The Company, during the year ended December 31, 2024, entered into a vendor contract that was determined to be an onerous loss of $151,860 was recognized in cost of sales and a liability was recorded in trade and other payables and accrued liabilities. On March 11, 2025, the Company entered into an agreement to terminate the contract, the liability for onerous loss of $151,860 was reversed and the same amount was reduced from cost of sales.

18. Subsequent event

On April 25, 2025, the Company entered into an amendment to the Note Payable with Beedie. Pursuant to the terms of the amendment, the Company agreed to amend certain financial covenants under the Credit Agreement. In addition, Beedie agreed to delay testing of the maximum total secured debt leverage and minimum monthly adjusted EBITDA covenants for the months of July 2024 to April 2025 until May 31, 2025.