VIQ Solutions Inc.

Interim Condensed Consolidated Financial Statements
Three months ended June 30, 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)

	June 30, 2025	December 31, 2024
Assets		
Current assets		
Cash	$ 1,117,164	$ 1,573,341
Trade and other receivables, net of allowance for doubtful accounts (note 4)	4,422,766	3,768,699
Inventories	25,914	23,508
Prepaid expenses and other deposits	890,576	1,183,496
	6,456,420	6,549,044
Non-current assets		
Restricted cash	177,560	169,097
Property and equipment, net	541,883	654,223
Right-of-use assets, net	349,610	153,794
Intangible assets, net (note 5)	5,183,967	5,661,614
Goodwill (note 5)	11,929,976	11,628,213
Total assets	$ 24,639,416	$ 24,815,985
Liabilities		
Current liabilities		
Trade and other payables and accrued liabilities (note 17)	$ 6,846,250	$ 5,673,346
Income taxes payable	61,890	29,765
Share-based payment liability (notes 8 and 9)	643	19,366
Derivative warrant liability (note 7)	38,019	35,238
Current portion of long-term debt (note 6 and 18)	17,099,730	15,988,401
Current portion of lease obligations (note 14)	206,345	204,802
Contract liabilities	1,475,909	1,635,041
	25,728,786	23,585,959
Non-current liabilities		
Long-term lease obligations (note 14)	167,884	–
Other long-term liabilities	924,371	949,622
Total liabilities	26,821,041	24,535,581
Shareholders' equity		
Capital stock (notes 8)	77,665,053	77,593,993
Contributed surplus (note 10)	9,364,786	9,145,162
Accumulated other comprehensive loss	(1,341,494)	(1,356,521)
Deficit	(87,869,970)	(85,102,230)
Total shareholders' equity	(2,181,625)	280,404
Total liabilities and shareholders' equity	$ 24,639,416	$ 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 "*Joseph Quarin*"
Joseph Quarin, Director

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

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Revenue (note 13)	$ 10,445,488	$ 11,575,614	$ 20,024,513	$ 21,497,287
Cost of sales (note 17)	5,436,220	6,312,797	10,040,105	11,841,912
Gross profit	5,009,268	5,262,817	9,984,408	9,655,375
Expenses				
Selling and administrative expenses	3,866,110	4,328,687	7,676,752	8,639,461
Research and development expenses	179,957	155,416	320,476	320,526
Stock-based compensation (notes 8 and 9)	292,682	111,283	291,865	139,816
Gain on revaluation of RSUs (note 8)	(21,482)	(18,534)	(19,553)	(47,311)
Loss (gain) on revaluation of the derivative Warrant liability (note 7)	8,260	7,479	1,238	(49,686)
Foreign exchange gain (note 15)	(354,295)	(590,719)	(438,327)	(487,886)
Depreciation	175,864	194,237	340,547	389,221
Amortization (note 5)	658,581	813,889	1,366,158	1,620,346
Interest expense (note 6)	439,704	405,965	928,326	794,889
Accretion and other financing costs (note 6)	456,029	425,216	875,059	752,094
Restructuring costs (recovery)	37,349	5,874	36,066	(3,820)
Strategic review costs	119,124	–	1,294,726	–
Other income	(1,911)	(10,208)	(8,118)	(21,413)
Total expenses	5,855,972	5,828,585	12,665,215	12,046,237
Current income tax expense	52,654	6,063	86,933	21,107
Income tax expense	52,654	6,063	86,933	21,107
Net loss for the period	$ (899,358)	$ (571,831)	$ (2,767,740)	$ (2,411,969)
Exchange (loss) gain on translation of foreign operations	16,115	(483,076)	15,027	(795,107)
Comprehensive loss for the period	$ (883,243)	$ (1,054,907)	$ (2,752,713)	$ (3,207,076)
Net loss per share (note 10)				
Basic	(0.02)	(0.01)	(0.05)	(0.05)
Diluted	(0.02)	(0.01)	(0.05)	(0.05)
Weighted average number of common shares outstanding – basic (note 10)	52,563,142	51,348,578	52,449,214	48,065,488
Weighted average number of common shares outstanding – diluted (note 10)	52,563,142	51,348,578	52,449,214	48,065,488

See accompanying notes to interim condensed consolidated financial statements.

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

	Capital stock		Contributed		Accumulated other comprehensive	Total shareholders'
	Number	Amount	surplus	Deficit	income/(loss)	equity (deficiency)
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	–	–	–	(2,767,740)	15,027	(2,752,713)
Shares issued due to exercise of restricted share units (note 8)	471,795	71,060	(71,060)	–	–	–
Options forfeited (note 8)	–	–	(1,955)	–	–	(1,955)
Stock-based compensation (notes 8 and 9)	–	–	292,639	–	–	292,639
Balance as at June 30, 2025	52,805,814	$ 77,665,053	$ 9,364,786	$ (87,869,970)	$ (1,341,494)	$ (2,181,625)

	Capital stock		Contributed		Accumulated other comprehensive	Total shareholders'
	Number	Amount	surplus	Deficit	loss	equity (deficiency)
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	–	–	–	(2,411,969)	(795,107)	(3,207,076)
Warrants issued due to debt financing (note 6)	–	–	300,181	–	–	300,181
Shares issued due to private placement (note 8)	10,239,000	1,173,330	–	–	–	1,173,330
Shares issued due to exercise of restricted share units (note 8)	436,333	70,101	(70,101)	–	–	–
Options forfeited (note 8)	–	–	(8,086)			(8,086)
Stock-based compensation (note 8 and 9)	–	–	91,996	–	–	91,996
Balance as at June 30, 2024	**51,632,171**	**$ 77,473,589**	**$ 8,985,869**	**$ (80,468,120)**	**$ (1,465,895)**	**$ 4,525,443**

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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Operating activities				
Net loss for the period	$ (899,358)	$ (571,831)	$ (2,767,740)	$ (2,411,969)
Items not affecting cash:				
Depreciation	175,864	194,237	340,547	389,221
Amortization	658,581	813,889	1,366,158	1,620,346
Stock-based compensation	292,682	111,283	291,865	139,816
Accretion and other financing costs	456,029	425,216	875,059	752,094
Interest expense	439,704	405,965	928,326	794,889
Income tax	52,654	6,063	86,933	21,107
Gain on revaluation of RSUs and derivative Warrant liability	(13,222)	(11,055)	(18,315)	(96,997)
Other income	–	(10,208)	–	(21,413)
Foreign exchange gain	(354,295)	(590,719)	(438,327)	(487,886)
Unrealized foreign exchange (gain) loss	(172,620)	(76,795)	(169,641)	35,812
Changes in non-cash operating working capital (note 11)	(311,588)	36,824	481,385	111,243
Cash provided by operating activities	**324,431**	**732,869**	**976,250**	**846,263**
Investing activities				
Purchase of property and equipment	(6,368)	–	(9,743)	–
Development costs related to internally generated intangible assets (note 5)	(296,357)	(362,849)	(628,249)	(701,680)
Cash used in investing activities	**(302,725)**	**(362,849)**	**(637,992)**	**(701,680)**
Financing activities				
Issuance of share capital, net of issuance 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)	(117,981)	(126,453)	(229,068)	(244,728)
Payment of interest on debt	(436,423)	(379,080)	(846,907)	(507,758)
Payment of interest on lease obligations (note 14)	(12,486)	(13,596)	(19,188)	(31,088)
Cash (used in) provided by financing activities	**(566,890)**	**(519,129)**	**(845,163)**	**369,756**
Net (decrease) increase in cash for the period	**(545,184)**	**(149,109)**	**(506,905)**	**514,339**
Cash, beginning of period	1,621,021	2,221,509	1,573,341	1,621,778
Effect of exchange rate changes on cash	41,327	29,316	50,728	(34,401)
Cash, end of period	**$ 1,117,164**	**$ 2,101,716**	**$ 1,117,164**	**$ 2,101,716**

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, *Interim Financial Reporting* ("IAS 34"); and International Financial Reporting Interpretations Committee interpretations, as issued by the International Accounting Standards Board; 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 August 13, 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 June 30, 2025, the Company has cash of $1,117,164 and negative working capital. The Company has incurred recurring losses, has not yet achieved profitable operations and has a deficit of $87,869,970 since its inception. As a result of non-compliance with financial covenants, the Beedie Investments Ltd. Note Payable the Company and its lender have agreed to a period of forbearance extending to April 30, 2026. 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 June 30, 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, refinancing of its obligations under the Company's Note Payable and Bridge Loan 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.

Please refer to note 18 subsequent events on the amendment to the Note Payable agreement for details.

(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	June 30, 2025	December 31, 2024	June 30, 2024
Closing at the reporting date	0.7310	0.6956	0.7310
Average rate for the year	0.7226	0.7310	0.7309

USD/AUD exchange rate	June 30, 2025	December 31, 2024	June 30, 2024
Closing at the reporting date	0.6525	0.6214	0.6670
Average rate for the year	0.6405	0.6601	0.6594

USD/GBP exchange rate	June 30, 2025	December 31, 2024	June 30, 2024
Closing at the reporting date	1.3694	1.2551	1.2645
Average rate for the year	1.3353	1.2773	1.2593

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
- 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 January 1, 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

	June 30, 2025	December 31, 2024
Trade accounts receivable	$ 4,261,812	$ 3,806,576
Other receivables	1,130,780	854,050
Less allowance for doubtful accounts	(969,826)	(891,927)
	$ 4,422,766	$ 3,768,699

As at June 30, 2025, other receivables comprise of unbilled revenue of $915,515 (December 31, 2024 – $702,895) and sales tax receivable and other receivables of $113,375 (December 31, 2024 – $151,155).

5. Intangible assets and goodwill

Changes in the Company's intangible assets as at June 30, 2025 are listed as follows:

	December 31, 2024	Additions	Foreign exchange	June 30, 2025
Cost				
Customer relationships	$ 15,125,723	$ –	$ 209,620	$ 15,335,343
Technology	470,000	–	–	470,000
Non-compete	118,293	–		118,293
Brands	2,374,189	–	41,799	2,415,988
Patents	14,153	–	677	14,830
Internally generated intangible assets	12,988,115	628,249	680,174	14,296,538
	$ 31,090,473	$ 628,249	$ 932,270	$ 32,650,992
Accumulated amortization				
Customer relationships	12,936,677	$ 359,475	$ 114,358	13,410,510
Technology	470,000	–	–	470,000
Non-compete	118,293	–	–	118,293
Brands	2,323,580	–	92,408	2,415,988
Patents	2,658	677	156	3,491
Internally generated intangible assets	9,577,651	1,006,006	465,087	11,048,744
	$ 25,428,859	$ 1,366,158	$ 672,009	$ 27,467,026
Net book value	$ 5,661,614			$ 5,183,967

Changes in the Company's goodwill during the six months ended June 30, 2025 are listed as follows:

	December 31, 2024	Foreign exchange	June 30, 2025
VIQ Solutions PTY Ltd.	$ 4,599,778	$ 229,980	$ 4,829,758
Dataworxs Systems Limited	125,006	6,364	131,370
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	65,419	783,771
	$ 11,628,213	$ 301,763	$ 11,929,976

Impairment testing for cash-generating unit containing goodwill

As at June 30, 2025, the Company identified an indicator of impairment related to the VIQ Solutions Pty Ltd. CGU (Australia CGU") due to forecasted adjusted EBITDA being lower than originally budget. As a result, the recoverable amounts of the Company's Australia CGU were assessed using value in use. Based on the assessment, the recoverable amount of the Australia CGU continued to exceed the carrying amount and as a result no impairment was required.

The following are key assumptions on which management based its determinations of the recoverable amount for goodwill based on value in use:

	Carrying value of goodwill	Revenue growth rate	Terminal growth rate	Pre-tax discount
VIQ Solutions PTY Ltd.	$ 4,829,758	3% to 3.9%	2%	25%

6. Long-term debt

		June 30, 2025		December 31, 2024
Beedie Investments Ltd. Note Payable	$	17,099,730	$	15,988,401
Less current portion of long-term debt		(17,099,730)		(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 June 30, 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 June 30, 2025 was $1,250,000.

On March 14, 2025 and 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.

Waivers

The Company was not in compliance with the minimum monthly adjusted EBITDA covenant for the months of July 2024, August 2024, September 2024, November 2024 and December 2024 and maximum total secured debt leverage covenant for the months of July 2024 to June 30, 2025. As a result of non-compliance with these historical periods financial covenants, the Beedie Investments Ltd. note payable the Company and its lender have agreed to a period of forbearance extending to April 30, 2026. During the forbearance, debt covenants related to the period from July 1, 2025 onwards will continue to be applicable and tested. The Company's Note Payable and Bridge Loan are classified as current. Please refer to note 18 subsequent events on the amendment to the Note Payable agreement for details.

Interest

During the three and six months ended June 30, 2025, the Company recorded interest expense of $426,735 and $840,838 respectively (three and six months ended June 30, 2024 – $378,968 and $749,157) and $446,756 and $865,786 (three and six months ended June 30, 2024 – $418,635 and $742,440) as accretion and other financing costs related to the Note Payable in the interim condensed consolidated statements of loss and comprehensive loss.

The remaining principal repayments of debt to Beedie Investment Ltd. is $16,250,000 and paid in kind interest and amendment fee of $4,331,896, these amounts are due January 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 six months ended June 30, 2025:

PIPE - July 21, 2022

	Six months ended June 30, 2025	Year ended December 31, 2024
Fair value (CAD)	$0.01	$0.01
Share price (CAD)	$0.24	$0.18
Exercise price (USD)	$1.39	$1.39
Expected volatility	85.5%	88.8%
Risk-free rate	2.52%	2.85%
Expected life (years)	2.05	2.55
Expected dividends	0%	0%

Offering - September 15, 2021

	Six months ended June 30, 2025	Year ended December 31, 2024
Fair value (CAD)	$0.00	$0.00
Share price (CAD)	$0.24	$0.18
Exercise price (USD)	$5.00	$5.00
Expected volatility	73.2%	85.4%
Risk-free rate	2.43%	2.81%
Expected life (years)	1.21	1.70
Expected dividends	0%	0%

For the three and six months ended June 30, 2025, loss on revaluation of derivative warrant liabilities was recorded in the amount of $8,260 and $1,238 respectively (three and six months ended June 30, 2024 – loss on revaluation of $7,479 and gain on revaluation of $49,686, respectively).

As at June 30, 2025, there are 5,669,499 warrants outstanding associated with the PIPE and 2021 Offering and nil exercised (2024 – 5,669,499 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 June 30, 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
	$1.35	January 2032 to December 2032	50,959
Deferred share units - Legacy plan	$1.20 - $2.10	N/A	33,333
Restricted share units - Omnibus Equity Incentive plan	N/A	January 2026 to December 2026	867,000
	N/A	January 2027 to December 2027	626,572
	N/A	January 2028 to December 2028	1,800,000
	N/A	January 2031 to December 2031	3,678
	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 June 30, 2025, there are 10,764,680 Warrants outstanding associated with the Beedie financing (December 31, 2024 – 10,764,680).

As at June 30, 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 June 30, 2025, 95,959 options are vested related to the Omnibus Equity Incentive Plan (December 31, 2024 – 628,579) with a weighted average exercise price of CAD $2.05 per share (December 31, 2024 – CAD $0.99).

During the three and six months ended June 30, 2025, there were no stock options granted to directors, officers, employees and contractors (2024 – nil).

During the three and six months ended June 30, 2025, nil options were exercised (three and six months ended June 30, 2024 - nil), 583,579 and 588,870 stock options respectively were forfeited (three and six months ended June 30, 2024 – 70,000), and nil stock options expired (three and six months ended June 30, 2024 – nil).

The following information applies to stock options outstanding per the Omnibus Equity Incentive Plan as at June 30, 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	6.46 years	$2.84	45,000	$2.84
$1.35	50,959	6.88 years	$1.35	50,959	$1.35
	95,959	6.68 years	$2.05	95,959	$2.05

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 June 30, 2025 were 5,280,581 (December 31, 2024 – 5,233,402) of which 95,959 (December 31, 2024 – 684,829) were outstanding stock options, 33,333 (December 31, 2024 – 33,333) were outstanding DSUs, 3,719,756 (December 31, 2024 – 2,556,488) were outstanding RSUs and 75,000 (December 31, 2024 – 100,000) were outstanding PSUs for a total of 3,924,048 (December 31, 2024 – 3,374,650).

The Company did not grant any DSUs to directors of the Company during the three and six months ended June 30, 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 June 30, 2025, there are 3,678 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 gain of $21,482 and $19,553 respectively, for the three and six months ended June 30, 2025 (three and six months ended June 30, 2024 – gain of $18,534 and $47,311 respectively). The RSUs are valued at the following fair values:

	June 30, 2025	**December 31, 2024**
Fair value and share price (CAD)	$0.24	$0.18

During the three and six months ended June 30, 2025, 1,800,00 (three and six months ended June 30, 2024 – 500,000) RSUs were granted to directors, officers, employees and contractors, which are accounted on an equity basis. During the three and six months ended June 30, 2025, 1,800,000 RSUs were vested (three and six months ended June 30, 2024 – 551,839), 46,426 RSUs were forfeited (three and six months ended June 30, 2024 – 9,667) and 471,795 RSUs were exercised (three and six months ended June 30, 2024 – 436,333).

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 June 30, 2025 are 75,000 (December 31, 2024 – 100,000). During the three and six months ended June 30, 2025, there were nil PSUs granted (three and six months ended June 30, 2024 – nil), nil exercised (three and six months ended June 30, 2024 – nil), and 25,000 PSUs forfeited (three and six months ended June 30, 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 and six months ended June 30, 2025 was $292,682 and $291,865 respectively (three and six months ended June 30, 2024 – $111,283 and $139,816 respectively), which was included in the stock-based compensation expense with a corresponding charge to contributed surplus of $292,639 (2024 – $91,996) and share-based payment liability of $775 (2024 – $47,820).

10. Net loss per share

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
Numerator for basic and diluted net loss per share:				
Net loss for the period	$ (899,358)	$ (571,831)	$ (2,767,740)	$ (2,411,969)
Denominator for basic net loss per share:				
Weighted average number of common shares outstanding	52,563,142	51,348,578	52,449,214	48,065,488
Effect of potential dilutive securities	–	–	–	–
Adjusted denominator for diluted net loss per share	52,563,142	51,348,578	52,449,214	48,065,488
Basic net loss per share	$ (0.02)	$ (0.01)	$ (0.05)	$ (0.05)
Diluted net loss per share	$ (0.02)	$ (0.01)	$ (0.05)	$ (0.05)

For the six months ended June 30, 2025, 20,358,227 of potentially dilutive common shares (2024 – 19,065,859) 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 June 30, 2025	Three Months ended June 30, 2024	Six Months ended June 30, 2025	Six Months ended June 30, 2024
Trade and other receivables	$ (85,136)	$ (47,086)	$ (530,161)	$ (591,079)
Inventories	(2,355)	6,370	(2,406)	4,019
Prepaid expense and other deposits	(94,287)	289,736	344,860	656,938
Trade and other payables and accrued liabilities	(157,135)	(225,696)	828,224	50,684
Contract liabilities	27,325	13,500	(159,132)	(9,319)
Total	$ (311,588)	$ 36,824	$ 481,385	$ 111,243

Other supplemental cash flow information as follows:

	Three Months ended June 30, 2025	2024	Six Months ended June 30, 2025	2024
Cash received for interest	$ 1,911	10,208	$ 8,118	$ 21,413
Cash paid for interest	427,218	392,676	909,138	538,846

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 June 30, 2025			
	Technology and related revenue	Technology services	Corporate	Total
Revenue	$ 936,465	$ 9,509,023	$ –	$ 10,445,488
Gross profit	548,974	4,460,294	–	5,009,268
Selling and administrative expenses	248,171	2,541,651	1,076,288	3,866,110
Research and development expenses	16,184	163,773	–	179,957
Adjusted EBITDA	$ 284,619	$ 1,754,870	$ (1,076,288)	$ 963,201
Stock-based compensation				292,682
Depreciation and amortization				834,445
Foreign exchange gain				(354,295)
Interest, accretion and other financing costs				895,733
Gain on revaluation of restrictive share units				(21,482)
Loss on revaluation of derivative warrant liability				8,260
Restructuring costs				37,349
Strategic review costs				119,124
Other income				(1,911)
Current income tax expense				52,654
Net loss				$ (899,358)

	Three months ended June 30, 2024			
	Technology and related revenue	**Technology services**	**Corporate**	**Total**
Revenue	$ 1,219,545	$ 10,356,069	$ –	$ 11,575,614
Gross profit	893,049	4,369,768	–	5,262,817
Selling and administrative expenses	433,817	3,671,725	223,145	4,328,687
Research and development expenses	16,440	138,976	–	155,416
Adjusted EBITDA	$ 442,792	$ 559,067	$ (223,145)	$ 778,714
Stock-based compensation				111,283
Depreciation and amortization				1,008,126
Foreign exchange gain				(590,719)
Interest, accretion and other financing costs				831,181
Gain on revaluation of RSUs				(18,534)
Loss on revaluation of the derivative Warrant liability				7,479
Restructuring costs				5,874
Other income				(10,208)
Current income tax expense				6,063
Net loss				$ (571,831)

	Six months ended June 30, 2025			
	Technology and related revenue	**Technology services**	**Corporate**	**Total**
Revenue	$ 1,833,030	$ 18,191,483	$ –	$ 20,024,513
Gross profit	1,377,623	8,606,785	–	9,984,408
Selling and administrative expenses	576,057	5,716,942	1,383,753	7,676,752
Research and development expenses	29,336	291,140	–	320,476
Adjusted EBITDA	$ 772,230	$ 2,598,703	$ (1,383,753)	$ 1,987,180
Stock-based compensation				291,865
Depreciation and amortization				1,706,705
Foreign exchange gain				(438,327)
Interest, accretion and other financing costs				1,803,385
Gain on revaluation of restrictive share units				(19,553)
Loss on revaluation of derivative warrant liability				1,238
Restructuring expense				36,066
Strategic review costs				1,294726
Other income				(8,118)
Current income tax expense				86,933
Net loss				$ (2,767,740)

	Six months ended June 30, 2024			
	Technology and related revenue	**Technology services**	**Corporate**	**Total**
Revenue	$ 2,226,585	$ 19,270,702	$ –	$ 21,497,287
Gross profit	1,689,863	7,965,512	–	9,655,375
Selling and administrative expenses	853,504	7,386,927	399,030	8,639,461
Research and development expenses	33,199	287,327	–	320,526
Adjusted EBITDA	$ 803,160	$ 291,258	$ (399,030)	$ 695,388
Stock-based compensation				139,816
Depreciation and amortization				2,009,567
Foreign exchange gain				(487,886)
Interest, accretion and other financing costs				1,546,983
Gain on revaluation of RSUs				(47,311)
Gain on revaluation of the derivative Warrant liability				(49,686)
Restructuring costs recovery				(3,820)
Other income				(21,413)
Current income tax expense				21,107
Net loss				$ (2,411,969)

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).

	Three months ended June 30,		Six months ended June 30,	
Primary geographical markets	**2025**	**2024**	**2025**	**2024**
Australia	$ 5,545,176	$ 6,646,649	$ 10,485,235	$ 11,758,515
United States	4,247,213	4,354,519	8,279,144	8,516,544
United Kingdom	607,875	529,869	1,143,663	1,120,888
Canada	43,586	44,127	107,447	98,416
Other	1,638	450	9,024	2,924
Total	$ 10,445,488	$ 11,575,614	$ 20,024,513	$ 21,497,287

	Three months ended June 30,		Six months ended June 30,	
Major products/service lines	**2025**	**2024**	**2025**	**2024**
Technology services	$ 9,509,023	$ 10,356,069	$ 18,191,483	$ 19,270,702
Software licenses	90,655	246,154	168,857	317,372
Support and maintenance	443,030	436,869	898,468	882,510
SaaS	70,582	82,869	138,329	159,374
Subscriptions	152,674	171,257	297,931	346,447
Professional services	120,771	223,684	236,780	402,284
Hardware and other	58,753	58,712	92,665	118,598
Total	$ 10,445,488	$ 11,575,614	$ 20,024,513	$ 21,497,287

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 six months ended June 30, 2025, comprising 18.7% (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 and six months ended June 30, 2025:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Lease obligations, beginning of period	$ 461,014	$ 587,855	$ 204,802	$ 704,112
Additions	22,050	–	400,155	–
Interest on lease liabilities	12,486	13,596	19,188	31,088
Interest payments on lease liabilities	(12,486)	(13,596)	(19,188)	(31,088)
Principal payments of lease liabilities	(117,981)	(126,453)	(229,068)	(244,728)
Adjustment and abatement	–	–	–	31,416
Foreign exchange translation	9,146	9,125	(1,660)	(20,273)
Total	$ 374,229	$ 470,527	$ 374,229	$ 470,527

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	$ 131,526
2026	107,260
2027	109,829
2028	18,385
	$ 367,000

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 June 30, 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:

	June 30, 2025	December 31, 2024
United States	46%	53%
Australia	34%	25%
United Kingdom	14%	14%
Rest of world	6%	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 June 30, 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 $651,144 (2024 – $562,000).

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 $818,706 (2024 – $1,067,000) as June 30, 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 $354,295 and $438,327 (three and six months ended June 30, 2024 – foreign exchange gain of $590,719 and $487,886 respectively) for the three and six months ended June 30, 2025 respectively.

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 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 and a reimbursement of expenses incurred by Beedie up to a maximum of $900,000 in connection with Beedie's participation in a strategic review. 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) acceleration of the obligations.

On August 8, 2025, the Company entered into an amendment to the Note Payable ("August 2025 Beedie Amendment") with Beedie. Pursuant to the terms of the amendment, for non compliance with certain financial covenants from July 2024 to June 2025 and to amend certain financial covenants under the Credit Agreement from July 2025 to January 2027, the Company has acknowledged that default interest in the amount of $740,016 has become due and payable. Such amount shall be added to the outstanding principal amount of the Note Payable effective July 31, 2025, with the interest accruing and payable thereon as part of the Note Payable owing for the period July 1, 2024 to July 31, 2025.

In addition, Beedie agreed to a period of forbearance where it will not enforce its right to demand or accelerate the repayment of the amounts under the Note Payable or Bridge Loan resulting from the non-compliance of the previous financial covenants, up to April 30, 2026. During the period the revised covenants under the agreement will be applicable and tested. On completion of the forbearance period or upon further non-compliance events, Beedie will have the right to demand or accelerate the repayment of the indebtedness under the Note Payable or Bridge Loan.

The Company also agreed to a reduced reimbursement of expenses to Beedie of $600,000 from $900,000 in connection with Beedie's participation in the Company's strategic review. The expense reimbursement amount of $600,000 is payable on the earlier of: (i) the prepayment of the Note Payable and Bridge Loan in full (ii) the occurrence of a change of control , (iii) acceleration of the obligations and (iv) the maturity date.