NowVertical

Condensed Consolidated Interim Financial Statements for June 30, 2025 and 2024

NowVertical Group Inc.
Condensed Consolidated Interim Statements of Financial Position
As at June 30, 2025 and 2024
Unaudited, Expressed in U.S. dollars

	Note	June 30, 2025	December 31, 2024
Assets			
Current assets:			
Cash		$ 4,356,947	$ 2,577,716
Investments	22	1,087,242	2,021,833
Trade and other receivables	5	6,661,835	7,343,114
Unbilled receivables		7,769,418	5,227,610
Taxes receivable		1,246,130	1,434,798
Prepaid expenses and other current assets	23	432,313	998,313
Assets held for disposal	21	506,416	500,278
		22,060,301	20,103,662
Non-current assets:			
Other long-term receivables		1,736,161	2,919,377
Property and equipment, net	11	129,926	161,034
Long-term investments		-	219,089
Deferred tax asset	16	15,904	8,690
Intangible assets, net	9	7,837,640	7,920,278
Goodwill	10	12,680,686	12,531,308
		22,400,317	23,759,776
Total assets		$ 44,460,618	$ 43,863,438
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable		$ 5,162,103	$ 6,939,798
Accrued expenses and other current liabilities		7,765,750	6,514,125
Taxes payable		990,850	1,380,376
Current portion of long-term debt	12	1,328,542	2,563,687
Convertible debenture	15	3,578,556	3,185,551
Consideration payable related to acquired companies	6	2,656,862	2,794,306
Equity consideration related to acquired companies	6	-	1,381,032
Warrants liability	15	330,080	146,597
Deferred revenue	7	1,089,568	1,654,820
Liabilities held for disposal	21	1,385,204	2,041,243
		24,287,515	28,601,535
Non-current liabilities:			
Consideration payable related to acquired companies	6	769,484	1,578,596
Long-term debt	12	12,556,565	8,045,661
Deferred revenue	7	336,577	585,115
Deferred tax liability	16	2,381,103	2,406,124
Liabilities held for disposal	21	830,984	788,798
		16,874,713	13,404,294
Total liabilities		41,162,228	42,005,829
Shareholders' equity:			
Common shares		31,585,223	29,165,773
Contributed surplus		5,455,374	5,222,612
Accumulated other comprehensive loss		(2,701,327)	(2,798,361)
Accumulated deficit		(31,040,880)	(29,732,415)
		3,298,390	1,857,609
Total liabilities and shareholders' equity		$ 44,460,618	$ 43,863,438

Going concern (Note 2)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Approved on behalf of the Board of Directors

/s/ Elaine Kunda
Director

/s/ David Charron
Director

NowVertical Group Inc.

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)

Unaudited, Expressed in U.S. dollars, except for share and per share amounts

		Three months ended		Six months ended	
		June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	Note				
Revenue	7	$ 8,228,458	12,348,380	$ 18,595,498	25,295,372
Cost of revenue	18	4,390,200	6,259,648	9,618,123	13,176,235
Gross profit		3,838,258	6,088,732	8,977,375	12,119,137
Administrative expenses	18	3,229,732	5,387,105	6,830,990	11,215,089
Income from operations		608,526	701,627	2,146,385	904,048
Other income (expenses):					
Revaluation of warrants liability	15	(175,528)	19,902	(175,528)	19,902
Revaluation of equity consideration	6	-	9,588	(35,355)	22,475
Revaluation of contingent and deferred consideration	6	-	(580,967)	(592,848)	(746,545)
Inflation effect on the net monetary position		(227,408)	(312,679)	(553,758)	(896,371)
Investing income		49,012	254,202	145,363	519,851
Interest		(529,013)	(571,934)	(1,151,739)	(1,264,343)
Gain on debt settlement	12	36,030	-	36,030	-
Gain on sale of asset	21	-	3,528,620	-	3,528,620
		(846,907)	2,346,732	(2,327,835)	1,183,589
(Loss) income before income taxes		(238,381)	3,048,359	(181,450)	2,087,637
Income tax expense	16	386,054	1,105,665	1,127,015	1,655,240
					-
Net (loss) income		(624,435)	1,942,694	(1,308,465)	432,397
					-
					-
Foreign currency translation adjustment		142,038	88,037	97,034	1,054,398
Other comprehensive income		142,038	88,037	97,034	1,054,398
					-
Total comprehensive (loss) income		$ (482,397)	$ 2,030,731	$ (1,211,431)	$ 1,486,795
Basic net income (loss) per share	14	$ (0.01)	$ 0.02	$ (0.01)	$ 0.01
Diluted net income (loss) per share	14	$ (0.01)	$ 0.02	$ (0.01)	$ 0.01
Weighted average number of shares outstanding, basic	14	96,515,014	79,546,244	93,892,589	78,675,553
Weighted average number of shares outstanding, diluted	14	96,515,014	79,546,244	93,892,589	78,675,553

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

NowVertical Group Inc.
Condensed Consolidated Interim Statements of Cash Flows
Unaudited, Expressed in U.S. dollars

		Six months ended	
	Note	**June 30, 2025**	**June 30, 2024**
Cash flows from (used in) operating activities:			
Net (loss) income		$ (1,308,465)	$ 432,397
Non-cash adjustments	17	3,487,212	893,175
Net changes in working capital	17	(5,884,942)	(2,230,643)
		(3,706,195)	(905,071)
Cash flows from (used in) investing activities:			
Purchase of property and equipment		(57,760)	-
Proceeds from asset sales	21	2,732,118	6,347,474
Payment of consideration payable related to acquired companies	6	(949,115)	(1,055,461)
Investment in intangible assets	9	(344,078)	-
Proceeds from disposals of investments, net of investments	22	763,465	330,132
		2,144,630	5,622,145
Cash flows from (used in) financing activities:			
Proceeds from long-term debt, net of debt issuance costs	12	13,554,266	-
Repayment of long-term debt	12	(10,317,810)	(4,232,438)
Warrants exercised		993	-
		3,237,449	(4,232,438)
Effect of exchange rates		103,347	11,163
Net change in cash		1,779,231	495,799
Cash, beginning of period		2,577,716	2,774,340
Cash, end of period		$ 4,356,947	$ 3,270,139

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

NowVertical Group Inc.

Condensed Consolidated Interim Statements of Shareholders' Equity (Deficiency)

Unaudited, Expressed in U.S. dollars, except share information and unless otherwise noted

Six months ended June 30, 2025	Note	**Issued capital Common shares** Shares	**Amount**	**Contributed surplus**	**Accumulated other comprehensive loss**	**Accumulated deficit**	**Total**
Balances at January 1, 2025		87,268,044	$ 29,165,773	$ 5,222,612	$ (2,798,361)	$ (29,732,415)	$ 1,857,609
Net loss		-	-	-	-	(1,308,465)	(1,308,465)
Share-based compensation expense	13	-	-	232,762	-	-	232,762
Shares issued for provision of services	13	275,735	84,567	-	-	-	84,567
Shares issued related to acquisitions	13	8,986,600	2,333,890	-	-	-	2,333,890
Warrants exercised	13	2,640	993	-	-	-	993
Foreign currency translation adjustment		-	-	-	97,034	-	97,034
Balances at June 30, 2025		96,533,019	$ 31,585,223	$ 5,455,374	$ (2,701,327)	$ (31,040,880)	$ 3,298,390

Six months ended June 30, 2024		**Issued capital Common shares** Shares	**Amount**	**Contributed surplus**	**Accumulated other comprehensive loss**	**Accumulated deficit**	**Total**
Balances at January 1, 2024		77,804,862	$ 27,787,077	$ 4,953,477	$ (4,067,831)	$ (31,320,974)	$ (2,648,251)
Net income		-	-	-	-	432,397	432,397
Share-based compensation expense	13	-	-	109,058	-	-	109,058
Shares issued on acquisition	6, 13	9,321,515	1,362,895	-	-	-	1,362,895
Foreign currency translation adjustment		-	-	-	1,054,398	-	1,054,398
Balances at June 30, 2024		87,126,377	$ 29,149,972	$ 5,062,535	$ (3,013,433)	$ (30,888,577)	$ 310,497

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

1. Background and nature of operations

NowVertical Group Inc. (together with its subsidiaries, the "Company") is an Ontario corporation that is listed on the TSX Venture Exchange (the "TSXV") under the symbol "NOW".

The Company is a big data, analytics, and vertical intelligence company. The registered head office of the Company is located at 222 Bay Street, Suite 3000, Toronto, Ontario, M5K 1E7, Canada.

2. Material accounting policy information and assumptions

In preparing these unaudited condensed consolidated interim financial statements (the "Financial Statements"), management makes estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income, and expenses. Actual results may differ from these estimates. The significant judgments made by management applied to the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited annual consolidated financial statements for the year ended December 31, 2024 ("Annual Financial Statements").

Basis of presentation

Statement of compliance

These Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB").

These Financial Statements should be read in conjunction with the Company's Annual Financial Statements. These Financial Statements have been prepared using the same accounting policies that were described in Note 3 to the Annual Financial Statements.

The Board of Directors approved these Financial Statements on August 27, 2025.

Basis of measurement

These Financial Statements are presented in U.S. dollars, except where otherwise noted, and were prepared on a going concern basis.

Going concern uncertainty

These Financial Statements have been prepared in accordance with IAS 1, *Presentation of Financial Statements* ("IAS 1"), which contemplates continuation of the Company as a going concern. Historically, the Company experienced net losses and negative cash flows, and as at June 30, 2025, the Company has an accumulated deficit of $31,040,880 and a working capital deficit of $2,227,214. With respect to cash flows, the Company used cash flows from operations of $3,706,195, excluding the proceeds from asset sales there was a net outflow of $952,887. However, if including the proceeds from asset sales, there was a net inflow of $1,779,231. Of the $3,706,195, there was had a total net decrease in cash of $952,887. However, the total net change in cash for the year was a net inflow of $1,779,231 including proceeds from asset sales.

Management intends to improve revenue and profitability of existing businesses by leveraging internal sales channels and other cross-entity synergies. These internal activities and plans to raise additional funds through financings to support its working capital needs and to fund future cash accretive acquisitions using debt are aimed at improving cash flows from operations, eliminating its working capital deficit, and achieving its acquisition growth strategy. There can be no assurance, however, that the Company can reach profitability, successfully integrate acquired companies, continue to raise working capital financing, or source and fund future accretive acquisitions with debt.

Whether and when the Company can maintain profitability and generate sufficient positive cash flows is uncertain. Continued operations of the Company depend upon the Company's ability to meet its financing requirements on a continuing basis, to continue to have access to financing, and to generate positive operating results and sufficient cash flow. These material uncertainties may raise significant doubt about the Company's ability to continue as a going concern. These Financial Statements have been prepared on a going concern basis and, as such, do not include any adjustments that might result from the outcome of this uncertainty, or the recoverability and classification of recorded asset amounts or amounts and classifications of liabilities that might be necessary should the Company be unable to continue in existence. The Company has cash of $4,356,947, which includes $418,074 held in banks in Argentina.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the Financial Statements of the Company from the date that control commences until the date that control ceases.

The Financial Statements of the Company include NowVertical Group Inc. (formerly Good2Go Corp.), an Ontario, Canada company with a Canadian dollar functional currency, and its wholly owned subsidiaries. All intercompany transactions, balances, income, and expenses are eliminated on consolidation.

Foreign currencies

Foreign currency transactions are translated to the respective functional currencies of the Company's entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the date of the Condensed Consolidated Interim Statements of Financial Position. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through income and loss.

On consolidation, the assets and liabilities of foreign operations reported in their respective functional currencies are translated into U.S. dollars, the Company's presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into U.S. dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in other comprehensive income or loss and accumulated in accumulated other comprehensive loss within equity.

Classification of Argentina as a hyperinflationary economy

The Argentinian economy has been designated as hyperinflationary since July 1, 2018. As a result, application of IAS 29, *Financial Reporting in Hyperinflationary Economies* ("IAS 29") has been applied to CoreBI S.A. ("CoreBI"), whose functional currency is the Argentinian peso. The application of IAS 29 includes:

- Adjustment of historical cost non-monetary assets and liabilities for the change in purchasing power caused by inflation from the date of initial recognition to the period-end date;
- Adjustment of the Financial Statements for inflation during the reporting period;
- Translation at the period-end foreign exchange rate instead of an average rate; and
- Adjustment of the Financial Statements to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency.

On the application of IAS 29, the Company used the conversion coefficient derived from the national consumer price index, the IPC Nacional (the "IPC"). The level of the IPC on June 30, 2025, was 8,856 (December 31, 2024: 7,694). The Company recognized net monetary losses of $227,408 for the three months ended June 30, 2025 (2024: $312,679), and $553,758 for the six months ended June 30, 2025 (2024: $896,371). These amounts reflect adjustments to restate transactions recorded during the period into the measuring unit currency as of June 30, 2025.

As per IAS 21, *The Effects of Changes in Foreign Exchange Rates*, all amounts (i.e., assets, liabilities, equity, and expenses) are translated at the closing foreign exchange rate at the date of the most recent Condensed Consolidated Interim Statements of Financial Position, except that comparative amounts are not adjusted for subsequent changes in the price level or subsequent changes in exchange rates.

Equity

Common shares represent the value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from common shares. From time to time, the Company may issue units consisting of common shares and common share purchase warrants. The Company estimates the fair value of the warrants using a pricing model, and the residual difference between the unit price and the fair value of each warrant represents the fair value attributable to each common share. Any transaction costs associated with the issuance of units are apportioned between the common shares and warrants based on their relative fair values. Professional consulting, regulatory fees, and other costs that are directly attributable to financing transactions are deferred until such time as the transactions are completed. Share issue costs are charged to common shares when the related shares are issued.

Contributed surplus includes the fair value of vested and unvested stock options and restricted stock units.

Accumulated deficit includes all current and prior year losses.

3. Adoption of new accounting standards

New standards and interpretations adopted in the period:

The accounting policies used in the preparation of the Financial Statements are consistent with those of the prior year, except for the adoption of new standards and interpretations effective January 1, 2025, as follows:

Amendments to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Non-current
Liabilities with Covenants

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions that exist at the end of a reporting period are those that will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. If an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period (future covenants), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies to covenants that the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date.

The amendments are effective January 1, 2024. The amendments are to be applied retrospectively. The terms and conditions of the Company's convertible debentures met the requirements to be classified as current.

New standards and interpretations not yet adopted:

Standards issued but not yet effective up to the date of issuance of these Financial Statements are described below. This description is of the standards and interpretations issued that the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

International Financial Reporting Standard 18*, Presentation and Disclosure in Financial Statements* ("IFRS 18")

The IASB has issued IFRS 18 which focuses on updates to the statement of profit or loss, including specified totals and subtotals. The key new concepts introduced in IFRS 18 relate to:

- The classification of all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes, and discontinued operations, whereof the first three are new;
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation, which apply to the primary financial statements and notes in general.

In addition, narrow-scope amendments have been made to IAS 7, *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method from profit or loss to operating profit or loss and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18 will replace IAS 1. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its "operating profit or loss". IFRS 18 will apply for reporting periods beginning on or after January 1, 2027, and also applies to comparative information. Management is currently assessing the impact of this standard.

Unaudited, Expressed in U.S. dollars, except share information and unless otherwise noted

In July 2024, the IASB issued nine narrow-scope amendments as part of its regular maintenance of the standards. These amendments include clarifications, simplifications, corrections, and changes aimed at improving the consistency of IFRS 1, *First-time Adoption of International Financial Reporting Standards*; IFRS 7, *Financial Instruments: Disclosures*; IFRS 9, *Financial Instruments*; IFRS 10, *Consolidated Financial Statements*; and IAS 7, *Statement of Cash Flows*. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier adoption is permitted. The Company is currently assessing the potential impact of the narrow-scope amendments.

4. Capital management

The Company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders. The Company monitors capital based on the carrying amount of equity plus debt, less cash. Management assesses capital requirements to maintain an efficient financing structure while avoiding excessive debt. The Company monitors its capital structure and adjusts as required in light of economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may downsize or reduce costs. The capital of the Company consists of:

		June 30, 2025		**December 31, 2024**
Long-term debt	$	13,885,107	$	10,609,348
Convertible debenture		3,578,556		3,185,551
Warrants liability		330,080		146,597
Shareholders' equity		3,298,390		1,857,609
Cash		(4,356,947)		(2,577,716)
Investments		(1,087,242)		(2,021,833)
Total capital	$	15,647,944	$	11,199,556

5. Trade and other receivables

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. The net carrying value of trade receivables is considered a reasonable approximation of fair value due to their short-term nature.

		June 30, 2025		**December 31, 2024**
Trade receivables	$	4,685,111	$	4,259,562
Allowance for doubtful accounts		(289,143)		(266,630)
Net trade receivables		4,395,968		3,992,932
Other receivables		2,265,867		3,350,182
Total trade and other receivables	$	6,661,835	$	7,343,114

Unaudited, Expressed in U.S. dollars, except share information and unless otherwise noted

6. Consideration payable related to acquired companies

	Note		June 30, 2025		December 31, 2024
Current liabilities:					
Consideration payable		$	2,079,398	$	2,583,002
Equity consideration payable	13c		-		1,381,032
Contingent consideration payable			577,464		211,304
Total current liabilities		$	2,656,862	$	4,175,338
Non-current liabilities:					
Consideration payable			-		306,992
Contingent consideration payable			769,484		1,271,604
Total non-current liabilities		$	769,484	$	1,578,596
Total consideration payable		$	3,426,346	$	5,753,934

From the $3,426,346 total consideration payable, $120,000 relates to 2023 acquisitions, $1,998,633 relates to 2022 acquisitions, and the remaining balance of $ 1,307,713 relates to acquisitions prior to 2022.

The following table provides information about the consideration payable.

	Note		Six months ended June 30, 2025		Year ended December 31, 2024
Balance, beginning of period		$	5,753,934	$	9,284,731
Payments			(949,115)		(3,626,389)
Shares issued			(2,333,890)		(1,378,696)
Revaluation of equity consideration			35,355		122,963
Revaluation of contingent and deferred consideration			592,848		753,044
Contingent consideration on sale of asset	21		-		1,550,616
Settlement of holdback			-		(750,000)
Interest expense			146,333		-
Foreign exchange differences			180,881		(202,335)
Balance, end of period		$	3,426,346	$	5,753,934

Consideration amounts payable are in relation to acquired companies and consist of cash consideration, equity consideration, and contingent consideration. Cash consideration payable represents deferred cash payments and holdbacks, equity consideration payable represents the fair value of obligations to issue shares in the future, and contingent consideration payable represents the fair value of potential future performance-based earn-out payments. In the comparative Financial Statements, the company previously included payments of consideration payable related to acquired companies of $1,055,461 as a financing activity in the Condensed Consolidated Interim Statement of Cash Flows. These amounts are investing activities in nature, and the comparative Financial Statements have been amended to conform to current quarter’s presentation.

7. Revenue

The following table summarizes revenue by type of service:

	Three months ended				Six months ended			
		June 30, 2025		June 30, 2024		June 30, 2025		June 30, 2024
Data analytics solutions and services								
Cost plus fixed fee	$	93,773	$	1,879,636	$	261,477	$	4,556,214
Fixed, firm price		3,111,895		1,779,497		4,649,635		3,353,385
Time and materials		4,361,565		6,655,823		10,709,931		13,342,799
Total data analytics solutions and services		7,567,233		10,314,956		15,621,043		21,252,398
License and maintenance reselling		445,058		1,953,388		2,535,573		3,430,686
Software-as-a-service, license and maintenance		216,167		80,036		438,882		612,288
Total revenue	$	8,228,458	$	12,348,380	$	18,595,498	$	25,295,372

Unaudited, Expressed in U.S. dollars, except share information and unless otherwise noted

The following table summarizes revenue by the country of the customer's domicile:

	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2025	Six months ended June 30, 2024
USA	$ 341,102	$ 3,551,392	$ 1,093,243	$ 8,754,266
Argentina	3,218,880	3,561,561	7,142,400	5,806,734
Brazil	1,326,049	2,705,013	3,920,535	5,629,502
Chile	8,258	473,838	227,968	1,105,619
Colombia	807,681	249,731	1,251,333	362,953
United Kingdom	2,016,678	1,733,102	4,081,593	3,334,213
Other countries	509,810	73,743	878,426	302,085
Total revenue	$ 8,228,458	$ 12,348,380	$ 18,595,498	$ 25,295,372

The following table provides information about deferred revenue:

	Six months ended June 30, 2025	Year ended December 31, 2024
Balance, beginning of period	$ 2,239,935	$ 848,545
Increase from cash received and amounts billed	4,436,238	11,013,609
Revenue recognized	(5,316,729)	(9,605,033)
Foreign exchange revaluation	66,701	(17,186)
Balance, end of period	$ 1,426,145	$ 2,239,935
Deferred revenue classified as a current liability	$ 1,089,568	$ 1,654,820
Deferred revenue classified as a non-current liability	$ 336,577	$ 585,115

8. Segment reporting

For segment reporting purposes, the Chief Executive Officer is the Chief Operating Decision Maker ("CODM"). The determination of the Company's reportable segments is based on its organizational reporting structure and how the information is reported to the CODM on a regular basis. The CODM makes decisions and assesses performance of the Company on the basis such that the Company has two reportable operating segments: Operations, which includes the operating companies, and Corporate.

The accounting policies of the reportable segments are the same as the Company's accounting policies.

Information related to each reportable segment is set out below. Segment income (loss) from operations is used to measure performance because management believes this information is the most relevant in evaluating the results of the Company.

The adjustments to reconcile from segment income (loss) from continuing operations to the Financial Statements consist of depreciation of property and equipment, amortization of intangible assets, transaction expenses related to acquisitions, and foreign exchange gains.

Unaudited, Expressed in U.S. dollars, except share information and unless otherwise noted

	Three months ended June 30, 2025			
	Operations	Corporate	Adjustments	Total
Revenue	$ 8,228,458	$ -	$ -	$ 8,228,458
Cost of revenue	(4,314,529)	-	(75,671)	(4,390,200)
Gross profit	3,913,929	-	(75,671)	3,838,258
Administrative expenses	$ (2,445,807)	$ (609,236)	(174,689)	(3,229,732)
Income (loss) from operations	1,468,122	(609,236)	(250,360)	608,526
Other expenses	-	(846,907)	-	(846,907)
Income (loss) before income taxes	$ 1,468,122	$ (1,456,143)	$ (250,360)	$ (238,381)

	Three months ended June 30, 2024			
	Operations	Corporate	Adjustments	Total
Revenue	$ 12,328,738	$ 19,642	$ -	$ 12,348,380
Cost of revenue	(6,177,997)	-	(81,651)	(6,259,648)
Gross profit	6,150,741	19,642	(81,651)	6,088,732
Administrative expenses	(3,243,279)	(1,273,296)	(870,530)	(5,387,105)
Income (loss) from operations	2,907,462	(1,253,654)	(952,181)	701,627
Other income	-	2,346,732	-	2,346,732
Income (loss) before income taxes	$ 2,907,462	$ 1,093,078	$ (952,181)	$ 3,048,359

	Six months ended June 30, 2025			
	Operations	Corporate	Adjustments	Total
Revenue	$ 18,595,498	$ -	$ -	$ 18,595,498
Cost of revenue	(9,466,250)	(39)	(151,834)	(9,618,123)
Gross profit	9,129,248	(39)	(151,834)	8,977,375
Administrative expenses	(4,595,239)	(1,265,110)	(970,641)	(6,830,990)
Income (loss) from operations	4,534,009	(1,265,149)	(1,122,475)	2,146,385
Other expenses	-	(2,327,835)	-	(2,327,835)
Income (loss) before income taxes	$ 4,534,009	$ (3,592,984)	$ (1,122,475)	$ (181,450)

	Six months ended June 30, 2024			
	Operations	Corporate	Adjustments	Total
Revenue	$ 25,275,730	$ 19,642	$ -	$ 25,295,372
Cost of revenue	(13,022,812)	-	(153,423)	(13,176,235)
Gross profit	13,006,701	19,642	(153,423)	12,119,137
Administrative expenses	(7,019,852)	(2,548,698)	(1,646,539)	(11,215,089)
Income (loss) from operations	5,233,066	(2,529,056)	(1,799,962)	904,048
Other income	-	1,183,589	-	1,183,589
Income (loss) before income taxes	$ 5,233,066	$ (1,345,467)	$ (1,799,962)	$ 2,087,637

Unaudited, Expressed in U.S. dollars, except share information and unless otherwise noted

9. Intangible assets

Details of the Company's intangible assets and their carrying amounts are as follows:

	Note	Trade names	Customer relationships	Developed technology	Non-compete agreements	Order backlog	Licensed technology	Total
Cost:								
Balance at January 1, 2025		$ 1,179,591	$ 8,337,355	$ 3,081,373	$ 64,346	$ 323,000	$ 323,000	$ 13,308,665
Additions		-	-	344,078	-	-	-	344,078
Hyperinflation adjustment		-	35,864	69,102	-	-	-	104,966
Foreign exchange revaluation		-	41,174	118,800	-	-	10,980	170,954
Balance at June 30, 2025		1,179,591	8,414,393	3,613,353	64,346	323,000	333,980	13,928,663
Accumulated amortization:								
Balance at January 1, 2025		1,063,103	1,893,565	1,846,089	64,346	311,334	209,950	5,388,387
Hyperinflation adjustment		4,653	10,458	77,559	-	-	-	92,670
Amortization expense		107,677	338,789	120,945	-	11,666	30,889	609,966
Balance at June 30, 2025		1,175,433	2,242,812	2,044,593	64,346	323,000	240,839	6,091,023
Net book value, June 30, 2025		$ 4,158	$ 6,171,581	$ 1,568,760	$ -	$ -	$ 93,141	$ 7,837,640

	Note	Trade names	Customer relationships	Developed technology	Non-compete agreements	Order backlog	Licensed technology	Total
Cost:								
Balance at January 1, 2024		$ 1,496,935	$ 8,968,094	$ 2,616,988	$ 49,059	$ 2,876,000	$ 323,000	$ 16,330,076
Hyperinflation adjustment		23,508	329,681	464,385	12,745	-	-	830,319
Foreign exchange revaluation		(61,852)	(559,420)	-	12,542	-	-	(608,730)
Disposal on sale of asset	21	(279,000)	(401,000)	-	(10,000)	(2,553,000)	-	(3,243,000)
Balance at December 31, 2024		1,179,591	8,337,355	3,081,373	64,346	323,000	323,000	13,308,665
Accumulated amortization:								
Balance at January 1, 2024		850,403	1,140,321	1,604,199	33,418	911,803	145,350	4,685,494
Hyperinflation adjustment		36,132	81,209	-	9,801	-	-	127,142
Amortization expense		455,568	724,580	241,890	26,502	317,699	64,600	1,830,839
Disposal on sale of asset	21	(279,000)	(52,545)	-	(5,375)	(918,168)	-	(1,255,088)
Balance at December 31, 2024		1,063,103	1,893,565	1,846,089	64,346	311,334	209,950	5,388,387
Net book value, December 31, 2024		$ 116,488	$ 6,443,790	$ 1,235,284	$ -	$ 11,666	$ 113,050	$ 7,920,278

In the six months ended June 30, 2025, $151,834 (2024: $153,423) of amortization expense is included in cost of revenue and $458,132 (2024: $876,629) is included in administrative expenses in the Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss).

10. Goodwill

The following table provides information about the changes in goodwill:

	Note	Six months ended June 30, 2025	Year ended December 31, 2024
Balance, beginning of period		$ 12,531,308	$ 15,949,400
Hyperinflation adjustment		383,071	451,197
Foreign exchange revaluation		(233,694)	(732,338)
Sale of assets	21	-	(3,136,950)
Balance, end of period		$ 12,680,686	$ 12,531,308

The Company tests goodwill for impairment annually at year-end using data as of December 31 of that year at the level of the group of Cash Generating Unit ("CGU") to which the goodwill is allocated, which corresponds with the corresponding operating segment. The recoverable amount of the CGU to which the goodwill belongs is determined based on a fair value less cost to sell calculation that discounts the present value of estimated future cash flows at an appropriate risk-adjusted rate. The Company uses its projections to estimate future cash flows and includes an estimate of long-term future growth rates based on its most recent views of the long-term outlook for the business for a period of five years with growth rates ranging from 5% to 15% and a terminal growth rate of 2% to 3%. Actual results may differ from those assumed in these forecasts. The Company derives its discount rates using a capital asset pricing model and by analyzing published rates for industries relevant to its reporting units to estimate the cost of equity financing for the Company and then applies certain risk adjustment for each CGU to commensurate with the risks and uncertainty inherent in each respective CGU and in its respective projections. The discount rate used in valuations as at December 31, 2024, ranged from 18% to 26%. The results of the assessments performed as at December 31, 2024, indicated that the recoverable amount of goodwill exceeded carrying value for all CGUs, and management believes that no reasonably possible change in any of the above key assumptions would have caused the carrying amount to exceed its recoverable amount. Estimating the fair value of reporting units requires the use of estimates and significant judgments that are based on a number of factors including actual operating results. It is reasonably possible that the judgments and estimates described above could change in future periods.

Unaudited, Expressed in U.S. dollars, except share information and unless otherwise noted

11. Property and equipment

Details of the Company's property and equipment and their carrying amounts are as follows:

	Computer equipment	Furniture and fixtures	Vehicles	Other	Total
Balance at January 1, 2025	$ 140,157	$ 13,721	$ 7,156	$ -	$ 161,034
Additions	55,762	1,998	-	-	57,760
Hyperinflation adjustment	41,702	1,541	-	-	43,243
Depreciation	(163,315)	(2,729)	(3,047)	-	(169,091)
Foreign exchange variances	32,697	3,210	1,073	-	36,980
Balance at June 30, 2025	$ 107,003	$ 17,741	$ 5,182	$ -	$ 129,926

	Computer equipment	Furniture and fixtures	Vehicles	Other	Total
Balance at January 1, 2024	$ 162,488	$ 16,455	$ 16,153	$ 278	$ 195,374
Additions	71,811	-	-	-	71,811
Hyperinflation adjustment	325,230	14,722	-	-	339,952
Depreciation	(345,875)	(11,043)	(5,652)	(278)	(362,848)
Disposals	(7,984)	-	-	-	(7,984)
Foreign exchange variances	(65,513)	(6,413)	(3,345)	-	(75,271)
Balance at December 30, 2024	$ 140,157	$ 13,721	$ 7,156	$ -	$ 161,034

12. Long-term debt

	June 30, 2025	December 31, 2024
Principal	$ 15,102,003	$ 10,483,687
Interest accrued	105,610	58,109
Debt issuance costs, net of accretion	(1,419,425)	-
Foreign exchange revaluation	96,919	67,552
Balance, end of period	$ 13,885,107	$ 10,609,348
Current portion	$ 1,328,542	$ 2,563,687
Long-term portion	$ 12,556,565	$ 8,045,661

The following table provides information about the long-term debt.

	Six months ended June 30, 2025	Year ended December 31, 2024
Balance, beginning of period	$ 10,609,348	$ 16,493,471
Additions	14,700,000	-
Interest accrued	105,195	58,109
Repayments	(10,317,810)	(5,525,973)
Debt issuance costs	(1,453,201)	-
Debt issuance cost accretion	33,776	-
Gain on debt settlement	(36,030)	-
Foreign exchange revaluation	243,829	(416,259)
Balance, end of period	$ 13,885,107	$ 10,609,348
Current portion	$ 1,328,542	$ 2,563,687
Long-term portion	$ 12,556,565	$ 8,045,661

Long-term debt consists of:

a) $514,796 (December 31, 2024: $467,645) related to four unsecured, non-interest-bearing loans to NowVertical Group Inc., denominated in Canadian dollars. The debt was initially recorded at fair value, estimated using future payments discounted at a market rate of interest, with the adjustment amortized into profit and loss over the term of the debt as interest expense. The contractual principal owing at June 30, 2025, was $549,928 (December 31, 2024: $565,468).
b) The loan assumed upon acquisition of Signafire Technologies Inc., was settled and fully repaid for $80,000 during the six months ended June 30, 2025 (December 31, 2024: $116,023). There was a gain on debt settlement recognized of $36,030 in the Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss).
c) The Allegient Defense ("Allegient") loan was fully repaid for $2,722,043 outstanding during the year ended December 31, 2024.
d) A term loan to NowVertical Group Inc. of $7,000,000 bearing interest at the prime rate plus 3.0% per annum was fully repaid for $5,711,322 during the six months ended June 30, 2025 (December 31, 2024: $6,241,650).
e) A term loan to NowVertical Canada Holdings Inc. of C$7,000,000 bearing interest at 7.4% per annum was fully repaid for $3,312,379 during the six months ended June 30, 2025 (December 31, 2024: $3,520,784).
f) A term loan related to A10 Brazil bearing interest at 18% per annum was fully repaid for $281,546 during the six months ended June 30, 2025 (December 31, 2024: $263,246).
g) $ 6,037,022 outstanding in respect of a $6,000,000 term loan advanced to NowVertical UK Ltd. on May 30, 2025. The difference between the carrying amount and the original principal reflects accrued interest. The loan bears interest at Secure Overnight Financing Rate ("SOFR") plus a margin currently at 2.75% per annum, with repayments amortizing over the five-year term beginning on September 30, 2025, and maturing in 2030. The facility is secured by all the assets of the Company and certain subsidiaries and is subject to a subordination agreement with TSX Trust regarding the Company's outstanding convertible debentures. Standard financial covenants are measured quarterly beginning on June 30, 2025.
h) $ 8,752,714 outstanding in respect of an $8,700,000 revolving credit facility advanced to NowVertical Group Inc. on

Unaudited, Expressed in U.S. dollars, except share information and unless otherwise noted

May 30, 2025. The difference between the carrying amount and the original principal reflects accrued interest. The facility bears interest at SOFR plus a margin currently at 2.25% per annum, with interest-only payments over the three-year term beginning September 30, 2025. The principal balance is due on May 29, 2028, with an option to extend for one additional year, subject to the lender's consent. The revolving facility has a committed capacity of $12,000,000, which may be increased to $20,000,000 upon exercise of an accordion feature and certain ancillary facilities, also subject to lender consent. A standby fee of 35% of the applicable margin is charged on the undrawn portion of the facility, which was $3,300,000 as of June 30, 2025. The facility is secured by all of the assets of the Company and certain subsidiaries and is subject to a subordination agreement with TSX Trust regarding the Company's outstanding convertible debentures. Standard financial covenants are measured quarterly beginning June 30, 2025.

i) The Company incurred $1,453,201 debt issuance costs related to the term loan (Note 12g) and revolving credit facility (Note 12h) during the six months ended June 30, 2025. These are being amortized over the period of the two loans, and the Company recognized $33,776 of accretion expense in interest expense during the six months ended June 30, 2025, in the Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Loss.

Estimated principal repayments over the next five years and thereafter are as follows:

2025	$676,391
2026	$1,372,956
2027	$1,311,406
2028	$10,013,873
2029	$1,245,615
Thereafter	$623,006

The Company is in compliance with all debt covenants as of June 30, 2025.

13. Share capital

a) Authorized

Unlimited number of Class A Subordinate Voting Shares, and unlimited number of Class B Proportionate Voting Shares without par value.

b) Issued and fully paid

The shares outstanding as of June 30, 2025, were 96,533,019 (June 30, 2024: 87,126,377).

Balance, January 1, 2025	Note	87,268,044
Shares issued related to acquisitions	13c	8,986,600
Shares issued for provision of services	13d	275,735
Warrants exercised		2,640
Balance, June 30, 2025		96,533,019

Balance, January 1, 2024	Note	77,804,862
Shares issued related to acquisitions	13c	9,321,515
Balance, June 30, 2024		87,126,377

c) Shares issued related to acquisitions – On February 20, 2025, the Company issued 5,432,954 Subordinate Voting Shares ("SVS") in connection with the purchase of CoreBI and 3,553,646 SVS in connection with the purchase of Acrotrend Solutions Limited ("Acrotrend"). On June 13, 2024, the Company issued 9,321,515 SVS in connection with the purchase of Acrotrend.

d) Shares issued for provision of services - On February 20, 2025, the Company issued 181,818 SVS to an employee in settlement of a bonus payable. The related expense was $60,672. On April 15, 2025, the Company issued 93,917 SVS to employees in settlement of a bonus payable. The related expense was $37,264.

Unaudited, Expressed in U.S. dollars, except share information and unless otherwise noted

e) Restricted Stock Units - During the six months ended June 30, 2025, the Company granted 750,000 restricted stock units ("RSUs") for one year vesting. During the six months ended June 30, 2025, the Company recorded $170,913 (2024: $685) in share-based compensation for these RSUs. As at June 30, 2025, there were 2,175,000 RSUs outstanding (2024: 1,425,000).

f) Stock options

The Company has an omnibus equity incentive plan (the "Omnibus Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees, and consultants of the Company non-transferable equity-based awards, including stock options, to purchase SVS, RSUs, deferred stock units, and performance stock units (collectively, "Awards"). The Company is authorized to grant up to 9,653,302 SVS as Awards pursuant to the Omnibus Plan. The Board of Directors determines the price per Award, which may be allocated to each director, officer, employee, and consultant, and all other terms and conditions of the Award. Stock options typically vest over four years and become partially exercisable on the first anniversary date the options were granted, and Awards vest pursuant to the Omnibus Plan. The Company also has a legacy equity incentive plan through which it granted stock options to certain employees and contractors previously, which is no longer being used for new grants.

During the six months ended June 30, 2025, the Company recognized $61,849 (2024: $108,373) in share-based compensation. The fair value of the options granted was estimated using the Black-Scholes option pricing model on the date of grant using the following assumptions: risk-free rate ranging from 1.42% to 4.06%, expected life of one to four years, expected volatility of 78% based on comparable companies, and dividend yield of 0%.

The following table shows the stock options activity during the year:

	Six months ended					
	June 30, 2025			June 30, 2024		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Outstanding, January 1	4,348,542	$	0.69	5,700,942	$	0.89
Granted	-		-	1,425,000		0.20
Forfeited	-		-	(2,727,400)		0.66
Outstanding, June 30	4,348,542	$	0.58	4,398,542	$	0.59
Exercisable, June 30	3,310,938	$	0.69	2,778,229	$	0.77

Details of the outstanding options as at June 30, 2025 are as follows:

Range of exercise prices	Outstanding options at June 30, 2025	Remaining term of options in years		Weighted average exercise price	Exercisable options at June 30, 2025		Weighted average exercise price
$0.20 - $0.45	1,823,333	8.69	$	0.23	823,333	$	0.26
$0.46 - $0.90	2,250,209	5.75		0.82	2,238,230		0.82
$1.00	275,000	6.85		1.00	249,375		1.00
	4,348,542	7.05	$	0.58	3,310,938	$	0.69

Unaudited, Expressed in U.S. dollars, except share information and unless otherwise noted

14. Net income (loss) per share

Basic income (loss) per share is calculated by dividing net income (loss) for the period by the weighted average number of shares outstanding during the period. Diluted income (loss) per share is calculated by dividing net income (loss) for the period attributable to shareholders by the weighted average number of shares outstanding during the period plus the weighted average number of shares, if any, that would be issued on a conversion of all the dilutive potential effects. All stock options, warrants and shares resulting from convertible debt were excluded from the diluted weighted average number of shares calculation as their impact would have been anti-dilutive. The PVS and SVS shares are economically equivalent and entitled to the same earnings; as such, the basic and diluted net income (loss) per share for the Company for the period is calculated using the following numerators and denominators:

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Numerator				
Net income (loss)	$ (624,435)	$ 1,942,694	$ (1,308,465)	$ 432,397
Denominator				
Weighted average number of common shares outstanding for basic income (loss) per share	96,515,014	79,546,244	93,892,589	78,675,553
Adjustment for dilutive stock options	-	-	-	-
Weighted average number of common shares outstanding for diluted net income (loss) per share	96,515,014	79,546,244	93,892,589	78,675,553
Basic net income (loss) per share	**$ (0.01)**	**$ 0.02**	**$ (0.01)**	**$ 0.01**
Diluted net income (loss) per share	**$ (0.01)**	**$ 0.02**	**$ (0.01)**	**$ 0.01**

15. Convertible debenture and Warrants liability

On October 5, 2022, the Company closed a marketed public offering of 5,069 convertible debenture units ("Debenture Units") at a price of $1,000 per Debenture Unit for total gross proceeds of C$5,069,000 (net proceeds of USD $3.3 million) with a maturity date of October 5, 2025. Each Debenture Unit consists of one 10% senior unsecured convertible debenture of the Company with a face value of C$1,000 and 715 Class A SVS purchase Warrants of the Company, representing 75% Warrant coverage. Each Warrant is exercisable for one SVS at a price of C$1.25 per SVS for a period of 36 months following the closing date. The Warrants are listed under the symbol "NOW.WT.A". The Warrants have been classified as a liability and are revalued to fair value each quarter. The Debenture Units include a conversion feature whereby the principal amount shall be convertible, for no additional consideration, into Class A SVS of the Company at the option of the holder (with the exception of the Company Conversion set out below) in whole or in part at any time and from time to time prior to the earlier of: (i) the close of business on the maturity date, and (ii) the business day immediately preceding the date specified by the Company for redemption of the convertible debentures upon a change of control at a conversion price per share equal to C$1.05 subject to adjustment in certain events (the "Conversion Price"). The Company will be entitled to force the conversion (the "Company Conversion") of the principal amount of the then outstanding convertible debentures at the Conversion Price on not more than 60 days' and not less than 30 days' notice, (i) in the event that the daily VWAP of the SVS on the TSXV is greater than C$1.60 per share for 10 consecutive trading days of the SVS on the TSXV preceding such notice; or (ii) in connection with an equity or similar financing (either qualified by a prospectus or by way of private placement) involving SVS, or Warrants exercisable for SVS, resulting in aggregate gross proceeds to the Company of not less than C$12,500,000 (the "Qualified Financing"), in each case subject to the Company Conversion being permitted under the policies of the TSXV for any trading of the SVS at that time. If a Qualified Financing is completed at a price per security that is lower than the Conversion Price (with such Conversion Price being calculated, in the case of Warrants, by adding the issue and exercise price), the Conversion Price will be reduced to equal the greater of $0.10 and the closing price of the SVS on the TSXV on the day before the press release announcing the Qualified Financing is disseminated, provided that, among other things, the conditional approval of the TSXV is obtained. The conversion feature was revalued at June 30, 2025, with $nil fair value (December 31, 2024: $nil).

Warrants

In connection with the offering on February 28, 2023, each of the 9,631,500 units included one SVS Warrant of the Company. Each Warrant is exercisable to acquire one SVS at a price per share of C$0.80 for a period of 36 months following the closing of the offering. The value of the Warrants issued was $1,156,127 and was estimated using the Black-Scholes option pricing model on the date of grant using the following assumptions: risk-free rate of 4.17%, expected life of three years, expected volatility of 70% based on comparable companies, forfeiture rate of 0%, and dividend yield of 0%, and was recorded to Warrants liability. The fair value of the Warrants liability at June 30, 2025 is $316,833 (December 31, 2024: $133,992) based on the closing price of C$0.045 per Unit Warrant (defined below), and the difference of $175,528 was recorded to the Condensed Consolidated

Interim Statements of Income (Loss) and Comprehensive Income (Loss) as a warrant liability revaluation and $7,313 as an exchange difference.

In connection with the Debenture Unit offering on October 5, 2022, each of the 5,069 Units included 715 Unit Warrants. Each of the 3,624,335 full Unit Warrants is exercisable at a price of C$1.05 per Warrant for a period of 36 months following the closing date and entitles the holder to purchase one SVS. The Unit Warrants are freely traded. The fair value of the Unit Warrants of $320,537 upon issuance was determined using the closing price of C$0.12 per Unit Warrant on the date of issue. The fair value of the Unit Warrants was recorded to Warrants liability, and the balance of the proceeds was recorded to convertible debt. The Warrants liability is revalued at each reporting period using the closing price of the Unit Warrants on the reporting date. The fair value of the Warrants liability at June 30, 2025 is $13,247 (December 31, 2024: $12,605) based on the closing price of C$0.005 per Unit Warrant, and the difference of $642 was recorded to the Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss) as an exchange difference.

In connection with the Unit offering on December 15, 2021, each of the 10,894,756 Units included one half of one purchase Warrant (the "Unit Warrants"). Each of the 5,447,378 full Unit Warrants is exercisable at a price of C$1.25 per Warrant for a period of two years ending December 15, 2023, and entitles the holder to purchase one SVS. The Unit Warrants are freely traded. The fair value of the Unit Warrants of $168,999 upon issuance was determined using the closing price of C$0.04 per Unit Warrant on the date of issue. The fair value of the Unit Warrants was recorded to Warrants liability, and the balance of the proceeds was recorded to equity. Share issuance costs of $19,159 were allocated to the Warrants and expensed though profit and loss in the year ended December 31, 2021. The Warrants expired during the year ended December 31, 2024, and a Warrant revaluation of $19,902 was recognized in the Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss) as Warrant revaluation and $655 was recorded as an exchange difference.

16. Income tax expense

Income tax expense is recognized at an amount determined by multiplying the income (loss) before income taxes for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in full in the interim period. As such, the effective tax rate in the Financial Statements may differ from management's estimate of the effective tax rate for the Annual Financial Statements.

For the three months ended June 30, 2025 the Company recorded an income tax expense of $386,054 (2024: $1,105,665) on a pre-tax loss of $238,381 (2024: $3,048,359 gain). For the six months ended June 30, 2025, the Company recorded income tax expense of $1,127,015 (2024: $1,655,240) on a pre-tax loss of $181,450 (2024: $2,087,637 gain).

Unaudited, Expressed in U.S. dollars, except share information and unless otherwise noted

17. Cash flow adjustments and changes in working capital

The following non-cash adjustments and changes in working capital have been made to net income (loss) to arrive at operating cash flow:

	Note	Six months ended June 30, 2025	Six months ended June 30, 2024
Non-cash adjustments in operating activities:			
Depreciation of property and equipment	11	$ 169,091	$ 133,180
Amortization of intangible assets	9	609,966	1,030,052
Deferred income tax expense (benefit)	16	(4,885)	351,661
Income tax expense	16	1,131,900	1,303,579
Share-based compensation expense	13	232,762	109,058
Revaluation of equity consideration	6	35,355	(22,475)
Revaluation of contingent and deferred consideration	6	592,848	746,545
Revaluation of warrants liability	15	(175,528)	(19,902)
Gain on disposal of asset	21	-	(3,528,620)
Disposal of property, plant and equipment		-	(7,984)
Interest expense		644,533	148,457
Gain on debt settlement	12	(36,030)	-
Debt issuance cost accretion	12	33,776	-
Foreign exchange differences		253,424	649,624
		$ 3,487,212	$ 893,175
Net changes in working capital:			
Change in deferred revenue		$ (813,790)	$ 1,152,032
Change in trade and other receivables		(756,383)	1,207,013
Change in unbilled receivables		(2,541,808)	(2,172,865)
Change in prepaid expenses and other current assets		566,000	7,007
Change in accounts payable		(2,082,652)	(1,459,872)
Change in accrued expenses and other current liabilities		468,741	(257,796)
Change in short-term investments		(105,059)	(706,162)
Changes in assets and liabilities held for disposal	21	(619,991)	-
		$ (5,884,942)	$ (2,230,643)
Non-cash disclosures in investing and financing activities:			
Shares issued for provision of services		$ 84,567	$ -
Shares issued related to acquisitions		2,333,890	1,362,895
		$ 2,418,457	$ 1,362,895

Unaudited, Expressed in U.S. dollars, except share information and unless otherwise noted

18. Administrative expenses and cost of revenue

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Compensation and benefits	$ 1,575,391	$ 2,042,934	$ 3,036,482	$ 5,242,086
Professional fees	247,086	1,057,866	693,672	1,902,429
Marketing and advertising	354,494	214,448	573,635	442,029
Investor relations and filing fees	62,697	33,214	111,675	64,436
Product development	66,175	81,900	52,139	162,545
Office and other expenses	419,522	1,048,872	905,231	1,701,164
Travel expense	109,028	73,707	186,806	142,639
Depreciation of property and equipment	92,475	78,418	169,091	133,180
Amortization of intangible assets	224,175	374,716	458,132	876,629
Exchange loss (gain)	(45,220)	327,275	411,365	438,894
Share-based compensation expense	123,909	53,755	232,762	109,058
Total administrative expenses	$ 3,229,732	$ 5,387,105	$ 6,830,990	$ 11,215,089

	Three months ended		Six months ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Compensation and benefits	$ 3,009,074	$ 4,290,631	$ 6,273,635	$ 8,465,754
Subcontractor costs	1,270,616	1,835,982	3,137,507	4,438,288
Software and data expense	34,839	51,384	55,147	118,770
Amortization of intangible assets	75,671	81,651	151,834	153,423
Total cost of revenue	$ 4,390,200	$ 6,259,648	$ 9,618,123	$ 13,176,235

19. Financial instruments and risk management

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of financial instruments according to the following hierarchy based on the number of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Cash, accounts receivable, unbilled receivables, taxes receivable, other current assets, accounts payable, accrued expenses, convertible debenture and other current liabilities are recorded at their carrying amount due to the short-term maturities of these items. The carrying value of long-term debt with variable rates approximates its fair value due to the variable rate on the debt. The fair value of the Warrants liability is determined using Level 2 valuation techniques. The fair values of equity and contingent consideration related to acquired companies are determined using Level 3 valuation techniques.

Risk

The Company's activities expose it to financial risks including credit risk, liquidity risk, market risk, currency risk, interest rate risk, and price risk.

Credit risk

The Company takes on exposure to credit risk, which is the risk that one party will cause a financial loss for another party by failing to discharge an obligation. The Company is exposed to the risk of non-payment of trade and other receivables balances. The Company's exposure to credit risk is $14,431,253 as at June 30, 2025 (December 31, 2024: $12,570,724). The Company is also exposed to credit risk from cash held with banks and financial institutions. The maximum exposure is equal to the carrying value of the financial assets.

Liquidity risk

Liquidity risk is the risk that the Company might not be able to generate sufficient cash resources to settle its obligations in full as they fall due or it can only do so on terms that are materially disadvantageous. The Company is exposed to liquidity risk through non-payment of its accounts payable, accrued expenses and other current liabilities, convertible debenture, long-term debt, and payables to previous shareholders. The Company's exposure to liquidity risk is $33,817,862 as at June 30, 2025 (December 31, 2024: $31,621,724).

The table below summarizes the Company's contractual obligations into relevant maturity groups as at June 30, 2025, based on the expected contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows of principal amounts.

	Carrying value	Contractual cash flow	Year 1	Years 2 and 3	Years 4 and 5	Thereafter	Total
Current portion of long-term debt	$ 1,328,542	$ 1,328,542	$ 1,328,542	$ -	$ -	$ -	$ 1,328,542
Long-term debt	12,556,565	12,556,565	-	674,070	11,259,488	623,007	12,556,565
Convertible debenture	3,578,556	3,578,556	3,578,556	-	-	-	3,578,556
Current consideration related to acquired companies	2,656,862	2,656,862	2,656,862	-	-	-	2,656,862
Non-current consideration related to acquired companies	769,484	769,484	-	769,484	-	-	769,484
Total	$ 20,890,009	$ 20,890,009	$ 7,563,960	$ 1,443,554	$ 11,259,488	$ 623,007	$ 20,890,009

The Company manages its capital structure on a consolidated level based on the funds available to it to support the continuation and expansion of its operations and to maintain a flexible capital structure, which optimizes the cost of capital at an acceptable risk. The Company defines capital to include share capital and its borrowings. The primary sources of the Company's cash flow are revenue collected from transactions completed for customers, debt financing, and net cash proceeds from public offerings. The Company always intends to maintain sufficient liquidity to meet its liabilities as they come due. This is achieved by continuously monitoring cash flows and reviewing actual operating expenditures and revenue to budget.

Market risk

Market risk is the risk that changes in market prices – such as interest rates, foreign exchange rates, equity prices, and credit spreads – will affect the Company's income or the fair value of its holdings of financial instruments. The Company is exposed to market risk through currency risk, which results from both its operating and investing activities.

Currency risk

Currency risk is the possibility of financial loss due to unfavourable moves in exchange rates. The Company is exposed to currency risk as its equity capital is raised in Canadian dollars, and a significant portion of its operating costs and obligations, and its acquisition prices, are denominated in U.S. dollars. A portion of the Company's operating costs are denominated in Argentine pesos, Brazilian real, pounds sterling, and Colombian pesos but are significantly hedged by offsetting revenue. To mitigate exposure to foreign currency risk, exchange rates and cash requirements in various currencies are monitored, and funds are converted based on short-term rate forecasts.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument (i.e., loans and borrowings) will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations. The objective of the Company's interest rate management is to minimize the volatility of income. The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk at this time. Please refer to Note 12 for interest rates on outstanding debt.

Price risk

Price risk is the risk that the value of a security or investment will decrease. The Company is not exposed to significant price risk as the Company's investments consist of low-risk, highly liquid investments.

Unaudited, Expressed in U.S. dollars, except share information and unless otherwise noted

20. Related party transactions

The Company considers a related party a person or entity that is related to the Company and has control, joint control, or significant influence over the Company, or is a member of key management personnel. Key management personnel of the Company are its chief officers, executive members of the Board of Directors, and non-executive directors. Key management personnel remuneration includes the following expenses:

		Three months ended		Six months ended	
	Note	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Salaries and bonuses		$ 208,841	$ 168,879	$ 410,342	$ 347,621
Share-based payments		106,063	18,463	189,914	21,598
Shares issued for provision of services	13	-	-	47,220	-
Total related party transactions		$ 314,904	$ 187,342	$ 647,476	$ 369,219

21. Sale / disposal of assets

Allegient purchase agreement

On May 24, 2024, the Company closed the disposition of its subsidiary, Allegient, to Denergy Corporation (the "Purchaser") for a total gross cash consideration of up to $12,500,000 pursuant to purchase and sale agreement among the Company, the Purchaser and The Assérac Group, LLC, whereby the Purchaser acquired all of the issued and outstanding equity interests of NOW Guardian Inc., a wholly owned subsidiary of the Company through which the Company indirectly held 100% of the issued and outstanding equity interests in Allegient. The $12,500,000 all cash consideration for the transaction consists of $7,500,000 in cash received on closing, $1,000,000 pursuant to a secured promissory note payable in instalments within 18 months of closing, and $4,000,000 as an earn-out payable on Allegient reaching certain revenue milestones. As part of the transaction, the existing Allegient earn-out from the 2022 purchase of Allegient has been extinguished and a new earn-out agreement was entered. Under the new earn-out, the Company must pay 50% of the $4,000,000 earn-out consideration up to a maximum of $1,680,000 in aggregate with the same payment terms. During the six months ended June 30, 2025, the Company received $511,942. As of June 30, 2025, the Company has received $7,651,155, net of transaction costs and cash disposed on sale.

Affinio Social purchase agreement

On May 10, 2023, the Company completed the sale of Affinio Holdings Inc. ("Affinio") to a private UK-based intelligence platform provider, Audiense Ltd. ("Audiense"). Under the terms of the deal, the Company will receive an earn-out consideration based on the revenues collected (net of taxes) on sales of the Affinio product and Audiense products sold by the Company. Audiense is now an official reseller of the Company's vertical intelligence products and solutions. In addition, Audiense will pay $2,200,000 of deferred payments in cash to the Company within 24 months of May 10, 2023, with acceleration events included. The Company also received an equity stake in Audiense equivalent to 2% of Audiense's share capital on a fully diluted basis as of May 10, 2023. As part of the transaction, Audiense purchased Affinio assets consisting primarily of IP and patents. During the three months ended March 31, 2025, the Company received $2,220,176. As of March 31, 2025, the Company has received all outstanding payments owing and the earn-out consideration period has ended.

Unaudited, Expressed in U.S. dollars, except share information and unless otherwise noted

Chilean and Mexican operations

As at June 30, 2025, the following entities were classified as a disposal group held for disposal: Analytics 10 Mx S.A. de C.V. (Mexico), Inteligencia de Negocios S.A. (Chile), and INSA Consulting SpA (Chile) (collectively herein defined as the "Disposal Group"). The Company wrote down all assets of the Disposal Group to its estimated recoverable amount, resulting in an nominal impairment charge. The Company expects the Disposal Group to wind down its operations in the foreseeable future. As at June 30, 2025, the assets and liabilities held for disposal consist of the following:

		June 30, 2025		December 31, 2024
Cash	$	2,935	$	-
Trade and other receivables		21,373		67,336
Taxes receivable		438,711		415,781
Prepaid expenses and other current assets		43,397		17,161
Total assets held for disposal	$	506,416	$	500,278
Accounts payable		418,516		1,106,989
Accrued expenses and other current liabilities		151,184		161,819
Taxes payable		815,504		772,435
Current liabilities held for disposal	$	1,385,204	$	2,041,243
Taxes payable		830,984		788,798
Non-current liabilities held for disposal	$	830,984	$	788,798

22. Investments

		Six months ended June 30, 2025		Year ended December 31, 2024
Balance, beginning of period	$	2,021,833	$	368,530
Cash deposited (withdrawn)		(763,465)		1,471,383
Investing income		105,059		252,790
Foreign exchange differences		(276,185)		(70,870)
Balance, end of period	$	1,087,242	$	2,021,833

In the comparative Financial Statements, changes in short-term investments of $330,132 were previously included in net changes in working capital within cash flows from (used in) operating activities instead of within cash flows from (used in) investing activities.

23. Prepaid expenses and other current assets

		June 30, 2025		December 31, 2024
Prepaid expenses	$	383,802	$	942,456
Security deposits		33,215		36,999
Employee receivable		15,296		18,858
Total prepaid expenses and other current assets	$	432,313	$	998,313