

Consolidated Interim Financial Statements  
(Unaudited)

**AirIQ Inc.**

For the Three Months Ended June 30, 2025

***Notice to Reader:***

The following consolidated interim financial statements have been prepared by Management of AirIQ Inc. and have not been reviewed by the Company's external auditors.

**CONSOLIDATED INTERIM STATEMENTS  
OF FINANCIAL POSITION  
(UNAUDITED)**

(in thousands of Canadian dollars)

	June 30, 2025	March 31, 2025
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 3d)	2,953	3,088
Prepaid expenses and deposits	145	154
Trade and other receivables (note 15b)	459	337
Inventory (note 5)	380	380
<b>Total current assets</b>	<b>3,937</b>	<b>3,959</b>
<b>Non-current assets</b>		
Software (note 6)	905	892
Rental units (note 6)	1,068	898
Property and equipment (note 6)	24	25
Customer contracts (note 7)	391	423
Deferred tax asset	2,948	2,948
<b>Total non-current assets</b>	<b>5,336</b>	<b>5,186</b>
<b>Total assets</b>	<b>9,273</b>	<b>9,145</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 15c)	721	562
Deferred revenues (note 8)	490	455
<b>Total current liabilities</b>	<b>1,211</b>	<b>1,017</b>
<b>Non-current liabilities</b>		
Deferred revenues (note 8)	26	27
<b>Total non-current liabilities</b>	<b>26</b>	<b>27</b>
<b>Total liabilities</b>	<b>1,237</b>	<b>1,044</b>
<b>Shareholders' equity</b>		
Share capital (note 10(a))	91,146	91,243
Other paid-in capital (note 10(b))	4,448	4,448
Contributed surplus (note 10(c))	3,088	3,072
Deficit	(90,646)	(90,662)
<b>Total shareholders' equity</b>	<b>8,036</b>	<b>8,101</b>
<b>Total liabilities and shareholders' equity</b>	<b>9,273</b>	<b>9,145</b>
Authorized for issue on behalf of the Board:	"Vernon Lobo"	"Geoffrey Rotstein"
	Director	Director

See accompanying notes

**CONSOLIDATED INTERIM STATEMENTS OF  
INCOME AND COMPREHENSIVE INCOME  
(UNAUDITED)**

(in thousands of Canadian dollars except per share amounts)

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024
	\$	\$
<b>Revenues</b>		
Recurring revenue	1,323	1,173
Hardware and other revenue	99	480
Total revenues	1,422	1,653
Direct cost of sales (notes 5 and 6)	550	732
<b>Gross profit</b>	<b>872</b>	<b>921</b>
<b>Expenses</b>		
Sales and marketing	366	372
Research and development	34	29
General and administration	264	295
<b>Total expenses (note 12)</b>	<b>664</b>	<b>696</b>
<b>Income before other expenses</b>	<b>208</b>	<b>225</b>
Other expenses		
Interest income	(22)	(29)
Depreciation and amortization (notes 6 and 7)	120	109
Foreign exchange loss (gain)	78	(12)
Stock-based compensation (note 11(a))	16	37
Loss on disposal of fixed assets and rental units (note 5 and 6)	—	13
<b>Total other expenses</b>	<b>192</b>	<b>118</b>
<b>Net income and comprehensive income for the period</b>	<b>16</b>	<b>107</b>
<b>Net income per share (note 18)</b>		
<b>Basic</b>	\$ -	\$ -
<b>Diluted</b>	\$ -	\$ -

*See accompanying notes*

**CONSOLIDATED INTERIM  
STATEMENTS OF CASH FLOWS  
(UNAUDITED)**

(in thousands of Canadian dollars)

	Three Months Ended June 30, 2025 \$	Three Months Ended June 30, 2024 \$
<b>Cash flows from operating activities</b>		
Net income for the period	16	107
<b>Adjustments to reconcile profit to net cash used in operating activities</b>		
Stock-based compensation (note 11(a))	16	37
Depreciation of property, plant and equipment (note 6)	176	160
Depreciation of customer contracts (note 7)	32	29
Loss on disposal of fixed assets (note 6)	—	13
<b>Changes in non-cash balances related to operations</b>		
Trade and other receivables	(122)	(147)
Inventory	—	124
Prepaid expenses and deposits	9	18
Accounts payable and accrued liabilities	159	99
Deferred revenue (note 8)	34	146
<b>Total cash inflows from operating activities</b>	<b>320</b>	<b>586</b>
<b>Cash flows from investing activities</b>		
Software (note 6)	(99)	(95)
Rental units (note 6)	(258)	(99)
Property, plant and equipment (note 6)	(1)	(8)
Acquisition of customer contracts (note 7)	—	(68)
<b>Total cash outflows from investing activities</b>	<b>(358)</b>	<b>(270)</b>
<b>Cash flows from financing activities</b>		
Repurchase of common shares under NCIB (note 10)	(97)	(7)
<b>Total cash outflows from financing activities</b>	<b>(97)</b>	<b>(7)</b>
Net change in cash and cash equivalents	(135)	309
Cash and cash equivalents at beginning of period	3,088	3,125
<b>Cash and cash equivalents at end of period</b>	<b>2,953</b>	<b>3,434</b>
<b>Supplementary disclosure</b>		
Cash	1,703	1,134
Cash equivalents (note 3(d))	1,250	2,300

*See accompanying notes*

**CONSOLIDATED STATEMENTS OF  
CHANGES IN EQUITY (DEFICIENCY)  
(UNAUDITED)**

(in thousands of Canadian dollars)

	Share capital \$	Other paid-in capital \$	Contributed surplus \$	Deficit \$	Total \$
<b>Balance as at March 31, 2024</b>	<b>91,336</b>	<b>4,448</b>	<b>2,979</b>	<b>(90,865)</b>	<b>7,898</b>
Income for the period	—	—	—	107	107
Stock based compensation	—	—	37	—	37
Common shares repurchased under NCIB	(7)	—	—	—	(7)
<b>Balance as at June 30, 2024</b>	<b>91,329</b>	<b>4,448</b>	<b>3,016</b>	<b>(90,758)</b>	<b>8,035</b>
Income for the period	—	—	—	96	96
Reallocation from exercise of stock options	57	—	(27)	—	30
Stock based compensation	—	—	83	—	83
Common shares repurchased under NCIB	(143)	—	—	—	(143)
<b>Balance as at March 31, 2025</b>	<b>91,243</b>	<b>4,448</b>	<b>3,072</b>	<b>(90,662)</b>	<b>8,101</b>
Income for the period	—	—	—	16	16
Stock based compensation	—	—	16	—	16
Common shares repurchased under NCIB	(97)	—	—	—	(97)
<b>Balance as at June 30, 2025</b>	<b>91,146</b>	<b>4,448</b>	<b>3,088</b>	<b>(90,646)</b>	<b>8,036</b>

*See accompanying notes*

**NOTES TO THE CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

(in thousands of Canadian dollars except share and per share amounts)

For the three months ended June 30, 2025

**1. CORPORATE INFORMATION**

AirIQ Inc. (“AirIQ” or the “Company”) is a public company that trades on the TSX Venture Exchange (“TSXV”), under the symbol “IQ”. The Company was formed under the *Canada Business Corporations Act*. The Company’s principal business is to develop and operate a telematics asset management system using specialized software, digitized mapping, wireless communications, the internet and the Global Positioning System (“GPS”). The Company’s head office is located at 1099 Kingston Road, Suite 207 in Pickering, Ontario.

These consolidated interim financial statements have been authorized for issue by the Board of Directors on August 20, 2025.

**2. BASIS OF PREPARATION**

These consolidated interim financial statements of the Company for the three months ended June 30, 2025, including comparatives, have been prepared in accordance with IAS 34 - Interim Financial Reporting using the accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and its interpretations, and using the same accounting policies and methods as were used for the Company’s annual financial statements and notes thereto for the years ended March 31, 2025 and 2024, except for any new accounting pronouncements which have been adopted. Changes to significant accounting policies are described in note 3.

These consolidated interim financial statements do not include all of the information and disclosures required by International Financial Reporting Standards (“IFRS”) for annual financial statements. Accordingly, these consolidated interim financial statements should be read in conjunction with the Company’s annual financial statements as at and for the years ended March 31, 2025 and 2024 and the accompanying notes thereto.

The preparation of consolidated interim 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 of complexity, or areas where assumptions and estimates are significant to the consolidated interim financial statements are disclosed in note 4.

**NOTES TO THE CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

(in thousands of Canadian dollars except share and per share amounts)

For the three months ended June 30, 2025

**2. BASIS OF PREPARATION continued**

These consolidated interim financial statements have been prepared on a historical cost basis. In addition, the consolidated interim financial statements are prepared using the accrual basis of accounting except for cash flow information and should be read in conjunction with the Company's financial statements for the year ended March 31, 2025.

These consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency, and all values are rounded to the nearest thousand (CAD \$'000) except per share amounts, unless otherwise indicated.

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The accounting policies set out below have been consistently applied to all periods presented.

**a) Basis of consolidation**

Subsidiaries are those entities where the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power, either directly or indirectly, to direct the financial and operating policies of the entity. These consolidated financial statements include the accounts of AirIQ and its wholly-owned subsidiaries, AirIQ U.S. Holdings, Inc. ("AirIQ Holdings"), AirIQ U.S., Inc. ("AirIQ USA"), and AirIQ, LLC ("AirIQ LLC"). All inter-company balances and transactions have been eliminated on consolidation.

**b) Inventory**

Inventory is valued initially at cost and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to its present location and condition using a weighted average cost basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Obsolete, redundant and slow moving inventory is identified and written down to estimated net realizable values.

**c) Software, rental units and property, plant and equipment**

Software, rental units and property, plant and equipment are initially recorded at cost and subsequently measured at cost less accumulated depreciation. Depreciation is calculated using the straight-line method based on the following estimated useful lives:

Software	5 years
Rental units	5 years
Office equipment	5 years

**d) Cash and cash equivalents**

Cash and cash equivalents consist of cash on deposit and highly liquid investments, such as GICs, subject to minimal risk of changes in value and which have original maturities of 3 months or less at the date of purchase or can be converted to cash at any time. Changes in the fair value of the Company's cash and cash equivalents are included in interest income each period. Cash equivalents are designated as at fair value through profit and loss, which are measured at fair value.

**NOTES TO THE CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

(in thousands of Canadian dollars except share and per share amounts)

For the three months ended June 30, 2025

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued**

**e) Intangible assets**

Intangible assets are recorded at cost less accumulated amortization, and accumulated impairment losses (if any). The intangible assets consist of customer contracts and they are amortized over their estimated useful lives of 5 years on a straight-line basis.

**f) Impairment of non-financial assets**

Non-financial assets, including software, rental units, property, plant and equipment, intangible assets and costs of deferred revenues are subject to review for indicators of impairment at least annually or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If any impairment indicators exist, an impairment test is performed. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down to its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to the consolidated statement of income.

**g) Revenue recognition**

The Company earns revenue through the supply of GPS solutions for asset management services in the commercial and consumer markets. Revenue is measured at the fair value of the consideration received or receivable for services, net of discounts and sales taxes. Consideration received from customers in advance is recorded as deferred revenue.

Provided the amount of revenue can be measured reliably and it is probable that the Company will receive any consideration, revenue for services is recognized in the period in which they are rendered.

The principal sources of revenue to the Company and recognition of these revenues are as follows:

- (i) Revenue from equipment sold with service contracts is recognized at the time of sale.
- (ii) Revenue from equipment leased is recorded on a straight-line basis over the term of the lease.
- (iii) Revenue from equipment sold with a month-to-month service plan is recognized at the time of the sale.
- (iv) Revenue from providing wireless-based services is recognized when the services are provided.
- (v) Revenue from the sale of component parts and lost units is recognized in the period in which they are sold.
- (vi) Payments received from customers in advance of revenue recognition are recorded as deferred revenue and recognized as the services are provided.

**h) Research and development costs**

Research costs are expensed as incurred. Development costs are expensed as incurred unless a project meets the criteria of an intangible asset. As at June 30, 2025 and 2024, the Company has capitalized certain development costs.



**NOTES TO THE CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
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(in thousands of Canadian dollars except share and per share amounts)

For the three months ended June 30, 2025

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued**

**i) Share-based payments**

The Company has an employee share-based payment plan that is described in note 11.

As part of its remuneration, the Company grants stock options and warrants to buy common shares of the Company to its employees. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

All share-based remuneration is ultimately recognized as an expense in the consolidated statements of income with a corresponding credit to contributed surplus. Upon exercise of stock options and warrants, the proceeds received net of any directly attributable transactions costs and the amount originally credited to contributed surplus are allocated to share capital. When options and warrants expire unexercised, the related value remains in contributed surplus.

**j) Foreign currency translation**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, foreign currency monetary assets and liabilities are translated using the reporting date foreign exchange rate. Foreign currency non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the consolidated statement of income.

**k) Income per share**

Basic income per share is determined by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted income per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period after giving effect to potentially dilutive financial instruments.

**NOTES TO THE CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
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(in thousands of Canadian dollars except share and per share amounts)

For the three months ended June 30, 2025

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued**

**l) Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. All of the Company's financial assets and financial liabilities are measured initially at fair value plus directly attributable transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

All financial assets and financial liabilities except cash equivalents are initially recognized at the fair value and subsequently carried at amortized cost using the effective interest rate method, less provision for impairment. Cash equivalents are classified as fair value through profit or loss. They are carried at fair value with gains or losses recognized in the consolidated statement of income.

The impairment of financial assets under IFRS 9 is based on an expected credit loss (ECL) model. IFRS 9 applies to financial assets measured at amortized cost and contract assets and requires that the Company considers factors that include historical, current and forward-looking information when measuring the ECL. The Company uses the simplified approach for measuring losses based on the ECL for trade receivables. Amounts considered uncollectible are written off and recognized in sales and marketing general expenses in the consolidated statement of income.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of June 30, 2025 and 2024, the Company's cash equivalents are carried at fair value and are classified as Level 2 in the fair value hierarchy.

Transaction costs incurred in the course of raising debt financing are netted against the carrying value of the liability and then amortized over the expected life of the instrument using the effective interest rate method to expense interest over the period to maturity of the related debt. Other transaction costs incurred are included in the consolidated statement of income.

**m) Warranty**

The Company has provided a warranty on its hardware devices against defects in material and workmanship, with the exception of defects caused by abuse, misuse, accident, alteration, modification, neglect or incorrect installation, operation or removal of the equipment, for a period of one (1) year from the date of installation or purchase. The Company's obligation during the warranty period is to either replace or repair a defective unit, at its sole option. Estimated costs associated with the repair or replacement are included in the Company's direct cost of sales.

**NOTES TO THE CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

(in thousands of Canadian dollars except share and per share amounts)

For the three months ended June 30, 2025

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued**

**n) Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Any short-term or low-value leases are excluding from this consideration. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

A lease liability is initially measured at the present value of the unpaid lease payments discounted using the interest rate implicit in the lease or if that rate cannot be reliably determined, the Company's incremental borrowing rate. Subsequently, the Company measures a lease liability at amortized cost using the effective interest method. It is then remeasured to reflect revised in-substance fixed lease payments. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

All the components of the lease liability are required to be discounted to reflect the present value of the payments. The discount rate to use is the rate implicit in the lease, unless this cannot readily be determined, in which case the lessee's incremental borrowing rate is used instead. The definition of the lessee's incremental borrowing rate states that the rate should represent what the lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. Significant judgment is required to estimate an incremental borrowing rate in the context of a right-of-use asset.

Variable non-lease costs such as, property taxes, maintenance, and other non-lease costs, are not included in the calculation of the right-of-use asset or lease liability.

As permitted by IFRS 16, the Company has elected to not recognize lease liabilities and right-of-use assets for short-term or low value assets.

**NOTES TO THE CONSOLIDATED  
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(UNAUDITED)**

(in thousands of Canadian dollars except share and per share amounts)

For the three months ended June 30, 2025

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES continued**

**o) New accounting policies**

During the period ended June 30, 2025, the Company adopted the following new IFRS standards, interpretations, amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's consolidated interim financial statements, and are described as follows:

**IFRS 10** – Consolidated interim financial statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however, early adoption is permitted.

**Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)** – In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted.

**Presentation and Disclosure in Financial Statements (IFRS 18)** - In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standards replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

There are no other IFRS standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

**NOTES TO THE CONSOLIDATED  
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(in thousands of Canadian dollars except share and per share amounts)

For the three months ended June 30, 2025

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated interim financial statements and the reported amounts of revenue and expenses during the reporting periods. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Critical accounting estimates are reviewed quarterly by the Audit Committee of the Board of Directors. Management's judgment is applied to the following areas: income taxes, share-based payment transactions, warranty provisions, asset impairments, useful lives of depreciable assets, net realizable value of inventory, fair value of assets acquired in business combinations, revenue recognition, legal claim and contingency provisions.

#### 5. INVENTORY

Inventory consists of finished goods. For the three months ended June 30, 2025, the amount of inventory recognized as an expense in direct cost of sales was \$31 (three months ended June 30, 2024 – \$345). Inventory is valued at cost, as it is the lower of cost or net realizable value. There was a \$nil write-down of inventory included in other expenses during the three months ended June 30, 2025 (three months ended June 30, 2024 - \$nil).

#### 6. SOFTWARE, RENTAL UNITS AND PROPERTY AND EQUIPMENT

Software, rental units and property and equipment consist of the following:

	Software \$	Rental units \$	Office equipment \$	Total \$
<b>Cost</b>				
<b>Balance at March 31, 2025</b>	2,715	1,654	60	4,429
Additions for the period	99	258	1	358
<b>Balance at June 30, 2025</b>	2,814	1,912	61	4,787
<b>Depreciation and impairment losses</b>				
<b>Balance at March 31, 2025</b>	1,823	756	35	2,614
Depreciation for the period	86	88	2	176
<b>Balance at June 30, 2025</b>	1,909	844	37	2,790
<b>Carrying amounts</b>				
As at March 31, 2025	892	898	25	1,815
<b>As at June 30, 2025</b>	905	1,068	24	1,997

**NOTES TO THE CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

(in thousands of Canadian dollars except share and per share amounts)

For the three months ended June 30, 2025

**6. SOFTWARE, RENTAL UNITS AND PROPERTY AND EQUIPMENT continued**

Depreciation expense for software, rental units and property and equipment for the three months ended June 30, 2025 is \$176, (three months ended June 30, 2024 - \$160) of which \$88 (three months ended June 30, 2024 - \$80) is included in direct cost of sales relating to rental units.

During the three months ended June 30, 2025, the Company disposed of \$nil of fixed assets (three months ended June 30, 2024 - \$57), and disposed of \$nil depreciation (three months ended June 30, 2024 - \$44).

The Company continues to assess the carrying value of its software, rental units and property, plant and equipment and determines whether they are impaired. The impairment charge for the three months ended June 30, 2025 is \$nil (three months ended June 30, 2024 – \$nil).

**7. CUSTOMER CONTRACTS**

Customer contracts consist of the following:

	Customer Contracts \$
<b>Cost</b>	
<b>Balance at March 31, 2025</b>	<b>638</b>
<b>Balance at June 30, 2025</b>	<b>638</b>
<b>Amortization</b>	
<b>Balance at March 31, 2025</b>	<b>215</b>
Amortization for the period	32
<b>Balance at June 30, 2025</b>	<b>247</b>
<b>Carrying amounts</b>	
As at March 31, 2025	423
<b>As at June 30, 2025</b>	<b>391</b>

**NOTES TO THE CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

(in thousands of Canadian dollars except share and per share amounts)

For the three months ended June 30, 2025

**8. DEFERRED REVENUE**

	Deferred revenues
	\$
<b>Balance as at March 31, 2025</b>	<b>482</b>
<b>As at March 31, 2025</b>	
Current	455
Non-current	27
<b>Changes during the period:</b>	
Deferred during the period	268
Released to the consolidated statement of income	(234)
<b>Balance as at June 30, 2025</b>	<b>516</b>
<b>As at June 30, 2025</b>	
Current	490
Non-current	26

**9. FINANCING AND GOVERNMENT LOANS**

**Credit Facility**

The Company has a \$750 revolving demand facility with Royal Bank of Canada (“RBC”). The credit facility is a standard operating line with certain covenants, including a first priority general security over the Company’s assets. As at June 30, 2025, \$nil (June 30, 2024 - \$nil) has been drawn from this demand credit facility. The Company paid RBC a total of approximately \$nil and \$nil related to interest on the credit facility during the three months ended June 30, 2025 (three months ended June 30, 2024 - \$nil), which is included in interest expense in the accompanying consolidated interim statement of income.

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## 10. SHARE CAPITAL AND RESERVES

### a) Common shares

The Company is authorized to issue an unlimited number of common shares without par value. The holders of common shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

The following is a summary of changes in common share capital from June 30, 2024 to June 30, 2025:

	Number of Shares #	Price Per Share \$	Amount \$
<b>Balance at March 31, 2024</b>	<b>29,517,574</b>		<b>91,336</b>
Repurchased for cancellation - NCIB	(157,500)	0.40	(7)
<b>Balance at June 30, 2024</b>	<b>29,360,074</b>		<b>91,329</b>
Shares issued pursuant to exercise of stock options	450,000	0.07	30
Reallocation of value upon exercise	—	—	27
Repurchased for cancellation - NCIB	(352,000)	0.35	(141)
Broker fee for repurchased shares	—	—	(2)
<b>Balance at March 31, 2025</b>	<b>29,458,074</b>		<b>91,243</b>
Repurchased for cancellation - NCIB	(341,500)	0.33	(95)
Broker fee for repurchased shares	—	—	(2)
<b>Balance at June 30, 2025</b>	<b>29,116,574</b>		<b>91,146</b>

### Normal Course Issuer Bid

The Company filed a Notice of Intention to Make a Normal Course Issuer Bid (the "Bid") with the TSX Venture Exchange ("TSXV") commencing June 27, 2024 and ending on June 26, 2025. Pursuant to the Bid, the Company proposed to purchase through the facilities of the TSXV up to 1,468,004 common shares, representing approximately 5% of the then issued and outstanding common shares of the Company. The Company's broker for the Bid is Hampton Securities Limited.

The Company had also announced the renewal of its normal course issuer bid on June 24, 2025, to purchase up to 1,455,829 common shares representing 5% of the Company's then current issued and outstanding common shares through the facilities of the TSXV during the period commencing June 27, 2025 and ending on June 26, 2026 (the "Renewal Bid").

During the three months ended June 30, 2025, the Company repurchased for cancellation 289,000 common shares, pursuant to the Bid (three months ended June 30, 2024 – 17,500) for a total purchase price of approximately \$95 or \$0.33 per share (three months ended June 30, 2024 - \$7 or \$0.40), and paid broker fees of approximately \$2 (three months ended June 30, 2024 - \$nil), for such repurchase. In addition, 52,500 common shares, which had been repurchased under the Bid in a prior period, were cancelled on May 1, 2025 and June 10, 2025.



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**10. SHARE CAPITAL AND RESERVES continued**

**b) Other paid in capital**

As at June 30, 2025, the Company had no warrants outstanding. No warrants were granted during the three months ended June 30, 2025 and June 30, 2024.

**c) Contributed Surplus**

The following is a summary of changes in contributed surplus from March 31, 2025 to June 30, 2025:

	\$
<b>Balance at March 31, 2025</b>	<b>3,072</b>
Stock-based compensation charge	<b>16</b>
<b>Balance at June 30, 2025</b>	<b>3,088</b>

**d) Nature and Purpose of Equity and Reserves**

The reserves recorded in equity on the Company's consolidated statements of financial position include:

‘Other paid-in capital’, ‘Contributed surplus’ and ‘Deficit’

‘Other paid-in capital’ is used to recognize the value of share warrants prior to exercise

‘Contributed surplus’ is used to recognize the value of share option grants prior to exercise

‘Deficit’ is used to record the Company's change in deficit from earnings from period to period

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**11. SHARE-BASED PAYMENTS**

**a) Option Plan Details**

The Company has an incentive stock option plan (the “Plan”) under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or consultants of the Company. Under the Plan, the Company is authorized to issue options for common shares in aggregate up to 10% of the number of common shares of the Company outstanding from time to time. Any increase in the issued and outstanding common shares will result in an increase in the available number of common shares issuable under the Plan, and any exercise of options will make new grants available under the Plan, effectively resulting in a re-loading of the number of options available to grant under the Plan. The terms of the Plan provide that the directors have the right to grant options to acquire common shares of the Company at not less than the average closing price of the shares on the trading exchange for the 10 trading days immediately preceding the date of grant of the options. Options under the Plan are typically granted by the Board of Directors for a term of 10 years, consistent with the terms of the Plan. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria.

The vesting period for options granted to employees of the Company is typically four years with 25% vesting after the first year from the date of grant, and 6.25% vesting in each quarter thereafter. Board and Committee member options typically vest over a one-year period; 25% each quarter from the date of grant. Under the Plan, in the absence of any determination by the Board of Directors, the earliest exercise date for options granted under the Plan is one year from the date of grant, at which time 25% of the options granted shall vest, following which 2.08% of options granted vest each month thereafter. Pursuant to the terms of the current Plan, unless otherwise determined by AirIQ, options granted to eligible participants terminate and are no longer exercisable upon the earlier of (a) 12 months after the death, disability or retirement of an option holder, or (b) the end of the option term, or (c) 30 days after termination or ceasing to be an eligible participant without cause, or (d) immediately in the event such participant is terminated for cause.

As at June 30, 2025, the Company has reserved 2,911,657 (June 30, 2024 – 2,936,007) common shares for issuance under the Plan, representing 10% of the issued and outstanding common shares of the Company as of such date.

The Company recorded share-based compensation expense of approximately \$16 for the three months ended June 30, 2025 (three months ended June 30, 2024 - \$37), of which \$nil are related to options granted during the three months ended June 30, 2025 (three months ended June 30, 2024 - \$nil).

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**11. SHARE-BASED PAYMENTS continued**

**a) Option Plan Details continued**

Stock option activity within the Plan is as follows:

	<b>Three Months Ended June 30, 2025</b>		<b>Three Months Ended June 30, 2024</b>	
	<b>Weighted average</b>		<b>Weighted average</b>	
	<b>Number</b>	<b>Exercise</b>	<b>Number</b>	<b>Exercise</b>
	<b>of options</b>	<b>price</b>	<b>of options</b>	<b>price</b>
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
Outstanding options, beginning of period	2,440,000	0.25	2,940,000	0.22
Outstanding options, end of period	2,440,000	0.25	2,940,000	0.22
Exercisable, end of period	1,977,500	0.19	1,949,375	0.16

No shares of AirIQ were issued from treasury pursuant to the exercise of stock options under the Company's Plan during the three months ended June 30, 2025 (three months ended June 30, 2024 – nil).

Outstanding and exercisable options under the Plan as at June 30, 2025 are summarized as follows:

<b>Exercise price range \$</b>	<b>Number outstanding #</b>	<b>Outstanding</b>		<b>Exercisable</b>	
		<b>Weighted average exercise price \$</b>	<b>Weighted remaining contractual life (years)</b>	<b>Number outstanding and exercisable #</b>	<b>Weighted average exercise price \$</b>
0.07	150,000	0.07	0.21	450,000	0.07
0.11 — 0.19	790,000	0.14	1.53	790,000	0.14
0.27	950,000	0.27	7.22	650,000	0.27
0.42	400,000	0.42	8.74	—	0.42
0.44	150,000	0.44	8.23	87,500	0.44
	2,440,000	0.29	5.01	1,977,500	0.19

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**11. SHARE-BASED PAYMENTS continued**

**b) Fair Value of Options Issued During the Period**

No options were granted during the three months ended June 30, 2025 (three months ended June 30, 2024 – nil).

**c) Options Issued to Employees**

The fair value at grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The expected price volatility is based on the historic volatility (based on the expected life of the options).

**12. NATURE OF EXPENSES**

	<b>Three Months Ended June 30, 2025</b>	<b>Three Months Ended June 30, 2024</b>
	<b>\$</b>	<b>\$</b>
Salaries and benefits	<b>489</b>	<b>524</b>
Consulting	<b>—</b>	<b>5</b>
Computer operating	<b>33</b>	<b>29</b>
Commercial, officer and director insurance	<b>16</b>	<b>17</b>
Rent and maintenance	<b>14</b>	<b>8</b>
Legal fees, audit and tax	<b>29</b>	<b>18</b>
Public reporting costs	<b>9</b>	<b>10</b>
Bad debt expense	<b>10</b>	<b>12</b>
Other	<b>64</b>	<b>73</b>
	<b>664</b>	<b>696</b>

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**13. RELATED PARTY TRANSACTIONS**

Related parties include the Board of Directors and officers, and enterprises that are controlled by these individuals, as well as certain persons performing similar functions.

The following is a summary of the Company's related party transactions during the three months ended June 30, 2025 and June 30, 2024:

**a) Key Management Compensation**

Key management personnel compensation is comprised of:

	<b>Three Months Ended June 30, 2025</b>	<b>Three Months Ended June 30, 2024</b>
	<b>\$</b>	<b>\$</b>
Salary, consulting fees and benefits	<b>158</b>	157
Share-based payments	<b>12</b>	31
Directors fees	<b>13</b>	13
	<b>183</b>	201

**b) Related Party Transactions**

During the three months ended June 30, 2025, the spouse of a director of the Company currently is employed in a non-executive role and received a salary of \$9 which is not part of the aforementioned table (June 30, 2024 - \$10).

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**14. COMMITMENTS AND CONTINGENCIES**

- a) The Company is party to certain management contracts. The Company has minimum contractual commitment with an Officer of the Company of \$150, all due within one year. This contractual commitment to pay the Officer \$150 on termination of an employment agreement by the Company without cause or in the event of a “change of control” as defined in the employment agreement; provided however in no event shall the Company be required to pay more than \$150 if both events shall occur simultaneously. The Company has also entered into various contracts with minimum payments of \$100 on termination due within one year. As a triggering event has not occurred, no provision has been made with respect to this commitment.
- b) The Company has a profit-sharing plan to incentivize employees, officers and designated consultants of the Company to meet specific goals and objectives. The current profit-sharing plan approved by the Board includes a profit-sharing pool subject to meeting certain criteria related to recurring revenue growth and operating profit calculated annually commencing April 1, 2025. No amounts related to the bonus pool has been accrued thus far. Payments under the profit-sharing plan shall be determined annually by the Board of Directors and the Chief Executive Officer following release of the Company’s March 31st fiscal year end results.
- c) The Company, in the course of its normal operations, is subject to claims, lawsuits, patent infringement claims and contingencies. Accruals are made in instances where it is probable that liabilities may be incurred and where such liabilities can be reasonably estimated. Recently, the Company had received a Statement of Claim which it believes is both meritless and frivolous, and will be vigorously defending this claim. While it is possible that liabilities may be incurred in instances for which no accruals have been made, the outcome of any actions is unable to be reasonably estimated at this time.

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**15. FINANCIAL INSTRUMENTS**

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receives quarterly reports from the Company's Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. There have been no changes in the risks, objectives, policies and procedures during the three months ended June 30, 2025 and the fiscal years ended March 31, 2025 and 2024.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, currency risk, and interest rate risk.

The Company's exposure to these risks and its methods of managing the risks remain consistent.

The Company is exposed to the following risks related to financial assets and liabilities:

**a) Currency risk**

Currency risk is the risk that variations in exchange rates between U.S. and Canadian currencies will affect the Company's operating and financial results. The Company's consolidated activities that result in exposure to fluctuations in foreign currency exchange rates consist of the sale of products to customers in foreign currencies and the purchases of services and raw materials from suppliers invoiced in foreign currencies.

The carrying amount of the Company's U.S. currency denominated monetary assets and liabilities is as follows:

	<b>June 30, 2025</b>	<b>June 30, 2024</b>
<i>In USD</i>	<b>\$</b>	<b>\$</b>
Cash	<b>1,073</b>	563
Trade and other receivables	<b>160</b>	121
Accounts payable and accrued liabilities	<b>(243)</b>	(63)
	<b>990</b>	621

For the three months ended June 30, 2025, all else being equal, a strengthening of 1.0% of the US dollar against the Canadian dollar would have a positive impact of approximately \$10 on net income and comprehensive income. A weakening of 1.0% of the US dollar against the Canadian dollar would have the opposite impact on net income.

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**15. FINANCIAL INSTRUMENTS continued**

**b) Credit risk**

Credit risk refers to the potential that a customer or counterparty to a financial instrument will fail to discharge its contractual obligations, and arises principally from the Company's receivables from customers and its cash and cash equivalents. The maximum credit risk exposure for these balances is their carrying values.

The Company attempts to mitigate its credit risk over cash and cash equivalents by dealing only with large financial institutions with good credit ratings. All of the financial institutions that the Company deals with meet these qualifications.

The Company is exposed to credit risk from customers. The Company performs ongoing credit evaluations of new and existing customers' financial condition and reviews the collectability of its trade accounts receivable in order to mitigate any possible credit losses.

Allowance for doubtful accounts and past due receivables are reviewed by management regularly. The allowance for doubtful accounts balance is also updated regularly based on an impairment calculation under IFRS 9 based on the expected credit loss (ECL) model. Accounts receivable are written off once determined not to be collectible.

The following table sets forth the continuity of allowance for doubtful accounts for the periods indicated:

	\$
<b>Closing balance, March 31, 2025</b>	<b>46</b>
Provisions made during the period	<b>14</b>
Provisions used during the period	<b>(10)</b>
<b>Closing balance, June 30, 2025</b>	<b>50</b>



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**15. FINANCIAL INSTRUMENTS continued**

**(b) Credit risk continued**

The following table sets forth details of the accounts receivable as at June 30, 2025 and March 31, 2025:

	June 30, 2025	March 31, 2025
	\$	\$
Trade accounts receivable, before allowances	468	354
Less allowance for doubtful accounts	(50)	(46)
Other receivables	41	29
<b>Trade and other receivables</b>	<b>459</b>	<b>337</b>

Pursuant to their respective terms, accounts receivable are aged as follows as at June 30, 2025 and March 31, 2025:

	June 30, 2025	March 31, 2025
	\$	\$
Current	306	241
31-60 days	95	76
61-90 days	49	11
Over 91 days	9	9
<b>Total accounts receivables</b>	<b>459</b>	<b>337</b>

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash and cash equivalents. The ability to do this relies on the Company collecting its accounts receivable in a timely manner and by maintaining sufficient cash in excess of anticipated needs. At June 30, 2025, the Company's accounts payable and accrued liabilities were \$721 (June 30, 2024 - \$692).

The following table details the Company's contractual maturities for its financial liabilities, including interest payments and lease commitments as at June 30, 2025 and 2024, respectively:

**June 30, 2025: Payments due by year**

	Total	2026	2027	2028	2029	2030
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	721	721	—	—	—	—
Operating leases	57	20	37	—	—	—
	778	741	37	—	—	—

**June 30, 2024: Payments due by year**

	Total	2024	2025	2026	2027	2028
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	692	692	—	—	—	—
Operating leases	22	18	4	—	—	—
	714	710	4	—	—	—

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**15. FINANCIAL INSTRUMENTS continued**

**d) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management feels that the Company is not currently subject to significant interest rate risk as the Company currently does not have any interest-bearing debt with floating rates.

**16. CAPITAL MANAGEMENT**

The capital structure of the Company consists of equity consisting of issued share capital, other paid-in capital, contributed surplus and deficit and has total capital in the amount of \$8,036 as at June 30, 2025 (June 30, 2024 – \$8,035). The Company's objectives when managing capital is to ensure that the Company will continue as a going concern, so that it can provide products and services to its customers and returns to its shareholders.

The Company manages its capital to ensure that financial flexibility is present to increase shareholder value through organic growth, selective acquisitions and dispositions as well as allow the Company to respond to changes in economic and /or marketplace conditions. In order to maintain or adjust its capital structure, the Company may, upon approval from its Board of Directors, balance its overall capital structure through the issuance of new shares, the purchase of shares for cancellation pursuant to a normal course issuer bid, raising debt or refinancing existing debt with different characteristics or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company's capital management objectives, policies and processes have remained unchanged during the three months ended June 30, 2025.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

**17. SEGMENTED INFORMATION**

The Company has one reportable segment. The Company's software, rental units and property, plant and equipment are located in Canada and have a net book value of \$1,997 as at June 30, 2025 (June 30, 2024 - \$1,747).

Revenues attributed to regions based on location of customer were as follows:

	<b>June 30, 2025</b>	<b>June 30, 2024</b>
	<b>\$</b>	<b>\$</b>
Canada	<b>615</b>	973
United States	<b>818</b>	680
	<b>1,422</b>	1,653

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**17. SEGMENTED INFORMATION continued**

For the three months ended June 30, 2025, one customer represented more than 10% of total revenue (three months ended June 30, 2024: one customer). This customer accounted for 18% of total revenue for the three months ended June 30, 2025, (37% of total revenue for the three months ended June 30, 2024).

**18. NET INCOME PER SHARE**

	<b>Three Months Ended June 30, 2025</b>	<b>Three Months Ended June 30, 2024</b>
Issued common shares outstanding at beginning of the period	<b>29,458,074</b>	29,517,574
Weighted average number of common shares (basic)	<b>29,269,518</b>	29,404,991
Weighted average number of common shares (diluted)	<b>30,089,455</b>	30,777,766

For the three months ended June 30, 2025 and June 30, 2024, diluted net income per share did not include the effect of stock options as they are anti-dilutive.