

**MANAGEMENT DISCUSSION AND ANALYSIS**

This Management Discussion and Analysis (“MD&A”) is dated November 25, 2024 and is a review of Questor Technology Inc. (“Questor” or the Company”) financial condition and results of operations prepared in accordance with International Financial Reporting Standards (“IFRS”). The focus of this MD&A is a comparison of the financial performance of the Company for the three and nine months ended September 30, 2024 and 2023. This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2024 as well as the audited consolidated financial statements of Questor as at and for the year ended December 31, 2023. This MD&A contains definitions of certain non-IFRS financial measures, included under the “Non-GAAP Financial Measures” section of this MD&A. Readers are cautioned that these measures do not have a standardized meaning prescribed by IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other entities. Refer to “Non-GAAP Financial Measures” section at the end of this MD&A. Readers should also refer to the forward-looking information or statements included in this MD&A. See the legal advisory related to this in the *Forward-Looking Statements* section of this MD&A.

**QUESTOR’S BUSINESS OVERVIEW**

Questor Technology Inc., incorporated in Canada under the Business Companies Act (Alberta) is an environmental emissions reduction technology company founded in 1994, with global operations. The Company is focused on clean air technologies that safely and cost effectively improve air quality, support energy efficiency and greenhouse gas emission reductions. The Company designs, manufactures and services high efficiency clean combustion systems that destroy harmful pollutants, including Methane, Hydrogen Sulfide gas, Volatile Organic Hydrocarbons, Hazardous Air Pollutants and BTEX (Benzene, Toluene, Ethylbenzene and Xylene) gases within waste gas streams at >99.99 percent efficiency per its ISO 14034 Certification. This enables its clients to meet emission regulations, reduce greenhouse gas emissions, address community concerns and improve safety at industrial sites.

The Company also has proprietary heat to power generation technology and is currently targeting new markets including landfill biogas, syngas, waste engine exhaust, geothermal and solar, cement plant waste heat in addition to a wide variety of oil and gas projects. The combination of Questor’s clean combustion and power generation technologies can help clients achieve net zero emission targets for minimal cost. The Company is also doing research and development on data solutions to deliver an integrated system that amalgamates all the emission detection data available to demonstrate a clear picture of the site’s emission profile.

The Company’s common shares are traded on the TSX Venture Exchange under the symbol “QST”. The address of the Company’s corporate and registered office is 2240, 140 - 4 Avenue S.W. Calgary, Alberta, Canada, T2P 3N3.

**CONSOLIDATED FINANCIAL RESULTS**

For the	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<i>(Stated in CDN \$)</i>				
Revenue	<b>1,142,710</b>	1,690,390	<b>2,744,688</b>	5,745,743
Gross profit	<b>383,574</b>	442,655	<b>638,005</b>	1,992,876
Adjusted EBITDA <sup>(1)</sup>	<b>(256,475)</b>	(97,666)	<b>(1,455,698)</b>	336,244
Loss for the period	<b>(589,599)</b>	(3,237,785)	<b>(2,192,604)</b>	(3,914,430)
Loss per share - basic and diluted	<b>(0.02)</b>	(0.12)	<b>(0.08)</b>	(0.14)
<hr/>				
As at	<b>September 30, 2024</b>		December 31, 2023	
<i>(Stated in CDN \$)</i>				
Working capital <sup>(2)</sup>	<b>6,344,001</b>		11,844,178	
Total assets	<b>26,498,234</b>		27,125,820	
Total equity	<b>22,092,285</b>		24,357,652	

<sup>(1)</sup> *Non-GAAP financial measure. Refer to “Non-GAAP Financial Measures” section at the end of this MD&A.*

<sup>(2)</sup> *Working capital is defined as total current assets less total current liabilities.*

Revenue for the three and nine months ended September 30, 2024 was \$1.1 million and \$2.7 million compared to \$1.7 million and \$5.7 million for the same periods in 2023. The reduction is mainly attributed to a strategic shift in Questor’s business focus towards the international equipment sales. Questor’s USA sales team has been hired in the past quarter with a focus on rebuilding rental and sales revenue lost primarily due to merger and acquisition activity combined with regulatory changes in the space over the past few years. The revenue focus is primarily in the Permian basin, Colorado, North Dakota, New Mexico and Wyoming. While short-term results were impacted by the change in our client base combined with regulatory changes, our refreshed focus on global markets with opportunities to eliminate methane and VOC emissions will position the Company for stronger, more diversified and ultimately more sustainable growth in the long term. As at the date of this MD&A, the Company has secured \$2.7 million of committed equipment sales revenue, expected to be fulfilled in Q4 2024 and Q1 2025.

Gross profit as a percent of revenue for the three and nine months ended September 30, 2024 was 34 percent and 23 percent compared to 26 percent and 35 percent for the same periods in 2023. The reduction for the nine months ended September 30, 2024 compared to the prior period is mainly due to a lower revenue, where the Company continues to incur fixed costs. This impact is partially mitigated by strong margins from revenue and sales mix, along with an ongoing focus on controlling costs. Additionally, there was a reduction in the cost of sales expense due to the absence of a \$0.2 million valuation allowance for slow-moving inventory, which was recognized in 2023.

Adjusted EBITDA for the three and nine months ended September 30, 2024, was negative \$0.3 million and negative \$1.5 million, compared to negative \$0.1 million and positive \$0.3 million for the same periods in 2023. The reduction in Adjusted EBITDA is mainly due to a reduction in revenue, where the Company continues to incur operational and administrative fixed costs.

The Company continues to have a strong financial position at September 30, 2024 including cash and cash equivalents of \$3.3 million, \$4.0 million of highly liquid short-term investments, and working capital of \$6.3 million.

### THIRD QUARTER 2024 HIGHLIGHTS AND SUBSEQUENT EVENTS

In the quarter, Questor announced a purchase order for \$1 million to an energy company in Nigeria, and subsequently announced another purchase order for \$1.7 million to a global energy services company in Libya in November.

The Company is progressing with the construction of its prototype 1,500kw waste heat to power unit. Shop testing is underway and expected to be completed in Q4 2024. The company is actively negotiating a partner location for site installation and field testing.

On February 9, 2024, Questor commenced a Normal-course issuer bid ("NCIB"), allowing Questor to purchase a maximum of 1,400,000 common shares over the 12-month period for cancellation. NCIB is effective until the earliest of (i) February 7, 2025, (ii) the Company purchasing the maximum of 1,400,000 Shares, and (iii) the Company terminating the NCIB. In connection with the current NCIB, Questor entered into an automatic share purchase plan ("ASPP") with its designated broker to enable the purchase of shares during blackout periods during which the Company would not ordinarily be permitted to purchase shares. Purchases under the ASPP during those periods are determined by the designated broker in its sole discretion based on the purchasing parameters set by Questor in accordance with the rules of the TSX Venture Exchange, applicable securities laws and the terms of the ASPP. Outside of the periods noted above, purchases under the current NCIB are completed at Questor's discretion. As of November 22, 2024, under the current NCIB and the instructions in place with the broker, Questor purchased for cancellation of 614,500 shares at a weighted average share price of \$0.49.

During the quarter, the Company granted 25,000 options, 100,000 performance share units and 41,670 restricted share units to the officer of the Company. The Board of Directors further approved the issuance of 231,940 restricted share units to employees. The share-based awards were granted in October 2024.

### MARKET OUTLOOK

The global emission regulatory environment is rapidly evolving and continues to develop favorably for the Company's products, as regulators, the courts, investors, and the public are putting pressure on the industry to reduce methane emissions, flaring and venting from their operations. Questor is seeing significant global interest in its technology solutions. Methane has become the emission of focus in the battle to stop the global temperature rise. Methane is a climate "super pollutant" and is considered the low-hanging fruit in climate change mitigation because it's a potent greenhouse gas with **86 times the warming potential** of carbon dioxide over a 20-year period and responsible for 30% of observed global warming to date. From the UN: "Slashing methane emissions is an emergency brake to rapidly slow global warming while we work toward a net zero future"<sup>1</sup>. It also degrades much more quickly than CO<sub>2</sub>, meaning that cuts in methane emissions now, can have a quick and significant effect on reducing global warming. Reducing methane emissions from sources like the fossil fuel industry is seen as one of the cheapest and most effective ways to combat climate change. At COP29 in Baku, a new Methane Abatement Partnership Roadmap was launched to accelerate the reduction of methane emissions associated with fossil energy production and consumption. It is a partnership between countries, international organizations, NGOs and development banks to encourage a 75% reduction in Methane emissions by 2030<sup>2</sup>. The combustion efficiency of our thermal oxidizer is ISO 14034 certified to 99.99% combustion efficiency performance, allows our clients to credibly demonstrate their facilities are not emitting methane, and reducing or eliminating volatile organic compounds (VOCs). Utilizing the heat generated from combusting the methane by our organic rankine cycle (ORC), creates a revenue stream that offsets the costs of getting to (net) zero carbon dioxide equivalent emissions. Most major oil and gas producers have made net zero goals. The combination of our clean combustion and waste heat to power technology allows our clients to achieve their net zero goals at potentially zero net cost.

To accelerate the adoption of Questor solutions, we have partnered with global representatives for our products and services. In India, Questor has partnered with Hi-Tech, who have been in business since 1989 with 11 locations and a track record introducing technology solutions to the Indian market. Questor has partnered with OilSERV, a leading integrated oilfield services company in the Middle East and North Africa region.

In Nigeria, Questor is represented by Ar-Rahman Technical Services Nig. Limited. In the Latin America region, Questor has partnered with Hoerbiger, which has over 120 locations in around 50 countries worldwide and has been in business since 1925. Questor has spent the last two years developing relationships with these partners, educating them on our technology, and supporting them in client meetings and proposals.

We anticipate new and existing global clients will view Questor as an ideal solution to accelerate the attainment of their net zero pledges, given our suite of products and services eliminate flaring and utilize waste heat to reduce costs.

1 <https://www.unep.org/> article titled "An eye on methane 2024"; November 8, 2024

2 <https://energy.ec.europa.eu/news/> article titled "EU steps up efforts to abate methane emissions with partners at COP29"; November 12, 2024

## THIRD QUARTER FINANCIAL OVERVIEW

For the	Three months ended September 30,		Nine months ended September 30,	
(Stated in CDN \$)	2024	2023	2024	2023
Revenue	<b>1,142,710</b>	1,690,390	<b>2,744,688</b>	5,745,743
Cost of sales	<b>759,136</b>	1,247,735	<b>2,106,683</b>	3,752,867
Adjusted EBITDA <sup>(1)</sup>	<b>(256,475)</b>	(97,666)	<b>(1,455,698)</b>	336,244
Gross profit	<b>383,574</b>	442,655	<b>638,005</b>	1,992,876
Percent of gross profit to revenue	<b>34</b>	26	<b>23</b>	35

<sup>(1)</sup> Non-GAAP financial measure. Refer to "Non-GAAP Financial Measures" section at the end of this MD&A.

## REVENUE

Revenue for the three and nine months ended September 30, 2024 is comprised of:

### Equipment Sales

Equipment sales revenue for the three and nine months ended September 30, 2024 was \$0.5 million and \$1.0 million, compared to \$0.7 million and \$2.6 million for the same periods in 2023 <sup>(2)</sup>. The reduction is mainly due to a strategic shift in Questor's business focus towards the international equipment sales. While short-term results were impacted by the strategic shift, this focus will position the company for stronger, more sustainable growth in the long term. As at the date of this MD&A, the Company has secured \$2.7 million of committed equipment sales revenue, primarily expected to be fulfilled in 2024 and Q1 2025.

### Equipment Rentals

Equipment rental revenue for the three and nine months ended September 30, 2024, was \$0.6 million and \$1.7 million compared to \$1.0 million and \$3.1 million for the same periods in 2023 <sup>(2)</sup>. The reduction is mainly due to timing discrepancies related to expanding focus on Permian basin and Marcellus Formation.

## ADJUSTED EBITDA

Adjusted EBITDA for the three and nine months ended September 30, 2024 was negative \$0.3 million and negative \$1.5 million, compared to negative \$0.1 million and positive \$0.3 million for the same periods in 2023. The reduction in Adjusted EBITDA is mainly due to reduction in revenue, where the Company continues to incur operational and administrative fixed costs.

## GROSS PROFIT

Gross profit as a percent of revenue for the three and nine months ended September 30, 2024 was 34 percent and 23 percent compared to 26 percent and 35 percent for the same periods in 2023. The reduction for the nine months ended September 30, 2024 compared to the prior period is mainly due to a lower revenue, where the Company continues to incur fixed costs. This impact is partially mitigated by strong margins from revenue and sales mix, along with ongoing focus on controlling costs. Additionally, there was a reduction in the cost of sales expense due to the absence of a \$0.2 million valuation allowance for slow-moving inventory, which was recognized in 2023.

## CORPORATE COSTS

For the	Three months ended September 30,		Nine months ended September 30,	
(Stated in CDN \$)	2024	2023	2024	2023
Gross profit	<b>383,574</b>	442,655	<b>638,005</b>	1,992,876
<b>Less corporate costs:</b>				
Administration expenses	<b>763,025</b>	1,162,952	<b>2,565,391</b>	2,956,429
Research and development expenses	<b>111,828</b>	42,831	<b>284,866</b>	285,619
Stock-based compensation	<b>88,347</b>	(252,471)	<b>170,848</b>	(74,937)
Depreciation expenses	<b>28,384</b>	50,146	<b>85,351</b>	114,219
Amortization of intangible assets	<b>475</b>	166,007	<b>1,704</b>	236,070
Impairment of non-financial assets	-	3,550,000	-	3,550,000
Net foreign exchange (gains) losses	<b>11,729</b>	(49,827)	<b>(113,131)</b>	60,105
Other income	<b>(29,174)</b>	(47,718)	<b>(168,600)</b>	(231,089)
Loss before tax	<b>(591,040)</b>	(4,179,265)	<b>(2,188,424)</b>	(4,903,540)
Income tax expense (recovery)	<b>(1,441)</b>	(941,480)	<b>4,180</b>	(989,110)
Loss for the period	<b>(589,599)</b>	(3,237,785)	<b>(2,192,604)</b>	(3,914,430)

<sup>(2)</sup> Service revenue was realigned, disaggregated, and included within equipment sales and rental revenue lines to accurately reflect the nature of the business activities and provide clearer insight into the drivers of the revenue. Comparative figures for the three and nine months ended September 30, 2023 were reclassified to conform to the current periods revenue classification.

**Administration Expenses**

Administration expenses for the three and nine months ended September 30, 2024 were lower compared to the same periods in 2023 due to the absence of executive termination costs, lower employee related costs and continued focus on controlling costs.

**Research and development expenses**

Research and development expenses were consistent for the nine months ended September 30, 2024 compared to the same period in 2023. Research and development expenses for the three months ended September 30, 2024 were higher compared to the same period in 2023 due to the timing of the project phases.

**Share-based payments**

Share-based payments for the three and nine months ended September 30, 2024 were higher compared to the same periods in 2023 due lower number of forfeitures in 2024.

**Depreciation**

Depreciation expense for the three and nine months ended September 30, 2024 was lower compared to the same periods in 2023 as there have been no significant capital additions in 2024.

**Amortization of intangible assets**

Amortization of intangible assets decreased for the three and nine months ended September 30, 2024 due to the retirement of some old waste heat to power assets in the third quarter of 2023.

**Net foreign exchange (gains) losses**

Foreign exchange gains and losses for the Company fluctuate primarily based on the change in the US dollar relative to the CDN dollar.

**Other income**

Other income for the nine months ended September 30, 2024 include \$0.3 million interest earned on investments compared to \$0.4 million for the same period in 2023. This was partially offset by costs of \$0.1 million incurred during the nine months ended September 30, 2024 to pursue a contempt of court application in the Emissions Rx lawsuit which is described further in the annual consolidated financial statements and this MD&A.

**Income tax recovery**

Income tax expense (recovery) is recognized based on Management's best estimate of the weighted average annual effective income tax rate expected for the year. The Company recorded \$503,337 of valuation allowance against deferred tax assets recognized during the nine months ended September 30, 2024. The Company intends to continue maintaining a full valuation allowance on its deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of this allowances.

**LIQUIDITY AND CAPITAL RESOURCES**

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial liability obligations. The Company manages its liquidity risk through cash, short-term investments and debt management, which includes monitoring forecasts of the Company's cash and cash equivalents on the basis of projected cash flow.

The Company has positive net working capital of \$6.3 million at September 30, 2024 (December 31, 2023 - \$11.8 million).

Cash flow for the (Stated in CDN \$)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cash provided by (used in):				
Operating activities	<b>(111,229)</b>	(367,024)	<b>(1,013,334)</b>	274,306
Investing activities	<b>(99,121)</b>	(992,091)	<b>669,234</b>	(5,061,246)
Financing activities	<b>(247,879)</b>	(155,890)	<b>(707,716)</b>	(466,992)
Net increase (decrease) in cash	<b>(458,229)</b>	(1,515,005)	<b>(1,051,816)</b>	(5,253,932)

**Operating Activities**

The Company had a cash outflow from operations of \$0.1 million and \$1.0 million for the three and nine months ended September 30, 2024, compared to cash outflow of \$0.4 million and cash inflow of \$0.3 million for the same periods in 2023. The cash outflow for the three and nine months ended September 30, 2024 is higher compared to the same periods in 2023 mainly due to a reduction in revenue, where the Company continues to incur fixed costs.

**Investing Activities**

During the three and nine months ended September 30, 2024, the Company invested \$1.2 million and \$3.6 million in the development of the Company's waste heat to power research and development project, and redeemed net \$1.0 million and \$4.2 million cash respectively upon the maturity of the part of its highly liquid short-term investments.

**Financing Activities**

Cash used in financing activities for the three and nine months ended September 30, 2024 of \$0.2 million and \$0.7 million respectively, comprises of lease payments for office and shop space, NCIB share repurchase, and repayments on the interest-free Western Diversification loan received during COVID.

## SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares. On February 9, 2024, the Company commenced the Normal Course Insurer Bid ("NCIB") allowing Questor to purchase a maximum of 1,400,000 common shares over the 12-month. As of November 22, 2024, under the current NCIB Questor has purchased for cancellation of 614,500 shares for the weighted average share price of \$0.49 resulting in 27,433,360 common shares outstanding. The Company has share-based payment plans comprising of restricted, performance and deferred share unit plans as well as a stock option plan. The maximum number of equity-based compensation units in aggregate under these plans that may be reserved for issuance shall not exceed 10 percent of the outstanding common shares of the Company.

## SUMMARY OF QUARTERLY RESULTS

For the three and nine months ended	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022
<i>(CND\$ '000's except amounts per share)</i>								
Revenue	<b>1,143</b>	870	732	1,445	1,690	2,217	1,839	1,665
Gross profit	<b>384</b>	42	212	738	443	808	743	487
Loss for the period	<b>(589)</b>	(966)	(637)	(892)	(3,238)	(502)	(175)	(890)
Per share – basic and diluted	<b>(0.02)</b>	(0.03)	(0.02)	(0.03)	(0.12)	(0.01)	(0.01)	(0.03)

## COMMITMENTS AND CONTINGENCIES

The Company has lease commitments for premises and storage facilities as disclosed in note 22 of the 2023 annual financial statements. As at September 30, 2024, the Company has entered into purchase commitments for materials required to build the 1500kw waste to heat prototype unit in the amount of \$0.3 million.

During the nine months ending September 30, 2024, the Company continued to pursue its claim against Emission Rx related to infringement on the Company's intellectual property. Various legal matters relating to the claim continued through the third quarter and are expected to in the fourth quarter as well, with the "penalty" phase of the contempt hearing scheduled for Q2 2025.

From time to time, the Company is also subject to other legal proceedings, settlements, investigations, claims and actions arising from the normal course of business. While the final outcome of such actions and proceedings cannot be predicted with certainty, the Company believes that the resolution of such matters will not have a material impact on the Company's financial position or results of operations as at September 30, 2024.

## FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, investments, trade, contract assets and other receivables, trade payables, accrued liabilities and provisions and a repayable government grant. The Company did not hold or issue any derivative financial instruments during the period.

### Fair values

The carrying amounts of the current financial assets and current financial liabilities recognized in the Company's consolidated financial statements at the end of each reporting period approximate their fair value due to their short period to maturity except for the repayable government grant. Judgment is required in interpreting market data to develop the estimates of fair value. These estimates are not necessarily indicative of the amounts we could realize in current markets. The fair value of the government grant is determined based on market-based prices and is classified as Level 2 on the fair value hierarchy.

### Credit risk

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. A substantial amount of the Company's trade and contract receivables, which relate to the Company's revenues, are with customers in the oil and gas industry, and are subject to normal industry credit risks. The Company mitigates this risk through its credit policies and practices including the use of credit limits and approvals, and by monitoring the financial condition of its customers. Payment terms with customers vary by contract. Standard payment terms are 30 days from the invoice date.

The Company is also exposed to the risk of dependence on a few customers for a significant amount of the Company's revenue. This is to be expected given the complexity involved in engineering solutions for each client's needs, to ensure our products operate safely within parameters. The Company notes that equipment sales revenue generally relates to a small number of customers each year, but these customers change each year. The Company bills and collects equipment revenue throughout the contract, which reduces collection risk. There is a concentration of equipment sales and equipment rental and related service revenue that is associated to the equipment sales and rental revenue. For the three and nine months ended September 30, 2024, there were four customers who comprised 78 percent of revenues, and three customers who comprised 54 percent of total revenue respectively. (For the three and nine months ended September 30, 2023 – three customers who comprised 81 percent and three customers who comprised 77 percent respectively) <sup>(1)</sup>.

<sup>(1)</sup> Comparative figures for the three and nine months ended September 30, 2023 were reclassified to conform to the current periods revenue presentation.

### **Liquidity risk**

The Company's principal sources of liquidity are cash and cash equivalents, investments, operating cash flows, existing or new credit facilities and new share equity. The Company monitors its liquidity to ensure it has sufficient funds to complete planned capital and other expenditures. The Company mitigates liquidity risk by maintaining adequate banking and credit facilities and monitoring its forecast and actual cash flows. The Company may also adjust its capital spending to maintain liquidity. The Company has positive net working capital as of September 30, 2024 of \$6,344,001 (December 31, 2023 - \$11,844,178).

### **Foreign currency risk**

The Company is exposed to foreign exchange risk associated with foreign operations where assets, liabilities, revenue and costs are denominated in US dollars. The impact of this exposure is recorded as a cumulative translation adjustment in other comprehensive income.

The Company is also exposed to the impact of foreign currency fluctuations in its Canadian operations on sales and purchases of products and services from vendors primarily in the United States which resulted in a foreign exchange loss of \$11,729 and a foreign exchange gain of \$113,131 for the three and nine months ended September 30, 2024 (for the three and nine months ended 2023 – gain of \$49,827 and loss of 60,105 respectively). The Company mitigates some of the foreign currency risk by keeping a US dollar bank account to receive US payments and fund US dollar expenses in the Canadian entity.

## **RELATED-PARTY TRANSACTIONS**

The Company defines key management personnel as being the Board of Directors, Chief Executive Officer, Chief Financial Officer and VP Global Operations and Engineering. In addition to their salaries, benefits and directors' fees, the Company also provides non-cash benefits including participation in the Company's stock option, restricted performance and deferred share unit plans.

During the nine months ended September 30, 2024, the Company paid the accrued signing bonus of \$150,000 awarded to the Chief Executive Officer upon her re-appointment in September 2023 (2023 – nil).

During the three months ended September 30, 2024 the Company granted 25,000 options, 100,000 performance share units and 41,670 restricted share units to the officer of the Company (2023 – nil).

## **ACCOUNTING POLICIES AND NEW ACCOUNTING PRONOUNCEMENTS**

The Company's material accounting policies and future accounting pronouncements are included in the Annual Consolidated Financial Statements for the year ended December 31, 2023.

In April 2024, the IASB issued new IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18") replacing IAS 1. The new guidance is expected to improve the usefulness of information presented and disclosed in the financial statements of companies. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. The Company is currently assessing the impact of this new IFRS accounting standard on its consolidated financial statements.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported assets, liabilities, revenues, expenses and the disclosure of contingencies. Actual results may differ significantly from these estimates. A description of the critical accounting judgements, estimates and assumptions are set out in annual audited consolidated financial statements for the year ended December 31, 2023.

## **BUSINESS RISKS**

The business of Questor is subject to certain risks and uncertainties. Prior to making any investment decision regarding Questor, investors should carefully consider, among other things, the risk factors set forth in the Company's most recently filed Annual MD&A, which are specifically incorporated by reference herein.

## **NON-GAAP FINANCIAL MEASURES**

The Company views Adjusted EBITDA as the key financial measure for the underlying operating performance of the Company and considers it to be useful supplemental measure to our analysts, investors and other users.

Adjusted EBITDA does not have any standardized meaning as prescribed by IFRS and therefore is considered non-GAAP measure and may not be comparable to similar measures presented by other issuers.

Adjusted EBITDA is defined as net income or loss for the period less interest, taxes, depreciation and amortization, foreign exchange losses (gains), non-cash stock-based compensation, impairment charges and gains and losses that are extraordinary or non-recurring. Adjusted EBITDA is presented because it gives an indication of the results from the Company's principal business activities prior to consideration of how its activities are financed and the impact of foreign exchange, taxation and depreciation and amortization charges. Adjusted EBITDA was calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<i>(Stated in CDN \$)</i>				
Loss for the period:	<b>(589,599)</b>	(3,237,785)	<b>(2,192,604)</b>	(3,914,430)
Add back (deduct):				
Income taxes expense (recovery)	<b>(1,441)</b>	(941,480)	<b>4,180</b>	(989,110)
Interest income	<b>(71,227)</b>	(120,017)	<b>(274,971)</b>	(367,574)
Depreciation of property and equipment and right-of-use assets <sup>(1)</sup>	<b>305,241</b>	610,591	<b>963,487</b>	1,658,804
Impairment of non-financial assets	-	3,550,000	-	3,550,000
Inventory valuation allowance	-	177,316	-	177,316
Amortization of intangible assets	<b>475</b>	166,007	<b>1,704</b>	236,070
Net foreign exchange (gains) losses	<b>11,729</b>	(49,827)	<b>(113,131)</b>	60,105
Gain on disposal of property and equipment	-	-	<b>(15,211)</b>	-
Stock based compensation	<b>88,347</b>	(252,471)	<b>170,848</b>	(74,937)
Adjusted EBITDA	<b>(256,475)</b>	(97,666)	<b>(1,455,698)</b>	336,244

<sup>(1)</sup> Includes depreciation presented as a part of costs of sales

## ADVISORIES-FORWARD LOOKING STATEMENTS

In order to provide the Company shareholders and potential investors with information regarding the Company and its subsidiaries, including management's assessment of the Company's plans and future operations, certain statements contained in this MD&A, including statements that contain words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "forecast" or similar words suggesting future outcomes, are forward-looking statements.

In particular, forward-looking statements in this MD&A include, but are not limited to, statements with respect to expected operating strategies and targets, capital expenditure programs, future financial resources, use of funds, anticipated equipment utilization levels, future oil and natural gas well activity in each of the Company's operating jurisdictions, results of acquisitions, the impact of environmental regulations and economic reforms and sanctions on the Company's business, future costs or potential liabilities, projections of market prices and costs and customer demand, supply and demand for the Company's products and services, expectations regarding the Company's ability to maintain its competitive position, anticipated benefits of the Company's competitive position, expectations regarding the Company's ability to raise capital, treatment under government regulatory regimes, commodity prices, anticipated outcomes of specific events, trends in, and the growth prospects of, the global energy industry, the Company's growth prospects including, without limitation, its international growth strategy and prospects, and the impact of changes in accounting policies and standards on the Company and its financial statements. These statements are derived from certain assumptions and analyses made by the Company based on its experience and perception of historical trends, current conditions, expected future developments and other factors that it believes are appropriate in the circumstances, including, but not limited to, the economic and political environment in which the Company operates, the Company's expectations for its current and prospective customers' capital budgets and geographical areas of focus, the Company's existing contracts and the status of current negotiations with key customers and suppliers, the effect unconventional gas projects have had on supply and demand fundamentals for natural gas and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Forward-looking statements are subject to several known and unknown risks and uncertainties that could cause actual results to differ materially from the Company's expectations. Such risk factors include: general economic conditions in Canada and globally; volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally; competition; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; changes in legislation and the regulatory environment; sourcing, pricing and availability of raw materials, components, parts, equipment, suppliers, facilities and skilled personnel; the ability to integrate technological advances and match advances by competitors; the availability of capital on satisfactory terms; intellectual property risks; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; dependence on, and concentration of, major customers; the creditworthiness and performance by the Company's counterparties and customers; liabilities and risks associated with prior operations; the effect of accounting pronouncements issued periodically; failure to realize anticipated benefits of acquisitions and dispositions; and currency exchange rate risk. Further information about these and other risks and uncertainties may be found under "Business Risks" above.

Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and there can be no assurance that actual results or developments anticipated by the Company will be realized, or that they will have the expected consequences or effects on the Company or its business or operations. These statements speak only as of the respective date of this MD&A or the document incorporated by reference herein. The Company assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as required pursuant to applicable securities laws.

## ADDITIONAL INFORMATION

Further information regarding Questor Technology Inc. can be accessed on the Company's website at [www.questortech.com](http://www.questortech.com) and at [www.sedarplus.ca](http://www.sedarplus.ca).