

Unaudited Condensed Interim Consolidated Financial Statements of

KNEAT.COM, INC.

September 30, 2025

(Expressed in Canadian Dollars)

kneat.com, inc.**Unaudited Condensed Interim Consolidated Statements of Financial Position**

	September 30, 2025	December 31, 2024
	\$	\$
Assets		
Current assets		
Cash	59,838,375	58,889,572
Amounts receivable (note 3)	11,463,166	18,377,009
Prepayments	1,881,141	1,870,095
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	73,182,682	79,136,676
Non-current assets		
Amounts receivable (note 3)	6,106,608	2,368,006
Property and equipment (note 4)	7,891,836	6,782,179
Intangible asset (note 5)	44,561,937	36,290,869
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Total Assets	<hr/> 131,743,063	<hr/> 124,577,730
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	10,965,277	8,580,104
Contract liabilities (note 7)	24,544,381	21,631,416
Loan payable (note 8)	6,865,950	4,116,723
Lease liabilities (note 9)	388,327	434,096
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	42,763,935	34,762,339
Non-current liabilities		
Contract liabilities (note 7)	-	33,393
Loan payable and accrued interest (note 8)	15,989,293	19,038,203
Lease liabilities (note 9)	6,756,221	5,671,952
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Total Liabilities	<hr/> 65,509,449	<hr/> 59,505,887
Equity		
Shareholders' equity	<hr/> 66,233,614	<hr/> 65,071,843
Total Liabilities and Equity	<hr/> 131,743,063	<hr/> 124,577,730

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

Approved on behalf of the Board of Directors on November 12th, 2025

(signed) "Ian Ainsworth"
Director

(signed) "Carol Leaman"
Director

kneat.com, inc.**Unaudited Condensed Interim Consolidated Statements of Income/(Loss) and Comprehensive Loss**

	Three-month period ended September 30, 2025	Three-month period ended September 30, 2024	Nine-month period ended September 30, 2025	Nine-month period ended September 30, 2024
	\$	\$	\$	\$
Revenue (note 11)	16,109,403	12,762,074	46,262,153	35,204,809
Cost of revenue	<u>(3,908,258)</u>	<u>(2,991,384)</u>	<u>(11,509,212)</u>	<u>(8,807,493)</u>
Gross profit	12,201,145	9,770,690	34,752,941	26,397,316
Expenses				
Research and development	(5,745,453)	(3,915,509)	(16,146,615)	(12,722,947)
Sales and marketing	(5,724,143)	(3,934,685)	(16,970,562)	(12,334,854)
General and administrative	<u>(2,834,294)</u>	<u>(2,149,414)</u>	<u>(9,138,328)</u>	<u>(6,450,002)</u>
Operating loss	(2,102,745)	(228,918)	(7,502,564)	(5,110,487)
Finance expense	(846,438)	(892,318)	(2,612,529)	(2,630,674)
Interest income	84,482	172,005	434,174	380,079
Foreign exchange gain	<u>2,425,858</u>	<u>2,208,615</u>	<u>11,117,651</u>	<u>2,227,902</u>
(Loss) income before income taxes	(438,843)	1,259,384	1,436,732	(5,133,180)
Income tax expense (note 13)	<u>(56,379)</u>	<u>(86,253)</u>	<u>(165,108)</u>	<u>(130,692)</u>
Net (loss) income for the period	(495,222)	1,173,131	1,271,624	(5,263,872)
Other comprehensive loss				
Foreign currency translation adjustment to presentation currency	<u>(1,181,832)</u>	<u>(1,363,967)</u>	<u>(5,014,124)</u>	<u>(1,598,137)</u>
Comprehensive loss for the period	<u>(1,677,054)</u>	<u>(190,836)</u>	<u>(3,742,500)</u>	<u>(6,862,009)</u>
(Loss)/Earnings per share - Basic and diluted (note 17)	(0.01)	0.01	0.01	(0.06)
Weighted-average number of common shares outstanding:				
Basic	95,190,573	85,915,834	94,712,538	84,173,808
Diluted	95,190,573	90,156,630	98,299,883	84,173,808

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

kneat.com, inc.**Unaudited Condensed Interim Consolidated Statements of Changes in Equity**

	Number of common shares #	Common shares \$	Contributed surplus \$	Translation reserve \$	Deficit \$	Total \$
Balance - December 31, 2023	78,298,796	79,790,964	7,465,532	169,372	(71,299,684)	16,126,184
Net loss for the period	-	-	-	-	(5,263,872)	(5,263,872)
Other comprehensive loss for the period	-	-	-	(1,598,137)	-	(1,598,137)
	-	-	-	(1,598,137)	(5,263,872)	(6,862,009)
Shares issued pursuant to public equity financing (note 10(a))	6,153,880	20,000,110	-	-	-	20,000,110
Share issuance costs pursuant to the equity financing	-	(1,626,257)	-	-	-	(1,626,257)
Shares issued pursuant to option exercises (note 10(a))	791,812	2,741,040	(1,042,674)	-	-	1,698,366
Shares issued pursuant to RSU vesting (note 10(a))	863,095	2,372,776	(2,372,776)	-	-	-
Share-based compensation expense (note 10)	-	-	2,914,820	-	-	2,914,820
Balance - September 30, 2024	86,107,583	103,278,633	6,964,902	(1,428,765)	(76,563,556)	32,251,214
Balance - December 31, 2024	93,916,472	137,772,179	7,152,426	(825,950)	(79,026,812)	65,071,843
Net income for the period	-	-	-	-	1,271,624	1,271,624
Other comprehensive loss for the period	-	-	-	(5,014,124)	-	(5,014,124)
	-	-	-	(5,014,124)	1,271,624	(3,742,500)
Shares issued pursuant to option exercises (note 10(a))	484,004	2,061,173	(787,101)	-	-	1,274,072
Shares issued pursuant to RSU vesting (note 10(a))	935,599	2,933,254	(2,933,254)	-	-	-
Share-based compensation expense (note 10)	-	-	3,630,199	-	-	3,630,199
Balance - September 30, 2025	95,336,075	142,766,606	7,062,270	(5,840,074)	(77,755,188)	66,233,614

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

Unaudited Condensed Interim Consolidated Statement of Cash Flows

	Nine-month period ended September 30, 2025	Nine-month period ended September 30, 2024
Operating activities	\$	\$
Net income (loss) for the period	1,271,624	(5,263,872)
Charges to income (loss) not involving cash:		
Depreciation of property and equipment	556,044	570,889
Share-based compensation	2,963,315	2,914,820
Interest expense	2,471,742	2,630,674
Tax expense	165,108	130,692
Amortization of the intangible asset	9,280,439	6,649,072
Amortization of loan issuance costs	140,787	121,237
Foreign exchange gain	(11,117,651)	(2,227,902)
(Decrease)/increase in non-current contract liabilities	(34,697)	20,795
Net change in non-cash operating working capital related to operations (note 14)	9,608,538	5,343,945
Net cash provided by operating activities	<u>15,305,249</u>	<u>10,890,350</u>
Financing activities		
Proceeds received from public equity financing	-	20,000,110
Share issuance costs associated with public equity financing	-	(1,626,257)
Payment of principal and interest on loans payable	(4,970,576)	(1,896,196)
Proceeds from the exercise of stock options	1,274,072	1,698,366
Repayment of lease liabilities	(534,889)	(564,010)
Net cash (used in)/provided by financing activities	<u>(4,231,393)</u>	<u>17,612,013</u>
Investing activities		
Additions to the intangible asset	(16,358,709)	(14,794,310)
Additions to property and equipment	(186,316)	(104,354)
Collection of research and development tax credits	1,912,024	2,353,578
Net cash used in investing activities	<u>(14,633,001)</u>	<u>(12,545,086)</u>
Effects of exchange rates on cash	<u>4,507,948</u>	<u>471,261</u>
Net change in cash during the period	948,803	16,428,538
Cash – Beginning of period	<u>58,889,572</u>	<u>15,252,526</u>
Cash – End of period	<u>59,838,375</u>	<u>31,681,064</u>

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

1. Nature of operations

kneat.com, inc. (the “Company” or “kneat.com” or “Kneat”), was incorporated on December 12, 2013 under the laws of the Canada Business Corporations Act. On June 27, 2016, the Company completed a transaction (“Transaction”) with Kneat Solutions Limited whereby kneat.com acquired 100% of the issued and outstanding ordinary shares of Kneat Solutions Limited by way of a scheme of arrangement in Ireland. The Company commenced trading on the TSX Venture Exchange as kneat.com on July 5, 2016 under the symbol KSI. The Company graduated to, and began trading on, the main Toronto Stock Exchange (TSX) on November 15, 2021. kneat.com’s head office is located at Hawthorn House, Plassey Business Campus, Castletroy, Limerick, Ireland. The registered office of kneat.com is located at Scotia Plaza, 40 King Street West, Suite 2400, Box 215, Toronto, Canada, ON M5H 3Y2.

Kneat designs, develops and supplies software for data and document management within regulated environments. The Company’s current product is Kneat Gx, a configurable, off-the-shelf application focused on validation lifecycle management and testing primarily within the life sciences industry (i.e. biotechnology, pharmaceutical and medical device manufacturing).

2. Summary of material accounting policies

a) Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS Accounting Standards (“IFRS”), as issued by the IASB, has been omitted or condensed. The unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2024.

These unaudited condensed interim consolidated financial statements have been prepared using the same policies and methods of computation as the audited consolidated financial statements of the Company for the year ended December 31, 2024. Refer to note 2, Summary of Material Accounting Policies, of the kneat.com, inc. audited consolidated financial statements for the year ended December 31, 2024 for information on the other accounting policies, critical accounting judgements and estimates.

The Board of Directors approved these unaudited condensed interim consolidated financial statements for issue on November 12th, 2025.

b) Use of judgement and estimates

The preparation of the Company’s unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make judgements and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods.

Information about critical judgements in applying accounting policies and assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the unaudited condensed interim consolidated financial statements are disclosed in Note 2 of the audited consolidated financial statements as at December 31, 2024.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

2. Summary of material accounting policies (continued)

c) New accounting standards and amendments to accounting standards which are not yet effective

The following new IFRS Accounting Standards will be adopted for the purpose of the preparation of future financial statements, where applicable.

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged and introduces increased disclosure of management defined performance measures as well as new principles for aggregation and disaggregation of information included in the consolidated income statement.

IFRS 18 is applicable to the Company beginning on January 1, 2027. The Company is currently evaluating the impact of the adoption of IFRS 18 on its consolidated financial statements.

IFRS 9, Financial Instruments and IFRS 7, Financial Instruments disclosures

In May 2024, IASB issued limited amendments to IFRS 9 and IFRS 7. These amendments provide clarity on the timing of recognition and derecognition of financial assets and liabilities, the assessment of contractual cash flow characteristics, and the resulting classification and disclosure of financial assets with environmental, social, and governance linked or other contingent features. Additionally, the amendments clarify that a financial liability is derecognized on the settlement date, with the accounting policy choice to derecognize a financial liability settled using an electronic payment system before the settlement date, provided specific conditions are met. Additional disclosures are required for financial instruments with contingent features and investments in equity instruments designated at fair value through other comprehensive income with these amendments. These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments to the classification of financial assets. The Company is currently evaluating the potential impact of these amendments on its consolidated financial statements.

3. Amounts Receivable

	September 30, 2025	December 31, 2024
Current	\$	\$
Trade debtors	7,705,110	12,325,454
Research and development tax credits receivable	3,223,584	4,867,717
Contract assets	232,405	221,799
Other debtors	9,777	242,895
Sales tax receivable	292,290	719,144
	11,463,166	18,377,009
Non-current		
Research and development tax credits receivable	6,106,608	2,368,006
	17,569,774	20,745,015

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

4. Property and equipment

	Computers and servers \$	Furniture and fixtures \$	Right-of-use assets * \$	Leasehold improvements \$	Total \$
Cost					
As at January 1, 2024	1,276,375	209,820	7,882,508	215,914	9,584,617
Additions	131,782	25,696	-	10,730	168,208
Disposals	(7,672)	-	-	-	(7,672)
Effect of movements in exchange rates	32,452	4,552	171,023	4,684	212,711
As at December 31, 2024	1,432,937	240,068	8,053,531	231,328	9,957,864
Additions	183,310	13,232	876,145	-	1,072,687
Disposals	(2,676)	-	-	(3,477)	(6,153)
Effect of movements in exchange rates	117,188	22,094	741,125	21,287	901,694
As at September 30, 2025	1,730,759	275,394	9,670,801	249,138	11,926,092
Accumulated depreciation					
As at January 1, 2024	835,154	63,115	1,379,440	96,955	2,374,664
Depreciation charge	291,680	28,167	398,503	27,289	745,639
Disposals	(7,672)	-	-	-	(7,672)
Effect of movements in exchange rates	24,911	1,651	34,103	2,389	63,054
As at December 31, 2024	1,144,073	92,933	1,812,046	126,633	3,175,685
Depreciation charge	179,917	23,886	330,405	21,836	556,044
Disposals	(2,676)	-	-	-	(2,676)
Effect of movements in exchange rates	102,271	9,583	180,751	12,598	305,203
As at September 30, 2025	1,423,585	126,402	2,323,202	161,067	4,034,256
Carrying amount					
Balance - December 31, 2024	288,864	147,135	6,241,485	104,695	6,782,179
Balance - September 30, 2025	307,174	148,992	7,347,599	88,071	7,891,836

* Additions to Right-of-use assets relates to increase in lease obligation as per the terms of the existing Hawthorn House lease agreement. Refer to Note 9.

Depreciation of property and equipment for the nine months ended September 30, 2025, included in the unaudited condensed interim consolidated statements of income/(loss) and comprehensive loss is \$556,044 (nine months ended September 30, 2024 – \$570,889).

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

5. Intangible asset

Cost	\$
As at January 1, 2024	52,796,857
Additions, net of research and development tax credits of \$3,669,090	16,173,122
Effect of movements in exchange rates	1,107,969
As at December 31, 2024	<u>70,077,948</u>
Additions, net of research and development tax credits of \$3,520,697	14,605,168
Effect of movements in exchange rates	6,448,910
As at September 30, 2025	<u>91,132,026</u>
Accumulated amortization	\$
As at January 1, 2024	23,791,765
Amortization charge	9,389,343
Effect of movements in exchange rates	605,971
As at December 31, 2024	<u>33,787,079</u>
Amortization charge	9,280,439
Effect of movements in exchange rates	3,502,571
As at September 30, 2025	<u>46,570,089</u>
Carrying amount	\$
Balance - December 31, 2024	<u>36,290,869</u>
Balance - September 30, 2025	<u>44,561,937</u>

Amortization of the intangible asset of \$9,280,439 (nine months ended September 30, 2024 - \$6,649,072) is included in the unaudited condensed interim consolidated statements of income/(loss) and comprehensive loss.

6. Accounts payable and accrued liabilities

	September 30, 2025	December 31, 2024
Current	\$	\$
Trade payables	1,749,907	920,211
Accruals	7,079,018	6,105,289
Employee remittances	1,909,300	1,260,813
Sales tax payable	1,998	44,276
Income tax payable	130,889	146,540
Other payables	94,165	102,975
	<u>10,965,277</u>	<u>8,580,104</u>

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

7. Contract liabilities

	September 30, 2025	December 31, 2024
	\$	\$
Balance - Beginning of period	21,664,809	13,688,155
Deferral of revenue	49,521,648	58,449,315
Recognition of deferred revenue	(46,086,845)	(48,888,579)
Effect of movements in exchange rate	(555,231)	(1,584,082)
	<hr/>	<hr/>
Balance - End of period	24,544,381	21,664,809
Less: current portion	(24,544,381)	(21,631,416)
	<hr/>	<hr/>
Non-current portion	-	33,393
	<hr/>	<hr/>

8. Loan payable and accrued interest

	September 30, 2025	December 31, 2024
	\$	\$
Balance - Beginning of period	23,154,926	21,657,423
Interest and fees accrual	2,324,570	3,331,298
Principal and interest repayments	(4,970,576)	(2,475,283)
Amortization of loan issuance costs	140,787	171,593
Effect of movements in exchange rate	2,205,536	469,895
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Balance - End of period	22,855,243	23,154,926
Less: current portion	(6,865,950)	(4,116,723)
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Non-current portion of loan payable and accrued interest	15,989,293	19,038,203
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On June 26, 2023 the Company entered into a secured debt facility with IPF Partners (the “IPF Facility”). The IPF Facility consists of three term commitments or tranches of €5 million (\$8.2 million) each to be availed of by Kneat Solutions Limited. The Company drew down the first, second and third tranches from the IPF Facility on June 30, 2023, September 22, 2023 and December 22, 2023, respectively. The first and second tranches mature on December 31, 2027 with the first principal payments made on March 31, 2025. The third tranche matures March 31, 2028, with the first principal payment made on June 30, 2025. Each of the facilities carries an annual cash interest of three-month EURIBOR +7.0% payable quarterly, and capitalized interest of 2.0% accrued and capitalized quarterly, in addition to customary structuring and exit fees. The total cash cost of the arrangement is dependent on whether the debt is repaid on each maturity date or earlier. The IPF Facility is guaranteed by the Company and its U.S. wholly owned subsidiary, and is secured by a perfected, sole first-priority security interest in all existing and after acquired tangible and intangible assets of Kneat Solutions Limited, the Company and its U.S. wholly owned subsidiary. The IPF Facility is also subject to a financial covenant in the form of a minimum cash balance held in favour of the lender in an amount sufficient to cover the higher of the last six months and next six months cash runway subject to a cap of €2 million, €4 million and €6 million after the drawdown of tranche one, two and three respectively. At September 30, 2025 the minimum cash balance to be held was €6 million (\$9.8 million). The Company was in compliance with the financial covenant as of September 30, 2025.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

9. Lease liabilities

	September 30, 2025	December 31, 2024
	\$	\$
Balance - Beginning of period	6,106,048	6,512,212
Increase in lease obligation*	876,145	-
Repayments of lease obligations	(534,889)	(744,061)
Accreted interest	147,172	196,603
Effects of movements in exchange rates	550,072	141,294
Balance - End of year	<u>7,144,548</u>	<u>6,106,048</u>
Less: Current portion	(388,327)	(434,096)
Non-current portion	<u>6,756,221</u>	<u>5,671,952</u>

* Increase in lease obligation arises from the five year rent review as per the terms of the existing Hawthorn House lease agreement.

10. Share Capital

a) Common shares

Authorized share capital of the Company consists of an unlimited number of fully paid common shares without par value.

	Number of shares #	Amount \$
Outstanding - January 1, 2024	78,298,796	79,790,964
Shares issued pursuant to public equity financing	13,653,880	55,625,110
Share issuance costs pursuant to the equity financing	-	(3,869,212)
Shares issued pursuant to stock option exercise	923,547	3,360,483
Shares issued pursuant to RSU vesting	1,040,249	2,864,834
Outstanding - December 31, 2024	<u>93,916,472</u>	<u>137,772,179</u>
Shares issued pursuant to stock option exercise	484,004	2,061,173
Shares issued pursuant to RSU vesting	935,599	2,933,254
Outstanding - September 30, 2025	<u>95,336,075</u>	<u>142,766,606</u>

Nine months ended September 30, 2025

During the nine months ended September 30, 2025, employees exercised 484,004 options with a weighted average exercise price of \$2.63 per share for cash proceeds of \$1,274,072 plus an ascribed value of \$787,101.

During the nine months ended September 30, 2025, 889,120 RSUs vested of which 860,129 common shares with an ascribed value of \$2,725,855 were issued to employees and 28,991 common shares will be issuable to U.S. employees following the removal of their restrictive legends. In addition during the period ended September 30, 2025, 75,470 common shares were issued to U.S. employees that related to vestings in prior years with an ascribed value of \$207,399, as the restrictive legend was removed.

Year ended December 31, 2024

During the year ended December 31, 2024, employees exercised 923,547 options with a weighted average exercise price of \$2.26 per shares for cash proceeds of \$2,086,699 plus an ascribed value of \$1,273,784.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

10. Share Capital (continued)

a) Common shares (continued)

During the year ended December 31, 2024, 1,143,536 RSUs vested of which 1,040,249 common shares with an ascribed value of \$2,864,834 were issued to employees and 103,287 common shares will be issuable to U.S. employees within one year pending the removal of their restrictive legends.

Equity financings

On February 14, 2024, the Company closed a public equity financing with a syndicate of investment dealers led by Cormark Securities Inc ("the Underwriters"). Pursuant to the Offering, the Company issued a total of 6,153,880 common shares at a price of \$3.25 per common share for gross proceeds of \$20,000,110, which included the exercise, in full, by the Underwriters of the over-allotment option granted by the Company to purchase up to an additional 802,680 common shares at a price of \$3.25 per common share.

On October 10, 2024 the Company closed an additional public equity financing with a syndicate of investment dealers led by Cormark Securities Inc ("the Underwriters"). Pursuant to the Offering, the Company issued a total of 7,500,000 common shares at a price of \$4.75 per common share for gross proceeds of \$35,625,000, which included 131,500 Common Shares issued at the Offering Price as a result of the partial exercise by the Underwriters of the over-allotment option granted by the Company to the Underwriters.

b) Share-based compensation – stock options

The Company has adopted an Omnibus Equity Incentive Plan, providing the Board of Directors with the discretion to grant and issue an equivalent number of stock options of up to 6% of the issued and outstanding share capital of the Company.

Stock options are granted with an exercise price of not less than the closing share price of the date preceding the date of grant. As at September 30, 2025, 5,028,558 stock options remain available for grant under the terms of the Omnibus Equity Incentive Plan.

The following table reconciles the stock option activity during the nine months ended September 30, 2025 and the year ended December 31, 2024:

	Number of options	Weighted-average exercise price
	#	\$
Outstanding - January 1, 2024	2,222,446	2.79
Exercised	(923,547)	2.26
Forfeited	(77,027)	3.73
Expired	(28,409)	2.42
Outstanding - December 31, 2024	1,193,463	3.14
Exercised	(484,004)	2.63
Forfeited	(16,603)	3.35
Expired	(1,250)	2.50
Outstanding - September 30, 2025	691,606	3.44

For the nine months ended September 30, 2025, the stock-based compensation expense related to options recorded in the unaudited condensed interim consolidated statements of income/(loss) and comprehensive loss was \$124,878 (nine months ended September 30, 2024 – \$194,384).

There were no share options granted during the nine months ended September 30, 2025 or during the year ended December 31, 2024.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

10. Share Capital (continued)

b) Share-based compensation – stock options (continued)

The following table summarizes information relating to outstanding and exercisable stock options as at September 30, 2025:

Expiry date	Weighted-average remaining contractual life (in years)	Number of options outstanding	Number of options exercisable	Weighted-average exercise price \$
August 12, 2026	0.9	411,606	411,606	3.45
September 23, 2026	1.0	10,000	10,000	4.10
January 07, 2027	1.3	180,000	157,500	3.60
February 24, 2027	1.4	30,000	26,250	2.93
August 12, 2027	1.9	60,000	60,000	3.05
		691,606	665,356	

c) Share-based compensation - Deferred Share Units (DSUs) & Restricted Share Units (RSUs)

The maximum number of common shares which are available to be issued by the Company from treasury in connection with the redemption of DSUs and RSUs granted under the Company's Omnibus Equity Incentive Plan plan is 9% of the issued and outstanding share capital of the Company. As at September 30, 2025, 5,932,557 RSUs and/or DSUs remain available for grant under the terms of the Omnibus Equity Incentive plan.

DSU activity for the nine months ended September 30, 2025 and year ended December 31, 2024 is as follows:

	September 30, 2025	December 31, 2024
	#	#
Outstanding - Beginning of period	654,592	599,550
Granted	43,611	55,042
Outstanding - End of period	698,203	654,592

43,611 DSUs with a weighted-average fair value of \$6.05 per unit were granted in the nine months ended September 30, 2025 and 55,042 DSUs with a weighted-average fair value of \$4.54 per unit were granted in the year ended December 31, 2024. For the nine months ended September 30, 2025, the stock-based compensation expense related to DSUs recorded in the unaudited condensed interim consolidated statements of income/(loss) and comprehensive loss was \$197,474 (nine months ended September 30, 2024 – \$184,025).

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

10. Share Capital (continued)

c) Share-based compensation - Deferred Share Units (DSUs) & Restricted Share Units (RSUs) (continued)

RSU activity for the nine months ended September 30, 2025 and year ended December 31, 2024 is as follows:

	September 30, 2025 #	December 31, 2024 #
Outstanding - Beginning of period	1,816,857	2,213,391
Granted	1,110,644	950,461
Vested	(889,120)	(1,143,536)
Forfeited	(88,895)	(203,459)
Outstanding - End of period	<u>1,949,486</u>	<u>1,816,857</u>

1,110,644 RSUs with a weighted-average fair value of \$6.28 per unit were granted in the nine months ended September 30, 2025. 950,461 RSUs with a weighted-average fair value of \$3.86 per unit were granted in the year ended December 31, 2024. For the nine months ended September 30, 2025, the stock-based compensation expense related to RSUs recorded in the unaudited condensed interim consolidated statements of income/(loss) and comprehensive loss was \$2,640,963 (nine months ended September 30, 2024 – \$2,536,411). RSUs typically vest over a three-year period and will be settled through the issuance of common shares.

11. Revenue

Revenue consists of the following:

	Three-month period ended September 30, 2025	Three-month period ended September 30, 2024	Nine-month period ended September 30, 2025	Nine-month period ended September 30, 2024
	\$	\$	\$	\$
SaaS license fees	15,237,018	11,479,130	43,188,358	32,032,738
Maintenance fees	17,734	64,190	57,578	198,668
Professional services and other	854,651	1,218,754	3,016,217	2,973,403
	<u>16,109,403</u>	<u>12,762,074</u>	<u>46,262,153</u>	<u>35,204,809</u>

The following table presents total external revenues by geographic location, based on the location of the Company's customers:

	Three-month period ended September 30, 2025	Three-month period ended September 30, 2024	Nine-month period ended September 30, 2025	Nine-month period ended September 30, 2024
	\$	\$	\$	\$
Americas	9,804,090	7,891,398	27,678,219	22,967,690
Europe	6,163,938	4,690,399	17,806,254	11,758,727
Asia Pacific	141,375	180,277	777,680	478,392
	<u>16,109,403</u>	<u>12,762,074</u>	<u>46,262,153</u>	<u>35,204,809</u>

In the three and nine months ended September 30, 2025, no revenue from any customer amounted to 10% or more of the Company's total revenue (three and nine months ended September 30, 2024 – 1 customer).

For the three and nine months ended September 30, 2025, the Company's top 10 customers made up 52% and 51% respectively of the Company's revenues (three and nine months ended September 30, 2024 – 50% and 51% respectively).

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

12. Expenses by nature

The following table lists certain expenses by nature included in the unaudited condensed interim consolidated statements of income/(loss) and comprehensive loss:

	Three-month period ended September 30, 2025	Three-month period ended September 30, 2024	Nine-month period ended September 30, 2025	Nine-month period ended September 30, 2024
	\$	\$		
Amortization of the intangible asset	3,278,058	2,126,011	9,280,439	6,649,072
Depreciation of plant and equipment	197,324	189,272	556,044	570,889
Salaries, wages and benefits	8,921,303	7,066,441	26,732,592	20,334,955
Share-based compensation	<u>1,176,122</u>	<u>763,657</u>	<u>2,963,315</u>	<u>2,914,820</u>

13. Income taxes

The provision for income taxes reported differs from the income tax computed by applying the applicable income tax rates to the net income/(loss) before income taxes, due to the following adjustments:

	Nine-month period ended September 30, 2025	Nine-month period ended September 30, 2024
	\$	\$
Income (loss) before income taxes	1,436,732	(5,133,180)
Statutory rate (Canadian federal and provincial)	<u>26.50%</u>	<u>26.50%</u>
Tax expense (recovery) at statutory rate	380,734	(1,360,293)
Recovery for losses and deductible differences previously not recognized in prior years	(1,657,818)	(544,505)
Expense (recovery) for losses and deductible temporary differences not recognized in current year	281,581	743,914
Permanent differences and other	(135,393)	166,675
Foreign tax rate variance	<u>1,296,004</u>	<u>1,124,901</u>
Income tax expense	<u>165,108</u>	<u>130,692</u>

14. Supplemental cash flow information

Net changes in non-cash operating working capital items are as follows:

	Nine-month period ended September 30, 2025	Nine-month period ended September 30, 2024
	\$	\$
Decrease/ (Increase) in amounts receivable and prepayments	5,617,139	(1,486,180)
Increase in accounts payable and accrued liabilities	1,513,761	79,656
Increase in contract liabilities	<u>2,477,638</u>	<u>6,750,469</u>
	<u>9,608,538</u>	<u>5,343,945</u>

15. Related party transactions

During the nine months ended September 30, 2025, the Company granted 43,611 DSUs to members of the Board of Directors who are not employees or officers of the Company (note 10) (nine months ended September 30, 2024 – 44,501).

During the nine months ended September 30, 2025, Key Management of the Company exercised 200,000 stock options at an exercise price of \$2.20 for gross proceeds of \$440,000. During the nine months ended September 30, 2024, Executive Directors of the Company exercised 150,000 stock options at an exercise price of \$1.06 for gross proceeds of \$159,000 and Key Management exercised 275,000 stock options at a weighted-average exercise price of \$1.39 for gross proceeds of \$383,500.

During the nine months ended September 30, 2025, the Company granted 83,215 RSUs to Executive Directors and 520,402 RSUs to Key Management. During the nine months ended September 30, 2024, the Company granted 107,422 RSUs to Executive Directors and 210,079 RSUs to Key Management.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

16. Fair value of financial instruments and risk management

a) Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of debt and equity balances.

The capital of the Company consists of items included in equity and debt, net of cash, as follows:

	September 30, 2025	December 31, 2024
	\$	\$
Equity	66,233,614	65,071,843
Debt	22,855,243	23,154,926
Less: Cash	(59,838,375)	(58,889,572)
	<u>29,250,482</u>	<u>29,337,197</u>

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue equity, return capital to shareholders or raise debt funding. In the year ended December 31, 2023, the Company signed the IPF Facility allowing for debt funding of up to €15 million (\$24.5 million) and drew down the first, second and third tranches of this facility on June 30, 2023, September 22, 2023 and December 22, 2023, respectively. The IPF Facility is also subject to a financial covenant in the form of a minimum cash balance held in favour of the lender in an amount sufficient to cover the higher of the last six months and next six months cash runway subject to a cap of €2 million, €4 million and €6 million after the drawdown of tranche one, two and three respectively. At September 30, 2025 the minimum cash balance to be held was €6 million (\$9.8 million). The Company was in compliance with the financial covenant as of September 30, 2025.

On February 14, 2024, the Company closed a public equity financing with a syndicate of investment dealers led by Cormark Securities Inc ("the Underwriters"). Pursuant to the Offering, the Company issued a total of 6,153,880 common shares at a price of \$3.25 per common share for gross proceeds of \$20,000,110, which included the exercise, in full, by the Underwriters of the over-allotment option granted by the Company to purchase up to an additional 802,680 common shares at a price of \$3.25 per common share.

On October 10, 2024 the Company closed an additional public equity financing with a syndicate of investment dealers led by Cormark Securities Inc ("the Underwriters"). Pursuant to the Offering, the Company issued a total of 7,500,000 common shares at a price of \$4.75 per common share for gross proceeds of \$35,625,000, which included 131,500 Common Shares issued at the Offering Price as a result of the partial exercise by the Underwriters of the over-allotment option granted by the Company to the Underwriters.

No other changes were made to the objectives, policies or processes for managing capital during the nine months ended September 30, 2025 or the year ended December 31, 2024.

b) Fair values of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The carrying amounts reported in the unaudited condensed interim consolidated statements of financial position for cash, amounts receivable, accounts payable and accrued liabilities, approximate their fair values based on the immediate or short-term maturities of these financial instruments. In addition, non-current amounts receivable and the loan payable do not have fair values that differ significantly from their carrying values.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

16. Fair value of financial instruments and risk management (continued)

b) Fair values of financial instruments (continued)

The table below presents the classification of the Company's financial assets and liabilities as at September 30, 2025 and December 31, 2024:

	Financial assets and liabilities at amortized cost September 30, 2025	Financial assets and liabilities at amortized cost December 31, 2024
	\$	\$
Financial assets:		
Cash	59,838,375	58,889,572
Amounts receivable*	7,947,292	12,790,148
Financial liabilities:		
Accounts payable and accrued liabilities	10,965,277	8,580,104
Loan payable and accrued interest current	6,865,950	4,116,723
Loan payable and accrued interest non-current	15,989,293	19,038,203

*includes trade debtors, contract assets & other debtors

c) Financial risk management objectives

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk and interest rate risk. Where material, these risks are reviewed and monitored.

d) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. At September 30, 2025 and December 31, 2024, the Company's financial assets exposed to credit risk amounted to the following:

	September 30, 2025	December 31, 2024
	\$	\$
Cash	59,838,375	58,889,572
Amounts receivable and other*	7,947,292	12,790,148

*includes trade debtors, contract assets & other debtors

During the nine months ended September 30, 2025 and the year ended December 31, 2024, the Company did not hold any financial assets that were impaired. Trade debtors of \$7,705,110 are included in amounts receivable as at September 30, 2025 (December 31, 2024 – \$12,325,454).

Trade debtors are monitored on a regular basis, with reference to the Expected Credit Loss (ECL) impairment model, in order to minimize material aging and to ensure adequate collection. Historically there have been no significant trade debtor collection issues and the Company does not believe it is subject to significant concentration of credit risk.

Cash is held with reputable banks in Ireland, the United States and Canada. The long-term credit ratings of these banks, as determined by Standard and Poor's range between A+ and BBB.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

16. Fair value of financial instruments and risk management (continued)

e) Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. The Company has a planning and budgeting process to monitor operating cash requirements, including amounts projected for capital expenditures, which are adjusted as input variables change.

These variables include, but are not limited to, the ability of the Company to generate revenue from current and prospective customers, general and administrative requirements of the Company and the availability of capital markets. As these variables change, liquidity risks may necessitate the need for the Company to issue equity or obtain debt financing.

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining contractual maturities of the Company's financial liabilities as September 30, 2025:

	Within 1 year	2-3 years	4-5 years	Over 5 years	Total	Carrying Value
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	10,965,277	-	-	-	10,965,277	10,965,277
Lease payments (undiscounted)	602,651	1,205,301	1,205,301	5,873,383	8,886,636	7,144,548
IPF Facility payable (undiscounted)*	8,671,850	18,832,794	-	-	27,504,644	22,855,243
	<u>20,239,778</u>	<u>20,038,095</u>	<u>1,205,301</u>	<u>5,873,383</u>	<u>47,356,557</u>	<u>40,965,068</u>

*includes principal and interest payments. Interest payable was calculated using the EURIBOR rate as of June 2025

The Company's operations to date have been financed through the sale of shares, issuance of debt, revenue generated from customers and research and development tax credits. The Company has incurred significant operating losses and negative cash flows from operations since inception and has an accumulated deficit of \$77,755,188 as at September 30, 2025. For the nine months ended September 30, 2025, the Company generated net income of \$1,271,624 with positive cash flows from operations of \$15,305,249 and capitalized development cost spend of \$16,358,709 (September 30, 2024 (\$5,263,872), \$10,890,350 and \$15,152,468, respectively). The Company has relied on financing activities to meet its working capital and operating requirements, including funds needed to further develop its software and expand its sales and marketing functions.

On June 26, 2023, the Company announced that it had secured up to €15 million (\$24.5 million) in secured debt financing from IPF Partners which consisted of three term commitments or tranches of €5 million each to be availed of by Kneat Solutions Limited. Each tranche matures 18 quarters from its initial drawdown date. On June 30, 2023, September 22, 2023 and December 22, 2023, the Company drew down the first, second and third tranches, respectively (Refer to note 8).

The Company has a history of being able to raise funds on the capital markets to meet its ongoing requirements and on February 14, 2024, the Company closed a public equity financing for gross proceeds of \$20,000,110 and on October 10, 2024 the Company closed an additional public equity financing for gross proceeds of \$35,625,000. However, there can be no assurance that, in the future, the Company will be able to raise funding on favourable terms, if at all.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

16. Fair value of financial instruments and risk management (continued)

e) Liquidity risk (continued)

During the first nine months of 2025 and throughout 2024, financial markets have been negatively impacted by political uncertainties and economic instability due to factors including the impact of international conflicts, the rate of inflation, interest rates and tariffs. These factors may adversely impact our operations, credit risk, our ability to serve our customers and our ability to raise new funding. This has resulted in significant economic uncertainty, and even though the Company has to date experienced no significant impact to its operations, any potential impact on our future financial results is difficult to reliably measure. The Company is regularly assessing the situation and remains in contact with its partners, customers and suppliers to assess any impacts and risk.

The Directors believe that the Company's cash resources when combined with the proceeds from customer receipts, will be sufficient to fund operations for at least twelve months from the reporting date of the unaudited condensed interim consolidated financial statements.

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk exposure arises from the Company entering into transactions which are denominated in currencies other than its functional currency.

The Company is exposed to currency risk on its cash balances, amounts receivable, loan payable, intercompany balances and accounts payable and accrued liabilities that are held in currencies that are not in the transacting entity's functional currencies.

For the nine months ended September 30, 2025, the impact on monetary assets and liabilities of a 5% decrease in the exchange rate between the functional currencies and foreign currencies (weakening of the Euro/USD versus CAD) would decrease the net income by approximately \$5.7 million; a 5% increase would increase the net income by approximately \$5.7 million (strengthening of the Euro/USD versus CAD). The Company currently does not hedge its currency risk.

The majority of the Company's revenues and expenses are denominated in Euro and the United States dollar. As a result, revenues and expenses are affected by a change in the value of the Euro and the United States dollar relative to the Canadian dollar.

The following table summarizes the effects on revenues, expenses and the net loss as a result of a 5% strengthening of the Euro and the United States dollar when compared to the Canadian dollar: ⁽¹⁾

	Nine-month period ended September 30, 2025			Nine-month period ended September 30, 2024		
	As reported	Exchange rate effect	5% Stronger	As reported	Exchange rate effect	5% Stronger
	\$	\$	\$	\$	\$	\$
Revenue	46,262,153	2,313,108	48,575,261	35,204,809	1,760,240	36,965,049
Expenses	(44,990,529)	(2,805,409)	(47,795,938)	(40,468,681)	(1,961,588)	(42,430,269)
Net income (loss)	1,271,624	(492,301)	779,323	(5,263,872)	(201,348)	(5,465,220)

(1) A 5% weakening of the Euro and the United States dollar when compared to the Canadian dollar would have an equal and opposite impact on the Company's revenues, expenses and net loss as presented in the table.

16. Fair value of financial instruments and risk management (continued)**g) Interest risk**

Interest risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. Interest rate exposure exists in the unaudited condensed interim consolidated statements of financial position, in respect of cash balances due to the variability in deposit rates and in respect of the IPF Facility due to the variable interest rate (EURIBOR + 7%) that applies to this loan. During the nine months ended September 30, 2025, a change of 100 basis points in either interest rate would have had an effect of approximately \$482,000 on deposit interest income and \$177,000 on interest expense assuming all other variables, in particular foreign currency exchange rates, remain constant.

h) Fair value hierarchy

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, 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 (that is, unobservable inputs).

At September 30, 2025 and December 31, 2024 the Company had no financial instruments that were measured and recognized at fair value. In addition, there were no transfers between levels during the period.

17. (Loss) Earnings per share

Basic and diluted net loss per share was calculated as follows:

	Three-month period ended September 30, 2025	Three-month period ended September 30, 2024	Nine-month period ended September 30, 2025	Nine-month period ended September 30, 2024
<i>Numerator:</i>				
Net (loss) earnings for the period attributable to ordinary shareholders	(495,222)	1,173,131	1,271,624	(5,263,872)
<i>Denominator:</i>				
Weighted-average number of common shares outstanding: Basic	95,190,573	85,915,834	94,712,538	84,173,808
Weighted-average number of common shares outstanding: Diluted	95,190,573	90,156,630	98,299,883	84,173,808
(Loss) earnings per share (basic and diluted)	<u>(0.01)</u>	<u>0.01</u>	<u>0.01</u>	<u>(0.06)</u>

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

The Company's potential common shares, which include stock options to purchase shares of common stock, DSUs and RSUs, are as follows;

	September 30, 2025	September 30, 2024
Options to purchase common shares	691,606	1,329,267
Deferred share units (DSUs)	698,203	644,051
Restricted share units (RSUs)	1,949,486	1,959,059

For the nine months ended September 30, 2025, the above potential common shares are included in the computation of diluted net earnings per share. For the nine months ended September 30, 2024, the Company excluded the above potential common shares from the computation of diluted net loss per share because including them would have had an anti-dilutive effect.

18. Commitments and contingencies

The Company is from time to time involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay by reason thereof, will have a material effect on the financial conditions or future results of operations of the Company.

The Company has committed to purchase certain services, primarily related to cloud hosting, which will result in the Company paying \$6,680,879 within one year and \$7,937,111 in two to three years.

The Company has employment arrangements with the Chief Executive Officer, Director of IT Security & Operations and Chief Innovation Officer which provide that, should a change in control event occur, as defined in the employment arrangements, these individuals will receive lump sum payments equal to 24 months of their then current base salary.

19. Subsequent events

The Company performed a review of events subsequent to the unaudited condensed interim consolidated statement of financial position date through to the date the unaudited condensed interim consolidated financial statements were issued and determined that there were no such events requiring recognition or disclosure in the unaudited condensed interim consolidated financial statements.