

## Note to Reader – Re-Filed MD&A

This Management's Discussion and Analysis for the period ended June 30, 2025 has been re-filed to include the required effective date on the following page, which was inadvertently omitted from the version originally filed under SEDAR+ filing number 06329383. No other changes have been made to the content of the MD&A.

In connection with this re-filing, the Company has also filed CEO and CFO certifications in the form of Form 52-109F2R – Certification of Refiled Interim Filings, dated the same date as this re-filed MD&A, as required.

# **IC GROUP HOLDINGS INC.**

## **Management's Discussion & Analysis of Financial Condition and Results of Operations**

**For The Three and Six-month Periods ended June 30, 2025**



This MD&A is effective as of August 27, 2025, and should be read with the Company's unaudited interim consolidated financial statements for the six months ended June 30, 2025.

## **IC GROUP HOLDINGS INC.**

Management's Discussion & Analysis

For the three and six-month periods ended June 30, 2025

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# **Management's Discussion & Analysis of Financial Condition and Results of Operations**

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

This management's discussion and analysis ("MD&A") reports on the consolidated operating results and consolidated financial condition of IC Group Holdings Inc. and its wholly owned subsidiaries for the three and six-month periods ended June 30, 2025, and of 11197894 Canada Ltd ("1119 Canada") and its subsidiaries for the three and six-month periods ending June 30, 2024. (the "Company" or "IC GROUP")

Throughout this MD&A, unless otherwise specified, "IC GROUP", the "Company", "we", "us" and "our" refers to IC Group Holdings Inc., 1119 Canada, and its wholly owned subsidiaries. This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and the related notes as at and for the six months ended June 30, 2025 and June 30, 2024, which were prepared in accordance with International Financial Reporting Standards ("IFRS") (collectively referred to as the "Financial Statements"). Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith, and reflect the current judgment regarding the direction of the business, actual results will likely vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward-looking statements include but are not limited to statements concerning:

- IC Group operates within the fast-growing MarTech sector which is forecasted to grow 20% annually from 2025 to 2034 (Source: <https://www.precedenceresearch.com/marketing-technology-market>), fueled by improved customer experiences, demand for data-driven engagement, automation, AI, data security, and privacy compliance.
- IC Group is focused on the fan engagement market which is projected to grow from \$5B to \$27B (Source: Future Market Insights: 2023) from 2023 to 2033.

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- IC Group intends to continue to grow its business through strategic acquisitions and investments to expand its core capabilities, broaden its geographic footprint, acquire new talent, and accelerate top-line and recurring revenue growth.
- IC Group expects to grow annual recurring revenue (“ARR”) and improve Adjusted EBITDA rates as a percentage of revenue over the long term.
- IC Group may also make investments in early-stage technologies, through acquisition, investments, or internal development time and labor to compliment or accelerate company solutions to support revenue, customer value, or operational efficiencies.

Additionally, the company's future success may depend on some or all of the following:

- The Company's ability to identify, successfully negotiate and/or finance an acquisition of a new business opportunity.
- The Company's success at completing future financings.
- The Company's strategies and objectives.
- General business and economic conditions.
- The Company's ability to meet its financial obligations as they become due.
- The cash flows and financial viability of new business opportunities.
- The Company's ability to manage growth with respect to new business opportunities.
- The Company's tax position, anticipated tax refunds and tax rates applicable to the Company.

Readers are cautioned that the preceding list of risks, uncertainties, assumptions, and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in or implied by these forward-looking statements. Due to the risks, uncertainties, and assumptions inherent in forward-looking statements, investors in securities of the Company should not place undue reliance on these forward-looking statements.

## **NON-IFRS MEASURES**

This MD&A includes certain measures which have not been prepared in accordance with the International Financial Reporting Standards (“IFRS”), namely “Adjusted EBITDA” and “Annual Recurring Revenue”.

These terms are not measures that have any standardized meaning prescribed by IFRS and are considered non-IFRS measures. While these measures may not be comparable to similar measures presented by other issuers, these measures have been described and presented in this MD&A to provide shareholders and potential investors with additional information regarding the Company's results, liquidity, and its ability to generate funds to finance its operations. When assessing the Company's operating performance or liquidity, investors and others should not consider this data in isolation or as a substitute for net profit, cash flow from operating activities or other cash flow data calculated in accordance with IFRS. In addition, the Company's calculation of Adjusted EBITDA may not be comparable to EBITDA or similarly titled measures utilized by other companies since such other companies may not calculate EBITDA in the same manner.

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The Non-IFRS measure "Adjusted EBITDA" used in this MD&A is calculated as follows:

Adjusted EBITDA refers to earnings before interest, taxes, depreciation, amortization, stock-based compensation, one-time transaction expenses and financing costs. The Company believes that Adjusted EBITDA is useful supplemental information, as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration significant non-recurring items comprised of costs directly attributable to acquisitions, financing costs, as well as non-cash expenses, which include stock-based compensation expense, interest expenses, depreciation and amortization. Adjusted EBITDA also serves as a proxy for the Company's cash flow. Management also uses Adjusted EBITDA to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess its ability to meet its capital expenditure and working capital requirements.

Adjusted EBITDA is reconciled to its most directly comparable IFRS measure within the "Results of Operations" and "Liquidity and Capital Resources" sections of this MD&A.

The Non-IFRS measure "Annual Recurring Revenue" used in this MD&A is calculated as the company's expected yearly revenue from recurring transactional, service, license, SaaS or subscription fees.

## **CORPORATE OVERVIEW**

1119 Canada was incorporated on July 31, 2023 under the laws of Canada and is the product of a July 31, 2023 amalgamation that consolidated entities that have effectively been in active business since 1989. On February 21, 2025, Cuspis Capital II Ltd. ("Cuspis"), a Capital Pool Company listed on the TSX Venture Exchange (the "Exchange") completed a business combination transaction with 1119 Canada that resulted in the reverse takeover of Cuspis by 1119 Canada and which constituted the Qualifying Transaction (as that term is defined by the policies of the Exchange) of Cuspis. 1119 Canada became the wholly owned subsidiary of Cuspis, and Cuspis was renamed "IC Group Holdings Inc.", trading under the symbol ICGH.

IC Group is a technology enabled Consumer Engagement Company. Its mission is to transform how brands engage with consumer audiences across live event, digital platforms and mobile messaging channels to drive sales, capture valuable data and build brand loyalty. The Company's solutions span digital engagement, mobile messaging, and specialty insurance for Fortune 500 brands and their agency partners in global jurisdictions. The Company's registered office is located at 77 King Street West, Suite 700, Toronto, Ontario, Canada M5K 1G8. 1119 Canada has a registered office located at 383 Dovercourt Dr, Winnipeg, MB, R3Y 1G4.

At December 31, 2024, IC Group owned approximately 14% of Emotion Media Inc., operating as Fannex ("Fannex"). On February 21, 2025, IC Group acquired 100% of Fannex as part of the business combination transaction with Cuspis Capital II Ltd., concurrent financing and public listing on the Exchange that also closed February 21, 2025.

In furtherance of the Qualifying Transaction, 1119 Canada effected a 7.89:1 share split, Cuspis completed a 1:4.31 share consolidation, following which the securityholders of 1119 Canada received securities of Cuspis on a one for one exchange ratio basis. All share and per share amounts reflecting figures prior to February 21, 2025, have been retrospectively presented in the consolidated financial statements and this MD&A to reflect the share split, share consolidation, and share exchange.

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## MARKET SECTOR

IC Group operates within the fast-growing Marketing Technology (MarTech) sector, which is forecasted to grow 20% annually from 2025 to 2034 (Source: <https://www.precedenceresearch.com/marketing-technology-market>), fueled by improved customer experiences, demand for data-driven engagement, automation, AI, data security, and privacy compliance

IC Group is focused on the fan engagement market which is projected to grow from \$5B to \$27B (Source: Future Market Insights: 2023) from 2023 to 2033. Live events continue to attract record audiences, yet operators are under increasing pressure to meet fans' and sponsors' digital engagement expectations. With over 30 years of experience engaging consumers for Fortune 500 brands, IC Group sees significant opportunities across all business lines to fill the gap. The acquisition of Fannex helps accelerate this and is a growth engine for IC Group as it integrates well with the existing messaging and specialty insurance offerings to drive additional revenue in the growing live event market. Together, the Company offers integrated, high-impact activation, messaging and risk management solutions that enhance fan engagement, enrich data collection, accelerate the path to purchase and build consumer loyalty. This synergy allows the Company to deliver greater value to sponsors and brands across North America and beyond.

## CUSTOMER SOLUTIONS

IC Group develops, sells, and supports three primary business verticals with associated products and services that power consumer engagement to drive commerce and manage risks for brands. The Company currently has over 150 customers worldwide that range in size and operational complexity, with the vast majority in the United States and Canada. Over 70% of our revenue is driven from customers outside of Canada.

Solutions include the following:

- **Digital Promotions:** IC Group simplifies digital consumer engagement for fortune 500 brands at scale in global markets to drive sales, capture consumer data, build consumer loyalty and manage risks. Simplifying solutions for brands inclusive of technology, risk management, regulatory and compliance, data security, consumer privacy, incentives, rewards, and customer service is the Company's value proposition. IC Group's proprietary technology solutions are used to engage consumer audiences in web, social media, and live event channels while integrating with reward partners through secure Application Programming Interfaces (APIs) to deliver rewards such as digital gift cards, travel, and other experiential rewards that consumers win or earn through the digital promotion. IC Group typically enters Master Service Agreements with 3-year terms and annual statements of work that provide multiple services such as software development and license fees, professional service fees to design, develop and execute digital promotions, manage regulatory and compliance requirements, and transactional fees for customer support services, moderation and fulfillment services. Professional services are provided for implementation services, consulting services, and training. Contract revenue is accounted for under the percentage of completion method. The percentage of completion is determined by relating the actual cost of work performed to date, to the current estimated total cost of the respective contracts. Revenue is recognized by determining this percentage of completion and applying it against the contract value for the respective contract. Professional services are typically billed on negotiated pricing reflecting the estimated time and materials required to complete the services.

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- **Mobile Messaging:** IC Group is one of three Tier-1 Mobile Aggregators in Canada with direct connections to all major Canadian mobile carriers and Tier-2 connections to US and other Global Carriers. IC Group's messaging gateway provides brands, marketing platforms, and communication platforms (CPaaS providers) with a simple single point API that routes text messages through mobile carriers to 100% of mobile users in Canada. What sets the mobile messaging business apart from its competitors is the Company's intellectual property in the Canadian Market. IC Group is also the only Canadian-owned provider offering a solution that processes and stores all message data within Canada. For clients in regulated industries such as finance, healthcare, and government, this provides the reach, compliance, and security they require, all on a fully domestic platform. IC Group typically enters into 3-year recurring contracts and earns transactional fees for each message transmitted through our messaging gateway along with hosting and professional service fees. Customer retention is high and more than 95% of revenue is ARR. The Company's business model continues to evolve to support high volume, low margin transactions through wholesale and enterprise level customers.
- **Insurance Solutions:** Insurance Solutions, through the company's Insured Creativity Inc. legal entity, is a Coverholder at Lloyd's of London ("Lloyd's") which means it is authorized by a managing agent to enter insurance contracts on behalf of certain Lloyd's syndicates, according to the terms of a binding authority. Essentially, Insurance Solutions acts as a delegated authority for Lloyd's, writing policies and handling other insurance-related tasks on their behalf in Canada and other countries (60+) for certain insurance products. It underwrites specialized insurance solutions including event cancellation, event liability, prize insurance, crisis management and other specialty insurance solutions for the Sports, Entertainment and Promotions industry. The segment distributes its insurance products through its proprietary SaaS Platform called Glide and through its direct sales force to wholesale and retail brokers. Glide provides insurance brokers a digital platform to be able to generate a quote, bind insurance and receive policy documents instantly. The segment earns commission fees for each insurance policy sold as well as profit commission on the profitability of its overall book of business within certain binding authorities.

## COMPANY FOCUS AND STRATEGY

IC Group expects to grow ARR and improve Adjusted EBITDA rates as a percentage of revenue over the long term. Given acquisitions are part of our growth strategy, there will be short-term trade-offs between revenue growth and Adjusted EBITDA growth, as a typical acquisition can take 18 to 24 months to normalize and fully integrate into operations.

The Company's mobile messaging business is a primary area of focus for IC Group in 2025, with a goal to accelerate monthly recurring revenue growth and improve margins. Growth in this division will be driven by the adoption of new customers to the platform, increasing message volumes, new technology solutions and introducing new message channels, which will fuel additional recurring revenue and improved margins.

As part of the acquisition strategy, IC Group purchased the remaining 86% of Emotion Media Inc (Fannex) and completed the acquisition on February 21, 2025. Fannex is a next-generation SaaS platform, purpose-built for brands, teams, and venues in the live sports and entertainment industry. Currently, Fannex works with 88 professional or semi-professional teams across various sports leagues in North America and Europe. Its technology empowers partners to design, deploy, and manage interactive content and fan promotions across both in-venue digital screens and personal mobile devices transforming live audiences into digitally engaged communities. By facilitating real-time interaction, Fannex enables deeper audience participation, robust first-party data collection and measurable conversion outcomes.

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Integration of the Fannex business with IC Group, including the evolution of the Fannex SaaS Platform to reach broader customer segments, leverage IC Group solutions, and to start capitalizing on the vast amount of data captured through the platform, is another key initiative in 2025 and into 2026. Additionally, consumer engagement at live events is increasingly driven by mobile messaging, video, and feature rich communications. The announcement in 2024 that Apple will support Rich Communication Service ("RCS") messaging also unlocks a huge opportunity to expand mobile messaging and engagement capabilities in this fast-growing channel.

Expanding insurance product lines, underwriting capacity and reaching more customers in more markets are key initiatives for the Insurance Solutions business in 2025. These initiatives will support continued revenue growth and improve its ARR within this business segment.

IC Group will continue to scale the business through a three-pronged growth strategy focused on deepening customer relationships, expanding recurring revenue, growing top line revenue, improving margins and broadening its market and customer footprint. The three-pronged growth strategy includes:

1. Land and Expand:

With the completion of the acquisitions, including Fannex, IC Group has over 150 customers across North America and Europe. The Company's highly synergistic solutions foster cross-selling opportunities with digital engagement, mobile messaging, and insurance offerings across its client base, strengthening relationships while driving revenue and margin expansion.

2. Organic Growth in Core Divisions:

IC Group's existing business lines continue to grow through expanded marketing and organic sales initiatives. Overall revenue grew by 51% in the six-month period ended June 30, 2025 in comparison to the same period in 2024 with over 90% being driven by organic revenue growth across all segments. Mobile Messaging saw strong results with a 97% increase in revenue during the period of which 100% was organic revenue growth. Digital Promotions saw a 31% increase in revenue during the period of which 83% was organic growth and Insurance Solutions saw an increase of 7% in revenue during the period, of which 100% was organic growth.

3. Targeted M&A:

IC Group intends to continue to grow its business through strategic acquisitions and investments to expand its core capabilities, broaden its geographic footprint, acquire new talent, and accelerate top-line and recurring revenue growth. IC Group may also make investments in early-stage technologies, through acquisition, investments, or internal development time and labor to compliment or accelerate company solutions to support revenue, customer value, or operational efficiencies. The teams proven ability to integrate, and scale acquired platforms positions the Company well to execute this strategy.

## **KEY PERFORMANCE INDICATORS**

IC Group evaluates its overall performance using key financial indicators such as revenue, ARR, Gross Profit, Gross Margin, adjusted EBITDA, revenue by geography and customer retention rates.

## **IC GROUP HOLDINGS INC.**

### Management's Discussion & Analysis

For the three and six-month periods ended June 30, 2025

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#### **2025 HIGHLIGHTS FOR THE THREE MONTHS ENDED JUNE 30, 2025**

The following review is intended to assist in understanding IC Group's financial position as at June 30, 2025, and its results of operations for the three-month period ended June 30, 2025. Financial and operating results for the second quarter of 2025 compared to the same period of 2024 include:

- Revenues increased by 47% to \$6.5 million in the second quarter of 2025, compared to \$4.4 million during the same period in 2024. Gross Profit increased 28% in the second quarter of 2025 to \$3.0 million compared to \$2.3 million in the same period of 2024.
- Approximately 95% of the revenue growth was driven by organic growth across all divisions.
- Gross Margin for the second quarter of 2025 was 46%, an expected decline of 13% from 53% in the same period of 2024. The expected decrease is driven by a higher proportion of lower margin Mobile Messaging revenue which is reflective of the change in the Mobile Messaging business model to scale more wholesale customers driving higher volume messages at lower margins.
- Approximately 70% of revenue in the second quarter of 2025 is ARR, compared to 61% in the same period of 2024.
- Adjusted EBITDA of \$0.2 million for the second quarter of 2025, compared to \$0.2 million in the same period last year.
- IC Group signed two agreements with a longstanding, large enterprise technology company. The combination of agreements represents both an extension of current work and a new mandate, together valued at up to US\$7.8 million inclusive of prizing. These agreements will be serviced by the Company's Digital Promotions business unit and will extend across fiscal 2025 and 2026.
- The Company announced the renewal of a five-year services agreement with one of the world's largest enterprise technology companies operating in over 190 countries. The contract, awarded to IC Group and to be serviced the Company's Digital Promotions business unit, strengthens a relationship that has spanned over a decade and extends the partnership through 2030.
- On May 8, 2025, the Company announced the appointed Robert White as a new Director until the next meeting of shareholders or until his successor is duly elected or appointed. Mr. White brings over two decades of experience in global capital markets, asset management, and fintech. He is currently a Partner at Legion3 Capital, a private investment firm based in Toronto. He previously served as CEO of Outcome Wealth Management. He also held several senior positions at the Bank of Montreal, including Managing Director and Head of Fixed Income Trading, Global Funding, and Capital Markets Asset Management. During his tenure there, he was instrumental in driving significant revenue, liquidity, and risk management initiatives.
- Through independent external audits of the company's Information Management Systems, the Company received recertification of ISO27001 in June of 2025. ISO27001, a globally recognized standard for Information Security Management Systems (ISMS), provides a framework for organizations to establish, implement, maintain, and continually improve their ISMS. Certification against this standard demonstrates a commitment to robust information security practices and can be crucial for businesses, especially those handling sensitive data or operating in regulated industries.

**IC GROUP HOLDINGS INC.**

## Management's Discussion &amp; Analysis

For the three and six-month periods ended June 30, 2025

**ANALYSIS OF RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2025**

The following section sets forth, for the periods indicated, certain financial data derived from the Company's unaudited interim condensed consolidated financial statements.

Three Months Ended June 30,	2025	2024	Change
Revenue	6,491,057	4,426,429	47%
Gross Profit	2,998,085	2,339,919	28%
Operating income (loss)	(420,161)	(980,555)	57%
EBITDA	31,461	(551,043)	106%
Net Earnings (Loss) for the period	(576,598)	(889,936)	35%
Earnings Per Share * (Basic and diluted)	(0.02)	(0.04)	54%

\* The Company effected a 7.89:1 share split on the same date. All share and per share amounts reflecting figures prior to February 21, 2025, have been retrospectively presented in the consolidated financial statements and this MD&A to reflect the share split.

**Adjustments to EBITDA:**

	Three Months Ended June 30,	
	2025	2024
<b>EBITDA</b>	31,461	(551,043)
<b>Adjustments to EBITDA</b>		
1. Acquisition related professional fees	-	50,575
2. Fees – Financing / Public Listing	-	188,597
3. Mobile messaging platform replacement costs	-	487,228
4. Management Stock Option expense	119,598	-
<b>Adjusted EBITDA</b>	<b>151,058</b>	<b>175,357</b>

Footnotes

1. Acquisition related professional fees reflects legal costs incurred to complete the acquisitions of Pickaw S.A.S (May 2024) and the mobile messaging assets from ICF Next (November 2023)
2. Financing related professional fees reflect corporate finance, legal, and valuation costs incurred for the raising of capital and reverse takeover transaction with Cuspis Capital II Ltd. which closed in February 2025.
3. Mobile messaging core system replacement costs relate to the Company's investment to transition the messaging gateway to a new platform designed to significantly enhance messaging traffic growth and diversify the Company's capabilities in delivering differentiated solutions to its customers.
4. Management stock option expense relates to the vesting of Management stock options awarded to senior management to align their incentives with the Company.

Revenue for the three-month period ended June 30, 2025 increased by 47% to \$6.5 million, compared with \$4.4 million during the same period in 2024. The overall increase in revenue was attributable to an 107% increase in Mobile Messaging revenue, a 26% increase in Digital Promotions revenue. The increases were impacted by a 32% decrease in Insurance Solutions revenue compared to the same period due to a softening insurance market, increased competition, and a planned remediation of the sales focus on product mix to manage loss ratios and improve recurring revenue

Gross Profit for the three-month period ended June 30, 2025 increased 28% to \$3.0 million compared to \$2.3 million during the same period in 2024 driven primarily by a 45% or \$0.6 million improvement in Gross Profit from Digital Promotions and a 16% or \$0.1 million improvement in Gross Profit from Mobile Messaging compared to the same periods in 2024. The positive gains were impacted by a 23% or \$0.1M decrease in Gross Profit from the Insurance Solutions vertical during the respective periods.

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For the three and six-month periods ended June 30, 2025

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The Company's cost of sales for the three-month period ended June 30, 2025, increased by 67% to \$3.5 million compared to \$2.1 million in 2024. The increase is primarily due to an expected increase in mobile messaging cost of sales, due to revenue and message volume growth, to \$2.5 million compared to \$0.9 million in 2024.

The overall Gross Margin across all businesses expectedly declined 13% to 46% in the second quarter of 2025 from 53% during the same period in 2024 due to lower margin mobile messaging revenue representing 49% of overall revenue compared to 34% during the same period in 2024.

Amortization expense remained flat at \$0.4 million during the second quarter in 2025 compared to the same period in the prior year. There was a decrease of \$0.1 million in amortization expenses in the mobile messaging segment due to the disposal of the previously acquired messaging gateway asset in June 2024; this was offset by a \$0.1 million increase in amortization expense in the Digital Promotions segment due to the acquisition of Pickaw in May 2024 and Emotion Media Inc. in February 2025.

Operating and administrative expenses (excluding amortization expenses) for the three-month period ended June 30, 2025, decreased slightly by 1% to \$2.9 million, compared to the same period in 2024. The overall decrease in operating and administrative expenses was due to the stabilization of Mobile Messaging core system replacement costs, offset by the acquisitions of Pickaw S.A.S and Emotion Media Inc., which are included in the second quarter of 2025 but not in 2024. Similarly, there was a decrease in the quarter to legal and professional service fees as the fees incurred for the Pickaw acquisition and lead up to the acquisition of Emotion Media Inc. and reverse takeover with Cuspis Capital II in 2025 occurred in the comparative period, but no acquisitions or transactions occurred in the three-month ended June 30, 2025

Employed and contract personnel costs not allocated to direct cost of sales comprised of 72% of total operating and administrative expenses for the three-month period ended June 30, 2025, increasing 14% to \$2.1 million, compared to \$1.8 million in 2024. The expected increase is primarily due to additional staffing costs absorbed through the Emotion Media Inc. acquisition, and the share option expense for the management options granted.

Professional service fees for the three-month period ended June 30, 2025 decreased by 74% to \$0.2 million compared to \$0.5 million in 2024, comprised of legal, accounting and consulting costs. Fees were incurred in the comparative quarterly period for the Pickaw acquisition and services leading up to the reverse takeover with Cuspis Capital II and acquisition of Emotion Media Inc. in 2025. No acquisitions or transactions occurred in the current period.

Interest expense for the period ended June 30, 2025, increased by 57% to \$0.2 million, compared to \$0.1 million in 2024, due primarily to the expected interest accrued on the acquired Emotion Media Inc.'s debenture obligations.

Net loss for the period ended June 30, 2025, was (\$0.6 million) compared to a net loss of (\$0.9 million) during the same period in 2024. The net loss for three-months ended June 30, 2025 was mainly due to share issuance and option expense to directors and management of the corporation, increased advertising and staffing levels to support the public listing, margin compression in Mobile Messaging caused by rising carrier rates, additional interest expense from Emotion Media Inc.'s debentures and integration costs related to recently acquired businesses.

Adjusted EBITDA for the three-month period ended June 30, 2025 was down 14% to \$0.15 million compared to \$0.18 million in 2024. The Adjusted EBITDA was slightly below the prior year, reflective of higher corporate costs incurred to invest in the expansion of the senior management team, accelerate the integration of recently acquired businesses and to support future growth as a public company.

Individual business segment performance is discussed below.

## IC GROUP HOLDINGS INC.

### Management's Discussion & Analysis

For the three and six-month periods ended June 30, 2025

#### Digital Promotions

	<u>For 3 Months ending June 30, 2025</u>	<u>For 3 Months ending June 30, 2024</u>	<u>Change</u>
<b>Revenue</b>			
Contract, prizing, and override revenue	2,971,772	2,364,234	26%
	2,971,772	2,364,234	26%
<b>Cost of Sales</b>			
Direct labour	(527,337)	(511,040)	(3%)
Fulfillment costs	(400,347)	(444,643)	10%
	(927,684)	(955,683)	3%
<b>Gross Profit</b>	2,044,088	1,408,551	45%
<b>Gross Margin</b>	<b>69%</b>	<b>60%</b>	
<b>Operating expenses</b>			
Amortization Expense	(139,239)	(56,698)	(161%)
Operating and administrative expenses	(1,544,269)	(1,302,700)	(20%)
Other income	(143,503)	(31,255)	(359%)
<b>Operating income (loss)</b>	217,077	17,898	983%

Contract, prizing, and override revenue increased by \$0.6 million to \$3.0 million or 26% over the same prior year period, primarily driven by increased activity from a major U.S. customer, an increase in override rebate revenue from prizing programs; and the recognition of contract revenue for a large unique promotion with a major US customer, which launched in the current period. The increase was further supported by revenue contributions from the Emotion Media Inc. acquisition completed in February 2025.

Direct labour increased slightly by 3% for the three-month period ended June 30, 2025, primarily due to the increase of contract and promotional programs engaged or launch in the period. Unallocated direct labour costs result in an inverse impact to operating and administrative expenses. Increases to operating and administrative expenses in the segment were driven by the acquisitions of Pickaw and Emotion Media Inc. operations. Fulfillment costs remained flat during the period.

Gross Margin increased 15% from 60% to 69% in the period, due to increased override revenue and improved efficiencies on delivering promotional services.

Included in Other income is \$0.1 million of foreign exchange gains. Unlike the comparable period, no refundable investment tax credits related to new product development are expected. Although a focus on new product development remains, the ability to claim ITCs through the SR&D program in Canada are greatly limited as a public entity compared to prior years as a private company. Accordingly, no anticipated income was accrued in Q2 2025 for these ITCs. In comparison, in 2024 when the organization was operating as a private company, \$0.2 million was included in Accounts and other receivables on the balance sheets as at December 31, 2024. The balance of Other Income primarily relates to investment income.

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**Mobile Messaging**

	<u>For 3 Months ending</u> <u>June 30, 2025</u>	<u>For 3 Months ending</u> <u>June 30, 2024</u>	<u>Change</u>
<b>Revenue</b>			
Mobile messaging	3,153,005	1,522,723	107%
	3,153,005	1,522,723	107%
<b>Cost of Sales</b>			
Mobile messaging carrier costs	(2,454,829)	(923,012)	(166%)
	(2,454,829)	(923,012)	(166%)
<b>Gross Profit</b>	698,176	599,711	16%
<b>Gross Margin</b>	<b>22%</b>	<b>39%</b>	
<b>Operating expenses</b>			
Amortization Expense	(132,078)	(214,979)	39%
Operating and administrative expenses	(563,144)	(849,334)	34%
<b>Operating income (loss), as reported</b>	2,954	(464,602)	101%
<b>Add back:</b>			
Messaging System replacement	-	487,228	-
<b>Adjusted operating income (loss)</b>	2,954	22,626	(87%)

Mobile Messaging revenue doubled organically, increasing by 107% or by \$1.6 million to \$3.2 million, driven by increased traffic across all customers with wholesale customers driving most of the increase. The increase was further supported by professional set up fees with existing customers in the period.

Cost of Sales increased 166% to \$2.5 million compared to \$0.9 million driven by the increase in sales and related traffic volumes along with industry-wide price increases implemented by several carriers during the period. An expected decline in Gross Margin to 22% in the three-months ended June 30, 2025 compared to 39% in the same period in 2024 is driven by the change in business model to support more wholesale customers driving higher traffic volume at lower margins along with impacts from price increases not being fully transferred to all customers during the quarter.

Operating and administrative expenses declined 34% to \$0.6 million during the three-month period ending June 30, 2025 compared to \$0.8 million during the same period in the prior year, as personnel costs and hosting and service fees have transitioned from integration to scaling and business development costs. Also included in Operating and Administrative expenses in 2024 were development, onboarding and integration costs incurred related to the replacement of the core messaging system. These were recognized as a one-time expense with total costs incurred in the three-months ended June 30, 2024 of \$0.5 million; nil in the three-months ended June 30, 2025.

Amortization expense of \$0.1 million for the three-month period ended June 30, 2025 related to the Company's investment in the acquired customer contracts. This was slightly lower than the \$0.2 million recognized for the same period of 2024 as the acquired messaging gateway platform was fully depreciated by the end of June 2024.

**IC GROUP HOLDINGS INC.**

## Management's Discussion &amp; Analysis

For the three and six-month periods ended June 30, 2025

**Insurance Solutions**

	<u>For 3 Months ending</u> <u>June 30, 2025</u>	<u>For 3 Months ending</u> <u>June 30, 2024</u>	<u>Change</u>
<b>Revenue</b>			
Profit and sales commissions	338,127	476,946	(28%)
Rating site and administrative income	28,153	62,526	(58%)
	366,280	539,472	(32%)
<b>Cost of Sales</b>			
Brokerage commissions	(110,460)	(207,815)	47%
	(110,460)	(207,815)	
<b>Gross Profit</b>	255,820	331,657	(23%)
<b>Gross Margin</b>	<b>70%</b>	<b>61%</b>	14%
<b>Operating expenses</b>			
Amortization Expense	(92,994)	(93,051)	0%
Operating and administrative expenses	(301,911)	(271,096)	(11%)
Other income (expense)	(5,511)	161	(3527%)
<b>Operating income (loss)</b>	(144,596)	(32,329)	(347%)

Revenue declined 32% to approximately \$0.4 million during the three-month period ending June 30, 2025 due to a softening insurance market, increased competition, and a planned remediation of the product sales mix to manage loss ratios and improve recurring revenue. Additionally, an expected program termination with a US customer occurred resulting in a decline in administrative income.

Gross Profit declined 23% due to lower sales, however Gross Margin improved 14% to 70% in the three-month period ending June 30, 2025 compared to the same period in 2024. The Company was able to improve its take rate on premiums bound even though overall premium written decreased.

Operating and administrative expenses in the three-month period in 2025 increase by 11% compared with the prior year period due to increases in payroll and benefits. Also included is \$0.1 million of amortization expense for the three-month period in 2025 (2024 - \$0.1 million), mostly related to the Company's investment in the internally developed quote/rate/bind "Glide" platform.

## **IC GROUP HOLDINGS INC.**

### Management's Discussion & Analysis

For the three and six-month periods ended June 30, 2025

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#### **2025 HIGHLIGHTS FOR THE SIX MONTHS ENDED JUNE 30, 2025**

The following review is intended to assist in understanding IC Group's financial position as at June 30, 2025, and its results of operations for the six-month period ended June 30, 2025. Financial and operating results for the six-month period ended June 30, 2025 compared to the same period of 2024 include:

- Revenues increased by 51% to \$12.5 million for the six-month period ended June 30, 2025 compared to \$8.3 million during the same period in 2024. Gross Profit increased 28% to \$5.7 million compared to \$4.5 million in the same period last year.
- Approximately 95% of the revenue growth was driven by organic growth across all divisions.
- The overall Gross Margin across all businesses expectedly declined 15% to 46% in the first half of 2025 from 54% during the same period in 2024 due to lower margin mobile messaging revenue representing 48% of overall revenue compared to 37% during the same period in 2024.
- Approximately 69% of revenue (\$8.6 million) for the six-month period ended June 30, 2025 is ARR, compared to 63% in the same period of 2024, representing a 9% improvement.
- Adjusted EBITDA declined 48% to \$0.3 million for the six-month period ended June 30, 2025, compared to \$0.6 million in the same period last year due to higher corporate costs incurred to invest in the expansion of the senior management team, accelerate the integration of recently acquired businesses, support future growth as a public company, and margin compression in Mobile Messaging due to increases to carrier rates in the first half of the year.

## IC GROUP HOLDINGS INC.

### Management's Discussion & Analysis

For the three and six-month periods ended June 30, 2025

## ANALYSIS OF RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2025

The following section sets forth, for the periods indicated, certain financial data derived from the Company's unaudited interim condensed consolidated financial statements.

Six Months Ended June 30,	2025	2024	Change
Revenue	12,508,048	8,283,550	51%
Gross Profit	5,714,117	4,459,973	28%
Operating income (loss)	(1,342,148)	(1,441,161)	7%
EBITDA	(2,254,476)	(626,965)	(260%)
Net Earnings (Loss) for the period	(3,351,815)	(1,398,142)	(140%)
Earnings Per Share * (Basic and diluted)	(0.11)	(0.06)	(77%)

\* The Company effected a 7.89:1 share split on the same date. All share and per share amounts reflecting figures prior to February 21, 2025, have been retrospectively presented in the consolidated financial statements and this MD&A to reflect the share split.

### Adjustments to EBITDA:

	Six Months Ended June 30,	
	2025	2024
<b>EBITDA</b>	(2,254,476)	(626,965)
<b>Adjustments to EBITDA</b>		
1. Acquisition related professional fees	-	50,575
2. Fees – Financing / Public Listing	432,947	188,597
3. Listing Expense – Cuspis RTO	1,741,646	-
4. Mobile messaging platform replacement costs	-	726,764
5. Director fees on successful completion of transaction	175,000	-
6. Management Stock Option expense	238,893	-
7. Share based signing bonuses	-	298,452
<b>Adjusted EBITDA</b>	<b>334,010</b>	<b>637,423</b>

### Footnotes

1. Acquisition related professional fees reflects legal costs incurred to complete the acquisitions of Pickaw S.A.S (May 2024) and the mobile messaging assets from ICF Next (November 2023)
2. Financing related professional fees reflect corporate finance, legal, and valuation costs incurred for the raising of capital and reverse takeover transaction with Cuspis Capital II ltd. which closed in February 2025.
3. In conjunction with the reverse takeover transaction with Cuspis Capital II ltd. mentioned above, the company recorded a listing expense to reflect the paid premium in shares issued to Cuspis shareholders (\$2.9 million) less the fair value of assets transferred (\$1.2 million) to the Company.
4. Mobile messaging core system replacement costs relate to the Company's investment to transition the messaging gateway to a new platform designed to significantly enhance messaging traffic growth and diversify the Company's capabilities in delivering differentiated solutions to its customers.
5. One of the Company's former directors was engaged for services to support the successful completion of the reverse takeover transaction and acquisition of Fannex. As part of those services the Director agreed to compensation in the form of cash and shares.
6. Management stock option expense relates to the vesting of Management stock options awarded to senior management to align their incentives with the Company.
7. Share based bonuses relate to one-time inducements of common shares awarded to 2 executives who joined the Company in 2024.

## **IC GROUP HOLDINGS INC.**

### Management's Discussion & Analysis

For the three and six-month periods ended June 30, 2025

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Revenue for the six-month period ended June 30, 2025 increased by 51% to \$12.5 million, compared with \$8.3 million during the same period in 2024. The overall increase in revenue was attributable to an 97% increase in Mobile Messaging revenue, a 31% increase in Digital Promotions revenue and a 7% increase in Insurance Solutions revenue during the period.

Gross Profit for the six-month period ended June 30, 2025 increased 28% to \$5.7 million compared to \$4.5 million during the same period in 2024. The Company's cost of sales for the six-month period ended June 30, 2025, increased by 78% to \$6.8 million compared to \$3.8 million in 2024. The expected increase in the Company's cost of sales is largely attributed to the mobile messaging cost of sales of \$4.7 million compared to \$1.8 million in 2024 from increased messaging volumes realized. Also contributing to this overall increase was a 41% or \$1.1 million improvement in Digital Promotions gross profit compared to the same period in 2024.

The overall Gross Margin across all businesses expectedly declined 15% to 46% for six-month period ended June 30, 2025 from 54% during the same period in 2024 due to lower margin mobile messaging revenue representing 48% of overall revenue compared to 37% during the same period in 2024.

Amortization expense remained relatively flat at \$0.7 million during the six-month period ended June 30, 2025 compared to same period in the prior year. There was a decrease in amortization expenses in the mobile messaging segment due to the disposal of the previously acquired messaging gateway asset in June 2024; this was offset by an increase in amortization expense in the Digital Promotions segment due to the acquisition of Pickaw in May 2024 and Emotion Media Inc. in February 2025.

Operating and administrative expenses (excluding amortization expenses) for the six-month period ended June 30, 2025, increased by 17% to \$6.3 million, compared to the same period in 2024. The overall increase in operating and administrative expenses was due to the acquisitions of Pickaw S.A.S and Emotion Media Inc. which are included in the first half of 2025 but not in 2024. Similarly, there was an increase in the quarter to legal and professional service fees as part of the acquisition of Emotion Media Inc. and the reverse takeover with Cuspis Capital II, both which occurred on February 21, 2025.

Employed and contract personnel costs not allocated to direct cost of sales comprised approximately 68% of total operating and administrative expenses for the six-month period ended June 30, 2025, increasing approximately 14% to \$4.3 million, compared to \$3.8 million in 2024. The expected increase is primarily due to additional staffing costs absorbed through the Emotion Media Inc. and Pickaw S.A.S acquisitions, and management share option expense. This was offset by higher utilization rates of Digital Promotions development teams in the six months ended June 30, 2025 compared to the same period in 2024, an increased allocation of labour costs to cost of sales from operating and administrative expenses.

Professional service fees for the six-month period ended June 30, 2025 decreased by 9% to \$0.66 million compared to \$0.7 million in 2024, mostly driven by the stabilization of legal and consulting costs incurred post RTO transaction; offset by one-time broker fees paid in Q1 2025 as part of the capital raise during the listing transaction closed on February 21, 2025.

Interest expense for the period ended June 30, 2025, increased by 39% to \$0.4 million, compared to \$0.3 million in 2024, due primarily to the expected additional accrued interest on the debenture debt related to the Emotion Media Inc. acquisition.

Net loss for the period ended June 30, 2025, was (\$3.4 million) compared to a net loss of (\$1.4 million) during the same period in 2024. The net loss for the six-month period ended June 30, 2025 was mainly due to one-time costs

**IC GROUP HOLDINGS INC.**

## Management's Discussion &amp; Analysis

For the three and six-month periods ended June 30, 2025

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incurred related to the acquisition of Emotion Media Inc, reverse takeover of Cuspis Capital II, share issuance and option expense to directors and management of the corporation for retention, promotion, and successful completion of the qualifying transaction, and increased advertising and staffing levels to support the public listing.

Adjusted EBITDA for the six-month period ended June 30, 2025 was \$0.3 compared to \$0.6 million in 2024. The Adjusted EBITDA was below the prior year, reflective of higher corporate costs incurred to invest in the expansion of the senior management team, accelerate the integration of recently acquired businesses and to support future growth as a public company.

Individual business segment performance is discussed below.

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## Management's Discussion &amp; Analysis

For the three and six-month periods ended June 30, 2025

**Digital Promotions**

<b>Revenue</b>	<b><u>For 6 Months ending</u> <u>June 30, 2025</u></b>	<b><u>For 6 Months ending</u> <u>June 30, 2024</u></b>	<b><u>Change</u></b>
Contract, prizing, and override revenue	5,697,949	4,478,412	27%
	5,697,949	4,478,412	27%
<b>Cost of Sales</b>			
Direct labour	(1,035,729)	(929,217)	(11%)
Fulfillment costs	(768,086)	(796,083)	4%
	(1,803,814)	(1,725,300)	(5%)
<b>Gross Profit</b>	3,894,134	2,753,112	41%
<b>Gross Margin</b>	<b>68%</b>	<b>61%</b>	11%
<b>Operating expenses</b>			
Amortization Expense	(231,143)	(79,955)	(189%)
Operating and administrative expenses	(2,902,343)	(2,432,190)	(19%)
Other income	(1,425)	233,872	101%
<b>Operating income (loss)</b>	759,223	474,839	60%

Contract, prizing, and override revenue increased by \$1.4 million to \$5.7 million or 27% during the six-month period ended June 30, 2025, over the same prior year period, primarily driven by increased activity from several core U.S. customers, an increase in override rebate revenue from prizing programs; and the recognition of contract revenue for several large unique promotions with a major US customer which either launched in the period or are scheduled to be launched shortly after quarter end. The increase was further supported by revenue contributions from the Emotion Media Inc. acquisition completed in February 2025.

Direct labour increased by 11% for the six-month period ended June 30, 2025, primarily due to the increase of contract and promotional programs engaged or launch in the period, reflecting an increase in utilization rates of personnel. Unallocated direct labour costs result in an inverse impact to operating and administrative expenses. Increases to operating and administrative expenses in the segment were driven by the acquisitions of Pickaw and Emotion Media Inc. operations. Fulfillment costs remained flat during the period.

Gross Margin increased 11% from 61% to 68% in the period, due to increased override revenue and improved efficiencies on delivering promotional services.

Operating Income (loss) saw a 60% improvement to \$0.8 million over the six-month period ended June 30, 2025 compared to \$0.5 million during the same period in 2024.

In the 2025 period there was a negligible amount of foreign exchange gain included in Other income and no refundable investment tax credits related to new product development. Although a focus on new product development remains, the ability to claim ITCs through the SR&D program in Canada are greatly limited as a public entity compared to prior years as a private company. Accordingly, no anticipated income was accrued in the first half of 2025 for these ITCs. In comparison, in 2024 when the organization was operating as a CCPC, \$0.2 million was included in Accounts and other receivables on the balance sheets as at December 31, 2024.

**IC GROUP HOLDINGS INC.**

## Management's Discussion &amp; Analysis

For the three and six-month periods ended June 30, 2025

**Mobile Messaging**

<b>Revenue</b>	<b><u>For 6 Months ending</u> <u>June 30, 2025</u></b>	<b><u>For 6 Months ending</u> <u>June 30, 2024</u></b>	<b><u>Change</u></b>
Mobile messaging	5,984,132	3,036,259	97%
	5,984,132	3,036,259	97%
<b>Cost of Sales</b>			
Mobile messaging carrier costs	(4,709,502)	(1,802,507)	(161%)
	(4,709,502)	(1,802,507)	161%
<b>Gross Profit</b>	1,274,630	1,233,752	3%
<b>Gross Margin</b>	<b>21%</b>	<b>41%</b>	<b>(48%)</b>
<b>Operating expenses</b>			
Amortization Expense	(264,156)	(429,957)	39%
Operating and administrative expenses	(1,154,947)	(1,464,694)	21%
Other income (expense)	-	-	-
<b>Operating income (loss), as reported</b>	<b>(144,473)</b>	<b>(660,899)</b>	<b>78%</b>
<b>Add back:</b>			
Messaging System replacement	-	726,764	-
Limited license impairment	-	-	-
<b>Adjusted operating income (loss)</b>	<b>(144,473)</b>	<b>65,865</b>	<b>(319%)</b>

Mobile Messaging revenue increased organically by 97% or \$3 million to \$6.0 million, during the six-month period ended June 30, 2025 compared to the same period in 2024. This increase was driven by increased traffic across all customers with wholesale customers driving most of the increase. The increase was further supported by professional set up fees with existing customers in the period for the onboarding new message traffic.

Cost of Sales increased 161% to \$4.7 million compared to \$1.8 million in the prior year, driven by increased sales and related traffic volumes along with industry wide price increases implemented by several carriers during the period. An expected decline in Gross Margin to 21% in the six-months ended June 30, 2025 compared to 41% in the same period in 2024 is driven by the change in business model to support more wholesale customers driving higher traffic volume at lower margins along with impacts from carrier price increases not being fully transferred to all customers during the period.

Operating and administrative expenses improved by 21% to \$1.2 million during the six-month period ending June 30, 2025, compared to \$1.5 million during the same period of the prior year, as personnel costs, hosting, and service fees have transitioned from integration expenses to scaling and business development costs. Included in Operating and Administrative expenses in the prior year were onboarding and integration costs related to the replacement of the core messaging system. These were recognized as a one-time expense with a total cost incurred in the six-month period ended June 30, 2024 of \$0.7 million; nil in the six-months ended June 30, 2025.

Amortization expense of \$0.3 million for the six-month period ended June 30, 2025 related to the Company's investment in the acquired customer contracts. This was 39% lower than the \$0.4 million recognized for the same

**IC GROUP HOLDINGS INC.**

Management's Discussion & Analysis

For the three and six-month periods ended June 30, 2025

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period of 2024 as the acquired messaging gateway platform was fully depreciated by the end of June 2024.

Operating income (loss) saw a 78% improvement to (\$0.1 million) over the six-month period ended June 30, 2025 compared to (\$0.7 million) during the same period in 2024.

## IC GROUP HOLDINGS INC.

### Management's Discussion & Analysis

For the three and six-month periods ended June 30, 2025

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## Insurance Solutions

	<u>For 6 Months ending June 30, 2025</u>	<u>For 6 Months ending June 30, 2024</u>	<u>Change</u>
<b>Revenue</b>			
Profit and sales commissions	697,297	622,489	12%
Rating site and administrative income	128,670	146,390	(12%)
	825,967	768,879	7%
<b>Cost of Sales</b>			
Brokerage commissions	(280,614)	(295,770)	5%
	(280,614)	(295,770)	
<b>Gross Profit</b>	545,353	473,109	15%
<b>Gross Margin</b>	<b>66%</b>	<b>62%</b>	7%
<b>Operating expenses</b>			
Amortization Expense	(185,987)	(186,102)	0%
Operating and administrative expenses	(581,900)	(548,430)	6%
Other income (expense)	(11,662)	1,156	(1,109%)
<b>Operating income (loss)</b>	(234,196)	(260,267)	10%

Revenue increased slightly by 7% to approximately \$0.8 million during the six-month period ended June 30, 2025. This increase over the prior year occurred despite a softening insurance market, increased competition, and a planned remediation of the product sales mix to manage loss ratios and improve recurring revenue, all of which put downward pressure on the business segment's results. Additionally, due to the ongoing evolution of the insurance business model, an expected program termination with a US customer occurred during the second quarter resulting in a decline in administrative income.

Gross Profit improved 15% over the prior year period due to higher revenues and improved Gross Margin by 7% to 66% in the six-month period ending June 30, 2025, compared to 62% in the same period in 2024, indicating that the Company was able to improve its take rate on bound premiums.

Operating and administrative expenses in the six-month period in 2025 increased 6% compared with the prior year period due to increases in payroll and benefits, driven by recent hires in the sales and operations team. Amortization expense of \$0.2 million was recorded for the six-month period in 2025 (2024 - \$0.2 million), which was mostly related to the Company's investment in the development of the "Glide" platform.

## IC GROUP HOLDINGS INC.

### Management's Discussion & Analysis

For the three and six-month periods ended June 30, 2025

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## Financial Condition

The following table provides a summary of certain information with respect to the Company's capitalization and financial position as at June 30, 2025 and December 31, 2024.

As at	June 30, 2025	December 31, 2024
Cash	\$441,228	\$101,329
Current assets	\$14,206,477	\$8,892,766
Total assets	\$31,729,234	\$20,701,781
Total liabilities	\$27,035,130	\$20,606,962
Shareholders' equity	\$4,694,104	\$94,819

Total assets were \$31.7 million as at June 30, 2025, an increase of \$11.0 million or 53%, compared to December 31, 2024. The increase was related primarily to an increase in restricted cash held for prizing fulfillment in the amount of \$4.5 million, acquisition of the remaining shares of Emotion Media Inc. for \$3.6 million (net of acquired debentures), and cash received from the reverse takeover of Cuspis Capital II and associated capital raise of a net \$2.5 million. An increase in net customer deposits for prizing, which offsets the restricted cash position, of \$4.4 million and the transfer of the Emotion Media Inc.'s debentures, (\$2.1 million acquired less \$0.3 million paid on successful capital raise in February 2025) were the main driver behind the increase to total liabilities of \$6.4 million in June 30, 2025 compared to prior-year end. An increase of \$4.6 million in total shareholders' equity, was driven by the share capital issued as a result of the qualifying RTO and capital raise transactions, but offset by the net earnings (loss) in the period, largely due to one-time costs associated to those transactions, and the option expense incurred for directors and management of the corporation for incentive alignment and retention purposes.

## DEBT FINANCING

As at June 30, 2025 senior long-term debt was \$8.4 million compared to \$9.1 million at December 31, 2024. The Company's senior long-term debt primarily consists of a credit facility provided by Bank of Montreal ("BMO" or the "lender") and a CEBA refinancing loan provided by Royal Bank of Canada ("RBC") to Emotion Media Inc.

The terms of the BMO credit facility require that the Company's financial performance must achieve both a maximum debt to EBITDA ratio and a minimum fixed charge ratio. As at December 31, 2023, IC Group was in violation of both covenants. On May 22, 2024, the Company obtained from the lender a waiver to test the application of covenant tests until June 30, 2025. Subsequently, on January 23, 2025, the lender amended the original agreement to have the date of covenant tests changed to January 1, 2026.

IC Group has available credit facilities with BMO in the form of an overdraft facility to a maximum of \$0.9 million and a \$0.5 million working capital loan, bearing interest at prime plus 2%. As at June 30, 2025 and December 31, 2024, neither of these credit facilities were utilized.

During the three-month period ended June 30, 2025, the Company made principal repayments on its long-term credit facility of \$0.4 million.

## IC GROUP HOLDINGS INC.

### Management's Discussion & Analysis

For the three and six-month periods ended June 30, 2025

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As part of the acquisition of Emotion Media Inc. the company assumed approximately \$2.6 million of debentures and accrued interest payable, of which approximately \$0.6 million was already due to the Company from Emotion Media Inc. At the closing of the acquisition on February 21, 2025, the Company repaid \$0.4 million of the outstanding balance, including \$0.1 million related to its proportionate share of the obligation. The remaining balance of principal and accrued interest at June 30, 2025 was \$1.8 million, of which \$0.6 million was a current liability.

## SHARE CAPITAL

### Issued shares and warrants

During the six-month period ended June 30, 2025, IC Group issued 7,632,926 common shares for the following purposes:

	Common Shares Issued	Amount (\$)
Acquisition of Emotion Media Inc.	3,211,009	3,211,009
Reverse Takeover of Cuspis Capital II	2,900,000	2,900,000
Brokered private placement subscription offering	1,205,250	922,016
Shareholder loans settled in share subscription	316,667	242,250
	<b>7,632,926</b>	<b>7,275,275</b>

In conjunction with the brokered private placement and shareholder loan conversions, 1,521,917 common share purchase warrants were issued. Each warrant entitles the holder to purchase one IC Group common share at an exercise price equal to \$1.20 until February 20, 2029. As part of compensation for leading the private placement offering, the broker received warrants which entitle the holder to purchase one IC Group common share at an exercise price equal to \$1.00 until February 20, 2029. As at June 30, 2025, no warrants had been exercised.

### Share options

In September 2024, 2,077,251 share options were granted to Management to align their incentives in the Company. These options vest in two equal tranches on January 1, 2025, and January 1, 2026 and have a strike price of \$0.73 per share. As at June 30, 2025, no vested options had been exercised and 44,061 unvested options were cancelled.

During the six-month period ended June 30, 2025, the Company granted an aggregate of 75,000 stock options at an exercise price of \$0.65 per share. These options vest 50% on each of April 9, 2026 and 2027 and expire April 9, 2035. The Company also granted an aggregate of 325,346 stock options at an exercise price of \$0.54 per share to six executives as partial settlement of their 2024 performance bonuses. These options vest 50% on each of June 29, 2026 and 2027 and expire June 29, 2035.

## LIQUIDITY AND CAPITAL RESOURCES

Capital is comprised of the Company's shareholders' equity and debt facilities. As at June 30, 2025, the Company's shareholders' equity was \$4.7 million (\$0.1 million at December 31, 2024) and there was \$10.7 million of debt and debentures outstanding (\$10.1 million at December 31, 2024). Debt increased in the period due absorbing the \$2.3 million of debenture and interest payable on February 21, 2025 as part of the Emotion Media Inc. acquisition, offset by principal repayments of \$0.7 million in the six-month period ended June 30, 2025 and repayments of \$0.3 million

## IC GROUP HOLDINGS INC.

### Management's Discussion & Analysis

For the three and six-month periods ended June 30, 2025

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of shareholder loans through share and warrant issuances in Q1 2025.

The Company's cash flows for the six-month periods ended June 30, 2025 and 2024 are summarized in the table below.

Period Ended June 30,	2025	2024
Cash flows provided by (used for) operating activities	(594,718)	525,466
Cash flows provided by (used for) financing activities	1,456,255	(237,762)
Cash flows used in investing activities	(508,248)	(548,616)
Increase (decrease) in cash for the period	353,289	(259,912)
Cash, beginning of the period	101,329	1,176,270
Cash, end of the period	441,228	1,088,885

Cash flows provided by (used for) operating activities were (\$0.6 million) for the six-months ended June 30, 2025 (2024 – \$0.5 million), lower by \$1.1 million. A higher net loss of \$1.95 million vs. the prior year period was largely offset by non-cash items including the listing expense of \$1.7 million related to the RTO transaction and amortization of share option expense of \$0.2 million (2024 – nil). Significant components of the reduction in cash flows from operating activities between the comparative periods were higher growth in accounts and other receivables and prepaid expenses of \$0.4 million, lower growth in accounts payable and accrued liabilities of \$1.2 million, offset by higher net income taxes recovered of \$0.4 million.

Cash flows provided by (used in) financing activities were \$1.5 million during the six-month period ended June 30, 2025 (2024 – (\$0.2 million)), which were sourced from issuance of common shares of \$2.1 million, issuance of stock options and warrants of \$0.3 million and offset by (\$0.7 million) of repayments of bank facilities, (\$0.2 million) repayments of notes payable, and (\$0.1 million) repayments of debentures net of accrued interest.

Cash flow used in investing activities was (\$0.5 million) during the six-month period ended June 30, 2025 (2024 - \$0.5 million). The funds were used, along with the issuance of common shares, as part of the acquisition of Emotion Media Inc. on February 21, 2025.

As a result of the above activities, at June 30, 2025, the Company has \$0.4 million of cash and other current assets totaling \$13.8 million, available to settle current liabilities of \$17.8 million.

## RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the six-month period ended June 30, 2025 the Company incurred \$0.8 million of short-term compensation to related Directors and Officers (\$0.6 million - 2024) and share-based payments of \$0.03 million (\$0.15 million – 2024).

In 2024, certain shareholders committed to lending the Company up to \$0.8 million. These shareholder loans bear interest at a rate of 10.0% per annum payable monthly. On December 20, 2024 the Company obtained from the lending

## IC GROUP HOLDINGS INC.

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shareholders an extension of repayment period to July 1, 2026. As at June 30, 2025, loans aggregating \$0.7 million had been advanced and \$0.3 million had been repaid in share issuance as part of the listing transaction (nil – 2024). At June 30, 2025, \$0.4 million remained outstanding.

## Business Combinations

### Acquisition of Emotion Media Inc.

On February 21, 2025, as previously announced and immediately following the below described business combination and equity financing, the Company acquired the shares of Emotion Media Inc. that it did not already own in exchange for \$0.3 million of cash and the issuance of 407,126 common (pre-split) shares of IC Group, including the assumption of approximately \$2.5 million of debentures and accrued interest payable, of which approximately \$0.6 million was already due to the Company from Emotion Media Inc. and of which approximately \$0.3 million was repaid on closing.

The fair values of the assets acquired, liabilities assumed and consideration are summarized as follows:

<b>Consideration paid</b>	
Common shares (3,211,009)	3,211,009
Cash	250,054
Pre-acquisition investments in Emotion Media Inc.	
Common share investment	347,500
Debentures	409,233
<b>Total consideration transferred</b>	<b>4,217,796</b>

<b>Acquired Assets and Liabilities</b>	
Cash	30,546
Net working capital	(362,767)
Property and equipment	2,477
Internally developed software	1,347,928
Customer Relationships	259,000
Bank indebtedness	(29,121)
Debentures and accrued interest	(2,063,034)
<b>Total identifiable net assets acquired</b>	<b>(814,971)</b>

Total Consideration paid	4,217,796
Fair value of identifiable net assets acquired	(814,971)
<b>Goodwill</b>	<b>5,032,767</b>

Goodwill primarily represents the synergistic benefits of combining the Emotion Media Inc. business with ICG's Digital Promotions operating segment. Additionally, goodwill is attributed to the assembled workforce of Emotion Media Inc., the value pertaining to the Company being able to immediately utilize the acquired staff. These benefits would be available to other market participants.

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The following table provides the estimated schedule of payments for the repayment of the debentures and accumulated interest not owned by the Company:

Date	Amount (\$)
September 1, 2025	156,117
October 1, 2025	156,117
November 1, 2025	156,117
December 1, 2025	156,117
July 1, 2026	585,439
December 1, 2026	689,178
<b>Total</b>	<b>1,899,085</b>

### Reverse Take Over, Equity Financing and Advances from Shareholders

On February 21, 2025, Cuspis, a Capital Pool Company listed on the Exchange, and 1119 Canada closed their previously announced business combination transaction which resulted in the reverse takeover of Cuspis by 1119 Canada and which constituted the Qualifying Transaction for Cuspis. 1119 Canada became the wholly owned subsidiary of Cuspis, and Cuspis, the resulting issuer, was renamed "IC Group Holdings Inc."

In furtherance of the business combination, on November 7, 2024, Cuspis and 1119 Canada closed a brokered private placement offering (the "Offering") of subscription receipts of IC Group ("Subscription Receipts") at a price of \$1.00 per Subscription Receipt for aggregate gross proceeds of \$1,205,250. Each subscription receipt entitled the holder, on a post-share split and share consolidation basis as described below, to one resulting issuer common share and one common share purchase warrant (each warrant, an "Underlying Warrant"). Each Underlying Warrant entitles the holder to purchase one resulting issuer common share at an exercise price equal to \$1.20 until the date that is 48 months following the closing date of the Qualifying Transaction.

In conjunction with the Offering, certain shareholders of 1119 Canada converted an aggregate \$316,667 of their advances into 316,667 Subscription Receipts. Interest on the remaining \$400,000 balance continues to accrue at a rate of 10% per annum, payable monthly.

Under the terms of the Qualifying Transaction, IC Group completed a 7.89:1 share split, resulting in 1119 Canada having a total of 29,000,000 shares outstanding (which includes securities of 1119 Canada issued to complete the acquisition of Emotion Media Inc., but which excludes securities issued in the Offering). Cuspis completed a 1:4.31 share consolidation. Following the share split and share consolidation, holders of common shares of 1119 Canada, including those shares issuable pursuant to the Offering, received one post-amalgamation common share of the resulting issuer in exchange for each common share of 1119 Canada held. In addition, all options and warrants exercisable for IC Group common shares were exchanged for options and warrants exercisable for resulting issuer common shares, on the same economic terms and conditions as such original outstanding securities.

Upon completion of the Transaction, the Acquisition, the Offering, and the conversion of advances from shareholders, shareholders of ICG held 71.26% of the Resulting Issuer Shares.

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## **SUBSEQUENT EVENTS**

Management has evaluated events occurring after June 30, 2025, through the date of the MD&A and Financial Statement approval and has determined that there are no material subsequent events that require disclosure in the MD&A or the accompanying financial statements.

## **RISKS AND UNCERTAINTIES**

**AN INVESTMENT IN SECURITIES OF IC GROUP IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD ONLY BE MADE BY INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.**

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of IC Group consider the risks set forth below to be the most significant, but do not consider them to be all the risks associated with an investment in securities of IC Group. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with IC Group's business, actually occur, IC Group's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the IC Group's securities could decline, and investors may lose all or part of their investment.

### **Reliance on Key Personnel**

The success of IC Group depends largely upon the continued services of its executive officers and other key employees, namely its Chief Executive Officer, Duncan McCreedy, its Chief Financial Officer, John Penhale, Marc Caron, Secretary of IC Group (and COO of IC Group Inc.) and David Sasaki, President of Insurance Solutions, and other senior leaders in the organization. IC Group relies on its leadership team in all areas of its businesses including Digital Promotions, Incentives & Rewards, Mobile Messaging, and Insurance Solutions including functional areas of financial operations, engineering, information technology, delivery, legal & compliance, operations, vendor management, marketing, sales, customer support, information security, general and administrative functions. From time to time, there may be changes in IC Group's executive management or leadership team resulting from the hiring or departure of executives, which could disrupt its business. IC Group does not have employment or contractor agreements with its executive officers or other key personnel that require them to continue to work for IC Group for any specified period and, therefore, they could terminate their contract or employment with IC Group at any time. The loss of one or more of IC Group's executive officers or key employees could harm IC Group's business. The Company carries no "Key Man" insurance on any of its management, and the loss of any of these individuals is likely to have a negative effect on the Company's operations. Changes in IC Group's executive management team may also cause disruptions in, and harm to, its business.

In addition, to execute IC Group's growth plan, IC Group must attract and retain highly qualified personnel. Competition for these personnel is intense, especially for software engineers experienced in designing and developing software and SaaS applications and experienced sales professionals. IC Group has, from time to time experienced, and expects to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. If IC Group fails to attract new personnel or fails to retain and motivate its current personnel, its business and future growth prospects could be harmed.

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#### **Future Capital Needs and Uncertainty of Additional Financing**

IC Group may need to raise additional funds to support more rapid expansion, technology investments, declines in actual earnings vs. forecasted earnings, increases in marketing expenses, or the funds needed to operate as a public company. There is no assurance that IC Group will be successful in obtaining the required financing, including for general working capital. There can be no assurance that such additional funding, if needed, will be available on terms attractive to IC Group or at all. Furthermore, any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of IC Group will be reduced, shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of the common shares. If adequate funds are not available on acceptable terms IC Group may be unable to develop or enhance its business, take advantage of future opportunities, or respond to competitive pressures, any of which could have a material adverse effect on the Company's business, financial condition and operating results.

#### **Lengthy and Variable Sales Cycle**

Selling some of the Company's products and solutions can be a long and complex process of up to 12 months. IC Group can spend a substantial amount of time educating potential customers about the use and benefits of its solutions. Because the adoption of the Company's digital and mobile solutions often represents a substantial investment, potential customers may take months to evaluate the benefits and obtain the necessary expenditure authorizations and financing required to purchase the Company's solutions. The customer onboarding process for some of IC Group's solutions may also involve a lengthy timeline driven by customer requirements. This process may be extended if the solutions are part of a larger project or ecosystem.

Because of these factors and the Company's limited revenue history with new acquisitions, it is especially difficult to forecast the Company's revenue and operating results. The Company's inability to accurately predict the timing and magnitude of the Company's sales could cause a number of problems, including the following: (i) the Company may expend significant management efforts and incur substantial sales and marketing expenses in a particular period that do not translate into orders during that period, or at all; and, (ii) the Company may have difficulty meeting its cash flow requirements and obtaining credit because of delays in receiving orders or delays in receiving payment for its products and services.

#### **Ability to Achieve Revenue and Customer Growth**

Although IC Group has diversified revenue streams generated via professional service fees, commission-based fees, transaction fees, and license fees for its SaaS platforms there is no assurance that future revenues will grow or be sufficient to generate the funds required to continue operations without external funding. Growth of the Company's recurring revenue helps offset and minimize revenue uncertainty.

Further, in future periods, IC Group's revenue growth could slow, or its revenue could decline for several reasons, including slowing demand for its product, increasing competition, any failure to gain, grow or retain channel partners, a decrease in the growth of its overall market, or its failure, for any reason, to continue to capitalize on growth opportunities.

IC Group's customers also have no obligation to renew their subscriptions or contracts after their term expires. Customers may also terminate contracts early subject to termination clauses and recovery of termination expenses,

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however there is no or little termination penalty. As a result, there can be no assurance that IC Group will be able to retain its customers including new customers gained in recent acquisitions.

IC Group's costs associated with contract renewals are substantially lower than costs associated with generating revenue from new customers or costs associated with generating sales of additional solutions to existing customers. Therefore, if IC Group is unable to retain customers, even if such losses are offset by an increase in new customers or an increase in other revenues, its operating results could be adversely impacted.

IC Group may also fail to attract new customers, retain existing customers, or increase sales to both new and existing customers because of a number of other factors, including:

- reductions in its current or potential customers' spending levels.
- competitive factors affecting technology and SaaS solutions including the introduction of competing solutions, discount pricing and other strategies that may be implemented by its competitors.
- regulatory or legal restrictions in jurisdictions IC Group operates.
- tariffs or other applied economic penalties
- its ability to execute on its growth strategy and operating plans.
- a decline in its customers' level of satisfaction with its solution and customers' usage of its solution.
- changes in its relationships with third parties, including its partners, software developers, and others.
- the frequency and severity of any system outages.
- the pace of technological change

### **Ability to Manage Growth Effectively**

IC Group has experienced, and may continue to experience, rapid growth and organizational change through its acquisitions, which has placed, and may continue to place, significant demands on its management, operational, technical, information security, and financial resources. IC Group's organizational structure is also becoming more complex as it integrates recent acquisitions and improves its operational, financial, technology, information security and management controls as well as its reporting systems and procedures. IC Group will require capital expenditures and the allocation of valuable management resources to grow and change in these areas without undermining its culture of rapid innovation, teamwork, and attention to customer success, which has been central to its business success to date. If IC Group fails to manage its anticipated growth and change in a manner that preserves the key aspects of its corporate culture, the quality of its solution may suffer, which could negatively affect its brand and reputation and harm its ability to retain and attract customers and employees.

In addition, as IC Group expands its business, it is important that it continues to maintain a high level of customer service and satisfaction. As IC Group's customer base continues to grow, IC Group may need to expand its account management, customer service, sales, and channel partners, to provide personalized service. If IC Group is not able to continue to provide high levels of customer service, its reputation, as well as its business, results of operations and financial condition, could be harmed.

### **Operating Risks**

The Company's expenses or capital investments may increase in the future as it develops and launches new product features, expands in existing and new markets, increases sales and marketing efforts, and continues to invest in its

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technology. These efforts may be more costly than expected and may not result in increased revenue or growth in the Company's business. In addition, as IC Group is a newly public company, it will incur additional legal, accounting, and other expenses that it did not incur as a private company. Failure to increase revenue sufficiently to keep pace with investment and other expenses could prevent the Company from achieving or maintaining profitability or positive cash flow on a consistent basis.

### **International Markets**

Sales outside of Canada represent a significant portion of the Company's total gross revenues. Sales to international customers are subject to a number of risks and uncertainties including, but not limited to, complications in both compliance with and unexpected changes in foreign government laws, regulations and telecommunications standards, import and export license requirements, tariffs and other trade barriers, potential adverse tax consequences, fluctuations in currency exchange rates, exchange controls, complexity in collecting accounts receivable, difficulty in staffing and managing foreign or remote operations, potential political and economic instability, events of international terrorism, economic effects of public health threats such as pandemics or epidemics, uncertainties of laws and enforcement relating to the protection of property rights including intellectual property rights, unauthorized copying of the Company's proprietary technologies, uncertainties in local commercial or financial sector practices, uncertainties in local accepted business practices and standards which may not be similar to accepted business practices and standards in Canada and which may create unforeseen business or public relations situations, and other factors depending on the country involved. While international sales are typically denominated in U.S. dollars, or in the case of Insurance Solutions, in the currency of the country of the domiciled insured party, fluctuations in currency exchange rates could cause the Company's products to become relatively more expensive to customers in a particular country, leading to a reduction in sales or profitability in that country. As a result of these factors, the Company may not be successful in entering certain international markets and maintaining or increasing international market demand for the Company's products.

### **Economic Slowdown**

From time-to-time markets witness the weakening of global macro-economic conditions. This weakness affects spending patterns on a global basis, and as a result may affect IC Group's ability to forecast current and future period revenues. Despite these potential weakness in economic activity, IC Group's customer base remains solid, and the Company remains encouraged by the level of interest that the marketplace continues to show in its offerings.

### **Mergers & Acquisition Risks**

IC Group has recently acquired its Mobile Messaging business through an asset purchase completed on November 1, 2023 (the "**Mobile Messaging Business**"), a Promotion Social SaaS platform business ("**Pickaw**") acquired on May 31, 2024, and Emotion Media Inc. on February 21, 2025. As such, IC Group has limited operational history with these businesses.

The Company may, when and if the opportunity arises, acquire other products, technologies or businesses involved in activities, or having product lines, that are complementary to its business. Acquisitions involve numerous risks, including difficulties in the assimilation of the operations, technologies and products of the acquired companies, the diversion of management's attention from other business concerns, risks associated with entering new markets or conducting operations in industry segments in which the Company has no or limited experience and the potential loss of key employees of the acquired company. Even if such acquisitions are made, there can be no assurances that any anticipated benefits of an acquisition will be realized. Future acquisitions by the Company could result in potentially

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dilutive issuances of equity securities, the use of cash, the incurrence of debt and contingent liabilities, and write-off of acquired research and development costs, all of which could materially adversely affect the Company's operations and financial condition.

### **Competition**

The marketing, promotion, specialty insurance, and mobile messaging industries are intensely competitive and characterized by rapid changes in technology, shifting user needs and frequent introductions of new services and offerings. It is expected that competition will continue, both from current competitors and new entrants in the market that may be well-established and enjoy greater resources or other strategic advantages. If IC Group is unable to anticipate or react to these competitive challenges, its competitive position could weaken, or fail to improve, and it could experience growth stagnation that could adversely affect its business, financial condition and results of operations.

Certain competitors have much greater financial, technical, marketing, research and development, product solutions, greater name recognition, longer operating histories or a larger customer base than IC Group does. They may be able to devote greater resources to the development, promotion and sale of offerings and offer a more desirable product, which could adversely affect results of operations. Further, they may have greater resources to deploy towards the research, development and commercialization of new technologies, product solutions or markets, its current and potential competitors may also establish cooperative or strategic relationships amongst themselves or with third parties that may further enhance their resources and offerings.

If the Company is unable to compete successfully, its business, financial condition and results of operations could be adversely affected.

### **Brand and Reputational Risks**

IC Group's reputation, brand, and the network effects among users of its solutions are critical to IC Group's success, and if IC Group is not able to continue developing its reputation, brand and network effects, its business, financial condition and results of operations could be adversely affected.

Building a strong reputation and brand as a reliable, affordable, and efficient solutions provider will be critical to the ability to attract and retain new users. The successful development of such reputation, brand and network effects will depend on several factors, many of which are outside the Company's control. Negative perception of IC Group or its products may harm its reputation, brand, and networks effects.

If IC Group does not successfully develop its brand and reputation and successfully differentiate its offerings from competitive offerings, the business may not grow, the Company may not be able to compete effectively and may lose or fail to attract users, any of which could adversely affect the business, financial condition, and results of operations.

### **Consumer Privacy and Data Protection Risks**

Failure to protect Personal Data and comply with Data Protection and Privacy laws and regulations, such as the European General Data Protection Regulation (GDPR) Privacy Policy and other such Data Protection Regulations, in all applicable jurisdictions in which IC Group controls, collects, processes, or stores Personal Information of residents, could result in fines, litigation, and other regulatory actions which would adversely affect the business, financial condition, reputation and operations of IC Group. To help mitigate risks, IC Group is an ISO27001 certified company

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demonstrating the company's commitment to robust information security practices. It means the Company has implemented and is maintaining an Information Security Management System (ISMS) that meets the requirements of the ISO 27001 international standard, which focuses on protecting confidential information.

### **Risk of Network or Data Security Incidents**

Increasingly, companies are subject to a wide variety of attacks on their networks and systems on an ongoing basis. In addition to traditional computer "hackers," malicious code (such as viruses and worms), employee or 3<sup>rd</sup> party theft or misuse, and denial-of-service attacks, sophisticated nation-state and nation-state supported actors now engage in attacks (including advanced persistent threat intrusions). Despite significant efforts to create security barriers to such threats, it is virtually impossible for IC Group to entirely mitigate these risks. The security measures IC Group has integrated into its internal networks and solution, which are designed to detect unauthorized activity and prevent or minimize security breaches, may not function as expected or may not be sufficient to protect its internal networks and solution against certain attacks. In addition, techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently and generally are not recognized until launched against a target. As a result, IC Group may be unable to anticipate these techniques or implement adequate preventative measures to prevent an electronic intrusion into its networks.

If a breach, perceived or real were to occur, whether any such breach is due to a vulnerability in IC Group's solution, may also undermine confidence in its solution and result in damage to its reputation, negative publicity, loss of customers and sales, increased costs to remedy any problem, and costly litigation. IC Group continues to expend significant financial, technology, and human resources to protect against such threats or to alleviate problems which could be caused by breaches in security.

### **Customer Service and Support Standards**

IC Group's customers may rely on IC Group support services to resolve certain issues or may hold IC Group accountable for meeting or exceeding certain performance service levels of its solutions, in accordance with contracts, service level agreements or other project commitments.

High-quality customer education and support is important for the successful marketing and sale of IC Group's solutions and for the renewal of existing customers. The importance of high-quality customer support will increase as IC Group expands its business and pursues new organizations. If IC Group does not help its enterprise customers quickly resolve post-deployment issues or fails to meet performance standards, it could incur financial loss or legal liability, lose business contracts, or negate IC Group's ability to upsell additional product/solutions to existing customers. IC Group would suffer reputational damage with existing customers harming its ability to grow future business with existing or new customers.

### **Litigation**

The Company may be subject to litigation in the ordinary course of business, as well as in the context of potential securities claims, class actions and other corporate activities. Any litigation is time consuming and costly, both financially and by distracting management and staff resources from the Company's business.

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## **Strategic Risk**

There is no guarantee that the Company will be able to complete the acquisition of or participation in a new business opportunity. If an acquisition of or the participation in corporations, properties, assets, or businesses is identified, the Company may find that, even if the terms of an acquisition or participation are economic, it may not be able to finance such acquisition or participation, and additional funds will be required to enable the Company to pursue such an initiative. There is no guarantee that additional financing will be available or that it will be available on terms acceptable to management of the Company.

## **Possible Dilution to Present and Prospective Shareholders**

The Company's plan of operation, in part, contemplates the acquisition of an operating business by the issuance of cash, securities of the Company, or a combination of the two. Any transaction involving the issuance of previously authorized but unissued common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

## **U.S. Government Tariffs**

Since early 2025, the United States government has announced various plans to impose tariffs on certain Canadian imports as well as broad tariffs on imports from other countries. In response, the Canadian federal and provincial governments announced certain retaliatory tariffs on imports from the United States as well as non-tariff measures. In parallel, the Canadian and U.S. federal governments have been discussing a new trade and security agreement. Although the ultimate scope, timing and duration of these tariffs, retaliatory measures and any new trade and security agreement remains unclear, the connected impact of these announcements may cause continued economic uncertainty. While no adjustments have been made to these consolidated financial statements, it may be difficult to reliably measure the impact of this uncertainty on future accounting estimates, forecasts and financial results.

## **FINANCIAL INSTRUMENTS**

### **Fair value**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using Level 1 inputs. The carrying value of accounts payable and accrued liabilities approximates fair value due to its short-term nature.

### **Financial Risk Management**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

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#### **Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company limits its exposure to credit risk by placing its cash with a major financial institution. The Company's credit risk with respect to its financial assets is remote.

#### **Interest Rate Risk**

The Company is exposed to interest rate risk to the extent that its cash maintained in a financial institution is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

#### **Liquidity Risk**

The Company's current liabilities are anticipated to mature within the next twelve months. The Company intends to settle these funds out of future earnings and/or through accessing additional funding through capital markets.

#### **Foreign Currency Risk**

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. As at June 30, 2025, it is management's opinion that IC Group is not exposed to significant currency risks arising from these financial instruments.

#### **Price Risk**

The Company has no exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market.

### **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenue and expenses during the year. Actual amounts could differ from these estimates. The preparation of the consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1 of the consolidated financial statements.

Significant changes in assumptions, including those with respect to future business plans and cash flows, could change the recorded amounts materially.

The Company's critical accounting estimates are as described in the June 30, 2025, notes to the consolidated financial statements.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company did not engage in any off-balance sheet financial arrangements as at June 30, 2025.