BeWhere Holdings Inc.

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Periods Ended March 31, 2025 and 2024

(Expressed in Canadian Dollars)

BeWhere Holdings Inc.
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For the Periods Ended March 31, 2025 and 2024
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Financial Statements

BeWhere Holdings Inc.
Unaudited Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		As at March 31, 2025		As at December 31, 2024
ASSETS				
Current Assets				
Cash and cash equivalents	**$**	**5,766,063**	$	4,458,322
Trade receivables (Notes 4 and 15)		**3,305,285**		5,143,695
HST and other receivables		**169,332**		94,131
Prepaid expenses (Note 5)		**91,583**		79,163
Inventory (Note 6)		**1,271,340**		1,231,224
Total current assets		**10,603,603**		11,006,535
Intangible assets – net (Note 8)		**67,395**		67,398
Goodwill (Note 7 and 8)		**704,158**		-
Property and equipment – net (Note 9)		**265,352**		282,170
Trade receivable (Note 4)		**369,919**		-
Deferred tax asset		**817,973**		927,504
Total assets	**$**	**12,828,400**	$	12,283,607
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities (Notes 10 and 12)	**$**	**2,638,033**	$	2,773,953
Loan from Government of Canada (Note 13)		**99,996**		63,209
Deferred revenue (Note 15)		**120,010**		217,295
Lease liability (Note 16)		**133,626**		129,508
Total current liabilities		**2,991,665**		3,183,965
Long-term Liabilities				
Loan from Government of Canada (Note 13)		**311,307**		363,326
Deferred revenue (Note 15)		**-**		614
Lease liability (Note 16)		**137,439**		172,223
Total liabilities		**3,440,411**		3,720,128
SHAREHOLDERS' EQUITY				
Capital stock (Note 14)		**12,831,511**		12,335,855
Share-based payment reserve (Note 14)		**991,977**		975,802
Accumulated other comprehensive income		**781,630**		564,841
Deficit		**(5,217,129)**		(5,313,019)
Total shareholders' equity		**9,387,989**		8,563,479
Total liabilities and shareholders' equity	**$**	**12,828,400**	$	12,283,607

Nature of operations (Note 1)
Subsequent event (Note 20)

These interim consolidated financial statements are authorized for issue by the Board of Directors on May 13, 2025.
They are signed on the Company's behalf by:

"*Rajiv Khanna*" — Rajiv Khanna, CFO

"Owen Moore" — Owen Moore, CEO

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

BeWhere Holdings Inc.
Unaudited Interim Consolidated Statements of Income and Comprehensive Income
(Expressed in Canadian Dollars)

		For the 3-month period ended **March 31, 2025**		March 31, 2024
Revenue (Note 15)	**$**	**4,214,793**	$	3,500,137
Cost of sales				
Products and services costs		**2,618,800**		2,101,169
Amortization for Internally developed technology (Note 8)		**-**		55,636
Gross profit		**1,595,993**		1,343,332
Expenses				
Amortization and depreciation (Notes 8 and 9)		**35,550**		36,402
Consulting fees (Note 12)		**302,497**		186,898
General and office expenses		**77,487**		59,762
Insurance		**19,426**		15,483
Bad debts (Note 4)		**52,000**		10,000
Marketing		**121,870**		132,434
Professional fees		**60,982**		24,847
Rent		**5,732**		3,260
Research and development (Note 17)		**129,965**		149,136
Salaries and wages (Note 12)		**541,665**		459,123
Share-based compensation (Notes 12 and 14)		**20,531**		4,075
Travel		**56**		320
		1,367,761		1,081,740
Income before other items and income tax		**228,232**		261,592
Other items:				
Foreign exchange gain (loss)		**(32,521)**		130,380
Interest income		**25,309**		26,496
Accretion expense (Notes 13 and 16)		**(15,599)**		(17,199)
Income before income tax		**205,421**		401,269
Deferred tax expense		**(109,531)**		(79,108)
Net income		**95,890**		322,161
Other comprehensive income (loss):				
Foreign currency translation gain (loss)		**216,789**		(111,778)
Total comprehensive income for the period	**$**	**312,679**	$	210,383
Income per share – basic	**$**	**0.00**	$	0.00
Income per share – diluted	**$**	**0.00**	$	0.00
Weighted average shares outstanding – basic		**88,494,002**		87,307,685
Weighted average shares outstanding – diluted		**89,874,378**		87,831,161

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

BeWhere Holdings Inc.

Unaudited Interim Consolidated Statements of Cash Flow

(Expressed in Canadian Dollars)

		For the 3-month period ended		
		March 31, 2025		March 31, 2024
Operations				
Net income for the period	$	**95,890**	$	322,161
Items not affecting cash:				
Amortization and depreciation		**35,550**		92,038
Share-based compensation		**20,531**		4,075
Bad debts		**52,000**		10,000
Accretion expense		**15,599**		17,199
Discount on revenue contracts		**58,139**		-
Income tax expense		**109,531**		79,108
Changes in non-cash working capital items:				
Trade and other receivables		**1,546,001**		(612,513)
Inventory		**(40,116)**		29,934
Prepaid expenses		**(12,420)**		(108,055)
Deferred revenue		**(97,899)**		80,652
Accounts payable and accrued liabilities		**(280,428)**		28,693
Net cash provided (used in) by operating activities		**1,502,378**		(56,708)
Investing				
Purchase of property and equipment		**(2,219)**		-
Acquisition of Moore Installs LLC		**(332,500)**		-
Net cash used in investing activities		**(334,719)**		-
Financing				
Repayment of FedDev Interest free loan		**(24,999)**		(40,000)
Repayment of lease liability		**(36,500)**		(35,000)
Normal course issuers bid – purchase of shares		**(6,200)**		(74,772)
Warrants and options exercised		**7,500**		8,874
Net cash provided by (used in) financing activities		**(60,199)**		(140,898)
Effect of foreign exchange on cash		**(200,281)**		(111,778)
Increase in cash and cash equivalents		**1,307,741**		(309,384)
Cash and cash equivalents, beginning of period		**4,458,322**		4,632,704
Cash and cash equivalents, ending of period	$	**5,766,063**	$	4,323,320

The components of cash and cash equivalents are:				
Cash at the bank	$	3,547,263	$	2,145,820
Cashable GIC, bearing 4.70% to 4.95% interest per annum		2,218,800		2,177,500
	$	**5,766,063**	**$**	**4,323,320**

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

BeWhere Holdings Inc.
Unaudited Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital		Accumulated other comprehensive income	Share-based payment reserve	Deficit	Total
	Shares	Amount				
Balance, December 31, 2023	**87,443,906**	**$ 10,861,727**	**$ 64,625**	**$ 2,372,612**	**$ (6,127,071)**	**$ 7,171,893**
Exercise of warrants and options (Note 14)	46,705	8,874	-	-	-	8,874
Warrants expired (Note 14)	-	1,412,311	-	(1,412,311)	-	-
Share-based compensation expense (Note 14)	-	-	-	4,075	-	4,075
Normal course issuers bid share purchase (Note 14)	(259,500)	(74,772)	-	-	-	(74,772)
Comprehensive income for the period	-	-	(111,778)	-	322,161	210,383
Balance, March 31, 2024	**87,231,111**	**$ 12,208,140**	**$ (47,153)**	**$ 964,376**	**$ (5,804,910)**	**$ 7,320,453**
Balance, December 31, 2024	**87,758,861**	**$ 12,335,855**	**$ 564,841**	**$ 975,802**	**$ (5,313,019)**	**$ 8,563,479**
Exercise of options (Note 14)	50,000	11,856	-	(4,356)	-	7,500
Shares issued on acquisition (Note 7)	690,141	490,000	-	-	-	490,000
Share-based compensation expense (Note 14)	-	-	-	20,531	-	20,531
Normal course issuers bid share purchase (Note 14)	(10,000)	(6,200)	-	-	-	(6,200)
Comprehensive income for the period	-	-	216,789	-	95,890	312,679
Balance, March 31, 2025	**88,489,002**	**$ 12,831,511**	**$ 781,630**	**$ 991,977**	**$ (5,217,129)**	**9,387,989**

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

1. Nature of Business

BeWhere Holdings Inc. (the “Company” or “BeWhere Holdings”) was incorporated on October 28, 2003 under the Ontario Business Corporations Act. The Company’s shares are listed on the TSX Venture Exchange. The primary office of the Company is located at 2475 Skymark Avenue, Unit 4, Mississauga, Ontario L4W 4Y6.

The Company is an internet provider of real-time information on equipment, tools, and inventory in-transit and at facilities serving the emergency service, construction, utility, and transportation industries. BeWhere Holdings designs and sells beacons and develops mobile applications, middleware, and cloud-based solutions.

Planned import tariffs announced by the new U.S. administration against Canadian trading partners could lead to significant tariffs being placed on the Company’s products. Similarly, the retaliatory tariffs imposed by the Canadian government on the purchase of U.S. products could have a significant impact on the cost of inventory purchased by the Company. It is unknown at the time of these statements how these tariffs will affect the Company’s ability to make sales to the U.S. but it is anticipated that these tariffs could have a material effect on the Company.

2. Basis of Presentation

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") using the accounting policies consistent with IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). The interim consolidated financial statements do not include all disclosures required by IFRS Accounting Standards for annual statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024.

These condensed interim financial statements were authorized for issuance by the Board of Directors of the Company on May 13, 2025.

Basis of measurement

These interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company has determined that, the functional currency of its subsidiaries is the United States Dollar. The functional currency of the parent company is the Canadian Dollar. The presentation currency of the Company is the Canadian Dollar.

Basis of consolidation

The interim consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed or has right to variable returns from its involvements with the investee; and
- has the ability to use its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes in one or more of the three elements of control listed above. These interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries BeWhere Inc., incorporated in Ontario Canada, BeWhere, Inc., incorporated in Delaware USA and Moore Installs LLC., incorporated in Pennsylvania USA. All transactions and balances between the Company and its subsidiaries are eliminated on consolidation.

(Expressed in Canadian Dollars)

3. Material Accounting Policy Information

The accounting policies applied by the Company in these unaudited interim consolidated financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended December 31, 2024.

The preparation of unaudited interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the related amounts of assets and liabilities, revenues and expenses. In management's opinion, all adjustments considered necessary for fair presentation have been included in these unaudited interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the financial year. Annual results may differ from interim estimates. The significant judgments made by management applied in the preparation of these unaudited interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2024.

For a description of the critical accounting estimates and assumptions, please refer to the Company's audited consolidated financial statements for the year ended December 31, 2024.

4. Trade Receivables

		March 31, 2025		December 31, 2024
Trade receivables	**$**	**3,393,285**	$	5,179,695
Allowance for doubtful accounts		**(88,000)**		(36,000)
	$	**3,305,285**	**$**	5,143,695

The Company generally does not hold any collateral as security for trade receivables; however, it minimizes its credit risk associated with its trade receivables by requiring customer deposits or prepayments in some cases and performing credit evaluations, approval, and monitoring processes. As at March 31, 2025, the allowance for doubtful trade accounts was $88,000 (December 31, 2024: $36,000). During the period ended March 31, 2025, the Company recorded $52,000 (December 31, 2024: $10,000) of bad debt expense.

The Company has long-term trade receivable of $369,919 that have a term of 12 to 36 months.

The aging of trade receivables, as at the reporting date, based on due dates of invoices is as follows:

		March 31, 2025		December 31, 2024
Not yet due	**$**	**184,960**	$	-
Current		**1,425,407**		4,593,896
31 – 60 days		**664,063**		152,378
61 – 90 days		**882,285**		272,817
Greater than 90 days		**236,570**		160,604
	$	**3,393,285**	**$**	5,179,695

5. Prepaid Expenses

		March 31, 2025		December 31, 2024
Trade suppliers and others	**$**	**91,583**	$	79,163

6. Inventory

At March 31, 2025, the Company had inventory totaling $1,271,340 (December 31, 2024: $1,231,224), which consists primarily of equipment purchases from third parties for resale. Inventory mainly comprises of finished goods.

(Expressed in Canadian Dollars)

7. Acquisition of Moore Installs LLC.

On January 8, 2025, the Company acquired 100% of the membership interest of Moore Installs LLC ("Moore Installs"), a Pennsylvania Limited Liability company, in consideration for US$250,000 cash and share consideration of US$350,000. Moore Installs is an independent contractor providing installation services for the Company's products.

The acquisition will be accounted for as a business acquisition under IFRS 3.

The preliminary purchase price and the allocation of the consideration to the assets and liabilities acquired is as follows:

Preliminary consideration paid:	
Cash	350,000
Share consideration	490,000
Total consideration	840,000
Preliminary assets and liabilities assumed	
Trade receivables	262,850
Cash	17,500
Accounts payable	(144,508)
Net assets acquired	135,842
Balance allocated to customer relationships and goodwill	704,158
Total consideration	840,000

The Company will be required to determine the fair value of the customer relationships and any other intangible assets that may exist with any remaining balance allocated to goodwill. The goodwill represents the expected synergies from combining the warehousing, logistics and installation services offered by Moore Installs with those of the Company that do not qualify for separate recognition.

8. Intangible Assets

The following is a summary of the activity during the three months ended March 31, 2025:

	Internally developed technology	Patents	Total
Cost:			
As at December 31, 2023	**2,059,128**	**143,443**	**2,202,571**
Effect of foreign exchange	(31,222)	1,178	(30,044)
As at December 31, 2024	**$ 2,027,906**	**$ 144,621**	**$ 2,172,527**
Effect of foreign exchange	-	3,218	3,218
As at March 31, 2025	**$ 2,027,906**	**$ 147,839**	**$ 2,175,745**
Accumulated amortization:			
As at December 31, 2023	**(1,860,998)**	**(64,339)**	**(1,925,337)**
Amortization	(166,908)	(12,884)	(179,792)
As at December 31, 2024	**$ (2,027,906)**	**$ (77,223)**	**$ (2,105,129)**
Amortization	-	(3,221)	(3,221)
As at March 31, 2025	**$ (2,027,906)**	**$ (80,444)**	**$ (2,108,350)**
Net carrying amounts:			
As at December 31, 2024	**$ -**	**$ 67,398**	**$ 67,398**
As at March 31, 2025	**$ -**	**$ 67,395**	**$ 67,395**

Internally developed technology consists of hardware design, sampling, firmware, certifications, software integration and quality assurance. Amortization of $nil for the period ended March 31, 2025 (March 31, 2024: $55,636) related to the internally developed technology has been allocated to the costs of sales.

(Expressed in Canadian Dollars)

8. Intangible Assets (continued)

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Goodwill is allocated to each cash generating unit ("CGU") that is expected to benefit from the synergies of the related business combination. The Company currently has one CGU.

The goodwill represents the expected synergies from combining the warehousing, logistics and installation services offered by Moore Installs with those of the Company that do not qualify for separate recognition. Acquisition of Moore Installs resulted in a goodwill of $704,158.

9. Property and Equipment

The following is a summary of the activity during the three months ended March 31, 2025:

	Office equipment	Computer and Phones	Right-of-use asset (Note 16)	Total
Cost:				
As at December 31, 2023	**$ 28,517**	**$ 71,954**	**$ 652,112**	**$ 752,583**
Additions	2,350	11,300	-	13,650
Effect of foreign exchange	(1,559)	59	5,593	4,093
As at December 31, 2024	**$ 29,308**	**$ 83,313**	**$ 657,705**	**$ 770,326**
Additions	-	2,219	-	2,219
Effect of foreign exchange	110	382	12,800	13,292
As at March 31, 2025	**$ 29,418**	**$ 85,914**	**$ 670,505**	**$ 785,837**
Accumulated depreciation:				
As at December 31, 2023	**$ (17,155)**	**$ (68,104)**	**$ (276,579)**	**$ (361,838)**
Depreciation	(6,069)	(7,217)	(113,032)	(126,318)
As at December 31, 2024	**$ (23,224)**	**$ (75,321)**	**$ (389,611)**	**$ (488,156)**
Depreciation	(1,533)	(2,538)	(28,258)	(32,329)
As at March 31, 2024	**$ (24,757)**	**$ (77,859)**	**$ (417,869)**	**$ (520,485)**
Net carrying amounts:				
As at December 31, 2024	**$ 6,084**	**$ 7,992**	**$ 268,094**	**$ 282,170**
As at March 31, 2025	**$ 4,661**	**$ 8,055**	**$ 252,636**	**$ 265,352**

10. Accounts Payable and Accrued Liabilities

	March 31, 2025	December 31, 2024
Accounts payable	**$ 2,428,633**	$ 2,617,230
Accrued liabilities (Note 12)	**209,400**	156,723
	$ 2,638,033	**$** 2,773,953

11. Credit Facility

The Company maintains a Revolving demand facility of $250,000 bearing interest at prime rate plus 2.5% per annum. During the period ended March 31, 2025 the Company incurred no interest expense. At March 31, 2025 the Company had drawn no amounts against the credit facility.

The Revolving demand facility is secured by a first-ranking security interest in all personal property of the Company. The Revolving demand facility has no financial or non-financial covenants.

12. Key Management and Related Party Balances and Transactions

The Company entered into the following transactions with related parties:

a. For the period ended March 31, 2025, the Key Management of the Company was paid salaries and consulting fees of $262,383 (March 31, 2024: $258,499).

b. For the period ended March 31, 2025, the Independent Directors of the Company accrued salaries and Consulting fees of $13,500 (March 31, 2024: $9,000).

c. Total accrued fees due to Directors as at March 31, 2025 is $18,000 (December 31, 2024: $nil) (Note 10). The amounts due are unsecured, due on demand and bear no interest.

d. For the period ended March 31, 2025, the Company incurred $11,236 (March 31, 2024: $nil) in share-based payments to directors of the Company.

13. Loan from Government of Canada

During the year ended December 31, 2022, Company was approved for an interest free subordinate loan of $500,000 for 'Business Scale Up Initiative'. The Company has received all funds under the Business Scale Up Initiative. The repayment will be in sixty equal monthly installments starting January 2025. As at March 31, 2025, the current portion of the loan was $99,996 and the long-term portion of the loan was $311,307. The Company recorded interest expense of $9,765 (March 31, 2024: $9,063) during the three months ended March 31, 2025.

14. Shareholders' Equity

a) Share capital

Authorized – Unlimited common shares, no par value.

During the period ended March 31, 2025, 50,000 options were exercised for gross proceeds of $7,500.

All outstanding warrants expired on February 15, 2024.

During the period ended March 31, 2025, the Company purchased 10,000 common shares at an average price of $0.62 under its Normal Course Issuer Bid. These common shares were cancelled.

During the period ended March 31, 2025, the Company issued 690,141 common shares at a price of $0.71 related to purchase of Moore Installs LLC. (Note 7).

The Company has an employee stock option plan under which the Board of Directors, or a committee appointed for such purpose, may from time-to-time grant to employees, officers, directors of, or consultants to the Company, options to acquire common shares in such numbers, for such terms, and at such exercise prices, as may be determined by the Board of Directors or such committee. The options granted to employees are valid for a maximum of 10 years from the date of issue.

(Expressed in Canadian Dollars)

14. Shareholders' Equity (continued)

b) Share capital (continued)

	Stock options	
	Number	Weighted average exercise price
Outstanding, December 31, 2024	**2,765,750**	**$ 0.192**
Exercised	50,000	0.150
Outstanding, March 31, 2025	**2,715,750**	**$ 0.268**

As at March 31, 2025, exercisable incentive stock options were outstanding as follows:

Outstanding options	Exercisable options	Exercise price $	Expiry date
499,500	499,500	0.15	February 23, 2026
75,000	75,000	0.17	May 1, 2026
250,000	250,000	0.28	May 5, 2027
85,000	85,000	0.15	August 31, 2025
200,000	200,000	0.20	May 26, 2026
200,000	200,000	0.23	May 26, 2027
575,000	565,625	0.20	March 31, 2028
431,250	150,000	0.375	May 15, 2029
200,000	50,000	0.45	July 11, 2029
200,000	50,000	0.53	August 6, 2029
2,715,750	**2,125,125**		

During the period ended March 31, 2025, the Company recognized share-based payments of $20,531 (2024: $4,075) for options granted in previous years and vested during the period ended March 31, 2025.

15. Revenues

Major components of revenues are as follows:

	March 31, 2025	March 31, 2024
Product, hardware, and software sales	**$ 1,730,556**	$ 1,845,461
Service fees	**341,927**	119,133
Recurring fees	**2,142,310**	1,535,543
	$ 4,214,793	$ 3,500,137

During the period ended March 31, 2025, one customer exceeded 10% of total revenue, comprised of 18%. During the period ended March 31, 2024, one customer exceeded 10% of total revenue, comprised of 29% of total revenue.

As at March 31, 2025, two customers each exceeded 10% of total accounts receivable, comprised of 38% and 10% respectively. As at March 31, 2024, two customers exceeded 10% of total accounts receivable, comprised of 13% and 11%, respectively, of total accounts receivable.

As at March 31, 2025, long term portion of trade receivable was $369,919, which will generate a future cash flow in the next 12 to 36 months.

Deferred revenue consists of the following:
- Deposits received in advance for the recurring fees; and
- Performance obligation to be completed for sales with three-year service agreements

The total short-term portion of the deferred revenue as at March 31, 2025 is $120,010 (December 31, 2024: $217,295) and the long-term portion is $nil (December 31, 2024: $614).

(Expressed in Canadian Dollars)

16. Lease liability and Right-of-use Asset

Effective January 1, 2022, the Company entered into one lease for its office premises. The Company discounted the future lease payments using its incremental borrowing rate of 8% per annum to determine the lease liability and the right of use assets at the inception of the lease.

The recognized right-of-use asset and lease liability relates to the Company's lease agreement which is included under property and equipment and lease liability on the interim consolidated statement of financial position as follow:

		March 31, 2025		December 31, 2024
Right-of-use asset, net book value (Note 9)	$	**252,636**	$	268,094
Lease Liability	**$**	**271,065**	**$**	301,731

Depreciation expense of $28,258 was recognized on the right-of-use asset during the three months ended March 31, 2025 (March 31, 2024: $28,258) (Note 9).

The lease liability is as follows:

		Office Space
Balance at December 31, 2024	**$**	**301,731**
Payments		(36,500)
Interest		5,834
Balance at March 31, 2025	**$**	**271,065**
Current Liability	**$**	133,626
Long Term Liability		137,439
Balance at March 31, 2025	**$**	**271,065**

17. Research and Development

During the period ended March 31, 2025 the Company spent $129,965 on research and development of its new device (March 31, 2024: $149,136). These costs did not meet the criteria for capitalization under IAS 38.

18. Financial Instruments

The Company's interim consolidated financial instruments consist of cash and cash equivalent, trade receivables, accounts payable and loans from Government of Canada. The fair values of these financial instruments approximate their carrying values because of their current nature.

Fair value

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Inputs that are not based on observable market data.

The fair value of cash and cash equivalent was determined using Level 1 inputs.

(Expressed in Canadian Dollars)

18. Financial Instruments (continued)

Financial risk management

The Company's activities potentially expose it to a variety of financial risks, including credit risk, liquidity risk, and market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amounts of cash and cash equivalents and trade receivables on the interim consolidated statement of financial position represent the Company's maximum credit exposure at March 31, 2025. The Company reduces its credit risk on cash and cash equivalents by placing cash with institutions of high credit worthiness and by monitoring customers creditworthiness on an ongoing basis. The amounts disclosed in the interim consolidated financial statements for trade receivables are net of allowance for doubtful accounts, estimated by management based on its assessment of the current economic environment.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity risk by maintaining adequate cash balances to meet liabilities as they become due.

The Company maintained cash and cash equivalents at March 31, 2025 in the amount of $5,766,063 (December 31, 2024: $4,458,322), in order to meet short-term business requirements of $2,991,665 (December 31, 2024: $3,183,965).

Market risk

Market risk consists of currency risk and interest rate risk. These are discussed further below.

Foreign exchange risk

Foreign currency exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

The Company has financial assets and liabilities denominated in the American dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in currencies other than the functional currency of the entities:

		March 31, 2025		**December 31, 2024**
Financial assets				
Cash	**$**	**232,173**	$	125,558
Trade receivable		**132,950**		307,037
		365,123		432,595
Financial liabilities				
Accounts payable		**(198,366)**		(242,037)
	$	**(198,366)**	$	(242,037)

(Expressed in Canadian Dollars)

18. Financial Instruments (continued)

Financial risk management (continued)

Interest rate risk

Interest rate risk consists of two components:

a. To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

b. To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

As at March 31, 2025 and December 31, 2024, the Company does not have any financial instruments subject to this risk.

19. Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of share capital and working capital.

There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

20. Subsequent Event

Subsequent to the period ended March 31, 2025, 660,000 options at $0.60 were issued to employees and consultants.

21. Geographical Information

Revenue by geography, based upon customer location, is as follows:

	Revenue			
		March 31, 2025		**March 31, 2024**
United States	**$**	**2,618,722**	$	1,923,945
Canada		**1,596,071**		1,576,192
	$	**4,214,793**	**$**	3,500,137