MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED

DECEMBER 31, 2024

Dated: April 24, 2025

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 11197894 Canada Ltd (the “Company” or “IC GROUP”) and its subsidiaries for the year ended December 31, 2024 and is prepared as at April 24, 2025.

Throughout this MD&A, unless otherwise specified, “IC GROUP”, “Company”, “we”, “us” and “our” refer to 11197894 Canada Ltd and its subsidiaries. This MD&A should be read in conjunction with the audited consolidated financial statements as at and for the years ended December 31, 2024 and December 31, 2023, 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:

- 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 positive 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 the 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”.

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.

The Non-IFRS measure “Adjusted EBITDA” used in this MD&A 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 in order 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.

Each non-IFRS measure is reconciled to its most directly comparable IFRS measure within the “Results of Operations” and “Liquidity and Capital Resources” sections of this MD&A.

CORPORATE OVERVIEW

IC Group 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. IC Group is a technology enabled Consumer Engagement Company. Its mission is to transform how brands engage with consumer audiences across live event and digital platforms to drive sales, capture valuable data and build 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 head office is located at 383 Dovercourt Dr, Winnipeg, MB, R3Y 1G4. IC Group’s registered office is located at 2200-1 Lombard Place, Winnipeg, Manitoba R3B 0X7.

IC Group develops, sells, and supports three primary business solutions with associated products and services that power consumer engagement and manage risks for brands. Solutions include the following:

1) **IC Digital Promotion Solutions:** IC Group provides a full range of turnkey and custom digital promotions, (inclusive of gamified content, loyalty, reward, and incentive solutions), for fortune 500 brands and their agencies. IC Group provides professional services to help design, develop and execute digital promotions. IC Group utilizes proprietary technology solutions including IC Group's SaaS Promotion Platform to deliver digital promotions to consumers in various media channels including social media, web, mobile apps, and text messaging. IC Group integrates 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.

2) **IC Mobile Messaging Solutions:** IC Group is one of three Tier-1 Mobile Aggregators in Canada with direct connections to all Canadian mobile carriers (including but not limited to Bell, Eastlink, Rogers, Sasktel, and Videotron) and Tier-2 connections to US and other Global Carriers. IC Group's messaging gateway provides brands, marketing platforms, and communication platforms (CPaaS providers) a simple single point API that route text messages through the mobile carriers to 100% of the mobile users in Canada. IC Group is 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.

3) **IC Insurance Solutions:** IC Group is a Coverholder at Lloyd's of London which means the Company 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, the Company acts as a delegated authority for Lloyd's, writing policies and handling other insurance-related tasks on their behalf. The Company has delegated underwriting authority in Canada and other countries (60+) for certain insurance products. IC Group underwrites and sells specialized insurance solutions including event cancellation, event liability, prize insurance, crisis management and other specialty insurance solutions for the Sports, Entertainment and Promotions industry. IC Group 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.

At December 31, 2024, IC Group owned approximately 14% of Emotion Media Inc., operating as Fannex ("Fannex"). Fannex is a next-generation SaaS platform, purpose-built for brands, teams, and venues in the live sports and entertainment industry. Currently, Fannex is contracted by approximately 85 professional and 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.

On February 21, 2025, IC Group acquired 100% of Fannex as part of a reverse-takeover transaction with Cuspis Capital II Ltd., concurrent financing and public listing on the TSX Venture stock exchange that also closed February 21, 2025. The Company effected a 7.89:1 share split on the same date. All share and per share amounts have been retrospectively presented in the consolidated financial statements and this MD&A to reflect the share split.

STRATEGIC OUTLOOK

IC Group operates within the fast-growing MarTech and AdTech sectors, both forecasted to grow 14–15% annually (Source: Chat GPT 01.2025), fueled by demand for data-driven engagement, automation, AI, data security, and privacy compliance. Companies in the sector may trade between 1.5x and 6x revenue. IC Group is focused on executing a strategy that positions the Company to be in the upper end of that range to deliver strong shareholder returns.

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.

Consumer engagement at live events is increasingly driven by mobile messaging, video, and feature rich communications. The recent announcement 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.

The mobile messaging business is a primary area of focus for IC Group in 2025 to accelerate 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 fuels recurring revenue and margin. What truly sets the mobile messaging business apart is the infrastructure. IC Group is one of only three Tier-One aggregators in Canada, with direct connections to all major carriers. This gives the Company the ability to reach 100 percent of Canadian mobile users. 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 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 expected acquisitions, including Fannex, IC Group will add over 100 new 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 will continue to grow through organic sales. The mobile messaging division more than doubled message volume and the number of active direct and indirect customers in the last six months compared to the prior period, fueling predictable, recurring revenue.

3. Targeted M&A:
   IC Group will continue to evaluate acquisition opportunities that complement its core capabilities, broaden its geographic footprint, acquire new talent, and accelerate top-line and recurring revenue growth. The teams proven ability to integrate, and scale acquired platforms positions the Company well to execute this strategy.

SELECTED ANNUAL INFORMATION

Summary of Results:

	Year Ended December 31,			Three-Months Ended December 31,		
	2024	2023	Change	2024	2023	Change
Revenue	$17,918,815	$12,202,431	47%	$5,444,597	$3,572,308	52%
Gross margin	$9,608,480	$7,515,762	28%	$3,109,667	$2,236,579	39%
Operating loss	- $5,289,253	- $140,937	-3,653%	- $704,328	- $572,635	- 23%
EBITDA	- $3,798,523	$675,830	- 662%	- $222,819	- $131,239	- 70%
Adjusted EBITDA	$824,747	$1,085,214	- 24%	$652,724	$143,761	354%
Net loss for the period	- $5,465,232	- $334,142	-1,536%	- $837,792	- $393,554	- 113%
Earnings Per Share (Basic and diluted)*	- $0.23	- $0.01	-1,451%	- $0.03	- $0.02	- 88%

*The Company effected a 7.89:1 share split on February 21, 2025 concurrent with the financing and public listing on the TSX Venture stock exchange. All share and per share amounts have been retrospectively presented to reflect the share split.

Adjustments to EBITDA:

	Year Ended December 31,		Three Months Ended December 31,	
	2024	2023	2024	2023
EBITDA	- $3,798,523	- $675,830	- $222,819	- $131,239
Adjustments to EBITDA				
1. Acquisition related professional fees	$58,778	$134,384	-	-
2. Financing related professional fees	$404,252	-	$185,950	-
3. Mobile messaging core system replacement Costs	$996,850	-	$47,875	-
4. Impairment loss	-	$275,000	-	$275,000
5. Employee stock option expense	$2,137,775	-	-	-
6. Management stock option expense	$731,613	-	$641,718	-
7. Share based bonuses	$294,002	-	-	-
Adjusted EBITDA	$824,747	$1,085,214	$652,724	$143,761

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. An impairment charge was recorded in 2023 in relation to the messaging gateway asset acquired on November 1, 2023 as the Company replaced this system with the new platform noted above.
5. Employee stock option expense relates to the amortization expense for a one-time granting of stock options to long-standing employees of the Company.
6. Management stock option expense relates to the 2024 amortization expense for stock options awarded to senior management in order 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.

As at December 31,	2024	2023
Cash	$101,329	$1,176,270
Current assets	$8,892,766	$8,035,696
Total assets	$20,701,781	$20,220,332
Total liabilities	$20,606,962	$17,813,669
Shareholders' equity	$94,819	$2,406,663

During 2024, the Company achieved the following key milestones:

- Revenue increased by approximately 47% to $17.9 million for the year ending December 31, 2024 compared to $12.2 million during 2023, mainly from the acquisition of the Mobile Messaging Solutions business on November 1, 2023.
- Revenue increased by approximately 58% to $4.2 million for the 3-month period ending December 31, 2024 compared to $2.7 million during the same period in 2023

Corporate

- On March 4, 2024 IC Group entered into a letter of intent with Cuspis Capital II Ltd., a capital pool company as defined under the TSX Venture Exchange, for a Qualifying Transaction. The Qualifying transaction closed February 21, 2025 and incorporated a brokered private placement financing of common shares and attached warrants for aggregate gross proceeds of $1.2 million. These transactions improved the Company's liquidity.
- Throughout 2024, IC Group continued to diversify its customer base and its revenue model which includes Professional Service Fees, Brokerage and Commission Fees, Mobile Transaction Fees, and Annual SaaS License Fees, reducing concentration risks. Approximately 38% of revenue in 2024 came from recurring, mobile transaction fees versus 8% in 2023. Over 50% of the Company's 2024 revenue was generated from US-based customers.

IC Digital Promotion Solutions

- IC Group completed the acquisition of 100% of Pickaw S.A.S. on May 31, 2024, a company which owns an innovative, proprietary SaaS technology platform that can scale quickly, enabling brands to run promotions across multiple social platforms such as YouTube, TikTok, Facebook and Instagram. This investment supports IC Group's ongoing commitment to its product and data pipeline to bring best of breed solutions and value to Fortune 500 brands.
- IC Group continues to invest in data security, data privacy and regulatory compliance to effectively manage risks for IC Group and brand customers. IC Group recertified its ISO27001 Certification in August 2024.
- Throughout 2024, IC Group negotiated a share purchase agreement for the remaining 86% of the Emotion Media Inc. shares. The transaction closed February 21, 2025, resulting in IC Group owning 100% of Emotion Media Inc., firmly cementing IC Group's position in the live Sports and Entertainment industry.

IC Mobile Messaging Solutions

- As at July 2024, IC Group successfully transitioned all Tier-1 Mobile Aggregator customers from the acquired primary system platform to a new state-of-the-art cloud based messaging gateway. This solidified IC Group's position as the only "Canada only Aggregator" solution ensuring full data localization in Canada, serving highly regulated industries, requiring data privacy in Canada. The new technology positions IC Group to accelerate growth of its business messaging volume and revenue in 2025.
- IC Mobile Messaging Solutions monthly run-rate revenues increased approximately 13% through 2024 versus the two-month period ending December 31, 2023 since the acquisition of the business. Gross margins declined as expected in 2024 from 40% in 2023 to 34%, due to partially absorbing price increases from carriers and winning new business from larger than average volume customers.
- IC Mobile increased its monthly message volume and the number of direct and indirect customers utilizing the platform by over 100 % during the 3-month period ending December 31, 2024. This resulted in an increase in monthly recuring message revenue of over 75%.

IC Insurance Solutions

- On June 22, 2004, IC Group completed the share purchase of the remaining 13% of Insured Creativity Inc. subsidiary, through which its IC Insurance Solutions business is conducted.
- In June 2024, the Company renewed its global Contingency Binder with Lloyd's of London authorizing it to continue to directly provide insurance solutions in the live event, sponsorship, and promotions industries to leading brands and their brokers in over 60 international jurisdictions.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2024

Revenue for the year ended December 31, 2024 increased by 47% to $17.9 million, compared with $12.2 million in 2023. The overall increase in revenue was attributable to a 575% increase in Mobile Messaging revenue to $6.7 million (acquired November 2023), and a $0.2 million increase representing an 11% growth in revenue in the IC Insurance Solutions business. These increases in revenue were partially offset by a 2% decline in IC Digital Promotion Solutions revenues.

Gross margin for the year ended December 31, 2024 increased 28% to $9.6 million compared to $7.5 million in 2023. The Company's cost of sales for the year ended December 31, 2024 increased by 77% to $8.3 million compared to $4.7 million in 2023. The increase in the Company's cost of sales is primarily due to the mobile messaging cost of sales of $4.5 million compared to $0.6 million in 2023. The increase in gross margin is primarily due to the addition of mobile messaging revenue contributing $2.3 million of gross margin in 2024 versus $0.4 million in 2023. In addition, a 5% or $0.05 million increase in gross margin from the IC Insurance Solutions business in 2024 versus 2023 as well as a 3% or $0.2 million increase in gross margin from the IC Digital Promotions Solutions business added to the overall increase. The overall gross margin rate across all businesses declined to 54% in 2024 from 62% in 2023 primarily due to the addition of the lower margin mobile messaging business (acquired November 2023).

Amortization expense increased $0.6 million, to $1.3 million in 2024 from $0.7 million in 2023, due to the acquisition of intangible assets related to the mobile messaging business on November 1, 2023.

Operating and administrative expenses (excluding amortization expenses) for the year ended December 31, 2024, increased by approximately 50% to $10.4 million, compared to $6.9 million in 2023. The overall increase in operating and administrative expenses was due to the Company's growth plan, which included additional staffing costs related to the mobile messaging and Pickaw S.A.S acquisitions and expenses related to raising capital.

Employed and contract personnel costs not allocated to direct cost of sales comprised approximately 65% of total operating and administrative expenses for the year ended December 31, 2024, increasing approximately 44% to $7.6 million, compared to $5.2 million in 2023. The increase is primarily due to the addition of operating and administrative costs from the mobile messaging business, and lower utilization rates of Digital Promotion for the development teams in 2024. Utilization rates were lower in 2024 due to the reduced activity in one customer which resulted in less labor costs being allocated to cost of sales.

Professional service fees for the year ended December 31, 2024 increased by 49% to $0.4 million compared to $0.3 million in 2023, due to costs related to the acquisition of the mobile messaging business, the minority interest in Insured Creativity Inc., Pickaw, and capital raising activities.

Interest expense for the year ended December 31, 2024 increased by 169% to $0.6 million, compared to $0.2 million in 2023, due primarily to the additional debt incurred to finance the acquisition of the mobile messaging business assets.

Net loss for the year ended December 31, 2024 was ($5.5 million) compared to a net loss of ($0.3 million) during the same period in 2023. The net loss for 2024 was mainly due to increased costs related to the acquisition, integration and amortization of the mobile messaging business assets, increased staffing levels and a one-time employee stock option grant. The Company has invested in these areas to build a platform that will greatly increase and diversify the Company's revenues and ability to deliver unique solutions to its customers.

Adjusted EBITDA for the year ended December 31, 2024 was $0.8 million compared to $1.1 million in 2023. 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 Digital Promotion Solutions

	For the Year Ended December 31,		
Revenue	**2024**	**2023**	**Change**
Contract, prizing and rebate revenue	9,585,063	9,760,753	-1.80%
	9,585,063	9,760,753	-1.80%
Cost of Sales			
Direct labour	1,801,704	2,100,573	-14.23%
Fulfillment costs	1,465,497	1,517,839	-3.45%
	3,267,201	3,618,412	-9.71%
Gross Margin	6,317,862	6,142,341	2.86%
	66%	**63%**	
Operating expenses			
Amortization	-176,262	-109,222	61.38%
Operating and administrative expenses	-5,169,656	-4,643,297	11.34%
Other income	569,378	520,667	9.36%
Operating income (loss)	1,541,322	1,910,489	-19.32%

Overall, contract and prizing revenue declined slightly by $0.2 million, due to a reduction of activity with one customer. The reduction of activity with this customer, resulting in a decrease of $0.6 million in revenue, was due to a dramatic decrease in advertising activity across the customer's platform in the United States. Management believes that this decrease is short to medium term and will return to normal levels over time. Further, the Company is also pursuing international opportunities with this customer that will help the return of revenues to previous levels as well as diversification to other customers in similar industry segments. The shortfall with this customer was offset by a growth in sales with other customers.

Cost of sales for contract and prizing revenue primarily consists of labour and technology costs related to delivering programs such as gift cards, loyalty programs and promotions to incentivize purchases and purchase frequency. Direct labour decreased by 14% in 2024, due primarily to less labour activity being allocated to contract activity with the customer referenced above. The increase in unallocated direct labour costs was reported as an increase in operating and administrative expenses.

Fulfillment costs decreased 3% due to slightly lower contract and prizing activity.

Operating and Administrative expenses increased for the above referenced lower utilization of the development team resources and the investment in the expansion of the sales team.

Included in Other income is $0.1 million of refundable investment tax credits related to new product development. This amount was included in accounts and other receivables on the balance sheet as at December 31, 2024. The balance of Other income primarily relates to investment income and foreign exchange gains and losses.

IC Mobile Solutions

	For the Year Ended December 31,		
Revenue	**2024**	**2023**	**Change**
Mobile messaging	6,731,682	997,511	574.85%
	6,731,682	997,511	574.85%
Cost of Sales			
Mobile messaging carrier costs	4,458,415	595,930	648.14%
	4,458,415	595,930	648.14%
Gross Margin	2,273,267	401,581	466.08%
	34%	**40%**	
Operating expenses			
Amortization	-694,913	-142,833	-386.52%
Operating and administrative expenses	-1,885,766	-347,919	-442.01%
Other income (expense)	-996,850	-275,000	-262.49%
Operating income (loss), as reported	-1,304,262	-364,171	-258.15%
Add back:			
Messaging System replacement	996,850	-	100.00%
Limited license impairment	-	275,000	-100.00%
Adjusted operating income (loss)	-307,412	-89,171	-244.74%

The mobile messaging business segment results represent twelve months' activity for the year ended December 31, 2024, compared to two months of activity in 2023. The mobile business assets were acquired in November 2023.

Revenues are predominantly charged to customers on a per message basis. Carrier costs represent the messaging traffic charges levied by telecommunication network providers, which are also charged predominantly on a per message basis.

Amortization expense increased $0.6 million, from $0.1 million in 2023 to $0.7 million in 2024, due to the addition of the amortization of intangible assets related to the mobile messaging business segment acquired November 1, 2023.

Operating and administrative expenses are primarily comprised of personnel costs related to the integration of the mobile business and the ongoing operation of the business.

The improved functionality of the replacement system is anticipated to accelerate revenue growth from higher messaging volume anticipated from existing and new customers. The new platform will also reduce the Company's operational risk. Onboarding and integration costs of $1.0 million, related to the system replacement, were expensed in 2024 and recorded within Other income (expense).

IC Insurance Solutions

	For the Year Ended December 31,		
Revenue	**2024**	**2023**	**Change**
Profit and sales commissions	1,283,085	1,222,681	4.94%
Rating site and administrative income	318,985	221,486	44.02%
	1,602,070	1,444,167	10.93%
Cost of Sales			
Brokerage commissions	584,719	472,327	23.80%
	584,719	472,327	
Gross Margin	1,017,351	971,840	4.68%
	64%	**67%**	
Operating expenses			
Amortization	-372,205	-372,714	0.14%
Operating and administrative expenses	-1,150,985	-1,182,960	2.09%
Other income (expense)	5,658	-17,511	132.31%
Operating income (loss)	-500,181	-601,345	16.82%

The insurance solutions business segment continues to recover from operating levels that were significantly impacted by Covid related lockdowns and restrictions, as evidenced by the 5% increase in profit and sales commissions for the year ended December 31, 2024. This increase was primarily volume driven along with an expanded broker customer base.

Rating site and administrative income represents commissions earned on insured risks bound using Insured Creativity Inc.'s proprietary internet-based "Glide" platform. The Company has multi-year partnership agreements with key insurance carriers that utilize this platform.

Cost of sales for the insurance solutions business primarily relates to brokerage commissions on gross written premiums the Company delivers through a broker network. Brokerage commission expenses increased at a slightly higher rate in 2024 than did profit and sales commissions, as the Company delivered some coverages through less profitable channels resulting in a 5% decrease in gross margin rate from 2023.

Amortization expense relates to the Company's proprietary Glide platform and was consistent in 2024 compared to 2023.

Operating and administrative expenses in 2024 were slightly lower than in 2023, as the higher gross written premium volumes were able to be processed without materially changing staffing levels. Within operating and administrative expenses, most costs relate to payroll and benefits.

RESULTS OF OPERATIONS FOR THE QUARTER ENDED DECEMBER 31, 2024

Revenue for the three months ended December 31, 2024 increased by 58% to $5.4 million, compared with $3.6 million for the same period in 2023. The overall increase in revenue was attributable to a 123% increase in Mobile Messaging revenue to $2.2 million (acquired November 2023) and an increase of 37% in IC Digital Promotion Solutions revenues, offset by a $0.1 million decrease representing a 33% decrease in revenue in the IC Insurance Solutions business.

Gross margin for the three-month period ended December 31, 2024 increased 39% to $3.1 million compared to $2.2 million during the same period in 2023. The Company’s cost of sales for the three-month period ended December 31, 2024 increased by 75% to $2.3 million compared to $1.3 million during the same period in 2023. The increase in the Company’s cost of sales is primarily due to the addition and growth of the mobile messaging traffic which resulted in a cost of goods sold of $1.6 million (acquired November 2023). The increase in gross margin is also primarily due to the addition of mobile messaging revenue adding $0.6 million of gross margin in the three-month period ending December 31, 2024 versus $0.4 million in the same period in 2023 and an increase of 57% or $0.8 million in gross margin from the IC Digital Promotions Solutions business. This was offset by a 53% or $0.2 million decrease in gross margin from the insurance business over the same period in 2023. The overall gross margin rate across all businesses declined to 57% during the three-month period ending December 31, 2024 from 63% during the same period in 2023 primarily due to the addition of the lower margin mobile messaging business (acquired November 2023).

Operating and administrative expenses for the three-month period ended December 31, 2024, remained unchanged from comparable 2023 period at $2.3 million.

Employed and contract personnel costs not allocated to direct cost of sales comprised approximately 76% of total operating and administrative expenses for the three-month period ended December 31, 2024, increasing approximately 14% to $1.8 million, compared to $1.6 million during the same period in 2023. The increase is due to the addition of operating and administrative costs from the mobile messaging business (acquired November 2023) and lower utilization rates for the development teams in 2024. Utilization rates were lower in 2024 due to the reduced activity in one customer which resulted in less labor costs being allocated to cost of sales.

Amortization expense for the three-month period ended December 31, 2024 decreased by 8% to $0.26 million, compared to $0.28 million during the same period in 2023 as the mobile messaging gateway acquired in November 2023 was fully amortized by the end of Q2 2024.

Interest expense for the three-month period ended December 31, 2024 increased by 29% to $0.2 million, compared to $0.2 million in 2023, due primarily to the additional debt incurred in November 2023 to finance the acquisition of the mobile messaging business assets.

Net loss for the three-month period ending December 31, 2024 was $0.8 million compared to net loss of $0.4 million during the same period in 2023. The net loss for three-month period ended December 31, 2024 was mainly due to increased costs related to the acquisition, integration, amortization of the mobile messaging business assets and increased staffing levels. An impairment charge was recorded in 2023 in relation to the messaging gateway asset acquired on November 1, 2023. During the first half of 2024, the Company undertook a strategic investment to replace this infrastructure with a new platform designed to significantly enhance messaging traffic growth and diversify the Company's capabilities in delivering differentiated solutions to its customers. This investment in technology, combined with the development of a strong leadership team, positions the Company to scale its growth trajectory at an accelerated pace.

Individual business segment performance is discussed below.

IC Digital Promotion Solutions

	For the three months ended December 31,		
Revenue	2024	2023	Change
Contract, prizing and rebate revenue	2,931,254	2,137,086	37.16%
	2,931,254	2,137,086	37.16%
Cost of Sales			
Direct labour	318,625	340,989	-6.56%
Fulfillment costs	312,838	327,708	-4.54%
	631,463	668,697	-5.57%
Gross Margin	2,299,791	1,468,389	56.62%
	78%	**69%**	
Operating expenses			
Amortization	-29,776	-29,399	1.28%
Operating and administrative expenses	-1,214,584	-1,202,932	-0.97%
Other income	192,844	100,380	92.11%
Operating income (loss)	1,248,275	336,438	271.03%

Contract and prizing revenue increased by $0.8 million, primarily driven by a partial recovery in activity from the major U.S. customer mentioned above, an increase in rebate revenue from prizing programs; and the recognition of contract revenue related to a previously initiated campaign following formal contract execution. The increase was further supported by revenue contributions from the Pickaw S.A.S acquisition completed in May 2024.

Direct labour decreased by 7% for the three-month period ended December 31, 2024, primarily due to the timing of development hours related to promotion launches. Unallocated direct labour costs were reflected as higher operating and administrative expenses. Fulfillment costs declined by 4%, driven by slightly lower prizing activity.

Included in Other income is $0.05 million of refundable investment tax credits related to new product development. These amounts were 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 and foreign exchange gains and losses.

IC Mobile Solutions

	For three Months ending December 31,		
Revenue	**2024**	**2023**	**Change**
Mobile messaging	2,220,562	997,511	122.61%
	2,220,562	997,511	122.61%
Cost of Sales			
Mobile messaging carrier costs	1,581,591	595,930	165.40%
	1,581,591	595,930	165.40%
Gross Margin	638,971	401,581	59.11%
	29%	**40%**	
Operating expenses			
Amortization	-132,478	-142,833	7.25%
Operating and administrative expenses	-652,391	-347,919	-87.51%
Other income (expense)	-47,875	-275,000	82.59%
Operating income (loss), as reported	-193,773	-364,171	46.79%
Add back:			
Messaging system replacement	47,875	-	100.00%
Limited license impairment	-	275,000	-100.00%
Adjusted operating income (loss)	-145,898	-89,171	-63.62%

The mobile messaging business segment results represent three months' activity for the period ended December 31, 2024, compared to two months from the same period in 2023.

Operating and administrative expenses are primarily made up of personnel costs related to the integration of the mobile business assets and the ongoing operation of the business.

Amortization expense of $0.1 million for the three-month period in 2024 related to the Company's investment in the acquired customer contracts. This was slightly lower than for the same period of 2023 because the acquired messaging gateway platform was fully depreciated by the end of June 2024.

Onboarding and integration costs related to the system replacement were recognized as a one-time expense and recorded in Other income (expense). Total costs incurred in the three-months ended December 31, 2024 for this initiative amounted to $0.05 million.

IC Insurance Solutions

	For three months ending December 31,		
Revenue	**2024**	**2023**	**Change**
Profit and sales commissions	195,684	420,111	-53.42%
Rating site and administrative income	97,097	17,600	451.69%
	292,781	437,711	-33.11%
Cost of Sales			
Brokerage commissions	121,876	71,102	71.41%
	121,876	71,102	
Gross Margin	170,905	366,609	-53.38%
	58%	**84%**	
Operating expenses			
Amortization	-93,051	-93,179	0.14%
Operating and administrative expenses	-342,427	-349,128	1.92%
Other income (expense)	10,133	-6,999	244.78%
Operating income (loss)	-254,440	-82,697	-207.68%

Timing of certain large insurance policies written and the timing of settlement of profit commissions earned on the MGA binder impacted revenue of the three-month period ending December 31, 2024 compared to the same period in 2023. A decrease of 53% in profit and sales commissions for the three-month period ending December 31, 2024 was realized as a result.

In Q4 of 2023 an annual payment for profit commissions was recognized of $0.1 million, while the equivalent period profit commission in 2024 in the amount $0.08 million was recognized in Q3 of 2024. This timing difference drives the 53% variance between quarters. Brokerage commission expenses increased at a higher rate in the three-month period ending December 31, 2024 than did profit and sales commissions, as the Company delivered some coverages through less profitable channels.

Operating and administrative expenses in the three-month period in 2024 were consistent with the prior year period. Within operating and administrative expenses, most costs relate to payroll and benefits. Also included is $0.1 million of amortization expense for the three-month period in 2024 (2023 - $0.1 million), mostly related to the Company's investment in the development of the "Glide" platform.

DEBT FINANCING

As at December 31, 2024 long-term debt was $9.1 million compared to $10.5 million at December 31, 2023. The Company's long-term debt consists of a credit facility provided by Bank of Montreal ("BMO" or the "lender"). 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, the Group was in violation of both covenants. Accordingly, these loans were classified as current liabilities at December 31, 2023. 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.

The Group has available credit facilities 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 December 31, 2024, neither of these credit facilities was utilized

During the period ended December 31, 2024, the Company made principal repayments on its long-term credit facility of $1.5 million, compared to $0.8 million in 2023.

SHARE CAPITAL

Issued and outstanding

During the period ended December 31, 2024 the Group issued 3,052,786 Class A common shares for the following purposes:

	Class A Common Shares Issued	Amount ($)
Compensation for services provided	457,583	334,000
Exercised employee stock options	2,135,409	2,137,775
Partial Exchange for minority investment in Insured Creativity Inc.	459,793	450,000
	3,052,786	2,921,775

The shares issued in lieu of cash compensation for services provided were expensed during the period.

The Company granted 4,213,804 Stock options as at December 31, 2024, of which 2,135,409 had a strike price of $0.001 per share and 2,078,395 have a strike price of $0.73 per share. As at December 31, 2024, all of the 2,135,409 options with a $0.001 strike price were exercised into common shares. No options were granted in 2023.

Unvested Share options

Unvested Share options relate to options 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 hold a strike price of $0.73 per share.

LIQUIDITY AND CAPITAL RESOURCES

Capital is comprised of the Company's shareholders' equity and debt facilities. As at December 31, 2024, the Company's shareholders' equity was $0.1 million ($2.4 million at December 31, 2023) and there was $9.8 million of debt outstanding ($10.6 million at December 31, 2023). Debt decreased in the period due to principal repayments of $1.5 million, offset by the advances received from shareholders of $0.7 million.

The Company’s cash flows for the twelve-month periods ended December 31, 2024 and 2023 are summarized in the table below.

Year Ended December 31,	**2024**	**2023**
Cash flows provided by (used for) operating activities	274,746	543,568
Cash flows provided by (used for) financing activities	-786,630	6,664,457
Cash flows used in investing activities	-726,646	-8,095,979
Decrease in cash for the period	-1,238,530	-887,954
Cash, beginning of the period	1,176,270	2,089,962
Cash, end of the period	101,329	1,176,270

Cash flows provided by (used in) operating activities were $0.3 million for the twelve months ended December 31, 2024 (2023 - $0.5 million). This change was primarily a result of a ($5.5 million) loss in net earnings, offset by amortization expense of $1.3 million, cash provided by a net change in accounts receivable and payables of $1.1 million driven primarily by growth of the mobile messaging segment, non-cash expenses of $2.9 million for the issuance of employee and management share options and a decrease of income taxes receivable of $1.1 million.

Cash flows provided by (used in) financing activities were ($0.8 million) during the year ended December 31, 2024 (2023 – $6.7 million). The decrease of funding was related to the repayments of long-term debt in the year offset by advances from shareholders.

Cash flow used in investing activities was ($0.7 million) (2023 - $8.1 million) during the twelve-month period ended December 31, 2024. The funds were used to acquire the non-controlling interest portion of Insured Creativity Inc. and the shares of PickAw S.A.S..

As a result of the above activities, at December 31, 2024, the Company has $0.1 million of cash and other current assets totaling $8.8 million to settle current liabilities of $11.1 million.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to 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 twelve-month period ended December 31, 2024 the Company incurred $1.2 million of short-term compensation to related Directors and Shareholders ($0.6 million - 2023) and share-based payments of $1.2 million (nil – 2023).

During the period, 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 shareholders an extension of repayment period to July 1, 2026. As at December 31, 2024, loans aggregating $0.7 million had been advanced.

SUBSEQUENT EVENTS

All disclosures and notes in the financial statements reflect the conditions as at the balance sheet date and do not include the effects of the following subsequent events.

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 $250,000 of cash and the issuance of 407,126 common (pre-split) shares of IC Group, including the assumption of approximately $2.53 million of debentures and accrued interest payable, of which approximately $0.55 million was already due to the Company from Emotion Media Inc. and of which approximately $0.31 million was repaid on closing.

The Group is unable provide preliminary purchase price allocation disclosures as the initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue.

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

	Date	Amount ($)
Debenture repayment #2	September 1, 2025	156,750
Debenture repayment #3	October 1, 2025	156,750
Debenture repayment #4	November 1, 2025	156,750
Debenture repayment #5	December 1, 2025	156,750
Debenture repayment #6	July 1, 2026	587,850
Debenture repayment #7	December 1, 2026	642,000
Total		1,856,850

Business combination, equity financing and advances from shareholders

On February 21, 2025, Cuspis Capital II Ltd. (“Cuspis”), a Capital Pool company listed on the TSX Venture Exchange, and the Group entered closed their previously announced Business Combination transaction which provided a reverse takeover of Cuspis by IC Group.

In anticipation of the Business Combination Agreement, on November 7, 2024, Cuspis and the Company closed a brokered private placement offering (the “Offering”) of subscription receipts of the Group (“Subscription Receipts”) at a price of $1.00 per Subscription Receipt for aggregate gross proceeds of $1,205,250. Each subscription receipt entitles the holder, on a post-share split basis as described below, to one Group common share and one common share purchase warrant (each warrant, an “Underlying Warrant”). Each Underlying Warrant entitles the holder to purchase one Group common share at an exercise price equal to $1.20 until the date that is 48 months following the closing date of the Proposed Transaction.

In conjunction with the above-described private placement offering, certain shareholders converted an aggregate $316,667 of advances from shareholders to 316,667 Subscription Receipts. Interest on the remaining $400,000 balance will continue to accrue at a rate of 10% per annum and be paid monthly.

Under the terms of the Proposed Transaction, the Group completed a 7.89:1 share split resulting in the Group having a total of 29,000,000 shares outstanding prior to the closing of the Offering and following the completion of the acquisition of Emotion Media Inc. Following the share split, holders of common shares of the Group, including those shares acquired by way of the Offering received one post-amalgamation common share of Cuspis in exchange for each Group share. In addition, upon the completion of the Proposed Transaction, all options and warrants exercisable for Group common shares outstanding at completion of the Proposed Transaction were exchanged for options and warrants exercisable for Resulting Issuer common shares, on the same economic terms and conditions as such original outstanding securities. Following the completion of the Proposed Transaction, Cuspis became the "Resulting Issuer" and 11197894 Canada Ltd. became a wholly owned subsidiary of Cuspis. In connection with the Proposed Transaction, Cuspis consolidated its shares on the basis of 1 share for each 4.3103448 shares held and changed the name of Cuspis to IC Group Holdings Inc. immediately prior to the closing of the Proposed Transaction.

Upon completion of the Proposed Transaction, shareholders of the Group held approximately 86.77% of the Resulting Issuer Shares.

RISKS AND UNCERTAINTIES

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

In early 2025, the United States government announced plans to impose a 25% tariff on most Canadian imports as well as broad tariffs on imports from other countries. The Canadian federal and provincial governments then announced retaliatory tariffs on imports from the United States as well as non-tariff measures. Although the ultimate scope, timing and duration of these tariffs and retaliatory measures 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.

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 December 31, 2024, It is management's opinion that the 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 December 31, 2024 notes to the consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.