



Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three and six months ended June 30, 2025 and 2024

**National Instrument 51-102
Continuous Disclosure Obligations
Notice**

Pursuant to Part 4.3 (3) of National Instrument 51-102, these unaudited condensed interim consolidated financial statements of Enterprise Group, Inc. for the three and six months ended June 30, 2025, have not been reviewed by the Company's external auditors.

ENTERPRISE GROUP, INC.

Condensed Interim Consolidated Statements of Financial Position

	June 30, 2025 (unaudited)	December 31, 2024 (audited)
Assets		
Cash and cash equivalents (note 4)	\$ 6,362,885	\$ 30,674,798
Trade and other receivables (note 4)	5,677,115	5,671,315
Unbilled revenue	1,024,893	987,139
Inventories	1,034,385	366,754
Deposits and prepaid expenses	1,398,156	3,444,306
	15,497,434	41,144,312
Property, plant and equipment (note 5)		
	93,167,039	70,245,517
Goodwill	4,136,557	351,910
Intangible assets	1,762,843	45,964
Deferred tax assets	6,788,033	6,553,504
	105,854,472	77,196,895
Total assets	\$ 121,351,906	\$ 118,341,207
Liabilities		
Trade and other payables (note 4)	\$ 5,249,879	\$ 2,796,426
Current portion of loans and borrowings (note 7)	3,252,021	2,066,716
	8,501,900	4,863,142
Long term portion of loans and borrowings (note 7)		
Bank loan facility	13,069,376	17,117,763
Leases	2,923,623	4,553,129
Mortgages	3,374,146	3,484,984
Deferred tax liabilities	8,428,785	6,008,121
Total liabilities	36,297,830	36,027,139
Equity		
Share capital (note 8)	101,421,013	101,116,206
Warrants	541,470	605,553
Contributed surplus	21,182,356	20,731,946
Deficit	(38,090,763)	(40,139,637)
Total equity	85,054,076	82,314,068
Total equity and liabilities	\$ 121,351,906	\$ 118,341,207

Approved on behalf of the Board:

_____(Signed) "Leonard D. Jaroszuk" Leonard D. Jaroszuk, Director

_____(Signed) "John Pinsent" John Pinsent, FCPA, FCA, ICD.D., Director

Condensed Interim Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income

	Three months June 30, 2025	Three months June 30, 2024	Six months June 30, 2025	Six months June 30, 2024
Revenue	\$ 6,485,914	\$ 7,707,282	\$ 16,813,999	\$ 20,033,570
Direct expenses	(4,840,403)	(4,388,946)	(9,993,146)	(9,818,889)
Gross margin	1,645,511	3,318,336	6,820,853	10,214,681
General and administrative expenses	(710,359)	(666,642)	(1,469,846)	(1,225,134)
Depreciation of property, plant and equipment (note 5)	(888,819)	(1,283,092)	(1,744,608)	(2,541,418)
Depreciation of right-of-use assets (note 5)	(375,372)	(393,052)	(737,502)	(726,888)
Share-based payments	(416,307)	(70,741)	(470,929)	(118,007)
Amortization of intangible assets	(12,536)	(12,536)	(25,072)	(25,072)
Acquisition costs (note 3)	(135,727)	-	(135,727)	-
Gain (loss) on sale of property, plant and equipment (note 5)	122,284	(96,170)	157,875	(93,155)
(Loss) income before financing and taxes	(771,325)	796,103	2,395,044	5,485,008
Finance expense	(499,982)	(719,680)	(1,069,682)	(1,417,070)
Gain on debt settlement	-	-	1,125,000	-
(Loss) income before income tax	(1,271,307)	76,423	2,450,362	4,067,938
Current income tax expense (note 6)	-	-	-	-
Deferred income tax recovery (expense) (note 6)	342,285	-	(401,488)	-
Net (loss) income and comprehensive (loss) income	\$ (929,022)	\$ 76,423	\$ 2,048,874	\$ 4,067,938
(Loss) income per share (note 10)				
Basic (loss) earnings per share	\$ (0.01)	\$ 0.00	\$ 0.03	\$ 0.07
Diluted (loss) earnings per share	\$ (0.01)	\$ 0.00	\$ 0.02	\$ 0.07
Basic	77,528,389	58,500,384	77,497,225	54,968,069
Diluted	83,301,028	63,705,971	83,269,864	60,148,656

ENTERPRISE GROUP, INC.

Condensed Interim Consolidated Statements of Cash Flows

	Six months June 30, 2025	Six months June 30, 2024
Cash flows from operating activities:		
Net income	\$ 2,048,874	\$ 4,067,938
Adjustments for:		
Depreciation of property, plant and equipment	1,744,608	2,541,418
Depreciation of right-of-use assets	737,502	726,888
Amortization of intangible assets	25,072	25,072
(Gain) loss on sale of property, plant and equipment	(160,438)	105,902
Share based payments	470,929	118,007
Finance expense	1,069,682	1,417,070
Deferred income tax expense	401,488	-
Change in non-cash working capital (note 12)	3,788,418	1,632,890
Net cash provided by operating activities	\$ 10,126,135	\$ 10,635,185
Cash flows from financing activities:		
Net repayment of bank loan facility	(2,738,863)	14,235
Interest and borrowing costs paid on loans and borrowings	(1,411,043)	(1,323,321)
Repayment of lease liabilities	(1,931,345)	(959,753)
Repayment of mortgage facilities	(101,690)	(100,336)
Issuance of common shares	-	6,999,197
Warrants exercised (note 9)	278,892	963,704
Share issue costs	-	(689,886)
Share buyback and cancellation (note 8)	(81,600)	-
Stock options exercised	22,913	122,512
Net cash (used) provided by financing activities	\$ (5,962,736)	\$ 5,026,352
Cash flows from investing activities:		
Purchase of property, plant and equipment	(9,010,352)	(9,685,061)
Proceeds on sale of property, plant and equipment	535,040	630,792
Cash paid for net assets acquired from share purchase	(20,000,000)	-
Net cash used in investing activities	\$ (28,475,312)	\$ (9,054,269)
Change in cash and cash equivalents	\$ (24,311,913)	\$ 6,607,268
Cash and cash equivalents, beginning of period	\$ 30,674,798	\$ 3,786,383
Cash and cash equivalents, end of period	\$ 6,362,885	\$ 10,393,651

ENTERPRISE GROUP, INC.

Condensed Interim Consolidated Statements of Changes in Equity

	Number of common shares	Share capital	Warrants	Contributed surplus	Deficit	Total
Balance as at December 31, 2023	49,687,374	\$65,320,978	\$ -	\$20,157,336	\$(44,683,190)	\$40,795,124
Issuance of common shares	8,234,350	6,113,181	886,016	-	-	6,999,197
Share issue costs	-	(861,474)	171,588	-	-	(689,886)
Stock options exercised	272,250	155,890	-	(33,378)	-	122,512
Warrants exercised	1,014,425	1,182,009	(218,305)	-	-	963,704
Share-based payments	-	-	-	118,007	-	118,007
Net income	-	-	-	-	4,067,938	4,067,938
Balance as at June 30, 2024	59,208,399	\$71,910,584	\$ 839,299	\$20,241,965	\$(40,615,252)	\$52,376,596
Balance as at December 31, 2024	77,227,989	\$101,116,206	\$ 605,553	\$20,731,946	\$(40,139,637)	\$82,314,068
Common shares repurchased and cancelled (note 9)	(50,000)	(65,760)	-	(15,840)	-	(81,600)
Warrants exercised	297,781	342,975	(64,083)	-	-	278,892
Stock options exercised	38,167	27,592	-	(4,679)	-	22,913
Share-based payments	-	-	-	470,929	-	470,929
Net income	-	-	-	-	2,048,874	2,048,874
Balance as at June 30, 2025	77,513,937	\$101,421,013	\$ 541,470	\$21,182,356	\$(38,090,763)	\$85,054,076

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2025 and 2024

1. Reporting entity

Enterprise Group, Inc. ("Enterprise" or the "Company") is a public company incorporated under the Alberta Business Corporations Act and its shares are listed on the Toronto Stock Exchange under the symbol "E". The Company's shares are also listed on the OTCQB Venture Market under the symbol "ETOLF". Enterprise Group, Inc is a consolidator of services-including specialized equipment rental to the energy/resource sector. The Company works with particular emphasis on systems and technologies that mitigate, reduce, or eliminate CO2 and Greenhouse Gas and other harmful emissions for itself and its clients. The Company is well known to local Tier One and international resource companies with operations in Western Canada. Enterprise's head office is located at 200, 340 Circle Drive, St. Albert, Alberta, T8N 7L5.

The consolidated financial statements of the Company as at June 30, 2025, and 2024, are comprised of the Company and its wholly owned subsidiaries. These consolidated financial statements were authorized for issue by the Board of Directors on August 12, 2025.

2. Significant accounting policies

The unaudited condensed interim consolidated financial statements are prepared by management and reported in Canadian dollars, in accordance with International Accounting Standard "IAS" 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's 2024 Audited Consolidated Financial Statements and the notes thereto.

The unaudited condensed interim consolidated financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in the Company's Audited Consolidated Financial Statements for the fiscal year ended December 31, 2024.

3. Business acquisitions

Evolution Power Solutions

On May 7, 2025, the Company closed a transaction to acquire all of the issued and outstanding common shares of Flex Leasing Power and Service ULC (since rebranded as Evolution Power Solutions "EPS"), a privately held oilfield distributor of FlexEnergy turbines in Canada. The entity was purchased in an all cash transaction for an aggregate purchase price of \$20,000,000. The acquisition of EPS is consistent with the Company's strategy to acquire complementary companies in Western Canada consolidating capital, management and human resources to support continued growth. The Company accounted for the acquisition using the acquisition method and the operations of EPS have been included in the consolidated financial statements from the date of acquisition. Goodwill acquired with EPS comprises the value of expected synergies arising from the acquisition, customer relationships and the expertise and reputation of the assembled workforce. In addition to the consideration paid at closing, the final purchase price was subject to adjustment based on working capital, approved capital commitments, and assets under construction. Goodwill and intangible assets acquired were \$5,535,000 and are non-deductible for income tax purposes.

The cost of the purchase price has been allocated to the net identifiable assets based on their estimated fair values at the date of acquisition are as follows, subject to post closing adjustments:

Working capital	\$	500,000
Property, plant and equipment		15,785,000
Customer relationship - estimated useful life of ten years		1,715,000
Goodwill - acquired		2,000,000
Goodwill - deferred tax liability		1,785,000
Deferred tax liability		(1,785,000)
Net assets acquired	\$	20,000,000

The Company acquired the following in working capital:

Cash and cash equivalents	\$	287,968
Trade and other receivables	\$	1,100,488
Inventory, deposits and prepaids		745,058
Trade and other payables		(33,000)
Deferred revenue		(543,785)
Due to vendor		(1,056,729)
Fair value of acquired working capital	\$	500,000

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2025 and 2024

The Company acquired the following in property, plant and equipment:

Leasehold improvements	5,500
Computers and communication equipment	20,000
Small equipment	1,000
Light automotive equipment	731,500
Heavy automotive, construction and portable rental equipment	15,027,000
Assets in build	156,000
Fair value of acquired property plant and equipment	\$ 15,785,000

4. Financial instruments and risk management

(a) Fair value of financial instruments

The carrying value of trade and other receivables, deposits and trade and other payables approximate fair value because of the near term to maturity of these instruments. The fair value of loans and borrowings is a level 2 measurement and are based on discounted future cash flows using the rates that reflect observable current market rates for similar instruments with similar terms and conditions. The estimated fair value approximates the carrying value as at June 30, 2025, and as at December 31, 2024.

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	June 30, 2025	December 31, 2024
Financial assets		
Cash and cash equivalents	\$ 6,362,885	\$ 30,674,798
Trade and other receivables	\$ 5,677,115	\$ 5,671,315
Deposits	\$ 163,877	\$ 2,089,300
Financial liabilities		
Trade and other payables	\$ 5,249,879	\$ 2,796,426
Loans and borrowings	\$ 22,619,166	\$ 27,222,592

Financial risk management

The Company's activities expose it to a variety of financial risks such as credit risk, liquidity risk and market risk. The Board of Directors oversees management's establishment and execution of the Company's risk management framework.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk through cash and cash equivalents and trade and other receivables. The Company manages the credit risk associated with its cash and cash equivalents by holding its funds in financial institutions with high credit ratings. Credit risk for trade and other receivables are managed through established credit monitoring activities.

The Company has trade receivables from customers in the oil and gas industry, as well as customers in the utilities/infrastructure construction industry. Credit risk is mitigated due to significant customers being large industry leaders, following a program of credit evaluation and limiting the amount of customer credit where deemed necessary. The Company monitors trade receivables against an expected credit loss model to assess reasonability of impairment over accounts receivable. Individual invoices within trade receivables are written off when there is no reasonable expectation of collecting payment. The Company has recorded a provision for doubtful accounts at June 30, 2025, of \$nil (December 31, 2024 - \$nil).

At June 30, 2025, \$1,239,000 or 22% of trade receivables was from one customer compared to \$1,780,000, or 31% from one customers as at December 31, 2024.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2025 and 2024

	June 30, 2025	December 31, 2024
Current (less than 90 days)	\$ 5,434,561	\$ 5,559,082
Past due (more than 90 days)	242,554	112,233
Total	\$ 5,677,115	\$ 5,671,315

(c) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. On an ongoing basis the Company manages liquidity risk by maintaining adequate cash and cash equivalents balances and appropriately utilizing available lines of credit. For the three months ended June 30, 2025, the Company generated 13% of revenue from one customer (2024 - 32% from two customers). For the six months ended June 30, 2025, the Company generated 36% of revenue from two customers (2024 - 48% from two customers). No other customers comprise more than 10% of revenues.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest at June 30, 2025, and December 31, 2024:

	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
June 30, 2025					
Trade and other payables	\$ 5,249,879	\$ 5,249,879	\$ 5,249,879	\$ -	-
Loans and borrowings	22,619,166	29,775,368	4,778,275	19,852,701	5,144,392
	\$ 27,869,045	\$ 35,025,247	\$ 10,028,154	\$ 19,852,701	\$ 5,144,392
December 31, 2024					
Trade and other payables	\$ 2,796,426	\$ 2,796,426	\$ 2,796,426	\$ -	-
Loans and borrowings	27,222,592	34,802,307	4,618,820	28,380,891	1,802,596
	\$ 30,019,018	\$ 37,598,733	\$ 7,415,246	\$ 28,380,891	\$ 1,802,596

(d) **Market risk**

Market risk is the risk of changes in market prices, such as interest rates, which will affect the Company's income or the value of its financial instruments. Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending rate at June 30, 2025, to impact the Company's annual interest expense by approximately \$184,000 (December 31, 2024 - \$39,000). The majority of the Company's debt is at fixed interest rates and changes in market prices do not have a significant impact. The Company has not entered into any derivative agreements to mitigate this risk.

Capital management

The primary objective of capital management is to ensure the Company has sufficient capital to support its business and maximize shareholder value. The Company manages its capital in proportion to the risk of the underlying assets and makes adjustments in light of changes in economic conditions and risks. The Company's strategy remains unchanged from prior periods. Management considers its capital structure to include funded debt and adjusted capital of the Company. Adjusted capital comprises all components of equity (share capital, contributed surplus, and deficit). Included in funded debt is the bank loan facility which requires the Company to maintain certain financial covenants as defined below. The Company's objectives when managing capital are to finance its operations and growth strategies and to provide an adequate return to its shareholders. In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to reduce debt. As at June 30, 2025, the Company has met these objectives.

	June 30, 2025	December 31, 2024
Bank loan facility	\$ 13,069,376	\$ 17,117,763
Current portion of loans and borrowings	3,252,021	2,066,716
Long term loans and borrowings	6,297,769	8,038,113
Net funded debt	22,619,166	27,222,592
Shareholders' equity	85,054,076	82,314,068
Total capital	\$ 107,673,242	\$ 109,536,660

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2025 and 2024

Included in net funded debt is the bank loan facility which requires the Company to maintain certain financial covenants. As at June 30, 2025, the Company is in compliance with all covenants.

5. Property, plant and equipment

Cost	Balance at	Additions	Disposals	Reclass	Acquisition	Balance at
	December 31, 2024					June 30, 2025
Land	\$ 6,770,000	\$ -	\$ -	\$ -	\$ -	\$ 6,770,000
Buildings	1,643,218	-	-	6,366,659	-	8,009,877
Leasehold improvements	584,496	4,962	-	-	5,229	594,687
Computers and communication equipment	347,376	17,192	-	4,815	20,006	389,389
Small equipment	3,088,138	40,968	-	42,639	826	3,172,571
Light automotive equipment	547,467	-	-	-	-	547,467
Heavy automotive, construction and portable rental equipment	86,931,063	6,262,652	(549,210)	773,518	15,027,050	108,445,073
Right-of-use assets	11,430,537	615,658	(289,322)	-	934,214	12,691,087
Property, plant and equipment under construction	6,743,694	2,673,336	(42,600)	(7,187,631)	155,823	2,342,622
	\$118,085,989	\$ 9,614,768	\$ (881,132)	\$ -	\$ 16,143,148	\$142,962,773

	Accumulated depreciation			Carrying amounts		
	Balance at December 31, 2024	Depreciation for the period	Disposals	Balance at June 30, 2025	Balance at December 31, 2024	Balance at June 30, 2025
Land	\$ -	\$ -	\$ -	\$ -	\$ 6,770,000	\$ 6,770,000
Buildings	159,849	34,264	-	194,113	1,483,369	7,815,764
Leasehold improvements	274,014	30,001	-	304,015	310,482	290,672
Computers and communication equipment	290,274	17,697	-	307,971	57,102	81,418
Small equipment	1,410,576	210,226	-	1,620,802	1,677,562	1,551,769
Light automotive equipment	525,419	25,452	(2,159)	548,712	22,048	(1,245)
Heavy automotive, construction and portable rental equipment	41,450,310	1,426,967	(226,290)	42,650,987	45,480,753	65,794,086
Right-of-use assets	3,730,030	737,502	(298,398)	4,169,134	7,700,507	8,521,953
Property, plant and equipment under construction	-	-	-	-	6,743,694	2,342,622
	\$ 47,840,472	\$ 2,482,109	\$ (526,847)	\$ 49,795,734	\$ 70,245,517	\$ 93,167,039

Included in the carrying amount of \$93,167,039 is \$2,342,622 (2024 - \$916,857) of heavy automotive, construction and portable rental equipment under construction. All items under construction are not being depreciated, as they are not yet available for use.

The carrying amounts of right-of-use assets were as follows:

Right-of-use assets	June 30, 2025	December 31, 2024
Buildings and premises,	\$ 2,073,100	\$ 1,527,261
Small equipment	58,291	62,800
Light automotive equipment	3,847,178	3,423,523
Heavy automotive, construction and portable rental equipment	2,543,384	2,686,923
	\$ 8,521,953	\$ 7,700,507

For the three months ended June 30, 2025, rent expense for short-term leases and leases of low-value assets was \$141,003 (2024 - \$152,328). Rent expense for short-term leases and leases of low-value assets expensed for the six months ended June 30, 2025, was \$253,551 (2024 - \$325,800). At June 30, 2025, the Company was committed to short term leases and the total commitment at that date was \$72,310 (2024 - \$190,772).

For the six months ended June 30, 2025, the Company sold property, plant and equipment with a net book value of \$354,285 and received proceeds of \$535,040 (2024 - net book value of \$736,694 and proceeds of \$630,792). The gain on sale of property, plant and equipment of \$157,875 included sales related costs of \$22,800 (2024 - gain on sale of \$93,155 including sales related costs of \$12,747).

On May 7, 2025, the Company acquired all of the issued and outstanding common shares of Flex Leasing Power and Service ULC (since rebranded as Evolution Power Solutions "EPS"), which included goodwill in the amount of \$3,784,647.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2025 and 2024

6. Income tax

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined provincial and federal income tax rates to income before tax. These differences result from the following:

Period ended June 30,	2025	2024
Income before tax	\$ 2,100,889	\$ 4,067,937
Statutory income tax rate	23.00 %	23.00 %
Expected income tax expense	483,204	935,625
Non-deductible items	15,309	32,826
Change in unrecognized temporary differences	-	(1,039,251)
Change in tax rates and rate differences	-	70,800
Other	(97,025)	-
Deferred income tax expense	\$ 401,488	\$ -

The Company recorded a deferred income tax expense and in the first half of the year ended June 30, 2025, resulting in an increase in a net deferred tax liability. This primarily relates to temporary differences arising from property, plant, and equipment, where capital cost allowance for tax purposes differs from depreciation rates used on the financial statements. These differences result in a deferred tax liability that is non-cash in nature. This is consistent with prior periods, as the Company continues to invest in equipment.

7. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost.

As at June 30,	June 30, 2025	December 31, 2024
Current portion of loans and borrowings		
Bank loan facility	\$ 1,309,524	\$ -
Current portion of lease liabilities	1,711,326	1,844,693
Current portion of mortgage facilities	231,171	222,023
Total current portion of loans and borrowings	3,252,021	2,066,716
Non-current portion of loans and borrowings		
Bank loan facility	13,069,376	17,117,763
Lease liabilities	2,923,623	4,553,129
Mortgage facilities	3,374,146	3,484,984
Total non-current portion loans and borrowings	19,367,145	25,155,876
Total loans and borrowings	\$ 22,619,166	\$ 27,222,592

(a) Bank loan facility

On April 30, 2025, the Company finalized a new lending facility with Bank of Montreal. The new Facility is to be used for acquisitions, capital expenditures, and working capital. It replaces the company's previous lending facility which was paid out on February 28, 2025. The payout included a negotiated settlement discount from the lender in the amount of \$1,500,000. The new lending facility bears interest at a rate of up to prime + 2%, is secured by a first charge on all company assets and is subject to financial covenants based on a minimum fixed charge coverage ratio of 1.25:1 and total senior funded debt to EBITDA of 3.00:1 or less, to be tested quarterly on a consolidated trailing twelve month basis.

8. Share capital

Authorized:

- Unlimited Common shares
- Unlimited Preferred shares, issuable in series, terms to be set at issuance

Normal course issuer bid

The Company commenced a normal course issuer bid to purchase outstanding common shares of the Company on the open market in accordance with the rules of the TSX. The Company's bid initiated on April 2, 2025. During the three months ended June 30, 2025, the Company repurchased and cancelled a total of 50,000 shares on the open market at a cost of \$81,600 (2024 - nil shares at a cost of \$nil).

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2025 and 2024

9. Share-based payments

(a) Stock option program

The Company has a stock option plan to purchase common shares over a period ranging from one to three years from the date the option is granted at prices approximating market prices on the day prior to the date of grant.

Outstanding stock options June 30, 2025	Number	Weighted average exercise price	Weighted average remaining contractual life (months)
Stock options, beginning of period	4,410,806	\$ 0.60	9
Exercised	(38,167)	\$ 0.45	9
Issued	3,358,000	\$ 1.65	35
Stock options, end of period	7,730,639	\$ 1.05	20
Exercisable stock options, June 30, 2025	3,269,611	\$ 0.59	4

During the six months ended June 30, 2025, 38,167 (2024 - 272,250) options were exercised at a weighted average exercise price of \$0.45 (2024 - \$0.45) per option, resulting in net proceeds of \$22,913 (2024 - \$122,512).

On May 7, 2025, the Company issued 3,385,000 options to Directors, Officers and employees of the Company. The weighted average fair value of the options granted was \$0.6003 estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2025
Fair value at grant date	\$ 0.6003
Share price	\$ 1.64
Exercise price	\$ 1.65
Expected term	3 years
Risk-free interest	2.51%
Expected dividends	nil
Volatility	51%

On May 8, 2024, the Company issued 900,000 options. The weighted average fair value of the options granted was \$0.39 estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2024
Fair value at grant date	\$0.39
Share price	\$1.17
Exercise price	\$1.16
Expected term	36 months
Risk-free interest	4.06%
Expected dividends	nil
Volatility	42%

The options vest equally over a three year period.

(b) Share purchase warrants

Outstanding share purchase warrants June 30, 2025	Number	Weighted average exercise price	Weighted average remaining contractual life (months)
Warrants, beginning of period	2,025,750	\$ 0.95	9
Exercised	(150,750)	\$ 0.95	9
Warrants, end of period	1,875,000	\$ 0.95	9
Exercisable warrants, June 30, 2025	1,875,000	\$ 0.95	9

During the period ended June 30, 2025, 150,000 (2024 - 1,004,425) warrants were exercised at a weighted average exercise price of \$0.95 (2024 - \$0.95) per warrant resulting in net proceeds of \$143,213 (2024 - \$963,704).

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2025 and 2024

Outstanding broker unit options and warrants June 30, 2025	Number	Weighted average exercise price	Weighted average remaining contractual life (months)
Broker unit options and warrants, beginning of period	247,031	\$ 0.95	9
Exercised	(147,031)	\$ 0.95	9
Broker warrants, end of period	100,000	\$ 0.95	9
Exercisable broker warrants, June 30, 2025	100,000	\$ 0.95	9

10. Earnings per share

The earnings available to common shareholders and weighted average number of common shares outstanding for comparative basic and diluted earnings per share are:

Six months ended June 30,	Three months June 30, 2025	Three months June 30, 2024	Six months June 30, 2025	Six months June 30, 2024
Weighted average common shares outstanding - basic	77,528,389	58,500,384	77,497,225	54,968,069
Effect of stock options and warrants	5,772,639	5,205,587	5,772,639	5,180,587
Weighted average common shares - diluted	83,301,028	63,705,971	83,269,864	60,148,656
Net income and comprehensive income	\$(929,022)	\$76,423	\$2,048,874	\$4,067,938
Basic earnings per share	\$(0.01)	\$ 0.00	\$0.03	\$0.07
Diluted earnings per share	\$(0.01)	\$ 0.00	\$0.02	\$0.07

11. Related party transactions

The Company has entered into transactions in the normal course of business with a corporation controlled by an officer and director of the Company. These transactions were recorded at the exchange amount established and agreed to by the parties. Management and consulting fees were paid to a company controlled by Leonard Jaroszuk, Chief Executive Officer, as compensation for serving as a director and an officer for the Company.

Six months ended June 30,	2025	2024
Management and consulting fees	\$429,225	\$447,702

12. Supplemental cash flow information

Six months June 30,	2025	2024
(a) Changes in non-cash working capital:		
Trade and other receivables	\$ (5,800)	\$ 1,354,461
Unbilled revenue	(37,754)	177,744
Inventories	(667,631)	(25,911)
Deposits and prepaid expenses	2,046,150	(24,623)
Trade and other payables	2,453,453	151,219
	\$ 3,788,418	\$ 1,632,890
(b) Other non-cash transactions:		
Purchases under lease liabilities	\$ 615,686	\$ 2,761,773
Amortization of prepaid borrowing costs	\$ 62,642	\$ 44,079

(c) Cash taxes paid

Cash taxes paid for the three and six months ended June 30, 2025, was \$nil (2024 - \$nil).