NOTE TO READER

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, Questor Technology Inc. discloses that the Company's independent auditor has not reviewed the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2025 and 2024.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Stated in Canadian dollars, unaudited

	Notes	June 30, 2025	December 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents		**$4,395,749**	$5,261,348
Investments	5	**2,446,232**	1,669,410
Trade, contract assets and other receivables		**1,579,953**	2,152,840
Inventory		**439,800**	448,307
Prepaid expenses and deposits		**374,456**	212,663
Current tax assets	8	**44,867**	16,896
Total current assets		**9,281,057**	9,761,464
Non-current assets			
Property and equipment	3,11	**5,427,316**	5,973,801
Right-of-use assets	6,11	**770,130**	901,341
Intangible assets	4	**9,207,019**	7,453,726
Total non-current assets		**15,404,465**	14,328,868
Total assets		**$24,685,522**	$24,090,332
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables, accrued liabilities and provisions		**$1,250,793**	$1,565,046
Deferred revenue		**541,416**	151,854
Current portion of lease obligations	6	**166,559**	150,643
Current portion of repayable government grant	7	**156,627**	302,869
Current portion of deferred grant benefits	7	**5,560**	20,118
Total current liabilities		**2,120,955**	2,190,530
Non-current liabilities			
Deferred tax liabilities		**22,609**	-
Lease obligations	6	**689,435**	789,726
Total non-current liabilities		**712,044**	789,726
Total liabilities		**2,832,999**	2,980,256
Shareholders' equity			
Issued capital		**9,466,267**	9,486,894
Contributed surplus		**1,545,456**	1,473,882
Retained earnings		**10,839,787**	10,127,803
Accumulated other comprehensive income		**1,013**	21,497
Total shareholders' equity		**21,852,523**	21,110,076
Total liabilities and shareholders' equity		**$24,685,522**	$24,090,332

Commitments and contingencies	13
Subsequent event	15

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

Approved by the Board of Directors:

(*signed*) *Paul Huizinga*
Paul Huizinga, Director

(signed) Audrey Mascarenhas
Audrey Mascarenhas, Director

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Stated in Canadian dollars except per share data, unaudited

For the		Three months ended June 30,		Six months ended June 30,	
	Notes	**2025**	2024	**2025**	2024
Revenue	11	**$3,023,053**	$870,360	**$5,382,340**	$1,601,978
Cost of sales		**1,433,215**	828,204	**2,612,610**	1,347,547
Gross profit		**1,589,838**	42,156	**2,769,730**	254,431
Administration expenses		**848,902**	919,215	**1,712,422**	1,802,366
Research and development expenses	4	**50,601**	93,174	**139,659**	173,038
Share based payments	10	**37,623**	43,690	**71,574**	82,501
Depreciation expenses		**21,564**	28,450	**42,025**	56,967
Amortization of intangible assets	4	**-**	571	**-**	1,229
Impairment reversal	3	**-**	-	**(128,446)**	-
Net foreign exchange (gains) losses	12	**213,463**	(30,860)	**196,078**	(124,860)
Other (income) expense		**29,799**	(51,991)	**(1,933)**	(139,426)
Profit (Loss) before tax		**387,886**	(960,093)	**738,351**	(1,597,384)
Income tax expense (recovery)	8	**24,739**	6,153	**25,025**	5,621
Profit (Loss) for the period		**$363,147**	$(966,246)	**$713,326**	$(1,603,005)
Other comprehensive income (loss)					
Items that may be reclassified to profit and loss in subsequent periods:					
Exchange gains (losses) on translating foreign operations		**(19,648)**	13,559	**(20,484)**	36,308
Total comprehensive income (loss)		**$343,499**	$(952,687)	**$692,842**	$(1,566,697)
Profit (Loss) per share					
Basic	9	**$0.01**	$(0.03)	**$0.03**	$(0.06)
Diluted	9	**$0.01**	$(0.03)	**$0.03**	$(0.06)

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Stated in Canadian dollars, unaudited

	Notes	Issued capital	Contributed surplus	Retained earnings	Cumulative translation gain (loss)	Total Shareholder's equity
Balance at December 31, 2024		**$9,486,894**	**$1,473,882**	**$10,127,803**	**$21,497**	**$21,110,076**
Profit for the period		**-**	**-**	**713,326**	**-**	**713,326**
Repurchase of shares for cancellation	9	**(20,627)**	**-**	**(1,342)**	**-**	**(21,969)**
Share-based payments	10	**-**	**71,574**	**-**	**-**	**71,574**
Translation of foreign operations		**-**	**-**	**-**	**(20,484)**	**(20,484)**
Balance at June 30, 2025		**$9,466,267**	**$1,545,456**	**$10,839,787**	**$1,013**	**$21,852,523**
Balance at December 31, 2023		$9,519,917	$1,420,061	$13,456,893	$(39,219)	$24,357,652
Loss for the period		-	-	(1,603,005)	-	(1,603,005)
Repurchase of shares for cancellation	9	(101,184)	-	(55,981)	-	(157,165)
Share-based payments	10	-	82,501	-	-	82,501
Translation of foreign operations		-	-	-	36,308	36,308
Balance at June 30, 2024		$9,418,733	$1,502,562	$11,797,907	$(2,911)	$22,716,291

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Stated in Canadian dollars, unaudited

For the	Notes	Three months ended June 30, **2025**	2024	Six months ended June 30, **2025**	2024
Cash flows from (used in) operating activities					
Profit (Loss) for the period		**$363,147**	$(966,246)	**$713,326**	$(1,603,005)
Adjustments for:					
Income tax expense (recovery)		**24,739**	6,153	**25,025**	5,621
Depreciation of property and equipment and right-of-use assets	3,6	**265,839**	322,490	**537,088**	658,246
Amortization of intangible assets	4	**-**	571	**-**	1,229
(Gains) on disposal of property and equipment		**-**	-	**-**	(15,211)
Lease interest	6	**16,598**	5,686	**33,828**	8,920
Share-based payments	10	**37,623**	43,690	**71,574**	82,501
Accrued investment interest	5	**(16,021)**	(28,604)	**24,486**	(23,384)
Realized interest on investments	5	**-**	(54,184)	**(54,667)**	(152,184)
Impairment reversal	3	**-**	-	**(128,446)**	-
Movements in non-cash working capital		**2,162,717**	25,316	**711,921**	95,972
Income tax refund (paid)		**(17,321)**	26,921	**(30,387)**	39,190
Net cash provided by (used in) operating activities		**2,837,321**	(618,207)	**1,903,748**	(902,105)
Cash flows from (used in) investing activities					
Payments for property and equipment		**(15,549)**	(18,517)	**(23,979)**	(124,937)
Payments for intangible assets		**(942,443)**	(1,712,000)	**(1,704,809)**	(2,394,960)
Net redemptions (additions) of investments	5	**(1,435,900)**	2,169,875	**(894,600)**	3,169,875
Interest received from investments	5	**-**	54,184	**54,667**	152,184
Unrealized translation on investments	5	**74,813**	117	**93,292**	(33,807)
Net cash provided by (used in) investing activities		**(2,319,079)**	493,659	**(2,475,429)**	768,355
Cash flows from (used in) financing activities					
Lease obligations payments	6	**(49,537)**	(67,104)	**(92,956)**	(141,872)
Repurchase of shares		**-**	(110,762)	**(21,969)**	(157,165)
Payment of government grant	7	**(80,400)**	(80,400)	**(160,800)**	(160,800)
Net cash used in financing activities		**(129,937)**	(258,266)	**(275,725)**	(459,837)
Net increase (decrease) in cash		**388,305**	(382,814)	**(847,406)**	(593,587)
Cash and cash equivalents at beginning of the period		**4,025,073**	4,131,375	**5,261,348**	4,327,048
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(17,629)**	10,306	**(18,193)**	25,406
Cash and cash equivalents at end of the period		**$4,395,749**	$3,758,867	**$4,395,749**	$3,758,867

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

1. DESCRIPTION OF BUSINESS

Questor Technology Inc., incorporated in Canada under the Business Companies Act (Alberta) is an environmental emissions reduction technology company founded in 1994, with global operations. The Company is focused on clean air technologies that safely and cost-effectively improve air quality, support energy efficiency and greenhouse gas emission reductions. The Company designs, manufactures and services high-efficiency clean combustion systems that destroy harmful pollutants, including methane, hydrogen sulfide gas, volatile organic hydrocarbons, hazardous air pollutants and BTEX (benzene, toluene, ethylbenzene and xylene) gases within waste gas streams at 99.99 percent efficiency. This enables its clients to meet emission regulations, reduce greenhouse gas emissions, address community concerns and improve safety at industrial sites. The Company also has proprietary heat-to-power generation technology and is currently targeting new markets including landfill biogas, syngas, waste engine exhaust, geothermal and solar, cement plant waste heat in addition to a wide variety of oil and gas projects. The Company is also doing research and development on data solutions to deliver an integrated system that amalgamates all of the emission detection data available and demonstrates how Questor's clean combustion and power generation technologies can be used to help clients achieve zero emission targets.

The Company's common shares are traded on the TSX Venture Exchange under the symbol "QST". The address of the Company's corporate and registered office is 1920, 707 – 8th Avenue S.W. Calgary, Alberta, Canada, T2P 1H5.

2. BASIS OF PREPARATION

Statement of compliance

These unaudited interim condensed consolidated financial statements (the "financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* using accounting policies consistent with IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024. All financial information is reported in Canadian dollars, unless otherwise noted. These financial statements were authorized for issue by the Company's Board of Directors on August 27, 2025.

Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value.

Accounting policies and future accounting pronouncements

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements as at and for the year ended December 31, 2024. There are standards and interpretations that are issued, but not yet effective, however the Company does not expect them to have any significant impact on the Company's financial statements in the future periods.

In April 2024, the IASB issued new IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18") replacing IAS 1. The new guidance is expected to improve the usefulness of information presented and disclosed in the financial statements of companies. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. The Company is currently assessing the impact of this new IFRS accounting standard on its consolidated financial statements.

The amendment to IFRS 9, Financial Instruments ("IFRS 9") and IFRS 7, Financial Instruments: Disclosures ("IFRS 7") clarifies the date of recognition and derecognition of some financial assets and liabilities, including a new exception for certain financial liabilities settled through an electronic payment system before the settlement date. The amendment is effective for annual periods beginning on or after January 1, 2026 with earlier adoption permitted.

Critical accounting estimates and judgments

The preparation of the interim condensed consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported assets, liabilities, revenues, expenses and the disclosure of contingencies. Actual results may differ significantly from these estimates. A description of the critical accounting judgements, estimates and assumptions are set out in annual audited financial statements for the year ended December 31, 2024.

3. PROPERTY AND EQUIPMENT

Cost	Rental incinerators and trailers	Light vehicles, tools & equipment	Office equipment & leasehold improvements	Total
Balance at December 31, 2024	$21,937,321	$1,433,099	$272,292	$23,642,712
Additions	**16,255**	**-**	**7,724**	**23,979**
Transfers	**(473,204)**	**-**	**-**	**(473,204)**
Foreign currency translation	**-**	**(47,788)**	**(573)**	**(48,361)**
Balance at June 30, 2025	**$21,480,372**	**$1,385,311**	**$279,443**	**$23,145,126**
Accumulated depreciation				
Balance at December 31, 2024	$16,211,707	$1,240,070	$217,134	$17,668,911
Depreciation charges included in:				
Cost of sales	**397,955**	**25,023**	**-**	**422,978**
Depreciation expense	**-**	**-**	**5,768**	**5,768**
Transfers	**(207,708)**	**-**	**-**	**(207,708)**
Impairment reversal	**(128,446)**	**-**	**-**	**(128,446)**
Foreign currency translation	**-**	**(43,119)**	**(574)**	**(43,693)**
Balance at June 30, 2025	**$16,273,508**	**$1,221,974**	**$222,328**	**$17,717,810**
Carrying amounts				
Balance at December 31, 2024	$5,725,614	$193,029	$55,158	$5,973,801
Balance at June 30, 2025	**$5,206,864**	**$163,337**	**$57,115**	**$5,427,316**

IFRS Impairment Assessment of Non-Financial Assets

At June 30, 2025, the Company performed its assessment of potential impairment indicators for its non-financial assets and noted the Company's net asset value was greater than its market capitalization. The Company performed an impairment test for its one cash generating unit. No impairment was recognized in the second quarter of 2025 as the estimated recoverable amount exceeded the carrying value of the non-financial assets.

The partial reversal of previously recognized impairment of $128,446 has been recorded for certain units sold in the first six months of the year, reflecting the recoverable value of these assets upon their disposal.

4. INTANGIBLE ASSETS

Cost	Heat to power development	Software and data systems	Patents	Total
Balance at December 31, 2024	$9,417,613	$238,010	$360,524	$10,016,147
Additions	**1,753,293**	**-**	**-**	**1,753,293**
Balance at June 30, 2025	**$11,170,906**	**$238,010**	**$360,524**	**$11,769,440**
Accumulated Amortization				
Balance at December 31, 2024	$1,963,887	$238,010	$360,524	$2,562,421
Amortization (1)	**-**	**-**	-	-
Balance at June 30, 2025	**$1,963,887**	**$238,010**	**$360,524**	**$2,562,421**
Carrying Amounts				
Balance at December 31, 2024	$7,453,726	$-	$-	$7,453,726
Balance at June 30, 2025	**$9,207,019**	**$-**	**$-**	**$9,207,019**

(1) Previously developed ORC technology is amortized under heat to power development. Amortization of the technology currently under development has not yet commenced.

During six months of 2025, the Company has capitalized costs of $1,753,293 (2024 - $2,626,619) associated with its waste heat to power project that is being partially funded by Sustainable Development Technology Canada ("SDTC"). The Company has also expensed certain administrative costs relating to this waste heat to power project and other research and development project costs that do not yet meet the criteria for capitalization in the amount of $139,659 during the six months of 2025 (2024 - $173,038).

5. INVESTMENTS AND BORROWING FACILITIES

The Company has invested in Canadian redeemable guaranteed investment certificates and US dollar redeemable term deposits with varying maturity dates from 91 days to one year. Interest is paid at maturity and ranges from a fixed annual rate of 2.37 percent to 5.18 percent.

Investments	
Balance at December 31, 2024	$1,669,410
Additions	**2,235,900**
Redeemed	**(1,341,300)**
Accrued interest	**30,181**
Redeemed interest	**(54,667)**
Foreign currency translation	**(93,292)**
Balance at June 30, 2025	**$2,446,232**

The Company has $300,000 letter of credit guarantee facility for use with suppliers as well as a corporate credit card program. There are no standby fees and no specified facility expiration or renewal date. As of June 30, 2025, the Company holds CND$400,000 and USD$40,000 of cash in one-year redeemable term deposits which partially expire in July 2025 and partially in January 2026, as general security for its corporate credit card program and letter of credit facility.

6. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

The Company's leasing activities include buildings and yard leases. As at June 30, 2025, the carrying amounts of the Company's recognized right-of-use assets are $770,130 (December 31, 2024 - $901,341). The following table sets out the movement in the lease obligations:

Lease Obligations	
Balance at December 31, 2024	$940,369
Interest	**33,828**
Lease payments	**(92,956)**
Foreign currency translation	**(25,247)**
Balance at June 30, 2025	**$855,994**

Lease obligations due within one year	$166,559
Lease obligations due beyond one year	689,435
	$855,994

7. REPAYABLE GOVERNMENT GRANTS AND DEFERRED GRANT BENEFITS

(a) Western Economic Diversification Grant

Balance at December 31, 2024	$302,869
Accretion	**14,558**
Repayments	**(160,800)**
Balance at June 30, 2025	**$156,627**
Current portion	156,627
Long-term portion	-
	$156,627

(b) Deferred grant benefits

	Western Economic Diversification	**Total**
Balance at December 31, 2024	$20,118	$20,118
Recognized	**(14,558)**	**(14,558)**
Balance at June 30, 2025	**$5,560**	**$5,560**
Current portion	5,560	5,560
Long-term portion	-	-
	$5,560	**$5,560**

8. TAXES

Income tax expense (recovery) is recognized based on Management's best estimate of the weighted average annual effective income tax rate expected for the year. The treatment of deferred tax assets remains unchanged from December 31, 2024 and will be reviewed on an ongoing basis.

9. ISSUED CAPITAL

The Company is authorized to issue an unlimited number of common shares.

For the	Three months ended June 30,		Six months ended June 30,	
	2025	2024	**2025**	2024
Profit (Loss) for the period	**$363,147**	$(966,246)	**$713,326**	$(1,603,005)
Weighted average number of common shares, basic and diluted	**27,650,610**	27,906,936	**27,639,477**	27,967,757
Basic and diluted loss per share	**$0.01**	$(0.03)	**$0.03**	$(0.06)

On February 9, 2024, Questor commenced Normal Course Issuer Bid ("NCIB") allowing Questor to purchase a maximum of 1,400,000 common shares over the 12-month period for cancellation. The Company's NCIB expired and was formally concluded on February 7, 2025. As a result of the NCIB, which was active from February 9, 2024 to February 7, 2025, the Company repurchased and cancelled a total of 731,500 shares at a weighted average price of $0.47 per share.

10. SHARE-BASED PAYMENTS

The Company has a stock option plan, restricted share unit plan, performance share unit plan and deferred share unit plan for the directors, officers, consultants, key employees and affiliates of the Company. Total share-based payment costs associated with these plans for the six months ended June 30, 2025 were expense of $71,574 (2024 - expense of $82,501).

(a) Stock options

The following table provides a continuity of the Company's stock option plan in units

	Number	**Exercise price[(1)]**
Balance at December 31, 2024	125,000	0.73
Forfeited	**-**	**-**
Balance at June 30, 2025	**125,000**	**0.73**
Exercisable at June 30, 2025	**25,000**	**0.76**

(1) *Weighted average*

(b) Performance Share Unit, Restricted Share Unit and Deferred Share Unit Plans

The following table provides a continuity of the Company's PSU, RSU and DSU plans in units.

	RSUs	**PSUs**	**DSUs**
Balance at December 31, 2024	210,000	393,610	92,106
Balance at June 30, 2025	**210,000**	**393,610**	**92,106**

11. REVENUE BY GEOGRAPHIC SEGMENT

The Company reports its financial results as one reportable segment as this is how the financial information is reviewed by the chief decision makers of the Company. The following tables provide information regarding revenue on a geographic basis as determined by the location of the customer or third party and the location of the Company's non-current assets on a geographic basis.

For the three months ended June 30, 2025	**Canada**	**United States**	**Consolidated**
Equipment sales	**$2,687,348**	**$39,881**	**$2,727,229**
Equipment rentals	**168,736**	**127,088**	**295,824**
	$2,856,084	**$166,969**	**$3,023,053**
For the three months ended June 30, 2024	Canada	United States	Consolidated
Equipment sales	$131,884	$183,243	$315,127
Equipment rentals	31,675	523,558	555,233
	$163,559	$706,801	$870,360

For the six months ended June 30, 2025	**Canada**	**United States**	**Consolidated**
Equipment sales	**$4,577,171**	**$91,224**	**$4,668,395**
Equipment rentals	**384,528**	**329,417**	**713,945**
	$4,961,699	**$420,641**	**$5,382,340**
For the six months ended June 30, 2024	Canada	United States	Consolidated
Equipment sales	$212,686	$198,164	$410,850
Equipment rentals	68,163	1,122,965	1,191,128
	$280,849	$1,321,129	$1,601,978

Intangible assets

As at	**June 30, 2025**
Canada	**$9,207,019**
United States	**-**
	$9,207,019

Property and equipment and right-of-use assets

As at	**June 30, 2025**
Canada	**$655,717**
United States	**5,541,729**
	$6,197,446

12. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, investments, trade, contract assets and other receivables, trade payables, accrued liabilities and provisions, and a repayable government grant. The Company did not hold any derivative financial instruments during the period.

Fair values

The carrying amounts of the current financial assets and current financial liabilities recognized in the Company's consolidated financial statements at the end of each reporting period approximate their fair value due to their short period to maturity except for the repayable government grant. Judgment is required in interpreting market data to develop the estimates of fair value. These estimates are not necessarily indicative of the amounts we could realize in current markets. The fair value of the government grant is determined based on market-based prices and is classified as Level 2 on the fair value hierarchy.

Credit risk

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. A substantial amount of the Company's trade and contract receivables, which relate to the Company's revenues, are with customers in the oil and gas industry and are subject to normal industry credit risks. The Company mitigates this risk through its credit policies and practices including the use of credit limits and approvals, and by monitoring the financial condition of its customers. Payment terms with customers vary by contract. Standard payment terms are 30 days from the invoice date.

The Company is also exposed to the risk of dependence on a few customers for a significant amount of the Company's revenue. This is to be expected given the complexity involved in engineering solutions for each client's needs, to ensure our products operate safely within parameters. The Company notes that equipment sales revenue which comprises a significant portion of total revenue, generally relates to a small number of customers each year but these customers change each year. The Company bills and collects equipment revenue throughout the contract which reduces collection risk. There is a concentration of equipment sales, equipment rental, and related service revenue that is associated with the equipment and rental operations. For the three and six months ended June 30, 2025, there were two customers who comprised 86 percent of total revenue, and three customers who comprised 76 percent of total revenue, respectively (for the three and six months ended June 30, 2024 – four customers who comprised 86 percent of revenues, and three customers who comprised 63 percent of total revenue respectively).

Liquidity risk

As of June 30, the Company had positive net working capital of $7,160,102 (December 31, 2024 - $7,570,934).

Foreign currency risk

The Company is exposed to foreign exchange risk associated with foreign operations where assets, liabilities, revenue and costs are denominated in US dollars. The impact of this exposure is recorded as a cumulative translation adjustment in other comprehensive income.

The Company is also exposed to the impact of foreign currency fluctuations in its Canadian operations on sales and purchases of products and services from vendors primarily in the US currency which resulted in a foreign exchange loss of $213,463 and $196,078 for the three and six months ended June 30, 2025, respectively (for the three and six months ended 2024 – gain of $30,860 and $124,860 respectively). The Company mitigates some of the foreign currency risk by keeping a US dollar bank account to receive US payments and fund US dollar purchases in the Canadian entity.

13. COMMITMENTS AND CONTINGENCIES

The Company has lease commitments for premises and storage facilities as disclosed in note 22 of the 2024 annual financial statements. As at June 30, 2025, the Company has entered into purchase commitments for materials required to build the 1,500 kW prototype unit for its waste heat to power research and development project in the amount of $361,057.

The Company filed a claim against three former employees and their company, Emission Rx. The three former employees resigned from the Company over a period of two months, in 2018. After the former employees resigned, the Company learned that the former employees had incorporated Emission Rx on November 14, 2017, several months prior to their departures, and had developed a low-pressure burner technology which they then marketed and sold through Emission Rx. The Company sought injunctive relief to prevent Emission Rx competing in the market against the Company and infringing the Company's intellectual property.

The Company asserts ownership of Emission Rx's LP Burner Technology, through: (i) the terms of the employment agreements signed by the three former employees; or (ii) the application of the common law. In August 2025, the Court of Appeal of Alberta upheld the contempt finding from the lower court for the former employees who withheld and gave false information to the court. The "penalty" phase of the contempt hearing is scheduled for Q4 2025.

Notwithstanding the uncertainty as to the outcome, based on the information currently available, the Company does not believe the outcome of this litigation will have a material adverse effect on its consolidated financial position.

From time to time, the Company is also subject to other legal proceedings, settlements, investigations, claims and actions arising in the normal course of business. While the final outcome of such actions and proceedings cannot be predicted with certainty, the Company believes that the resolution of such matters will not have a material impact on the Company's financial position or results of operations as at June 30, 2025.

14. RELATED PARTY TRANSACTIONS

The Company defines key management personnel as being the Board of Directors, Chief Executive Officer and Chief Financial Officer. In addition to their salaries, benefits and directors' fees, the Company also provides non-cash benefits including participation in the Company's stock option, restricted performance and deferred share unit plans. There were no other related party transactions during the three and six months ended June 30, 2025 and 2024.

15. SUBSEQUENT EVENT

Following the second quarter of 2025, the Board of Directors approved the issuance of 682,928 Deferred Share Units (DSUs) to the Company's independent directors as part of their annual compensation for fiscal years 2024 and 2025. Each of the four directors received DSUs valued at $70,000, with the units vesting after one year. The grant date fair value of the DSUs was $0.41 per unit.