

Condensed financial statements of

QUANTUM eMOTION CORP.

Three-month period ended March 31, 2025, and 2024
(Unaudited, in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED FINANCIAL STATEMENTS
Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed financial statements, the statements must be accompanied by a notice indicating that the condensed financial statements have not been reviewed by an auditor. The accompanying condensed financial statements of the Company have been prepared by management and are the responsibility of the Company's management. The Company's independent auditor has not performed a review or an audit of these condensed financial statements.

QUANTUM eMOTION CORP.

Table of Contents

| | Page |
|---|--------|
| Condensed financial statements | |
| Statements of Financial Position | 1 |
| Statements of Loss and Comprehensive Loss | 2 |
| Statements of Changes in Shareholders' Equity | 3 |
| Statements of Cash Flows | 4 |
| Notes to the condensed financial statements | 5 - 10 |

QUANTUM eMOTION CORP.
Statements of Financial Position
(Unaudited, in Canadian dollars)

| | Notes | March 31, 2025 | December 31, 2024 |
|---|-------|---------------------|----------------------|
| | | \$ | \$ |
| Assets | | | |
| Current assets: | | | |
| Cash | | 6,546,491 | 1,359,406 |
| Accounts receivable | | - | - |
| Taxes receivable | | 86,290 | 46,678 |
| Prepaid expenses and other | | 53,704 | 34,641 |
| Investments | 3 | 5,070,516 | 87,335 |
| | | 11,757,001 | 1,528,060 |
| Non-current assets: | | | |
| Intangible assets | 4 | 323,813 | 329,389 |
| Property, plant and equipment | | 5,455 | - |
| Total assets | | 12,086,269 | 1,857,449 |
| Liabilities and Shareholders' Equity | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | | 613,184 | 473,254 |
| Total current liabilities | | 613,184 | 473,254 |
| Non-current liabilities: | | | |
| Loan payable | 5 | 48,514 | 46,352 |
| Total liabilities | | 661,698 | 519,606 |
| Shareholders' Equity | | | |
| Share capital | 6 | 21,406,572 | 15,471,282 |
| Warrants | 6 | 5,391,659 | 454,877 |
| Contributed surplus | 6 | 4,106,100 | 1,540,107 |
| Deficit | | (19,479,760) | (16,128,424) |
| | | 11,424,570 | 1,337,843 |
| Total liabilities and Shareholders' equity | | 12,086,269 | 1,857,449 |

Nature of operations
See accompanying notes to condensed financial statements.

Approved on behalf of the Board:

"Francis Bellido"
Francis Bellido CEO

"Marc Rousseau"
Marc Rousseau CFO

QUANTUM eMOTION CORP.
Statements of Loss and Comprehensive Loss
(Unaudited, in Canadian dollars)

| | | Three months ended | |
|---|--------------|---------------------------|-----------------------|
| | Notes | March 31, 2025 | March 31, 2024 |
| | | \$ | \$ |
| Expenses | | | |
| Research and development | 7 | 211,878 | 155,961 |
| General and administrative | 7 | 458,553 | 279,287 |
| Marketing | | 106,342 | 17,534 |
| Share-based payments | 6,7 | 2,565,993 | 43,324 |
| | | 3,342,766 | 496,106 |
| Other items | | | |
| Amortization | 4 | 5,638 | 5,499 |
| Net financial (income) expense | 8 | 2,932 | (9,412) |
| | | 8,570 | (3,913) |
| Net loss and comprehensive loss | | 3,351,336 | 492,193 |
| Basic and diluted loss per share | | 0.020 | 0.004 |
| Weighted average number of common shares outstanding | | 170,684,308 | 137,438,064 |

See accompanying notes to condensed financial statements.

QUANTUM eMOTION CORP.
Statements of Financial Position
(Unaudited, in Canadian dollars)

| | Notes | Number of shares | Units to be issued | Share capital \$ | Units to be issued | Warrants \$ | Contributed Surplus \$ | Deficit \$ | Total Equity \$ |
|--|-------|------------------|--------------------|------------------|--------------------|-------------|------------------------|--------------|-----------------|
| Balance as of December 31, 2023 | | 135,502,838 | - | 13,413,478 | - | - | 1,165,145 | (13,159,685) | 1,418,938 |
| Unit issuance | | 14,998,000 | - | 749,900 | (19,900) | - | - | - | 730,000, |
| Unit issue costs | | | | (1,000) | - | - | - | - | (1,000) |
| Share-based payments | 6 | - | - | - | - | - | 43,324 | - | 43,324 |
| Net loss | | - | - | - | - | - | - | (492,193) | (492,193) |
| Balance as of March 31, 2024 | | 150,500,838 | (19,900) | 14,162,378 | (19,900) | - | 1,208,469 | (13,651,878) | 3,188,957 |
| | Notes | Number of shares | Units to be issued | Share capital \$ | Units to be issued | Warrants \$ | Contributed surplus \$ | Deficit \$ | Total Equity |
| Balance as of December 31, 2024 | | 64,652,838 | 50,000 | 15,462,594 | 8,688 | 454,877 | 1,540,107 | (16,128,423) | 1,337,843 |
| Unit issuance | 6 | 13,333,333 | (50,000) | 5,063,218 | (8,688) | 5,408,863 | - | - | 10,463,393 |
| Unit issuance costs | 6 | - | - | (811,413) | - | (472,083) | - | - | (1,283,496) |
| Share-based payments | 6 | - | - | - | - | - | 2,565,993 | - | 2,565,993 |
| Exercise of warrants | | 10,000,000 | - | 1,551,188 | - | - | - | - | 1,551,188 |
| Exercise of options | | 975,000 | - | 140,985 | - | - | - | - | 140,985 |
| Net loss | | - | - | - | - | - | - | (3,351,336) | (3,351,336) |
| Balance as of March 31, 2025 | | 188,961,171 | - | 21,406,573 | - | 5,391,657 | 4,106,100 | (19,479,760) | 11,424,570 |

Statements of Changes in Shareholders' Equity
(Unaudited, in Canadian dollar See accompanying notes to condensed financial statements.

QUANTUM eMOTION CORP.
Statements of Cash Flows
(Uunaudited, in Canadian dollars)

| | Notes | Three months ended | |
|--|-------|---------------------------|---------------------------|
| | | March 31, 2025 | March 31, 2024 |
| | | \$ | \$ |
| Operating Activities | | | |
| Net loss | | (3,351,336) | (493,193) |
| Adjustments to net loss for non-cash items | | | |
| Share-based payments | 6 | 2,565,993 | 43,324 |
| Amortization & depreciation | 4 | 5,638 | 5,499 |
| Accretion expense | | 2,162 | 2,162 |
| Change in fair value of investments | 3,8 | - | (4,629) |
| Net changes in non-cash working capital items | | | |
| Taxes receivable | | (39,613) | (50,517) |
| Accounts receivable | | - | 1,437 |
| Prepaid expenses and other | | (19,427) | 33,794 |
| Accounts payable and accrued liabilities | | 139,930 | (12,492) |
| | | (696,653) | (464,390) |
| Investing Activities | | | |
| Additions to intangible assets | 4 | - | - |
| Additions to property, plant & equipment | 4 | (5,516) | - |
| Acquisition of investments | 3 | (5,001,808) | (27,827) |
| Proceeds from sale of investments | 3 | 19,000 | 357,485 |
| | | (4,988,324) | 329,658 |
| Financing Activities | | | |
| Proceeds from issuance of units | 6 | 11,683,485 | 730,000 |
| Units issue costs | 6 | (811,413) | (1,000) |
| | | 10,872,072 | 729,000 |
| Increase (Decrease) in cash | | 5,187,095 | 594,268 |
| Cash, beginning of period | | 1,359,396 | 315,626 |
| Cash, end of period | | 6,546,491 | 909,894 |

See accompanying notes to condensed financial statements.

QUANTUM eMOTION CORP.
Notes to condensed financial statements
Periods ended March 31, 2025, and 2024
(Unaudited, in Canadian dollars)

1. Nature of operations and going concern

Quantum eMotion Corp. (the "Company") was incorporated under the *Business Corporations Act* of Ontario on July 19, 2007.

The head office, principal address and records office of the Company are located at 2300 Alfred Nobel, bureau 209, Montreal, Qc, H4S 2A4. The Company is a developer of a new generation of cryptographic solutions pursuant to the acquisition of licenses.

2. Basis of preparation

These condensed financial statements have been prepared by management in accordance with IAS 34 Interim Financial Reporting and using the same accounting policies and methods of computation as those used in preparing the audited annual consolidated financial statements for the year ended December 31, 2024. The unaudited condensed financial statements should be read in conjunction with the Company's audited annual financial statements and accompanying notes for the year ended December 31, 2024, which have been prepared in accordance with IFRS as issued by the IASB.

The Board of Directors approved and authorized for issue, these condensed financial statements on May 29, 2025.

3. Investments

| | March 31, 2025 | December 31, 2024 |
|------------------------------|---------------------------|------------------------------|
| | \$ | \$ |
| Balance, beginning of period | 87,335 | 765,858 |
| Additions | 5,000,000 | 577,491 |
| Dispositions | (16,819) | (1,245,979) |
| Change in fair value | - | (10,035) |
| Balance, end of period | 5,070,516 | 87,335 |

The Company invested in 5 1-year non-redeemable GICs, each with a value of \$1,000,000 bearing interest of 3.3% with a Canadian chartered bank. These GICs mature on March 28, 2026.

4. Non-current assets

| | Computer Hardware | Licenses ⁽¹⁾ | Rights on royalties ⁽²⁾ | Total |
|-----------------------|--------------------------|--------------------------------|---|----------------|
| | \$ | \$ | \$ | \$ |
| Cost | | | | |
| December 31, 2024 | - | 446,112 | 350,000 | 796,112 |
| Additions | 5,516 | - | - | 5,516 |
| March 31, 2025 | 5,516 | 446,112 | 350,000 | 801,628 |

QUANTUM eMOTION CORP.
Notes to condensed financial statements
Periods ended March 31, 2025, and 2024
(Unaudited, in Canadian dollars)

Accumulated Depreciation and Amortization

| | Computer Hardware Licenses ⁽¹⁾ | Rights on royalties ⁽²⁾ | Total |
|-----------------------|---|------------------------------------|----------------|
| | \$ | \$ | \$ |
| Cost | | | |
| December 31, 2024 | - | 116,723 | 350,000 |
| Additions | 61 | 5,576 | - |
| March 31, 2025 | 61 | 122,299 | 350,000 |
| | | | 472,360 |

Net Book Value

| | Computer Hardware Licenses ⁽¹⁾ | Rights on royalties ⁽²⁾ | Total |
|-----------------------|---|------------------------------------|----------------|
| | \$ | \$ | \$ |
| Net Book Value | | | |
| December 31, 2024 | - | 329,389 | - |
| March 31, 2025 | 5,455 | 323,813 | - |
| | | | 329,268 |

5. Loan payable

| | March 31, 2025 | December 31, 2024 |
|-------------------------------------|-------------------|----------------------|
| | \$ | \$ |
| Balance as at December 31, 2024 | 46,352 | 40,000 |
| Accretion expense | 2,162 | 6,352 |
| Balance as at March 31, 2025 | 48,154 | 46,352 |

Maturity date the loan is: December 31, 2026

6. Share capital

(a) Authorized

The Company is authorized to issue an unlimited number of:

- voting Class A preferred shares
- voting Class B preferred shares
- voting Class C preferred shares
- voting Class D preferred shares
- special shares (non-voting)
- common shares (voting)

without nominal or par value.

Class A preferred shares are ranked senior to Class B preferred shares, Class B preferred shares are ranked senior to Class C preferred shares, Class C preferred shares are ranked senior to Class D preferred shares, Class D preferred shares are ranked senior to special shares, and special shares are ranked senior to common shares in priority of receiving dividends declared by the Company.

QUANTUM eMOTION CORP.

Notes to condensed financial statements
Periods ended March 31, 2025, and 2024
(Unaudited, in Canadian dollars)

Holders of special shares and common shares shall be entitled to receive pro-rata for the remaining property of the Company after distribution to the holders of Class A, Class B, Class C and Class D preferred shares, on a pro-rata basis.

Dividends for Class A, Class B, Class C and Class D preferred shares are preferential and non-cumulative and are declared in accordance with their respective priority. Dividend rate per share for Class B, Class C and Class D preferred shares is 7% per annum. Dividends are declared at the discretion of the Company's Board of Directors.

(b) Issued and outstanding

On February 24, 2025, the Company completed a brokered LIFE financing, issuing a total of 13,333,333 units at a price of \$0.75 per unit for gross proceeds of \$10,000,000. Each unit is comprised of one common share and one warrant of the Company. Each warrant entitles its holder to acquire one common share of the Company at a price of \$1.10 for a period of 3 years following the closing of the date of issuance. There is no hold period for trading the warrants.

Unit issuance costs, which include a broker fee of 6.5% as well as legal and listing costs, of \$811,413 were recorded in the first quarter of 2025. In addition, the Company issued 666,666 warrants representing 5% of the issued units to the Agent that brokered the private placement.

Common shares and warrants were valued based on their fair values. The fair value of the common shares was determined by the closing price on the date of the transaction. The fair value of the warrants was determined using the Black-Scholes pricing model and based on the following assumptions:

| | 2025 |
|-------------------------|----------|
| Share price | \$0.75 |
| Expected volatility | 156.075% |
| Risk-free interest rate | 2.62% |
| Expected average life | 3.00 |
| Exercise price | \$1.10 |

On November 15, 2024, the Company completed a non-brokered private placement, issuing a total of 7,500,000 units at a price of \$0.10 per unit for gross proceeds of \$750,000. Each unit is comprised of one common share and one warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of \$0.20 for a period of 24 months following the closing of the private placement. The securities issued in the private placement are subject to a four-month and one day hold period expiring on March 16, 2025.

Unit issuance costs of \$100 were recorded and paid in the fourth quarter of 2024

On March 20, 2024, the Company completed a non-brokered private placement, issuing a total of 14,998,000 units at a price of \$0.05 per unit for gross proceeds of \$730,000 (\$19,900 to be issued in April 2024). Each unit is comprised of one common share and one warrant of the Company. Each warrant entitles its holder to acquire one common share of the Company at a price of \$0.15 for a period of 12 months following the closing of the private placement. The securities issued in the private placement are subject to a four month and one day hold period expiring on July 22, 2024.

Unit issuance costs of \$1,000 was recorded and paid in the first quarter of 2024.

As at March 31, 2025, no dividends were declared or unpaid (March 31, 2024 – nil).

QUANTUM eMOTION CORP.
Notes to condensed financial statements
Periods ended March 31, 2025, and 2024
(Unaudited, in Canadian dollars)

(c) Stock options

The Company's share options are as follows for the reporting periods presented:

| | March 31, 2024 | | December 31, 2024 | |
|--|--------------------------|--|--------------------------|--|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Balance outstanding, beginning of period | 10,452,237 | 0.15 | 9,139,737 | 0.13 |
| Granted | 5,120,000 | 0.63 | 1,850,000 | 0.08 |
| Exercised | (975,000) | 0.17 | (250,000) | - |
| Cancelled / Expired | (950,000) | 0.21 | (250,000) | 0.08 |
| Forfeited | - | - | (37,500) | 0.08 |
| Balance outstanding, end of period | 13,647,237 | 0.32 | 10,452,237 | 0.15 |
| Balance exercisable, end of period | 10,986,612 | 0.37 | 8,791,612 | 0.16 |

Share-based compensation, which is a non-cash expense, recognized under this plan amounted to \$2,565,993 (2024 - \$399,843) related to officers, employees and consultants mainly related to general and administrative expenses.

The weighted average remaining contractual life for options outstanding as at March 31, 2025, is 7.24 (2024 – 4.64) years.

(d) Share purchase warrants

The Company's warrants movement for the three-month period ended March 31, 2025, are as follows:

| | Number of warrants | Weighted average exercise price |
|--|---------------------------|--|
| Balance outstanding, beginning of period | 16,050,000 | 0.17 |
| Granted | 13,999,999 | 1.09 |
| Exercised | (5,800,000) | 0.15 |
| Balance outstanding, end of period | 24,249,999 | 0.70 |

QUANTUM eMOTION CORP.
Notes to condensed financial statements
Periods ended March 31, 2025, and 2024
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7. Related party transactions

The Company's related parties include companies owned by key management. The Company paid Management fees to key management through their management companies as follows:

The Company's related parties include companies owned by key management. The Company paid Management fees to key management through their management companies as follows:

- Management fees of \$18,050 to LVR Capital, a company owned by the Chief Financial Officer. As at March 31, 2025, \$nil (December 2024 – \$6,000) was due to that company.
- Management fees of \$75,000 to Aurakle Research, a company owned by the Chief Executive Officer. As at March 31, 2025, \$145,000 (2024 – \$161,306) was due to that company.
- Consulting fees of \$15,000 to Klaus Kepper. As at March 31, 2025, \$7,500 was due to him (2024: nil).
- Management fees of \$7,500 and other fees of \$19,410 to Baystream Corporation, a company owned by a Director. As at March 31, 2025, \$2,875 (2024 – \$17,680) was due to that company.
- Management fees of \$7,500 to Red River Solutions a company owned by a Director. As at March 31, 2025, \$7,875 (2024 – \$7,875) was due to that company.
- Management fees of \$7,500 to SLT Solutions, a company owned by a Director. As at March 31, 2025, \$17,246 (2024 – \$7,500) was due to that company.
- Management fees of \$10,714 to CyberDef LLC, a company owned by a Director. As at March 31, 2025, \$10,790 (2024 – \$10,790) was due to that company.
- Research and development costs of \$113,062 to Fileglobal, a company owned by a Director. As at March 31, 2025, nil (2024 – \$25,775) was due to that company.

Transactions with key management

The key management of the Company are the members of senior management and the Board. The remuneration and other expenses for the period of key management (including the amounts above) is as follows:

| | Three months ended | |
|-----------------------------|---------------------------|-----------------------|
| | March 31, 2025 | March 31, 2024 |
| Research and development | \$ 113,062 | \$ 114,361 |
| Share-based payments | 2,425,363 | 26,773 |
| General and administrative: | | |
| Management fees | 126,214 | 90,000 |
| Other fees | 34,410 | 21,636 |
| | 2,699,049 | 236,852 |

8. Net financial (income) expense

| | Three months ended | |
|--|---------------------------|-----------------------|
| | March 31, 2025 | March 31, 2024 |
| Financial income | \$ (1,808) | \$ (9,472) |
| Change in fair value of investments (note 3) | - | (4,629) |
| Financial expense | 3,526 | 4,439 |

QUANTUM eMOTION CORP.
Notes to condensed financial statements
Periods ended March 31, 2025, and 2024
(Unaudited, in Canadian dollars)

| | | |
|-----------------------|-------|---------|
| Foreign currency loss | 1,215 | 250 |
| | 2,933 | (9,412) |

9. Comparative figures

In the statement of loss and comprehensive loss and in the statement of cash flows, some comparative figures for the three-month period ended March 31, 2024, have been reclassified to conform to the presentation adopted for the three-month period ended March 31, 2025.

10. Subsequent events

On April 10, 2025, the Company incorporated its subsidiary, Quantum eMotion America Inc., in Irvine, California.