

Condensed Interim Financial Statements of

## **RENOWORKS SOFTWARE INC.**

For the six months ended June 30, 2025 and 2024

*(Unaudited)*

The auditors of RenoWorks Software Inc. have not performed a review of the condensed interim financial statements for the three and six-month period ended June 30, 2025 and June 30, 2024.

# RENOWORKS SOFTWARE INC.

Condensed Interim Statements of Financial Position

As at June 30, 2025 and December 31, 2024

In Canadian dollars

(Unaudited)

	June 30, 2025	December 31, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,496,861	\$ 1,536,671
Trade and other receivables	719,452	547,746
Prepaid expenses	82,031	74,118
Contract assets (note 6)	110,837	120,408
Loans receivable (note 11)	5,031	4,920
<b>Total current assets</b>	<b>2,414,212</b>	<b>2,283,863</b>
Non-current assets:		
Property, plant and equipment	57,723	61,490
Contract assets (note 6)	238,215	253,134
Loans receivable (note 11)	40,415	42,932
<b>Total assets</b>	<b>\$ 2,750,565</b>	<b>\$ 2,641,419</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Trade and other payables	\$ 197,662	\$ 125,984
Deferred revenue (notes 5 and 7)	2,186,521	2,279,330
<b>Total current liabilities</b>	<b>2,384,183</b>	<b>2,405,314</b>
Non-current liabilities:		
Deferred revenue (notes 5 and 7)	216,522	240,467
<b>Total liabilities</b>	<b>2,600,705</b>	<b>2,645,781</b>
Shareholders' equity		
Share capital (note 9)	8,787,234	8,781,734
Warrants	26,787	26,787
Contributed surplus	1,342,738	1,286,846
Deficit	(10,006,900)	(10,099,729)
<b>Total shareholders' equity (deficiency)</b>	<b>149,859</b>	<b>(4,362)</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,750,564</b>	<b>\$ 2,641,419</b>

Going concern (note 2(e))

See accompanying notes to the condensed interim financial statements.

The interim financial information contained herein has not been reviewed by the Company's Auditors.

# RENOWORKS SOFTWARE INC.

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

Three and six-months ended June 30, 2025 and 2024

*In Canadian dollars*

*(Unaudited)*

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Revenue (note 5)	\$ 2,164,834	\$ 1,835,791	\$ 4,012,815	\$ 3,315,181
Cost of sales	520,660	502,328	982,544	873,701
Gross profit	1,644,174	1,333,463	3,030,271	2,441,480
Selling, general and administrative expenses	1,062,310	898,267	2,093,921	1,751,008
Research and development expenses (note 12)	473,390	421,745	891,947	864,715
Income (Loss) from operating activities	108,474	13,451	44,403	(174,243)
Net finance income (note 8)	6,748	-	13,696	-
Foreign exchange gain (loss)	(89,485)	(392)	34,730	61,549
Net income (loss) and comprehensive income (loss)	\$ 25,737	\$ 13,059	\$ 92,829	\$ (112,694)
Net income (loss) per share - basic and diluted	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.00)
Weighted average share outstanding - basic	40,701,301	40,664,635	40,701,301	40,664,635
Weighted average shares outstanding - diluted	40,697,602	40,664,635	40,674,032	40,664,635

See accompanying notes to the condensed interim financial statements.

The interim financial information contained herein has not been reviewed by the Company's Auditors.

# RENOWORKS SOFTWARE INC.

Condensed Interim Statement of Changes in Shareholders' Equity (Deficiency)

Six months ended June 30, 2025 and 2024

*In Canadian dollars*

*(Unaudited)*

	Number of common shares	Share capital	Warrants	Contributed surplus	Deficit	Total equity/(deficiency)
Balance at January 1, 2024	40,664,635	8,781,734	26,787	1,229,074	(10,232,787)	(195,192)
Share-based compensation (note 9 and 10)	-	-	-	26,365	-	26,365
Net loss and comprehensive loss				-	(112,694)	(112,694)
Balance at June 30, 2024	40,664,635	\$ 8,781,734	\$ 26,787	\$ 1,255,439	\$ (10,345,481)	\$ (281,521)
Balance at January 1, 2025	40,664,635	8,781,734	26,787	1,286,846	(10,099,729)	(4,362)
Conversion of share options	36,666	5,500				5,500
Share-based compensation (note 9 and 10)	-	-	-	55,892	-	26,365
Net income and comprehensive income	-	-	-	-	92,829	92,829
Balance at June 30, 2025	40,701,301	\$ 8,787,234	\$ 26,787	\$ 1,342,738	\$ (10,006,900)	\$ 149,859

See accompanying notes to the condensed interim financial statements.

The interim financial information contained herein has not been reviewed by the Company's Auditors.

# RENOWORKS SOFTWARE INC.

## Condensed Interim Statements of Cash Flows

Three and six-months ended June 30, 2025 and 2024

*In Canadian dollars*

*(Unaudited)*

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
<b>Cash flow from operating activities:</b>				
Net income (loss) and comprehensive income (loss)	\$ 25,737	\$ 13,059	\$ 92,829	\$ (112,694)
Adjustments for:				
Amortization of property, plant and equipment	4,690	5,393	9,332	10,728
Share-based compensation (note 10)	36,619	13,182	55,892	26,365
Employee benefit portion on loan (note 11)	(2,535)	(1,137)	(2,095)	(2,299)
Bad debt expense	-	5,920	-	10,553
Operating cash flows before movements in working capital	64,511	36,417	155,958	(67,347)
Change in trade and other receivables	227,895	(47,334)	(171,705)	16,571
Change in prepaid expense	12,054	(4,989)	(7,913)	(27,643)
Change in trade and other payables	47,188	3,839	71,679	(118,273)
Change in contract assets	27,948	(82,689)	24,491	(152,993)
Change in deferred revenue	(64,209)	376,773	(116,754)	800,682
Net cash increase (used in) Operating activities	315,387	282,017	(44,244)	450,997
<b>Cash flows from investing activities:</b>				
Proceeds received on loan repayment	3,750	2,250	4,500	4,500
Purchase of capital assets	(2,026)	(1,800)	(5,566)	(3,614)
Net cash from (used in) investing activities	1,724	450	(1,066)	886
<b>Cash flow from financing activities:</b>				
Option conversion (note 10)	5,000	-	5,500	-
Net cash increase from financing activities	5,000	-	5,500	-
Net increase (decrease) in cash and cash equivalents	322,111	282,467	(39,810)	451,883
Opening cash and cash equivalents	1,174,750	814,965	1,536,671	645,549
Closing cash and cash equivalents	\$ 1,496,861	\$ 1,097,432	\$ 1,496,861	\$ 1,097,432

See accompanying notes to condensed interim financial statements.

The interim financial information contained herein has not been reviewed by the Company's Auditors.

# RENOWORKS SOFTWARE INC.

## Notes to the Condensed Interim Financial Statements

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

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### 1. Reporting entity:

RenoWorks Software Inc. (“RenoWorks” or the “Company”) is a company registered in Alberta, Canada. The address of the Company’s registered office 2720, 308 – 4th Avenue SW Calgary, AB, T2P 0H7. RenoWorks develops and distributes digital visualization software for the renovation and new home construction sectors. RenoWorks is a publicly-traded company listed on the TSX Venture Exchange under the symbol “RW”.

### 2. Basis of presentation:

#### (a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The financial statements were authorized for issue by the Board of Directors on July 30, 2025.

#### (b) Basis of measurement:

The financial statements have been prepared on the historical cost basis, except for certain financial assets as disclosed in Note 4.

#### (c) Functional and presentation currency:

These financial statements are presented in Canadian dollars which is the Company’s functional currency.

#### (d) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical estimates that have the most significant effect on the amounts recognized in the financial statements is included in Note 4: Determination of fair values.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the December 31, 2024 Financial Statements Note 3(g): Share-based payment transactions and Note 3(h): Revenue. Determination of the separately identifiable performance obligations and the relative fair value and revenue recognition timing of the performance obligations is subject to critical judgements. Critical judgements are required to assess whether or not a deferred tax

# RENOWORKS SOFTWARE INC.

Notes to the Condensed Interim Financial Statements

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

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## 2. Basis of presentation (continued):

asset should be recognized for temporary tax differences.

### (e) Going concern:

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. The Company had a net profit of \$92,829 for the six months ended June 30, 2025. The company has a history of operating losses and has a deficit of \$10,006,900 at June 30, 2025 (December 31, 2024 - \$10,099,729).

These factors indicate the existence of material uncertainty that may cast significant doubt as to the ability of the Company to continue as a going concern. The Company's ability to continue as a going concern is dependent on generating a profit from operations through increased sales volumes.

Whether the Corporation can continue to generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to June 30, 2025 is uncertain. Until this time, management may have to raise funds by issuing debt or equity issuances or by improved profitability.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

## 3. Material accounting policies:

### Recent accounting pronouncements:

*IFRS 18 Presentation and Disclosure in Financial Statements, new structure and disclosure requirements:*

In April 2024, the International Accounting Standards Board issued IFRS 18, Presentation and Disclosure in Financial Statements, which establishes the overall requirements for financial statement presentation and disclosure. The standard introduces structured subtotals in the statement of profit or loss, including a standardized 'operating profit' measure to enhance comparability. IFRS 18 replaces IAS 1, Presentation of Financial Statements, though much of IAS 1's substance remains. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. Management is currently assessing its impact and does not expect a material effect on the financial statements.

These unaudited condensed interim financial statements have been prepared in accordance with IFRS using the same accounting policies as outlined in Note 3 of the consolidated financial statements for the year ended December 31, 2024. The accounting policies have been applied consistently by the Company.

# RENOWORKS SOFTWARE INC.

## Notes to the Condensed Interim Financial Statements

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

#### 4. Determination of fair values:

A number of the Company's accounting policies and disclosures require the determination of fair values for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Share-based payment transactions and warrants:

The fair values of the employee share options and warrants are measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, expected forfeiture rates and the risk-free interest rate (based on a government bond with a comparable term). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair values.

#### 5. Revenue by product:

Revenue by product	Three months ended June 30	
	2025	2024
Design services	\$ 889,741	\$ 890,292
Licensing & hosting	881,284	682,891
Libraries	289,651	144,604
Implementation	104,158	118,004
Total revenue	\$ 2,164,834	\$ 1,835,791

Revenue by product	Six months ended June 30	
	2025	2024
Design services	\$ 1,549,403	\$ 1,454,090
Licensing & hosting	1,761,011	1,299,529
Libraries	480,268	318,497
Implementation	222,133	243,065
Total revenue	\$ 4,012,815	\$ 3,315,181

# RENOWORKS SOFTWARE INC.

Notes to the Condensed Interim Financial Statements

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

## 5. Revenue by product (continued):

Revenue by geographical location	Three months ended June 30	
	2025	2024
Canada	\$ 45,355	\$ 53,649
United States	2,115,161	1,776,146
Other	4,318	5,996
Total revenue	\$ 2,164,834	\$ 1,835,791

Revenue by geographical location	Six months ended June 30	
	2025	2024
Canada	\$ 95,522	\$ 115,887
United States	3,908,478	3,188,561
Other	8,815	10,733
Total revenue	\$ 4,012,815	\$ 3,315,181

For the three months ended June 30, 2025 35% (2024 – 40%) of revenues was earned from one customer. For the six months ended June 30, 2025 34% (2024 – 35%) of revenues was earned from one customer.

As at June 30, 2025, the Company expects to recognize revenue related to the unsatisfied or partially unsatisfied implementation, licensing and hosting performance obligation, that are unsatisfied or partially unsatisfied of \$2,403,043. Of this amount, \$859,511 is expected to be recognized in 2025, \$1,438,727 in 2026, \$117,046 in 2027, and \$14,759 in 2028.

## 6. Contract assets:

Contract assets consist of commissions paid on new contracts and costs incurred in advance to fulfil contracts. The changes in contract costs during the period consist of:

	June 30, 2025	December 31, 2024
Balance, beginning of year	\$ 373,542	\$ 169,152
Additions	57,856	396,040
Recognized in revenue		
From opening balances	(74,359)	(117,368)
From additions during the year	(7,988)	(74,282)
Balance, end of period	\$ 349,051	\$ 373,542
Current portion	110,837	120,408
Non-current portion	238,214	253,134
Total	\$ 349,051	\$ 373,542

# RENOWORKS SOFTWARE INC.

## Notes to the Condensed Interim Financial Statements

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

### 7. Deferred revenue:

Timing differences between invoicing, cash collection and revenue recognition results in accounts receivable and deferred revenue on the statement of financial position. The changes in deferred revenue during the year consist of:

	June 30, 2025	December 31, 2024
Balance, beginning of year	\$ 2,519,797	\$ 1,633,394
Collected:	798,053	2,727,181
Recognized in revenue		
From opening balances	(622,084)	(1,352,069)
From additions during the year	(292,723)	(488,709)
Balance, end of period	\$ 2,403,043	\$ 2,519,797
Current portion	2,186,521	2,279,330
Non-current portion	216,522	240,467
Total	\$ 2,403,043	\$ 2,519,797

### 8. Finance income:

	Three months ended June 30	
	2025	2024
Interest income	6,748	-
Net finance income	\$ 6,748	\$ -
	Six months ended June 30	
	2025	2024
Interest income	13,696	-
Net finance income	\$ 13,696	\$ -

# RENOWORKS SOFTWARE INC.

Notes to the Condensed Interim Financial Statements

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

## 9. Share capital:

(i) Share capital: Authorized:

Unlimited number of common shares

Unlimited number of preferred shares

(ii) Issued:

	June 30	December 31
	2025	2024
Common shares		
Issued and outstanding at January 1	\$ 8,781,734	\$ 8,781,734
Issued via option exercise	5,500	-
Issued and outstanding at June 30/ December 31	\$ 8,787,234	\$ 8,781,734

Number of shares:

Shares issued and outstanding at January 1	40,664,635	40,664,635
Issued via option exercise	36,666	-
Issued and outstanding at June 30/December 31	40,701,301	40,664,635

(a) Warrants:

Balance January 1, 2024	\$	26,787
Balance, December 31, 2024		26,787
Balance, June 30, 2025	\$	26,787

As at June 30, 2025 the Company has 805,000 unexercised warrants which will expire on October 20, 2025. The fair value of \$0.03 for the April 20, 2022 warrants was calculated using the Black-Scholes model. The fair value of these warrants was calculated using a term of 1.5 years, a volatility of 61% based on the Company's historical volatility, and a discount rate of 2.7%.

# RENOWORKS SOFTWARE INC.

Notes to the Condensed Interim Financial Statements

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

## 10. Share-based compensation:

The Company has an option program that entitles officers, directors, employees, and certain consultants to purchase shares in the Company. Options granted are exercisable at the market price of the shares at the date of grant, have a five-year term, and vest in accordance with the terms of the individual grants.

The number and weighted average exercise prices of share options are as follows:

	June 30, 2025		December 31, 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at January 1	3,044,500	\$ 0.35	3,543,000	\$ 0.34
Forfeited during the year	(121,667)	0.28	(408,500)	0.16
Expired during the year	-	-	(950,000)	0.31
Exercised during the year	(36,666)	0.15	-	-
Granted during the year	760,000	0.34	860,000	0.24
Outstanding at June 30/December 31	3,646,167	\$ 0.30	3,044,500	\$ 0.35
Exercisable at June 30/December 31	1,724,500	\$ 0.43	1,704,667	\$ 0.42

During the six-months ended June 30, 2025 – 36,666 options were exercised by employees for proceeds totaling \$5,500. The Company's weighted average share price at the time the options was exercised was \$0.21.

During the six-months ended June 30, 2025, the Company issued 760,000 share options (2024 – nil). All of the options issued in 2025 vest one-third annually over three years.

The fair value of the options issued to employees, consultants, directors, and officers was estimated using the Black-Scholes option-pricing model with the following weighted average inputs:

	2025
Fair value per option	\$ 0.1978
Share price	0.4022
Exercise price	0.35
Expected life of options	5 years
Expected volatility	69.16%
Forfeiture rate	10%
Risk free rate of return	2.75%

# RENOWORKS SOFTWARE INC.

Notes to the Condensed Interim Financial Statements

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

## 10. Share-based compensation (continued):

Expected volatility is based on the Company's historical volatility.

Share-based compensation of \$36,619 was expensed during the three months ended June 30, 2025 (2024 - \$13,182). Share-based compensation of \$55,892 was expensed during the six months ended June 30, 2025 (2024 - \$26,365).

The weighted average remaining lives of the Company's outstanding options as at June 30, 2025 is 2.88 years (2024 – 2.20 years).

## 11. Loans Receivable:

Loans Receivable	Jun 30, 2025	December 31, 2024
Opening balance	\$ 47,852	\$ 52,352
Repayment of loan	(4,500)	(9,000)
Employee benefit portion adjustment	2,094	4,500
Total Loans Receivable	\$ 45,446	\$ 47,852
Less current portion	5,031	4,920
Long-term loans receivable	40,415	42,932

The Company has an unsecured non-interest-bearing loan agreement totaling \$75,000 with a director and officer of the Company. The initial terms of the loan were 24 equal payments of \$3,125 beginning on October 12, 2022.

In 2023 the loan agreement was amended. The loan was re-measured at fair value using an effective interest rate of 8.5% per annum. The principal balance of the loan is \$60,750 (2024 – \$65,250). A total of \$15,146 (2024 - \$17,241) is included in prepaid expenses representing the employee benefit portion of the loan amount. The new terms of the amended unsecured loan agreement are 105 equal monthly payments of \$750 beginning on December 1, 2023.

# RENOWORKS SOFTWARE INC.

Notes to the Condensed Interim Financial Statements

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

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## 12. Government grants:

The Company received funding from various government programs in 2024 (2025 – nil). During the six months ended Jun 30, 2024, the Company received \$8,438 of funding from the Alberta Innovates Technology grant which was recorded as a reduction to general and administrative costs.

The Company was entitled to investment tax credits due to its expenditures in scientific research and experimental development ("SR&ED"). For the six months ended Jun 30, 2025, the Company received \$30,222 (2024 – nil) as a direct result of these SR&ED expenditures. This entire amount has been accounted for as a reduction from research and development expense.

## 13. Contingent liability:

The Company, whose customers are primarily across the United States, is currently reviewing its various sales channels as they relate to the wide-ranging implementation of US State sales tax. The Company has recognized a provision in the financial statements for a state sales tax liability in the six months ended Jun 30, 2025 of \$50,625 (2024 – nil). The overall sales tax liability likelihood is uncertain and the ultimate magnitude not reliably determinable as at Jun 30, 2025. An estimate of the potential liability ranges from \$50,625 to \$450,000. The Company will continue to monitor the situation and update its assessment as more information becomes available.

## 14. Subsequent event:

During the month of July, 2025 employees exercised 16,667 options for proceeds of \$2,500.