



EMERGE Commerce Ltd.

Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2025 and 2024

(Unaudited)

Notice of No Auditor Review of the Interim Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

EMERGE Commerce Ltd.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars - Unaudited)

	Notes	June 30, 2025	December 31, 2024
		\$	\$
Assets			
Current			
Cash		3,484,510	3,069,256
Restricted cash		200,000	93,500
Trade and other receivables	5	569,199	1,046,287
Prepaid expenses and deposits		352,029	269,458
Inventory	6	3,102,828	1,324,772
Total current assets		7,708,566	5,803,273
Non-current			
Property and equipment		106,096	62,432
Intangible assets	8	297,600	156,000
Right-of-use assets	7	501,717	32,353
Goodwill	8	2,011,180	1,742,269
Total assets		10,625,159	7,796,327
Liabilities			
Current			
Accounts payable and accrued liabilities		7,467,866	8,621,005
Deferred consideration	9	388,051	202,370
Debt	11	40,000	5,900,532
Deferred revenue	12	718,564	808,182
Income tax payable		98,750	-
Lease liability	7	167,655	21,458
Inventory payment plan	8	182,665	-
Total current liabilities		9,063,551	15,553,547
Non-current			
Lease liability	7	330,383	-
Deferred tax liability		294,191	35,776
Deferred consideration	9	482,209	-
Debt		5,773,707	-
Inventory payment plan	8	1,480,156	-
Convertible debentures	10	1,102,818	1,040,348
Total liabilities		18,527,015	16,629,671
Shareholders' equity			
Common shares	13	47,792,942	47,654,481
Reserves	14, 15	771,367	649,843
Foreign currency translation reserve		23,952	(44,345)
Deficit		(56,490,117)	(57,093,323)
Total shareholders' equity		(7,901,856)	(8,833,344)
Total liabilities and shareholders' equity		10,625,159	7,796,327

Approved on behalf of the Board of Directors

"Ghassan Halazon"

"John Kim"

Signed: Director

Signed: Director

EMERGE Commerce Ltd.

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss) Three and Six months ended June 30, 2025 and 2024 (Expressed in Canadian dollars - Unaudited)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2025	2024	2025	2024
Revenues	19	8,480,847	4,980,600	13,509,805	9,634,624
Cost of products sold and other direct costs	6	5,386,339	2,892,649	8,474,690	5,580,541
Gross profit		3,094,508	2,087,951	5,035,115	4,054,083
Expenses					
Marketing		445,946	522,889	984,402	996,747
Selling, general and administrative	20	2,072,400	1,604,608	3,442,252	3,288,733
Amortization and depreciation		51,669	58,350	104,447	116,825
Operating income (loss) before other (expenses) income		524,493	(97,896)	504,014	(348,222)
Other (expenses) income					
Share-based compensation	15	(63,379)	(29,363)	(121,524)	(54,635)
Transaction costs		(16,259)	(231)	(29,217)	(101,589)
Finance costs	21	(369,681)	(300,326)	(623,908)	(799,163)
Other income	11,19	244,590	(334,245)	650,166	(334,245)
Foreign exchange (loss) gain		(9,818)	174,996	(10,647)	798,218
Income tax (expense) recovery		(108,915)	(36,105)	(189,462)	134,378
Net income (loss) from continuing operations		201,031	(623,170)	179,422	(705,258)
Net income (loss) from discontinued operations	4	(945)	73,980	423,784	641,876
Net income (loss)		200,086	(549,190)	603,206	(63,382)
Other comprehensive income (loss)					
Exchange differences on translating foreign operations		73,822	(209,274)	68,297	(578,341)
Net comprehensive income (loss)		273,908	(758,464)	671,503	(641,723)
Income (loss) per share					
Continuing operations – basic and diluted		0.00141	(0.00479)	0.00127	(0.00556)
Discontinued operations – basic and diluted		(0.00001)	0.00057	0.00301	0.00506
Net income (loss) per share – basic and diluted		0.00141	(0.00422)	0.00429	(0.00050)
Weighted average number of common shares		142,293,936	130,128,127	140,741,466	126,905,390
Basic and diluted					

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

EMERGE Commerce Ltd.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

Six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars - Unaudited)

	Common shares	Warrant reserves	Share-based compensation reserves	Convertible debentures reserve	Foreign currency translation reserve	Deficit	Total
	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2023	46,044,471	213,593	1,284,091	73,413	63,799	(57,545,395)	(9,866,028)
Issue of common shares on conversion of convertible debt	1,497,938	-	-	(10,807)	-	-	1,487,131
Issuance costs, paid in cash	-	-	-	(4,353)	-	-	(4,353)
Share-based compensation	-	-	52,165	-	-	-	52,165
Transfer of reserves to deficit	-	-	(143,075)	-	-	143,075	-
Net loss and total comprehensive loss	-	-	-	-	(578,341)	(63,382)	(641,723)
Balance, June 30, 2024	47,542,409	213,593	1,193,181	58,253	(514,542)	(57,465,702)	(8,972,808)
Balance, December 31, 2024	47,654,481	213,593	388,420	47,830	(44,345)	(57,093,323)	(8,833,344)
Issue of common shares for restricted share units vested	274,508	-	(274,508)	-	-	-	-
Issue of common shares for purchase of Tee 2 Green Ltd.	138,461	-	-	-	-	-	138,461
Share-based compensation	-	-	121,524	-	-	-	121,524
Net income and total comprehensive income	-	-	-	-	68,297	603,206	671,503
Balance, June 30, 2025	48,067,450	213,593	235,436	47,830	23,952	(56,490,117)	(7,901,856)

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

EMERGE Commerce Ltd.**Condensed Consolidated Interim Statements of Cash Flows**

Six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars - Unaudited)

	Note	2025	2024
Operating activities		\$	\$
Net income (loss) for the period		603,206	(63,382)
Add (deduct) Items not affecting cash			
Amortization and depreciation	7	104,447	251,886
Share-based compensation	15	121,524	54,635
Finance costs	21	644,375	799,163
(Gain) loss on debt modification	11	(297,471)	195,853
Foreign exchange and other (gains)		(397,485)	(1,029,294)
Gain on disposition of net assets in Carnivore Club	4	(435,105)	-
Inventory fair value step-up amortization		381,854	-
Income taxes (recovery)		207,119	(134,378)
Change in non-cash working capital balances			
Trade and other receivables		579,553	158,669
Prepaid expenses and deposits		112,795	78,974
Inventory		1,275,462	179,246
Accounts payable and accrued liabilities		(1,301,295)	(590,138)
Deferred revenue		(33,684)	(163,795)
		1,565,295	(262,561)
Income taxes paid		(26,815)	(240,741)
Cash from (used in) operating activities		1,538,480	(503,302)
Investing activities			
Proceeds from redemption of Guaranteed Investment Certificate		93,500	-
Cash paid for acquisition of Tee 2 Green Ltd.	8	(1,100,000)	-
Cash acquired on acquisition of Tee 2 Green Ltd.	8	350,000	-
Investment in Guaranteed Investment Certificate	8	(200,000)	-
Cash disposed as part of the sale of WholesalePet	4	-	(182,015)
Net proceeds on disposition of WholesalePet	4	-	11,181,722
Net proceeds on disposition of Carnivore Club	4	370,000	-
Cash (used in) from investing activities		(486,500)	10,999,707
Financing activities			
Interest payments	10,11	(393,989)	(670,778)
Repayment of debt	10	(13,000)	(10,020,000)
Debt issuance costs	10	(98,186)	-
Repayment of lease obligations	7	(65,903)	(37,868)
Repayment of deferred consideration	9	(48,991)	(89,536)
Cash used in financing activities		(620,069)	(10,818,182)
Net increase (decrease) in cash during the period		431,911	(321,777)
Impact of foreign exchange on cash		(16,657)	39,161
Cash, beginning of period		3,069,256	2,537,658
Cash, end of period		3,484,510	2,255,042

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

EMERGE Commerce Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars - Unaudited)

1. Nature of operations

EMERGE Commerce Ltd. (the "Company" or "EMERGE") was incorporated under the Business Corporations Act on December 13, 2017 in the province of Ontario, Canada. The address of the Company's registered office is 180 John Street, Suite 303, Toronto, Ontario, Canada. EMERGE is a publicly traded company, listed on the TSX Venture Exchange ("TSXV") under the symbol "ECOM". The Company owns and operates a portfolio of e-commerce marketplaces and subscription services in Canada and the United States. EMERGE's main operating e-commerce brands include truLOCAL.ca, UnderPar.com, Tee 2 Green and JustGolfStuff.ca.

2. Basis of presentation

a) Statement of compliance

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements do not include all of the disclosures required for annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2024. These condensed consolidated interim financial statements of the Company were authorized for issuance by the Board of Directors on August 27, 2025.

b) Reclassification

Certain comparative figures have been reclassified to conform to current period presentation.

c) Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value.

d) Going concern

These condensed consolidated interim financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations.

The Company had net income from continuing operations of \$201,031 and \$179,422 for the three and six months ended June 30, 2025 (2024 – net loss of 623,170 and 705,258) and had an accumulated deficit of \$56,490,117 as of June 30, 2025. The Company had a working capital deficiency of \$1,354,985 as of June 30, 2025 (December 31, 2024 – \$9,750,274).

The Company anticipates it will have sufficient cash on hand to service most of its liabilities and fund operating costs as they come due; however, there is uncertainty with respect to principal repayments on the Company's credit facility due November 2026, excluding a 6-month extension option which requires lender consent. This creates uncertainty around the ability to repay the loan should such a demand be made. In the long-term, the ability of the Company to operate as a going concern is dependent on its ability to achieve and maintain profitable operations and positive cash flow from operations, and, as necessary, to obtain the necessary equity or debt financing to continue with operations. To date, the Company has funded its operations through debt and equity financing. While the Company has been successful in raising capital and refinancing or extending its credit facility in the past, there is no assurance that it will be successful in closing further financings in the future, refinancing or extension of its credit facility, or obtaining waivers of covenant breaches if required in the future.

As a result, these factors are indicators that material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, its ability to realize assets and discharge liabilities in the normal course of business. Management believes that the use of the going concern assumption is appropriate for these consolidated financial statements. If the Company were unable to continue its operations, adjustments to the carrying amounts and classification of assets and liabilities would be necessary. Such adjustments could be material to the consolidated financial statements.

EMERGE Commerce Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars - Unaudited)

e) Functional currency

All figures presented in these condensed consolidated interim financial statements are reflected in Canadian dollars unless otherwise noted.

Foreign currency transactions are translated to the respective functional currencies of the Company's entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through profit and loss.

On consolidation, the assets and liabilities of foreign operations reported in their functional currencies are translated into Canadian dollars, the Company's presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in other comprehensive income or loss and accumulated in the foreign currency translation reserve within equity.

The Company and all of its subsidiaries' functional currency is Canadian dollars, except for the following: Emerge US Holdings LLC, Carnivore Club, LLC, Retail Store Networks, Inc., UnderPar Golf LLC, Just Golf Stuff LLC, and truLOCAL US., Inc. for which the functional currency is the U.S. dollar.

f) Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The condensed consolidated interim financial statements of the Company include EMERGE Commerce Ltd. and its wholly owned subsidiaries Emerge Brands Inc. ("Emerge Brands"), Emerge US Holdings LLC ("Emerge US"), truLOCAL Inc. ("truLOCAL Canada"), truLOCAL US., Inc. ("truLOCAL US"), Evandale Caviar Inc. o/a Buytopia.ca ("Buytopia"), Athletesvideo Ltd. ("Athletesvideo"), 2161184 Ontario Inc. ("UnderPar Canada"), and UnderPar Golf LLC ("UnderPar US"), Carnivore Club Subscription Box Canada Inc ("Carnivore Club Canada"), Carnivore Club, LLC ("Carnivore Club US"), Tee 2 Green Ltd. and Retail Store Networks, Inc. ("WholesalePet").

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. Material accounting policies

Material accounting policies applied in these condensed consolidated interim financial statements are the same as those applied to the Company's annual audited consolidated financial statements for the year ended December 31, 2024.

The preparation of the Company's condensed consolidated interim financial statements in accordance with IAS 34 requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and accompanying disclosures. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the condensed consolidated interim financial statements.

EMERGE Commerce Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars - Unaudited)

4. Discontinued operations

Carnivore Club

In January 2025, the Company sold substantially all of the assets related to the Canadian and U.S. operations of the Carnivore Club business. The total consideration for the transaction was \$500,000, consisting of \$350,000 in cash paid on closing and a \$150,000 seller note receivable, payable in cash over 15 equal monthly installments. As a result of the transaction, the Carnivore Club operations have been classified as a discontinued operation.

The summarized results of discontinued operations is as follows for the end of the period:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Operating activities	\$	\$	\$	\$
Net revenue	-	213,301	52,321	568,327
Expenses	(945)	(253,494)	(63,642)	(516,990)
	(945)	(40,193)	(11,321)	51,337
Gain on disposition	-	-	435,105	-
Net income (loss) from discontinued operations	(945)	(40,193)	423,784	51,337

The summarized cash flows for discontinued operations are included in the statements of cash flows for the end of the period:

	June 30, 2025	June 30, 2024
Net cash from (used in)	\$	\$
Operating activities	(6,317)	(28,561)
Investing activities	370,000	(2,364)
Financing activities	-	(20,000)
	363,683	(50,925)

WholesalePet

In January 2024, the Company completed the sale of its indirect subsidiary corporation, Retails Store Networks, Inc. (dba "WholesalePet.com") The company received cash consideration of US\$9,250,000, subject to certain closing and post-closing adjustments, payments and obligations.

	\$
Cash	182,015
Trade and other receivables	563,852
Prepaid expenses and deposits	7,196
Right-of-use assets	20,829
Intangible assets	11,108,437
Goodwill	3,959,686
Assets disposed	15,842,015

The effects of the disposal on the financial position of the Company are as follows:

Accounts payable and accrued liabilities	189,074
Lease liability	19,501
Income tax payable	186,973
Deferred tax	2,880,026
Liabilities disposed	3,275,574

EMERGE Commerce Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars - Unaudited)

4. Discontinued operations (continued)

The summarized results of discontinued operations is as follows for the end of the period:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Operating activities	\$	\$	\$	\$
Net revenue	-	-	-	308,927
Expenses	-	-	-	(237,239)
	-	-	-	71,688
Gain on disposition	-	114,173	-	518,851
Net income from discontinued operations	-	114,173	-	590,539

The summarized cash flows for discontinued operations are included in the statements of cash flows for the end of the period:

	June 30, 2025	June 30, 2024
Net cash from (used in)	\$	\$
Operating activities	-	111,525
Investing activities	-	-
Financing activities	-	(3,781)
	-	107,744

For the three months ended June 30, 2025, discontinued operations from the sale of WholesalePet and Carnivore Club resulted in a net loss of \$945, compared to net income of \$73,980 in 2024. For the six months ended June 30, net income from these operations was \$423,784 in 2025 and \$641,876 in 2024.

5. Trade and other receivables

	June 30, 2025	December 31, 2024
	\$	\$
Trade receivables	146,039	164,225
Cash due from payment processors	304,124	712,379
Other receivables	119,036	169,683
Total	569,199	1,046,287

6. Inventory

Inventory is comprised of products available for resale.

The cost of inventories recognized as an expense for the three and six months ended June 30, 2025, totaled \$2,453,137 and 7,098,859 (2024 - \$4,294,041 and \$2,047,280), presented in the line item 'cost of products sold and other direct costs' in the condensed consolidated interim statements of income and comprehensive income. Included in the total cost of sales is \$381,854 of fair value increment amortization related to inventory acquired as part of the acquisition of Tee 2 Green Ltd.

EMERGE Commerce Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars - Unaudited)

7. Right of use assets and lease liability

Cost	
Balance, December 31, 2023	564,019
Additions	43,137
Effect of foreign currency exchange differences	643
Discontinued operations	(45,129)
Adjustment	(519,533)
Balance, December 31, 2024	43,137
Additions – Acquisition of Tee 2 Green Ltd.	528,825
Balance, June 30, 2025	571,962
Accumulated depreciation	
Balance, December 31, 2023	503,509
Depreciation	50,814
Adjustment	(519,533)
Discontinued operations	(24,300)
Effect of foreign currency exchange differences	294
Balance, December 31, 2024	10,784
Depreciation	59,461
Balance, June 30, 2025	70,245
Cost	
Balance, December 31, 2023	55,926
Additions	43,137
Effect of foreign currency exchange differences	335
Interest accretion	1,837
Lease payments	(60,276)
Discontinued operations	(19,501)
Balance, December 31, 2024	21,458
Additions – Acquisition of Tee 2 Green Ltd.	528,825
Interest accretion	13,658
Lease payments	(65,903)
Balance, June 30, 2025	498,038
Current	167,655
Non-current	330,383
Balance, June 30, 2025	498,038

EMERGE Commerce Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars - Unaudited)

8. Business combination

In April 2025, the Company completed acquisition of Tee 2 Green Ltd. for a total consideration of \$2.2 million, including \$1.1 million cash on closing, \$0.9 million deferred consideration over a 5-year payment plan, and \$0.2 million in Emerge shares issued at \$0.065/share or higher (subject to a 180-day escrow). As part of the transaction, the Company also acquired inventory with a book value of \$2.8 million under an eight-year payment plan. The provisional fair value of the inventory payment plan was estimated at \$1,625,324. During the three and six months ended June 30, 2025, the Company recognized accretion expense of \$37,497, resulting in a remaining balance of \$1,662,821.

The provisional fair values of the identifiable assets acquired, and liabilities assumed as at the acquisition of Tee 2 Green Ltd. as of April 4, 2025, are as follows:

Cash and cash equivalents	350,000
Accounts receivable and other receivables	212,288
Inventory	3,613,134
Right of use assets	478,825
Property and equipment	61,870
Other current assets	204,606
Total assets acquired at fair value	4,920,723
Accounts payable and accrued liabilities	786,482
Lease liability	478,825
Deferred tax liability	268,911
Total liabilities acquired at fair value	1,534,218
Intangible assets and goodwill	449,510
Total purchase price	3,836,015

The provisional total fair value of consideration payable at the date of acquisition was as follows:

	Total
Initial cash payment (paid at close)	1,100,000
Fair value of the deferred cash payments	701,853
Fair value of the inventory payment plan	1,625,324
Fair value of the repayment of the pre-closing GIC	200,101
Working capital true-up	70,275
Fair value of shares issued as consideration	138,462
Total purchase price	3,836,015

The consideration transferred has been allocated on a preliminary basis to the estimated fair values of the assets acquired and liabilities assumed as at the acquisition date. These estimates remain subject to change as at June 30, 2025. The determination of fair values involves the use of significant judgement, estimates and assumptions, including management's projections of future cash flows expected to be generated from certain intangible assets.

The areas of the purchase price allocation that remain provisional primarily relate to the brand, deferred taxes, inventory, and residual goodwill. The Company expects to continue to obtain information during the measurement period to assist in finalizing the fair values and related tax attributes of the net assets acquired. Any adjustments identified during the measurement period will be recognized retrospectively to the acquisition date and may result in corresponding adjustments to comparative information in the consolidated financial statements.

EMERGE Commerce Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars - Unaudited)

9. Deferred consideration

Deferred consideration

Cost	\$
Balance, December 31, 2023	2,042,244
Payments	(209,536)
Accretion	36,838
Effect of foreign currency exchange differences	24,077
Disposal of WholesalePet deferred consideration	(1,691,253)
Balance, December 31, 2024	202,370
Payments	(48,991)
Additions – Acquisition of Tee 2 Green Ltd.	701,853
Accretion	15,028
Balance, June 30, 2025	870,260
Current	388,051
Non-current	482,209
Balance, June 30, 2025	870,260

10. Convertible Debentures

The following schedule shows the movement in the carrying amount of convertible debt during the period:

Balance, December 31, 2023	2,234,080
Accretion	170,776
Loss on modification of convertible debentures	101,660
Issuance costs	(75,168)
Conversion of convertible debentures	(1,391,000)
Balance, December 31, 2024	1,040,348
Accretion	62,470
Balance, June 30, 2025	1,102,818
Current	-
Non-current	1,102,818
Balance, June 30, 2025	1,102,818

EMERGE Commerce Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

(Expressed in Canadian dollars - Unaudited)

11. Debt

The following schedule shows the movement in the carrying amount of debt during the period:

	\$
Balance, December 31, 2023	15,960,000
Issuance costs	(38,711)
Accretion	41,653
Gain on debt modification	(32,405)
Gain on loan forgiveness	(10,000)
Repayments	(10,020,005)
Balance, December 31, 2024	5,900,532
Addition – Acquisition of Tee 2 Green Ltd.	200,100
Accretion	63,232
Gain on debt modification	(297,471)
Debt issuance costs (deducted from carrying amount)	(39,686)
Repayments	(13,000)
Balance, June 30, 2025	5,813,707
Current	40,000
Non-current	5,773,707
Balance, June 30, 2025	5,813,707

In April 2025, The Company has entered into a first amendment (the "Amended Facility") to the second amended and restated credit agreement dated January 31, 2024 with its existing lender, which amends the Company's current credit agreement. The Amended Facility provides an 18-month extension, and an additional 6-month extension option provided that lender consent is obtained. Inclusive of the 6-month extension, the Amended Facility would mature in April 2027.

12. Deferred revenue

The balance outstanding for deferred revenue consists mainly of consideration received from customers for orders received and paid for but not yet shipped and store credits. Deferred revenue was \$718,564 as at June 30, 2025 (December 31, 2024 - \$808,182).

13. Common shares

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

Issued

	#	\$
Balance, December 31, 2023	123,682,652	46,044,471
Issue of common shares upon debt conversion	10,664,332	1,465,267
Issue of common shares upon RSU settlement	4,824,763	144,743
Balance, December 31, 2024	139,171,747	47,654,481
Issue of common shares on purchase of Tee 2 Green Ltd. (i)	3,076,923	138,461
Issue of common shares for restricted share units vested (ii)	4,450,000	274,508
Balance, June 30, 2025	146,698,670	48,067,450

2024

- (i) On April 4, 2025, in connection with the acquisition of Tee 2 Green Ltd., the Company issued 3,076,923 common shares at a fair value of \$0.045 per share (total fair value of approximately \$138,462) as part of the consideration.
- (ii) On June 28, 2025, a total of 4,450,000 RSUs fully vested and were converted into common shares on a 1-for-1 basis.

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14. Warrants

	#	\$
Balance, December 31, 2023	30,014,400	213,593
Expiration of warrants	(208,000)	-
Balance, December 31, 2024 and June 30, 2025	29,806,400	213,593

The following table summarizes information concerning outstanding warrants at June 30, 2025:

Number of warrants	Weighted average exercise price	Weighted average remaining contractual life (years)
15,160,000	0.10	0.06
12,236,400	0.25	0.40
2,410,000	0.50	0.45
29,806,400	0.19	0.23

Subsequent to June 30, 2025, a total of 2,685,000 warrants were exercised at \$0.10 per warrant, resulting in total proceeds of \$268,500. The remaining 12,275,000 warrants with exercise price of \$0.10 per warrant expired on July 21, 2025.

15. Stock options and restricted share units

The Company has a stock option plan (the "Plan") which authorizes the Board of Directors to grant incentive stock options to directors, officers, employees, and consultants. Options are exercisable for a maximum of 10 years from the date of grant. The vesting provisions, term, exercise price and other terms and conditions of the grant of options are made at the discretion of the Board of Directors.

The following reconciles the movement in options outstanding at the beginning and end of the period:

	Number of options	Weighted average exercise price
Balance, December 31, 2023	6,165,740	0.39
Expired	(5,030,640)	0.37
Forfeited/Cancelled	(397,500)	0.33
Balance, December 31, 2024 and June 30, 2025	737,600	0.52
Balance outstanding, December 31, 2024 and June 30, 2025	737,600	0.52
Balance exercisable, December 31, 2024 and June 30, 2025	691,350	0.49

The following table provides additional information about the Company's stock options at June 30, 2025:

Number of stock options	Weighted average exercise price	Weighted average remaining contractual life (years)
363,850	0.11	2.28
373,750	0.92	0.98
737,600	0.52	1.62

Subsequent to June 30, 2025, a total of 90,909 options were exercised by the Chief Executive Officer at \$0.11 per option, resulting in total proceeds of \$10,000.

Restricted share units ("RSU")

In June 2024, the Company granted 5,232,692 restricted share units (RSUs) to directors, officers, employees, and consultants. The RSUs vest over one year from the date of grant. The fair value of the RSUs was based on the Company's common share price of \$0.05, with no expected forfeitures, resulting in a total value of \$261,635.

During the six months ended June 30, 2025, 225,000 RSUs were forfeited and 557,692 RSUs were voluntarily cancelled by a director. The remaining 4,450,000 RSUs fully vested and were converted into common shares on a 1-for-1 basis. The Company recognized stock-based compensation expense of \$121,524 for the six months ended June 30, 2025 (2024 – \$54,635) related to share-based payments.

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15. Stock options and restricted share units (continued)

In June 2025, the Company granted 2,880,000 restricted share units (RSUs) to directors, officers, employees, and consultants. The RSUs vest over one year from the date of grant. The fair value of the RSUs was based on the Company's common share price of \$0.045, with no expected forfeitures, resulting in a total value of \$129,600.

16. Related party transactions

Compensation of key management personnel

The remuneration of key management personnel, including directors and officers, during the period was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Short-term benefits	33,300	145,000	115,000	290,000
Termination benefits	-	50,000	-	-
Share-based compensation	55,579	33,342	111,154	50,000
Consulting fee	31,437	-	58,330	66,683
	120,316	228,341	284,484	406,683

17. Capital management

The Company manages its capital to ensure it, and its subsidiary entities, will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. In the management of capital, the Company includes the components of shareholders' equity, short-term liabilities, debt, as well as cash. To maintain or adjust its capital structure, the Company may attempt to: issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

The Company is required to obtain consent from the Company's lender prior to paying any dividends or distributions, incurring additional indebtedness, or selling or transferring assets other than in the course of ordinary business.

18. Financial instruments

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are described below.

Fair value

The carrying value of financial instruments classified at amortized cost approximate fair value due to their short-term nature. Contingent consideration is accounted for at FVTPL as a Level 3 fair value measurement, and is revalued at each reporting period. The fair value is determined by estimating the expected earnout amount that will ultimately be payable.

Credit and concentration risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company does not provide any third party guarantees which would expose it to credit risk.

The maximum credit exposure at June 30, 2025 is the carrying amount of cash, trade and other receivables and restricted cash. The Company's exposure to credit risk is considered to be low, given the size and nature of the various counterparties involved and their history of performance.

The Company has not historically incurred any significant credit loss in respect of its trade receivables. Based on consideration of all possible default events over the assets' contractual lifetime, the expected credit loss in respect of the Company's trade receivables was minimal as at June 30, 2025.

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18. Financial instruments (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates.

Changes in market interest rates may have an effect on the cash flows associated with some financial assets or liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Company's debt bears interest at rate equal to the greater of 9% or the prime rate offered by TD Canada Trust plus 6.55% per annum. Accordingly, an increase in market interest rates could increase the amount of interest the Company must pay to the lender.

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by maintaining adequate cash balances and borrowings, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table provides details of the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows which the Company can be required to pay:

	< 1 year	1-3 years	> 3 years	Total
	\$	\$	\$	\$
Accounts payable and accrued liabilities	7,467,866	-	-	7,467,866
Deferred consideration	403,378	466,666	183,334	1,053,378
Inventory payment plan	200,000	957,042	1,276,055	2,433,097
Debt	-	5,930,000	-	5,930,000
Convertible debentures	-	1,390,000	-	1,390,000
	8,071,244	8,743,708	1,459,389	18,274,341

Foreign currency risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates. The Company is exposed to currency risk through its net assets denominated in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. A change of 1% in the U.S./CDN exchange rate on the June 30, 2025 balance would have had an immaterial impact on the balance sheet. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period follows:

	June 30, 2025	December 31, 2024
	\$USD	\$USD
Cash	473,507	728,797
Trade and other receivables	49,542	125,110
Accounts payable and accrued liabilities	(1,259,589)	(1,800,620)
Income tax receivable	(3,486)	34,433
	(740,026)	(912,280)

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19. Revenues and other income

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	\$	\$		
E-commerce – products	7,609,014	4,123,215	11,785,806	8,017,994
E-commerce – services	778,231	771,849	1,597,246	1,366,773
Advertising	93,602	85,536	126,753	249,857
	8,480,847	4,980,600	13,509,805	9,634,624

Other income includes the reversal of certain accounts payables amounting to \$405,576.

20. Selling, general and administrative expenses

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Salaries, commissions and benefits	1,099,225	935,683	1,873,062	1,925,313
General and administrative	128,442	141,643	216,289	267,646
Consultants	453,461	297,749	751,495	587,095
Information technology	87,374	107,420	178,741	242,910
Short-term and variable lease payments	73,051	58,750	126,776	116,867
Professional fees	230,589	63,105	295,373	148,354
Advisory fees	258	258	516	548
	2,072,400	1,604,608	3,442,252	3,288,733

21. Finance costs

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Interest expense - lease liability	13,235	174	13,658	1,108
Accretion - deferred consideration	15,028	-	15,028	36,838
Accretion - debt	94,441	45,016	125,703	111,279
Accretion expense inventory payment plan	37,497	-	37,497	-
Interest expense on debt	202,477	247,656	407,117	630,353
Bank charges and other finance costs	7,003	7,480	24,905	19,585
	369,681	300,326	623,908	799,163

22. Segmented information

Information reported to the Chief Operating Decision Maker ("CODM") for the purpose of resource allocation and assessment of segment performance focuses on the nature of the operations. The Company operates in a single segment. Factors considered in determining the operating segments include the Company's business activities, the management structure directly accountable to the CODM, availability of discrete financial information and strategic priorities within the organizational structure.

Geographic information:

		Three months ended June 30,		Six months ended June 30,	
		2025	2024	2025	2024
		\$	\$	\$	\$
Revenue	Canada	7,886,903	4,512,297	12,215,429	8,442,350
	USA	593,944	468,303	1,294,376	1,192,274
	Total	8,480,847	4,980,600	13,509,805	9,634,624